CITY OF PALO ALTO

CITY COUNCIL
Regular Meeting
Monday, April 14, 2025
Council Chambers & Hybrid
5:30 PM

Palo Alto City Council meetings will be held as "hybrid" meetings with the option to attend by teleconference or in person. Information on how the public may observe and participate in the meeting is located at the end of the agenda. The meeting will be broadcast on Cable TV Channel 26, live on YouTube https://www.youtube.com/c/cityofpaloalto, and streamed to Midpen Media Center https://midpenmedia.org.

VIRTUAL PARTICIPATION **CLICK HERE TO JOIN** (https://cityofpaloalto.zoom.us/j/362027238)
Meeting ID: 362 027 238 Phone:1(669)900-6833

PUBLIC COMMENTS
General Public Comment for items not on the agenda will be accepted in person for up to three minutes or an amount of time determined by the Chair. General public comment will be heard for 30 minutes. Additional public comments, if any, will be heard at the end of the agenda. Public comments for agendized items will be accepted both in person and via Zoom for up to three minutes or an amount of time determined by the Chair. Requests to speak will be taken until 5 minutes after the staff's presentation or as determined by the Chair. Written public comments can be submitted in advance to city.council@CityofPaloAlto.org and will be provided to the Council and available for inspection on the City's website. Please clearly indicate which agenda item you are referencing in your subject line.

PowerPoints, videos, or other media to be presented during public comment are accepted only by email to city.clerk@CityofPaloAlto.org at least 24 hours prior to the meeting. Once received, the Clerk will have them shared at public comment for the specified item. To uphold strong cybersecurity management practices, USB's or other physical electronic storage devices are not accepted.

Signs and symbolic materials less than 2 feet by 3 feet are permitted provided that: (1) sticks, posts, poles or similar/other type of handle objects are strictly prohibited; (2) the items do not create a facility, fire, or safety hazard; and (3) persons with such items remain seated when displaying them and must not raise the items above shoulder level, obstruct the view or passage of other attendees, or otherwise disturb the business of the meeting.

TIME ESTIMATES
Listed times are estimates only and are subject to change at any time, including while the meeting is in progress. The Council reserves the right to use more or less time on any item, to change the order of items and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting or to adapt to the participation of the public.

Materials submitted after distribution of the agenda packet are available for public inspection at www.CityofPaloAlto.org/agendas.

CALL TO ORDER

SPECIAL ORDERS OF THE DAY (5:30 - 5:50 PM)

1. Proclamation Honoring National Public Safety Telecommunicators Week April 13-19, 2025

2. Proclamation Honoring National Animal Control Officer Appreciation Week April 13-19, 2025

3. Proclamation Celebrating César Chávez and Dolores Huerta

AGENDA CHANGES, ADDITIONS AND DELETIONS

PUBLIC COMMENT (5:50 - 6:20 PM)
Members of the public may speak in-person ONLY to any item NOT on the agenda. 1-3 minutes depending on number of speakers. Public Comment is limited to 30 minutes. Additional public comments, if any, will be heard at the end of the agenda.

COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS (6:20 - 6:25 PM)
Members of the public may not speak to the item(s).

CONSENT CALENDAR (6:25 - 6:30 PM)
Items will be voted in one motion unless removed from the calendar by three Council Members.

4. Approval of Professional Services Contract Number C25193356 with Martina Entriken in the Amount Not to Exceed $658,390 for a Preschool and Toddler Program for a Period of Five Years. CEQA Status - Not a Project.

5. Approval of Amendment No. 2 via Change Order No. 2 to Contract Number C22183580 with MP Nexlevel of California, Inc. in the Amount of $4,000,000 for a Total Not-to-Exceed Amount of $15,347,390, and Extending the Three-Year Term of the Contract for an Additional Four Months Through August 31, 2025 to Provide Substructure and Utility Trenching Construction Services for the Foothills Rebuild Wildfire Mitigation and Grid Modernization for Electrification Projects; CEQA Status: the Foothills Rebuild and Grid Modernization Project are Exempt Under CEQA Guidelines Sections 15302, 15303 and 15183

6. Approval of Contract Amendment Number 1 to Contract Number S22183286 with The Permanente Medical Group Inc in an Amount Not to Exceed $100,000 for Pre-employment and Other Occupation-Related Medical Services; CEQA Status – Not a Project.

7. Approval of Professional Services Contract No. C25191690 with InfoSend in an Amount

Materials submitted after distribution of the agenda packet are available for public inspection at www.CityofPaloAlto.org/agendas.

Not to Exceed $2,344,573 to Provide Utilities Bill Print and Mailing Services for a Term of Five Years; CEQA Status - Not a Project.

8. Approval of Professional Services Contract Number C25191738 with Sedgwick Claims Management Services in an Amount Not to Exceed $612,840 for Administration of Workers Compensation Benefits through June 30, 2025; CEQA Status – Not a Project.

9. FIRST READING: Adoption of an Ordinance Setting the Regular Meeting Time of the Finance and Policy & Services Committees by Resolution or Ordinance (Palo Alto Municipal Code §§ 2.04.190 and 200); and Adoption of a Resolution Setting the Regular Meeting Times at 5:30 pm for Finance and 6:00 pm for Policy & Services; CEQA status – not a project.

10. SECOND READING: Ordinance of the Council of the City of Palo Alto Amending Chapter 2.32 (Sales and Use Tax) and Chapter 4.10 (Solicitors, Peddlers, Pawnbrokers, Secondhand Dealers, and Other Businesses Regulated by Police) of the Municipal Code to Delete Obsolete References to the California Board of Equalization and Replace Them with References to the California Department of Tax and Fee Administration (FIRST READING: March 24, 2025; PASSED: 6-0-1, Veenker absent)

CITY MANAGER COMMENTS (6:30 - 6:45 PM)

BREAK (15 MINUTES)

ACTION ITEMS (Item 11: 7:00 - 8:00 PM, Item 12: 8:00 - 9:00 PM, Item 13: 9:00 - 10:00 PM)
Include: Report of Committees/Commissions, Ordinances and Resolutions, Public Hearings, Report of Officials, Unfinished Business and Council Matters.

11. Review and Provide Direction on a Preferred Option for a New Parking Structure and Reserved Space for Future Affordable Housing at 375 Hamilton Avenue and Direct Staff to Pursue Preliminary Design and Environmental Review for the New Downtown Parking Garage Capital Project (PE-15007) for the Preferred Option; CEQA Status - Not a Project

12. PUBLIC HEARING/QUASI-JUDICIAL: 70 Encina Avenue [24PLN-00095]: Adopt an Ordinance Rezoning the Subject Property and an Adjacent Vacant Parcel to Planned Community/Planned Home Zoning and Adopt the Record of Land Use Action to Demolish a Surface Parking lot and to Construct a New Three-Story, 19,035 Square Foot Building with 10 Residential Condominium Units. CEQA Status- Streamlined Review in Accordance with CEQA Guidelines Section 15183 (Comprehensive Plan Consistency). Zone District: CC (Community Commercial).

13. FIRST READING: Adoption of an Ordinance Adding New Chapter 9.75 (Fair Chance in Housing) to Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code to

Materials submitted after distribution of the agenda packet are available for public inspection at www.CityofPaloAlto.org/agendas.

Limit the Use of Criminal History Information in Rental Housing Decisions. CEQA Status - Exempt Under CEQA Guidelines Section 15061(b)(3).

ADJOURNMENT

OTHER INFORMATION

Standing Committee Meetings this week

Finance Committee April 15, 2025
Retail Committee April 16, 2025

Public Comment Letters

Schedule of Meetings

Materials submitted after distribution of the agenda packet are available for public inspection at www.CityofPaloAlto.org/agendas.

PUBLIC COMMENT INSTRUCTIONS

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

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

CLICK HERE TO JOIN **Meeting ID: 362-027-238** **Phone: 1-669-900-6833**

Americans with Disability Act (ADA) It is the policy of the City of Palo Alto to offer its public programs, services and meetings in a manner that is readily accessible to all. Persons with disabilities who require materials in an appropriate alternative format or who require auxiliary aids to access City meetings, programs, or services may contact the City's ADA Coordinator at (650) 329-2550 (voice) or by emailing ada@cityofpaloalto.org. Requests for assistance or accommodations must be submitted at least 24 hours in advance of the meeting, program, or service.

California Government Code §84308, commonly referred to as the "Levine Act," prohibits an elected official of a local government agency from participating in a proceeding involving a license, permit, or other entitlement for use if the official received a campaign contribution exceeding $500 from a party or participant, including their agents, to the proceeding within the last 12 months. A “license, permit, or other entitlement for use” includes most land use and planning approvals and the approval of contracts that are not subject to lowest responsible bid procedures and have a value over $50,000. A “party” is a person who files an application for, or is the subject of, a proceeding involving a license, permit, or other entitlement for use. A “participant” is a person who actively supports or opposes a particular decision in a proceeding involving a license, permit, or other entitlement for use, and has a financial interest in the decision. The Levine Act incorporates the definition of “financial interest” in the Political Reform Act, which encompasses interests in business entities, real property, sources of income, sources of gifts, and personal finances that may be affected by the Council’s actions. If you qualify as a “party” or “participant” to a proceeding, and you have made a campaign contribution to a Council Member exceeding $500 made within the last 12 months, you must disclose the campaign contribution before making your comments.

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City Council Staff Report

Report Type: SPECIAL ORDERS OF THE DAY
Lead Department: Police

Meeting Date: April 14, 2025
Report #:2501-3988

TITLE
Proclamation Honoring National Public Safety Telecommunicators Week April 13-19, 2025

ATTACHMENTS
Attachment A: Proclamation Honoring National Public Safety Telecommunicators Week April 13-19, 2025

APPROVED BY:
Andrew Binder

Proclamation

NATIONAL PUBLIC SAFETY TELECOMMUNICATORS WEEK
APRIL 13-19, 2025

WHEREAS, emergencies can occur at any time requiring police, fire, or emergency medical services; and

WHEREAS, when an emergency occurs the prompt response of law enforcement, firefighters and paramedics is critical to the protection of life and preservation of property; and

WHEREAS, the safety of our police officers and firefighters is dependent upon the quality and accuracy of information obtained from citizens who telephone the City of Palo Alto Communications Center; and

WHEREAS, public safety dispatchers are the first and most critical contact our citizens have with emergency services; and

WHEREAS, public safety dispatchers are the single vital link for our law enforcement and fire personnel by monitoring their activities by radio, providing them information and ensuring their safety; and

WHEREAS, public safety dispatchers of the City of Palo Alto Communications Center have contributed substantially to the apprehension of criminals, suppression of fires and treatment of patients; and

WHEREAS, each dispatcher has exhibited compassion, understanding and professionalism during the performance of their job in the past year.

NOW, THEREFORE I, Ed Lauing, Mayor of the City of Palo Alto on behalf of the entire City Council do hereby proclaim and call upon all citizens of Palo Alto to observe the week of April 13-19, 2025, as "National Public Safety Telecommunicators Week" and join in honoring the men and women whose diligence and professionalism keep our city and citizens safe.

Presented: April 14, 2025

Ed Lauing
Mayor

City Council Staff Report

Report Type: SPECIAL ORDERS OF THE DAY
Lead Department: Police

Meeting Date: April 14, 2025
Report #:2501-3989

TITLE
Proclamation Honoring National Animal Control Officer Appreciation Week April 13-19, 2025

ATTACHMENTS
Attachment A: Proclamation Honoring National Animal Control Officer Appreciation Week April 13-19, 2025

APPROVED BY:
Andrew Binder

Proclamation

NATIONAL ANIMAL CONTROL OFFICER APPRECIATION WEEK APRIL 13-19, 2025

WHEREAS, the City of Palo Alto Police Department's four Animal Control Officers work diligently seven days a week, 365 days a year, to protect the welfare of the animals and wildlife of the Palo Alto community, as well as providing animal control services to the City of Los Altos and the Town of Los Altos Hills; and

WHEREAS, the Animal Control Officers, sometimes at great risk to their own personal safety, serve and protect the welfare of pets and wildlife against injury, disease, abuse, and starvation while enforcing California state law and the municipal codes of the three jurisdictions; and

WHEREAS, the Animal Control Officers protect the public from diseases like rabies, investigate all animal bites of other animals and humans, permit and monitor dangerous animals, issue animal-related permits, conduct premise inspections for properties permitted to have livestock, conduct criminal investigations in cases involving animal welfare, and help support the Police Department by safely containing potentially dangerous animals during tactical operations; and

WHEREAS, the Animal Control Officers regularly work alongside and in close collaboration with staff from Pets In Need, who operate the City's animal shelter; and

WHEREAS, the Animal Control Officers are deeply involved with the community, including partnering with local businesses in hosting monthly "Pet Pantries" at the Buena Vista Mobile Home Park and organizing pet supply drives during the holidays to help support pet owners in need.

NOW, THEREFORE, I, Ed Lauing, Mayor of the City of Palo Alto on behalf of the entire City Council do hereby proclaim and call upon all citizens of Palo Alto to observe the week of April 13-19, 2025, as "National Animal Control Officer Appreciation Week" and join in honoring our Animal Control Officers and recognizing them for their diligence and professionalism.

Presented: April 14, 2025

Ed Lauing
Mayor

City Council Staff Report

Report Type: SPECIAL ORDERS OF THE DAY
Lead Department: City Clerk

Meeting Date: April 14, 2025
Report #:2504-4475

TITLE
Proclamation Celebrating César Chávez and Dolores Huerta

ATTACHMENTS
Attachment A: Proclamation Celebrating César Chávez and Dolores Huerta

APPROVED BY:
Mahealani Ah Yun

Proclamation

César Chávez and Dolores Huerta

WHEREAS, César Chávez and Dolores Huerta co-founded the National Farm Workers Association, which later became the United Farm Workers Association; and

WHEREAS, they understood the importance of coalition-building and worked in conjunction with other farm labor movements to make the United Farm Workers Association a reality. They worked to call for better conditions for farm workers and their families. They took on table grape growers who had been exploiting farmworkers and began a nationwide grape boycott that led to the first farmworker union contracts; and

WHEREAS, their mission was to reclaim dignity, fair wages, medical coverage, benefits, and humane living conditions for hundreds of thousands of people; and

WHEREAS, the popular phrase "Sí, se puede" is attributed to their activism and civil rights work. It was Dolores Huerta who first said the words which translate in English to "Yes I can, or yes, we can," as she rallied support for worker and immigrant rights; and

WHEREAS, through fierce advocacy, Dolores Huerta was instrumental in securing the California Agricultural Labor Relations Act of 1975, a first-in-the- nation law that extended collective bargaining rights to farmworkers; and

WHEREAS, César Chávez drew attention to environmental issues such as the use of chemical pesticides that endangered the lives of not only farmworkers, but also consumers; and

WHEREAS, their catalyst to act came from their early introductions to inequities with César Chávez born on March 31, 1927 in Yuma, Arizona and later moved to California after his parents lost their farm during the Great Depression and became migrant workers. Dolores Huerta was born on April 10, 1930 in Dawson, New Mexico. At a young age she was exposed to the hardships that her community faced, but she was greatly inspired by her mother's work as a community activist; and

WHEREAS, in March 2014, President Barack Obama proclaimed March 31st as César Chávez Day and in 2019, California named April 10th as Dolores Huerta Day and in March 2022, the Palo Alto City Council voted to annually celebrate these two iconic leaders; and

WHEREAS, both César Chávez and Dolores Huerta have received the Presidential Medal of Freedom because through self-sacrifice, a commitment to nonviolence, and their spirituality, César Chávez and Dolores Huerta championed a social justice movement that changed our nation; and

NOW, THEREFORE, the City of Palo Alto hereby honors and recognizes César Chávez and Dolores Huerta on this 14th day of April 2025 and encourages celebration through education and community service.

Presented: April 14, 2025

Ed Lauing
Mayor

City Council Staff Report

From: City Manager
Report Type: CONSENT CALENDAR
Lead Department: Community Services

Meeting Date: April 14, 2025
Report #:2502-4114

TITLE
Approval of Professional Services Contract Number C25193356 with Martina Entriken in the Amount Not to Exceed $658,390 for a Preschool and Toddler Program for a Period of Five Years. CEQA Status - Not a Project.

RECOMMENDATION
Staff recommends that City Council approve and authorize the City Manager or their designee to execute Contract No. C25193356 (Attachment A), with Martina Entriken, to provide instruction for a Preschool and Toddler Program for a term of five years and a total amount not-to-exceed $658,390, including $591,390 for basic services and $67,000 for additional services.

BACKGROUND
The City of Palo Alto's Community Services Department (CSD) provides hundreds of recreational youth programs each year. CSD strives to offer a variety of programs that are high quality, exciting, dynamic and inclusive to all. These recreational classes are available to the Palo Alto community and to non-residents. The classes are marketed through the City's ENJOY! Catalog, and on the City's website. A long-standing preschool and toddler program has been taught at the Peer's Park Field House at 1899 Park Boulevard in Palo Alto since 2005. To provide a successful preschool program, CSD utilizes external instructor(s) with the knowledge and expertise in early childhood education, focusing on children ages one and a half to four years old.

The current vendor, Martina Entriken, has a contracted agreement for a total not-to-exceed amount of $330,000 for three years that will expire June 30, 2025. A formal solicitation was conducted, and Martina Entriken was selected by the committee.

ANALYSIS
The City requires a qualified and experienced instructor to teach the preschool and toddler program. The program's curriculum includes the domains outlined by the California Board of

Education Preschool Curriculum Frameworks: sensory play, art, science, math, music, and early age literacy as well as an added field trip component.

Solicitation Process

A Request for Proposals (RFP) for the project was posted on the OpenGov Procurement, the City's eProcurement platform on December 16, 2024, and was emailed to 3,300 contractors. The solicitation period was open for 32 days and closed on January 17, 2025. Only one proposal was submitted and was received on January 14, 2025. While only one proposal was received, this outcome mirrors the results of the same procurement process conducted three years ago, which also yielded a single response. Further supporting this observation, feedback was received from Leanne Runyan, Director and Founder of Stella Piccolo Preschool, a potential bidder who chose not to submit a proposal. Ms. Runyan indicated that the program requirements, specifically the weekly movement of equipment and the regular field trip requirement (due to associated insurance costs), presented significant challenges for preschool programs like hers, likely contributing to the low response rate.

Table 1: Summary of Request for Proposal	
Proposal Description	Preschool and Toddler Program
Proposed Length of Project	5 years
Number of Vendors Notified	3,300
Number of Proposal Packages Downloaded	19
Total Days to Respond to Proposal	32
Pre-Proposal Meeting	N/A
Pre-Proposal Meeting Date	N/A
Number of Proposals Received	1
Proposal Price Range	$657,000
Public Link to Solicitation	https://procurement.opengov.com/portal/palo-alto-ca/projects/134536

The proposal was evaluated and determined to be responsive to the criteria identified in the RFP. Martina Entriken proposed maintaining the same revenue split as we currently apply, which specifies her retaining 60% of total revenues and 40% of total revenues goes to the City for the five-year term of the agreement with a not-to-exceed amount of $658,390. The evaluation committee also felt that Martina Entriken's written proposal made it clear that she has the extensive experience, knowledge and the background desired for the work. Martina Entriken has been a consistent, dependable contractor working for the City for over 18 years. She provides a highly sought program and incorporates all the elements required for instruction. Class sizes are small with 15 children enrolled and the program requires parent participation to create a nurturing environment.

FISCAL/RESOURCE IMPACT

The Community Services Department Fiscal Year 2025 Adopted Budget includes funding for this contract. Funding for future years is subject to City Council approval through the annual budget process. This contract represents an increase of approximately 18% from previous annual rates due to an increase in instructor rates. Participant fees are not expected to increase in year one of the contract but may increase in future years based on demand.

STAKEHOLDER ENGAGEMENT

The community has been very satisfied with the current preschool and toddler program run by Martina Entriken. Registrations for most classes fill quickly and accrue a waiting list. At the conclusion of the class registered families are sent a four-question survey asking about their satisfaction, how likely are they to recommend the program and to provide any feedback for the instructor or how we can serve the community better. During the term of the existing contract, 522 families were surveyed with 67 responses returned. Parents' average response was 4.96 out of 5 when answering the question, "Overall, how satisfied were you with the program? (5 being the highest)".

ENVIRONMENTAL REVIEW

The recommendation in this report does not constitute a project requiring review under the California Environmental Quality Act (CEQA) under exemption 15601(b)(3).

ATTACHMENTS

Attachment A: Martina Entriken Contract C25193356

APPROVED BY:

Kristen O'Kane, Director Community Services Department

Docusign Envelope ID: 56122544-3B55-417D-9AED-0B5E2243CB64

CITY OF PALO ALTO CONTRACT NO. C25193356

AGREEMENT FOR PROFESSIONAL SERVICES

BETWEEN THE CITY OF PALO ALTO AND MARTINA ENTRIKEN

This Agreement for Professional Services (this "Agreement") is entered into as of the 14th day of April, 2025 (the "Effective Date"), by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and MARTINA ENTRIKEMN, a sole proprietor, located at 302 College Avenue, Palo Alto, CA 94306 ("CONSULTANT").

The following recitals are a substantive portion of this Agreement and are fully incorporated herein by this reference:

RECITALS

A. CITY intends to offer preschool/toddler program through the City's Community Services Department (the "Project") and desires to engage a consultant to provide creative adventure and exploration classes in connection with the Project (the "Services", as detailed more fully in Exhibit A).

B. CONSULTANT represents that it, its employees and subconsultants, if any, possess the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY, in reliance on these representations, desires to engage CONSULTANT to provide the Services as more fully described in Exhibit A, entitled "SCOPE OF SERVICES".

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, in this Agreement, the parties agree as follows:

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described in Exhibit A in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

SECTION 2. TERM.

The term of this Agreement shall be from July 1, 2025 through June 30, 2030 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit B, entitled "SCHEDULE OF PERFORMANCE". Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT.

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CITY's agreement to extend the term or the schedule for performance shall ... very of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed Five Hundred Ninety-One Thousand Three Hundred Ninety Dollars **($591,390)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY.

☒ Optional Additional Services Provision (This provision applies only if checked and a not-to-exceed compensation amount for Additional Services is allocated below under this Section 4.)

In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of **Sixty-Seven Thousand Dollars ($67,000)** for the performance of Additional Services (as defined below). The total compensation for performance of the Services, Additional Services and any reimbursable expenses specified in Exhibit C, shall not exceed **Six Hundred Fifty-Eight Thousand Three Hundred Ninety Dollars ($658,390)**, as detailed in Exhibit C.

"Additional Services" means any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY's Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled "PROFESSIONAL SERVICES TASK ORDER". Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY's Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Task Orders authorized under this Agreement shall not exceed the amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall only be compensated for Additional Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth for Additional Services in this Section 4. Performance of and payment for any Additional Services are subject to all requirements and restrictions in this Agreement.

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SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the Services performed and the applicable charges (including, if applicable, an identification of personnel who performed the Services, hours worked, hourly rates, and reimbursable expenses), based upon Exhibit C or, as applicable, CONSULTANT's schedule of rates set forth in Exhibit C-1. If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT's invoices shall be subject to verification by CITY. CONSULTANT shall send all invoices to CITY's Project Manager at the address specified in Section 13 (Project Management) below. CITY will generally process and pay invoices within thirty (30) days of receipt of an acceptable invoice.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it, its employees and subcontractors, if any, possess the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subcontractors, if any, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services. All Services to be furnished by CONSULTANT under this Agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement, as amended from time to time. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT is solely responsible for costs, including, but not limited to, increases in the cost of Services, arising from or caused by CONSULTANT's errors and omissions, including, but not limited to, the costs of corrections such errors and omissions, any change order markup costs, or costs arising from delay caused by the errors and omissions or unreasonable delay in correcting the errors and omissions.

SECTION 9. COST ESTIMATES. If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of design submittal. If the total estimated construction cost at any submittal exceeds the CITY's stated construction budget by ten percent (10%) or more, CONSULTANT shall make recommendations to CITY for aligning the Project design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

SECTION 10. INDEPENDENT CONTRACTOR. CONSULTANT acknowledges and agrees that CONSULTANT and any agent or employee of CONSULTANT will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which CONSULTANT performs the Services requested by CITY under this Agreement.

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CONSULTANT and any agent or employee of CONSULTANT will not [illegible]atus with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. CONSULTANT will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers' compensation, unemployment compensation, insurance, and other similar responsibilities related to CONSULTANT's performance of the Services, or any agent or employee of CONSULTANT providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and CONSULTANT or any agent or employee of CONSULTANT. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of CONSULTANT's provision of the Services only, and not as to the means by which such a result is obtained.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT's obligations hereunder without the prior written approval of the City Manager. Any purported assignment made without the prior written approval of the City Manager will be void and without effect. Subject to the foregoing, the covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators and assignees of the parties.

SECTION 12. SUBCONTRACTING.

☒ **Option A: No Subcontractor:** CONSULTANT shall not subcontract any portion of the Services to be performed under this Agreement without the prior written authorization of the City Manager or designee. In the event CONSULTANT does subcontract any portion of the work to be performed under this Agreement, CONSULTANT shall be fully responsible for all acts and omissions of subcontractors.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Martina Entriken Email: tina.entriken@gmail.com as the CONSULTANT's Project Manager to have supervisory responsibility for the performance, progress, and execution of the Services and represent CONSULTANT during the day-to-day performance of the Services. If circumstances cause the substitution of the CONSULTANT's Project Manager or any other of CONSULTANT's key personnel for any reason, the appointment of a substitute Project Manager and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY's Project Manager. CONSULTANT, at CITY's request, shall promptly remove CONSULTANT personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Services or a threat to the safety of persons or property.

CITY's Project Manager is Margie Cain, Community Services Department, Recreation Division, 1305 Middlefield Road, Palo Alto, CA, 94301. CITY's Project Manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate Project Manager from time to time.

SECTION 14. OWNERSHIP OF MATERIALS. All work product, including without limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications,

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computations, models, recordings, data, documents, and other materials a[illegible]ests developed under this Agreement, in any form or media, shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work product pursuant to this Agreement are vested in CITY, and CONSULTANT hereby waives and relinquishes all claims to copyright or other intellectual property rights in favor of CITY. Neither CONSULTANT nor its subcontractors, if any, shall make any of such work product available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services.

SECTION 15. AUDITS. CONSULTANT agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for four (4) years from the date of final payment, CONSULTANT's records pertaining to matters covered by this Agreement, including without limitation records demonstrating compliance with the requirements of Section 10 (Independent Contractor). CONSULTANT further agrees to maintain and retain accurate books and records in accordance with generally accepted accounting principles for at least four (4) years after the expiration or earlier termination of this Agreement or the completion of any audit hereunder, whichever is later.

SECTION 16. INDEMNITY.

16.1. To the fullest extent permitted by law, CONSULTANT shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorney's fees, experts fees, court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from a Claim arising from the active negligence or willful misconduct of an Indemnified Party that is not contributed to by any act of, or by any omission to perform a duty imposed by law or agreement by, CONSULTANT, its officers, employees, agents or contractors under this Agreement.

16.3. The acceptance of CONSULTANT's Services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. No waiver of a condition or nonperformance of an obligation under this Agreement is effective unless it is in writing in accordance with Section 29.4 of this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

SECTION 18. INSURANCE.

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18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit D, entitled "INSURANCE REQUIREMENTS". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best's Key Rating Guide ratings of A-:VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. If CONSULTANT fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided under this Agreement or at law, the City Manager may terminate this Agreement sooner upon written notice of termination. Upon receipt of any notice of suspension or termination, CONSULTANT will discontinue its performance of the Services on the effective date in the notice of suspension or termination.

19.2. In event of suspension or termination, CONSULTANT will deliver to the City Manager on or before the effective date in the notice of suspension or termination, any and all work product, as detailed in Section 14 (Ownership of Materials), whether or not completed, prepared by CONSULTANT or its contractors, if any, in the performance of this Agreement. Such

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work product is the property of CITY, as detailed in Section 14 (Ownership

19.3. In event of suspension or termination, CONSULTANT will be paid for the Services rendered and work products delivered to CITY in accordance with the Scope of Services up to the effective date in the notice of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's Services provided in material conformity with this Agreement as such determination is made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 17, 19.2, 19.3, 19.4, 20, 25, 27, 28, 29 and 30.

19.4. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement, unless made in accordance with Section 17 (Waivers).

SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the Project Manager at the address of CONSULTANT recited on the first page of this Agreement.

CONSULTANT shall provide written notice to CITY of any change of address.

SECTION 21. CONFLICT OF INTEREST.

21.1. In executing this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subcontractors or other persons or parties having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California, as amended from time to time. CONSULTANT agrees to notify CITY if any conflict arises.

21.3. If the CONSULTANT meets the definition of a "Consultant" as defined by

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the Regulations of the Fair Political Practices Commission, CONSUL[illegible] the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act of 1974, as amended from time to time.

SECTION 22. NONDISCRIMINATION; COMPLIANCE WITH ADA.

22.1. As set forth in Palo Alto Municipal Code Section 2.30.510, as amended from time to time, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person due to that person's race, skin color, gender, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

22.2. CONSULTANT understands and agrees that pursuant to the Americans Disabilities Act ("ADA"), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor or subcontractor, are required to be accessible to the disabled public. CONSULTANT will provide the Services specified in this Agreement in a manner that complies with the ADA and any other applicable federal, state and local disability rights laws and regulations, as amended from time to time. CONSULTANT will not discriminate against persons with disabilities in the provision of services, benefits or activities provided under this Agreement.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT shall comply with the CITY's Environmentally Preferred Purchasing policies which are available at CITY's Purchasing Department, hereby incorporated by reference and as amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of CITY's Zero Waste Program. Zero Waste best practices include, first, minimizing and reducing waste; second, reusing waste; and, third, recycling or composting waste. In particular, CONSULTANT shall comply with the following Zero Waste requirements:

(a) All printed materials provided by CONSULTANT to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY's Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable-based inks.

(b) Goods purchased by CONSULTANT on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Department's office.

(c) Reusable/returnable pallets shall be taken back by CONSULTANT, at no additional cost to CITY, for reuse or recycling. CONSULTANT shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

SECTION 24. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE.

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CONSULTANT shall comply with all requirements of the Palo Alto Municip[illegible]4.62 (Citywide Minimum Wage), as amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the City, CONSULTANT shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code Section 4.62.030 for each hour worked within the geographic boundaries of the City of Palo Alto. In addition, CONSULTANT shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code Section 4.62.060.

SECTION 25. NON-APPROPRIATION. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code, as amended from time to time. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS.

☒ 26.1. **This Project is not subject to prevailing wages and related requirements.** CONSULTANT is not required to pay prevailing wages and meet related requirements under the California Labor Code and California Code of Regulations in the performance and implementation of the Project if the contract:

(1) is not a public works contract;
(2) is for a public works construction project of $25,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j); or
(3) is for a public works alteration, demolition, repair, or maintenance project of $15,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j).

SECTION 27. CLAIMS PROCEDURE FOR "9204 PUBLIC WORKS PROJECTS". For purposes of this Section 27, a "9204 Public Works Project" means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Cal. Pub. Cont. Code § 9204.) Per California Public Contract Code Section 9204, for Public Works Projects, certain claims procedures shall apply, as set forth in Exhibit F, entitled "Claims for Public Contract Code Section 9204 Public Works Projects".

☒ **This Project is not a 9204 Public Works Project.**

SECTION 28. CONFIDENTIAL INFORMATION.

28.1. In the performance of this Agreement, CONSULTANT may have access to CITY's Confidential Information (defined below). CONSULTANT will hold Confidential Information in strict confidence, not disclose it to any third party, and will use it only for the performance of its obligations to CITY under this Agreement and for no other purpose. CONSULTANT will maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the security, confidentiality and integrity of the Confidential Information.

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Notwithstanding the foregoing, CONSULTANT may disclose Confident its employees, agents and subcontractors, if any, to the extent they have a need to know in order to perform CONSULTANT's obligations to CITY under this Agreement and for no other purpose, provided that the CONSULTANT informs them of, and requires them to follow, the confidentiality and security obligations of this Agreement.

28.2. "Confidential Information" means all data, information (including without limitation "Personal Information" about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to CONSULTANT by CITY, directly or indirectly, pursuant to this Agreement. Confidential Information excludes information that CONSULTANT can show by appropriate documentation: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a breach of this Agreement; (ii) was rightfully in CONSULTANT's possession free of any obligation of confidence prior to receipt of Confidential Information; (iii) is rightfully obtained by CONSULTANT from a third party without breach of any confidentiality obligation; (iv) is independently developed by employees of CONSULTANT without any use of or access to the Confidential Information; or (v) CONSULTANT has written consent to disclose signed by an authorized representative of CITY.

28.3. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to the extent required by order of a court of competent jurisdiction or governmental body, provided that CONSULTANT will notify CITY in writing of such order immediately upon receipt and prior to any such disclosure (unless CONSULTANT is prohibited by law from doing so), to give CITY an opportunity to oppose or otherwise respond to such order.

28.4. CONSULTANT will notify City promptly upon learning of any breach in the security of its systems or unauthorized disclosure of, or access to, Confidential Information in its possession or control, and if such Confidential Information consists of Personal Information, CONSULTANT will provide information to CITY sufficient to meet the notice requirements of Civil Code Section 1798 et seq., as applicable, as amended from time to time.

28.5. Prior to or upon termination or expiration of this Agreement, CONSULTANT will honor any request from the CITY to return or securely destroy all copies of Confidential Information. All Confidential Information is and will remain the property of the CITY and nothing contained in this Agreement grants or confers any rights to such Confidential Information on CONSULTANT.

28.6. If selected in Section 30 (Exhibits), this Agreement is also subject to the terms and conditions of the Information Privacy Policy and Cybersecurity Terms and Conditions.

SECTION 29. MISCELLANEOUS PROVISIONS.

29.1. This Agreement will be governed by California law, without regard to its conflict of law provisions.

29.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara,

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State of California.

29.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.

29.4. This Agreement, including all exhibits, constitutes the entire and integrated agreement between the parties with respect to the subject matter of this Agreement, and supersedes all prior agreements, negotiations, representations, statements and undertakings, either oral or written. This Agreement may be amended only by a written instrument, which is signed by the authorized representatives of the parties and approved as required under Palo Alto Municipal Code, as amended from time to time.

29.5. If a court of competent jurisdiction finds or rules that any provision of this Agreement is void or unenforceable, the unaffected provisions of this Agreement will remain in full force and effect.

29.6. In the event of a conflict between the terms of this Agreement and the exhibits hereto (per Section 30) or CONSULTANT's proposal (if any), the Agreement shall control. In the event of a conflict between the exhibits hereto and CONSULTANT's proposal (if any), the exhibits shall control.

29.7. The provisions of all checked boxes in this Agreement shall apply to this Agreement; the provisions of any unchecked boxes shall not apply to this Agreement.

29.8. All section headings contained in this Agreement are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

29.9. This Agreement may be signed in multiple counterparts, which, when executed by the authorized representatives of the parties, shall together constitute a single binding agreement.

SECTION 30. EXHIBITS. Each of the following exhibits, if the check box for such exhibit is selected below, is hereby attached and incorporated into this Agreement by reference as though fully set forth herein:

- ☒ EXHIBIT A: SCOPE OF SERVICES
- ☒ EXHIBIT A-1 PROFESSIONAL SERVICES TASK ORDER
- ☒ EXHIBIT B: SCHEDULE OF PERFORMANCE
- ☒ EXHIBIT C: COMPENSATION
- ☒ EXHIBIT C-1: SCHEDULE OF RATES
- ☒ EXHIBIT D: INSURANCE REQUIREMENTS

THIS AGREEMENT IS NOT COMPLETE UNLESS ALL SELECTED EXHIBITS ARE ATTACHED.

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CONTRACT No. C25193356
SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement as of the date first above written.

CITY OF PALO ALTO

_____
City Manager

APPROVED AS TO FORM:

_____
City Attorney or designee

MARTINA ENTRIKEN

Officer 1

By: Signed by: Tina Entriken 7A75E9E07C4C4AD...

Name: Tina Entriken

Title: Teacher

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EXHIBIT A
SCOPE OF SERVICES

CONSULTANT shall provide the Services detailed in this Exhibit A, entitled "SCOPE OF SERVICES". Notwithstanding any provision herein to the contrary, CONSULTANT's duties and services described in this Scope of Services shall not include preparing or assisting CITY with any portion of CITY's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with CITY. CITY shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. CONSULTANT's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. CONSULTANT shall cooperate with CITY to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by CONSULTANT pursuant to this Scope of Services.

CONSULTANT agrees to facilitate a developmental program for toddlers and preschoolers. The program should be designed to encourage children's innate sense of curiosity about the natural world, their community, the arts and culture. The program's curriculum will include sensory play, art, science, math, music, early age literacy and a field trip component. The program is designed for ages 1 ½ years to 4 years and parent participation is required.

Consultant AGREES TO:

COURSE CONTENT:

- Be responsible for curriculum and course content; including providing course materials.
- Provide a consistent instructor, with as little substitution as possible.
- Conduct the program in a safe manner.
- City shall have the right to observe Consultant instruct in order to determine whether Consultant is in compliance with the terms and conditions of this Agreement.
- Class and camp information must be submitted approximately six months prior to the start of each class and camp session.

QUALITY OF PROGRAM:
Maintain a quality program which includes, but is not limited to:

- Consultants are knowledgeable and experienced in the subject being taught and with the age group.
- Consultants are reliable and punctual.
- Consultants are organized and prepared to teach at the start of each class.

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- Consultants to maintain strong working relationships with City staff a
- Consultants provide good customer service.
- Consultants and their employees can effectively resolve issues.

SET UP & CLEAN UP:

- Be responsible for all set up and clean up of the room and equipment.
- All set up must be completed prior to the start of class.

EMPLOYEES:

- Provide employees who are at least 18 years old
- All employees and/or volunteers must complete Fingerprint background check and must pass background prior to providing services, provide negative TB test results within the last two years (for anyone working with minors), provide proof of auto Insurance in accordance with City guidelines (for anyone driving to the City of Palo Alto facility).
- All Consultants, as well as their employees and volunteers, are strongly recommended to obtain certification in CPR/First Aid.

PUBLICITY:

- May not publicize Consultant's business to class participants during class hours without prior authorization from Department Director.
- Must obtain prior approval from Recreation Coordinator or designee for publicity containing City classes.
- Follow timelines for submitting and proofing quarterly class proposals to be included in the Enjoy catalog. Note: Classes included in proposal are not guaranteed to be offered.

PUNCTUALITY:

- Consultant and their employees shall arrive at least 15 minutes prior to the starting time of the class or at least 30 minutes for set-up.
- Ensures that all classes start and end on time
- Notifies the Community Center or Recreation Coordinator prior to the class if Consultant is running late or unable to attend
- If a class is missed, a make up class is required to be provided by Consultant.

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- Consultant agrees to stay with all children until they are picked up b[illegible]d on their own if approval is noted or transferred to City staff.

RECORD KEEPING:

- Must take attendance at each class. All attendance records shall be submitted at the end of each session.

COMMUNICATION:

- Immediately communicate problems and issues with the class(es) or customers to the Recreation Coordinator or City Staff.
- Inform City staff of participant injuries, illness (Covid exposures) and complete necessary accident reports within 24 hours.

ADHERENCE TO CITY POLICY:

- Responsible for knowing the City's policies and procedures with regard to special interest classes (i.e. waiting lists, cancellation, refund, satisfaction, etc.)
- Responsible for verifying that only registered participants with a signed City liability form on file with the City are permitted to participate in City's special interest classes.

PRIVACY:

- Agrees that any personal information that Consultant receives regarding customers may not be used for other than City business.
- Ensures that customer information will be stored in a secure location.

City AGREES to:

- Process all registrations for classes (Consultants not allowed to register participants)
- Provide Consultant with attendance sheets
- Provide facility for scheduled classes.
- Include Consultant classes in publicity materials

EXHIBIT A-1
PROFESSIONAL SERVICES TASK ORDER

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Item 4
Attachment A - Martina
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CONSULTANT shall perform the Services detailed below in accordance with all t ions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 are incorporated into this Task Order by this reference. CONSULTANT shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO.
OR PURCHASE ORDER REQUISITION NO. (*AS APPLICABLE*)

1A. MASTER AGREEMENT NO. (*MAY BE SAME AS CONTRACT / P.O. NO. ABOVE*):
1B. TASK ORDER NO.:
2. CONSULTANT NAME:
3. PERIOD OF PERFORMANCE: START: COMPLETION:
4 TOTAL TASK ORDER PRICE: $_____
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT $_____
5. BUDGET CODE_____
COST CENTER_____
COST ELEMENT_____
WBS/CIP_____
PHASE_____
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:_____
7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
- SERVICES AND DELIVERABLES TO BE PROVIDED
- SCHEDULE OF PERFORMANCE
- MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (*as applicable*)
- REIMBURSABLE EXPENSES, if any (with "not to exceed" amount)

8. ATTACHMENTS: A: Task Order Scope of Services B (if any): _____

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

APPROVED:
CITY OF PALO ALTO

BY:_____
Name _____
Title_____
Date _____

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

APPROVED:
COMPANY NAME: _____

BY:_____
Name _____
Title_____
Date _____

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EXHIBIT B
SCHEDULE OF PERFORMANCE

CONSULTANT shall perform the Services so as to complete each milestone within the number of days/weeks specified below. Class schedule may be added, removed, or otherwise changed by mutual agreement of the CONSULTANT and the CITY's Project Manager, and subject to the Not-to-Exceed amount of this Agreement per Section 4.

Milestones	**Completion Number of Days/Weeks (as specified below) from NTP**
1. Summer 2025 Session	Jul – Sep 2025
2. Fall 2025 Session	Oct – Dec 2025
3. Winter 2025-26 Session	Jan – Mar 2026
4. Spring 2026 Session	Apr – Jun 2026
5. Summer 2026 Session	Jul – Sep 2026
6. Fall 2026 Session	Oct – Dec 2026
7. Winter 2026-27 Session	Jan – Mar 2027
8. Spring 2027 Session	Apr – Jun 2027
9. Summer 2027 Session	Jul – Sep 2027
10. Fall 2027 Session	Oct – Dec 2027
11. Winter 2027-28 Session	Jan – Mar 2028
12. Spring 2028 Session	Apr – Jun 2028
13. Summer 2028 Session	Jul – Sep 2028
14. Fall 2028 Session	Oct – Dec 2028
15. Winter 2028 - 29 Session	Jan – March 2029
16. Spring 2029 Session	Apr – June 2029
17. Summer 2029 Session	Jul - Sep 2029
18. Fall 2029 Session	Oct – Dec 2029
19. Winter 2029-30 Session	Jan – Mar 2030
20. Spring 2030 Session	Apr – Jun 2030

☒ Optional Schedule of Performance Provision for On-Call or Additional Services Agreements. (This provision only applies if checked and only applies to on-call agreements per Section 1 or agreements with Additional Services per Section 4.)

The schedule of performance shall be as provided in the approved Task Order, as detailed in Section 1 (Scope of Services) in the case of on-call Services, or as detailed in Section 4 in the case of Additional Services, provided in all cases that the schedule of performance shall fall within the term as provided in Section 2 (Term) of this Agreement.

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EXHIBIT C
COMPENSATION

CITY agrees to compensate CONSULTANT for Services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the rate schedule attached as Exhibit C-1 up to the not to exceed budget amount for each task set forth below.

CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below, provided that the total compensation for the Services, including any specified reimbursable expenses, and the total compensation for Additional Services (if any, per Section 4 of the Agreement) do not exceed the amounts set forth in Section 4 of this Agreement.

CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

BUDGET SCHEDULE

TASK	ESTIMATED (No. of Students X No. of Weeks X No. of Days per Week)	NOT TO EXCEED AMOUNT
1) Summer 2025 Session - $27 class rate	15 x 7 x 6 = 630	$17,010
2) Fall 2025 Session - $28 class rate	15 x 13 x 6 =1,170	$32,760
3) Winter 2025-26 Session - $28 class rate	15 x 10 x 6 = 900	$25,200
4) Spring 2026 Session - $28 class rate	15 x 13 x 6 =1,170	$32,760
5) Summer 2026 Session - $29 class rate	15 x 7 x 6 = 630	$18,270
6) Fall 2026 Session - $29 class rate	15 x 13 x 6 =1,170	$33,930
7) Winter 2026-27 Session - $29 class rate	15 x 10 x 6 = 900	$26,100
8) Spring 2027 Session - $30 class rate	15 x 13 x 6 =1,170	$35,100
9) Summer 2027 Session - $30 class rate	15 x 7 x 6 = 630	$18,900
10) Fall 2027 Session - $30 class rate	15 x 13 x 6 =1,170	$35,100
11) Winter 2027-28 Session - $31 class rate	15 x 10 x 6 = 900	$27,900
12) Spring 2028 Session - $31 class rate	15 x 13 x 6 =1,170	$36,270
13) Summer 2028 Session - $31 class rate	15 x 7 x 6 = 630	$19,530
14) Fall 2028 Session - $32 class rate	15 x 13 x 6 =1,170	$37,440
15) Winter 2028-29 Session - $32 class rate	15 x 10 x 6 = 900	$28,800
16) Spring 2029 Session - $32 class rate	15 x 13 x 6 =1,170	$37,440
17) Summer 2029 Session - $33 class rate	15 x 7 x 6 = 630	$20,790
18) Fall 2029 Session - $33 class rate	15 x 13 x 6 =1,170	$38,610
19) Winter 2029-30 Session - $33 class rate	15 x 10 x 6 = 900	$29,700
20) Spring 2030 Session - $34 class rate	15 x 13 x 6 =1,170	$39,780
Reimbursable Expenses (if any)		$0.00
Total for Services and Reimbursable Expenses		**$591,390**
Additional Services (if any, per Section 4)		$67,000

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Maximum Total Compensation	

REIMBURSABLE EXPENSES

CONSULTANT'S ordinary business expenses, such as administrative, overhead, administrative support time/overtime, information systems, software and hardware, photocopying, telecommunications (telephone, internet), in-house printing, insurance and other ordinary business expenses, are included within the scope of payment for Services and are not reimbursable expenses hereunder.

Reimbursable expenses, if any are specified as reimbursable under this section, will be reimbursed at actual cost. The expenses (by type, e.g. travel) for which CONSULTANT will be reimbursed are: **NONE** up to the not-to-exceed amount of: **$0.00**.

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EXHIBIT C-1
SCHEDULE OF RATES

CONSULTANT's schedule of rates is as follows:

A. RATE

For the Classes taught for all sessions during the term of this Agreement, City shall pay Consultant seasonal registration classes at the rate of **sixty percent (60) for in-person classes based on the Resident Rate.** CONSULTANT will not be compensated for classes offered and canceled without a make-up session. CONSULTANT will be compensated for only registered participants listed on the attendance records. CITY and CONSULTANT shall mutually agree upon the date and time and number of courses offered by CONSULTANT pursuant to this Agreement, provided that the total compensation payable to CONSULTANT shall not exceed the amount set forth in Section 4 of this Agreement

B. PAYMENT

For registration-based classes, at the conclusion of each session, CONSULTANT will invoice the CITY for payment and shall comply with the requirements of Section 5 (invoices of this Agreement). In addition, the CONSULTANT'S invoice must include class name, class number, number of registered participants, rate of pay, total amount due for each class and grand total of all classes included on invoice.

For drop-in based classes, CONSULTANT will invoice the CITY for payment at least monthly. Invoices must include attendance sheets, rate of pay, total amount due for each class and grand total of all classes.

C. MISSED CLASSES (Excluding weather-related cancellations, if applicable)

If CONSULTANT gives twenty-four (24) hours or less cancellation notice of class(es) starting time and subject to the prior approval of CITY, CONSULTANT will be compensated at fifty percent (50%) of compensation rate for day of the make-up session provided CONSULTANT conducts a make-up session at a mutually agreeable time and location.

If CONSULTANT misses two (2) consecutive weeks/meetings of the same class(es) and subject to the prior approval of CITY, CONSULTANT will be compensated at twenty-five (25%) of compensation rate for each of the make-up days provided CONSULTANT conducts a make-up session at a mutually agreeable time and location. Nothing herein limits the CITY'S right to terminate this Agreement for CONSULTANT's failure to conduct any class at the specified time and place.

D. LATE CLASSES

1. If CONSULTATNT is late at least twice to same class in the same session (or same month for drop-in classes) and subject to the prior approval of CITY, CONSULTANT will be compensated at one hundred percent (100%) of compensation rate for the first time the CONSULTANT was late. For the second time the CONSULTANT is late, CONSULTANT will be compensated at fifty percent (50%) of compensation rate.

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2. If CONSULTANT is late at three (3) or more times to same session (or same month for drop-in classes) and subject to the prior approval of CITY, CONSULTANT will be compensated at twenty-five (25%) of compensation rate. Nothing herein limits the CITY's right to terminate this Agreement for CONSULTANT's failure to conduct any class at the specified time and place.

E. PAYMENT FOR – USE OF FACILITY FOR NON-APPROVED USES

If the CONSULTANT uses CITY's facility for any purpose other than a mutually agreed upon and scheduled class under this Agreement, then the CONSULTANT shall pay all fees and charges - as specified in the CITY's Municipal Fee Schedule, found at https://www.cityofpaloalto.org/Departments/Administrative-Services/City-Budget.

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EXHIBIT D
INSURANCE REQUIREMENTS

CONSULTANTS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-:VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY	STATUTORY	STATUTORY
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY PROPERTY DAMAGE BODILY INJURY & PROPERTY DAMAGE COMBINED.	$1,000,000 $1,000,000 $1,000,000	$1,000,000 $1,000,000 $1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY - EACH PERSON - EACH OCCURRENCE PROPERTY DAMAGE BODILY INJURY AND PROPERTY DAMAGE, COMBINED	$1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000	$1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	$1,000,000	
YES	**THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED**: CONSULTANT, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONSULTANT AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, **NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.**		

I. INSURANCE COVERAGE MUST INCLUDE:

A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONSULTANT'S AGREEMENT TO INDEMNIFY CITY.

II. THE CONSULTANT MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING EMAIL: PURCHASINGSUPPORT@CITYOFPALOALTO.ORG

III. ENDORSEMENT PROVISIONS WITH RESPECT TO THE INSURANCE AFFORDED TO ADDITIONAL INSUREDS:

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

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B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

EVIDENCE OF INSURANCE AND OTHER RELATED NOTICES ARE REQUIRED TO BE FILED WITH THE CITY OF PALO ALTO SENT TO THE FOLLOWING EMAIL: PURCHASINGSUPPORT@CITYOFPALOALTO.ORG

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: CONSENT CALENDAR
Lead Department: Utilities

Meeting Date: April 14, 2025
Report #:2502-4186

TITLE

Approval of Amendment No. 2 via Change Order No. 2 to Contract Number C22183580 with MP Nexlevel of California, Inc. in the Amount of $4,000,000 for a Total Not-to-Exceed Amount of $15,347,390, and Extending the Three-Year Term of the Contract for an Additional Four Months Through August 31, 2025 to Provide Substructure and Utility Trenching Construction Services for the Foothills Rebuild Wildfire Mitigation and Grid Modernization for Electrification Projects; CEQA Status: the Foothills Rebuild and Grid Modernization Project are Exempt Under CEQA Guidelines Sections 15302, 15303 and 15183

RECOMMENDATION

Staff recommends that City Council approve and authorize the City Manager or their designee to execute Change Order No. 2 to contract C22183580 with MP Nexlevel (Attachment A) for substructure installations, utility trenching, and conduit installations in support of the Foothills Rebuild and Grid Modernization projects, in an amount not-to-exceed $4,000,000, for a revised total contract amount of $15,347,390 and extending the term of the contract to August 31, 2025 for a total of three years and four months.

BACKGROUND

The City contracts substructure and trenching construction services because the amount of work varies year over year and use of contracted services allows for the most efficient and cost-effective use of resources for this variable timing. In 2022, MP Nexlevel was deemed the lowest responsible bidder of a competitive solicitation for utility trench and substructure installation (Staff Report 13953[1]). The performance and quality of work delivered by MP Nexlevel has been satisfactory over the years. As part of the task order completion process, MP Nexlevel's work is inspected and signed off by internal staff. The original Task Order Construction Contract C22183580 with MP Nexlevel of California, Inc., was approved by Council March 21, 2022 in the amount of $8,815,809 for Trenching and Substructure Installation and Materials and a contingency amount of $881,581, for a total not-to-exceed amount of $9,697,390 over three

[1] City Council, March 21, 2022: Staff Report #13953
https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=81767

years through April 30, 2025. For customer-related work, trenching and substructure work are reimbursed by the customers through the customer connection charges. Since FY 2023, the City has been reimbursed $4.5 million from customers for new service connections.

On October 7, 2024, Council approved change order #1 in the amount of $1,650,000 inclusive of $150,000 in contingency funding for the installation of fiber optic cable and fiber hut site preparation in support of the fiber-to-the-premises (FTTP) pilot project (Staff Report #2408-3368[2]). MP Nexlevel will install, lash, splice and test approximately 59,500 feet of fiber optic cable; build underground laterals and pad mounts for fiber distribution cabinets; and build a concrete pad to support the fiber hut and emergency generator including electric wiring, lighting, HVAC and security fencing. The FTTP pilot will inform the City the best mix of insource (internal staff) and outsource (contractors) staffing to construct and operate the new municipal Palo Alto fiber internet business. Change order #1 covers the FTTP Phase 1 pilot area only. Once the pilot area is complete and can inform the requirements for a competitive solicitation, staff will be requesting competitive bids for construction of the remainder of the FTTP Phase 1 scope.

ANALYSIS

As part of the City's Wildfire Mitigation[3] Plan, the Utilities Department is undergrounding eleven miles of overhead electric lines in the Foothills area. This project involves installing substructure work, including boxes for electric and fiber lines; removing electric lines and fiber lines from overhead poles; and installing padmount equipment where possible. Given the number of miles of undergrounding and steep terrain in the foothills, the project was divided into five phases over three years (FY 2022 – FY 2025). As of February 2025, three of five phases have been completed and the remaining two phases are underway with a planned project completion of June 30, 2025.

The primary objective of the Foothills Rebuild and Fire Mitigation project is to mitigate fire risk due to electric equipment by relocating the overhead electric and fiber lines to underground in higher fire risk areas on Arastradero and Page Mill Roads. Other community benefits are electric grid resilience, enhanced communication for public safety and other departments, and improved risk management. According to Cal Fire's Fire Hazard Severity Zone[4] map, the Foothills region is a mix of high and very high hazard zones. The City's goal is to complete the Foothills Rebuild project by the end of Fiscal Year 2025 and before wildfire season begins. Over the past three years, the City has spent approximately $6.3 million for substructure work, trenching, and conduit installation through the MP Nexlevel contract. Staff estimates an

[2] City Council, October 7, 2024: Staff Report #2408-3368 https://cityofpaloalto.primegov.com/Portal/viewer?id=0&type=7&uid=1136b122-5ea9-447e-8a85-48c161ef99d4

[3] Wildfire Mitigation Plan https://www.cityofpaloalto.org/files/assets/public/v/1/utilities/safety-information/cpau-wildfire-mitigation-plan-2024-update.pdf

[4] Fire Hazard Severity Zone https://experience.arcgis.com/experience/6a9cb66bb1824cd98756812af41292a0

additional $3 million is required in the contract to complete the remaining undergrounding phases.

In addition, MP Nexlevel is supporting the electric grid modernization project (grid mod) by performing underground trenching for pole replacements. Utilities replaced approximately 80 utility poles in the grid mod pilot area to create additional capacity for the new equipment and/or due to the poor condition of the existing pole. The pilot consists of 908 homes to test the feasibility, time, cost, risk, and performance of various materials and processes and to identify any potential issues for a full-scale rollout. The estimate completion date of the pilot is March 2025. Staff estimates an additional $1 million is required to maintain the momentum of grid mod from the pilot into Phase 1 and stay on schedule with planned customer connections including Palo Alto Unified School District until a new substructure and utility trenching contract is in place.

The existing contract has $1.4 million remaining, most of which is earmarked for the FTTP pilot, and the contract is scheduled to end on April 30, 2025. This second amendment will bridge the gap between the existing contract and any new task-order substructure construction contract following the new competitive solicitation. The City has issued a competitive solicitation in March 2025 and anticipates awarding the contract in August 2025. Under the solicitation, staff is considering pre-qualifying more than one vendor to perform substructure work and utility trenching. This will provide the City flexibility and resources to work on multiple high priority projects concurrently.

FISCAL/RESOURCE IMPACT

Funding for this contract amendment is available in the Fiscal Year 2025 Capital Improvement Plan budget under Foothills Rebuild/Fire Mitigation (EL-21001), Grid Modernization for Electrification (EL-24000) and Electric Customer Connections (EL-89028).

STAKEHOLDER ENGAGEMENT

Staff continues to share updates through the Utilities Wildfire Mitigation webpage[5] and Grid Modernization for Electrification webpage[6].

ENVIRONMENTAL REVIEW

The Foothills Rebuild Wildfire Mitigation and Grid Modernization for Electrification projects are categorically exempt from California Environmental Quality Act (CEQA) review under CEQA Guidelines section 15303 (construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures), section 15302 (replacement or reconstruction of existing structures and facilities), and for the the grid

[5]Utilities Wildfire Mitigation webpage https://www.cityofpaloalto.org/Departments/Utilities/Utilities-Services-Safety/Safety/Utilities-Wildfire-Mitigation

[6]Grid Modernization for Electrification webpage https://www.cityofpaloalto.org/Departments/Utilities/Utilities-Services-Safety/Utilities-Projects/Grid-Modernization-for-Electrification

modernization project, section 15183 (projects consistent with a general plan, community plan, or zoning) since it is consistent with the Environmental Impact Report (EIR) Addendum to the City of Palo Alto Comprehensive Plan Final Environmental Impact Report Council approved on June 5, 2023.

ATTACHMENTS
Attachment A: MP NexLevel Change Order 2

APPROVED BY:
Kiely Nose, Interim Director of Utilities
Staff: Dave Yuan, Utilities Strategic Business Manager

Docusign Envelope ID: 23AB0BDA-C1C4-45E2-9520-72E52BEEAF18

CONTRACT CHANGE ORDER

CITY OF PALO ALTO
DEPARTMENT: ELECTRIC UTILITIES OPERATIONS
_____ Project

Contract Change Order #

Project Title:	**Foothills Rebuild**	**Project No.:**	**EL-21001**
Contract Number:	**C22183580**	**Date:**	**2/20/25**
Contractor:	**MP Nexlevel of California, Inc.**	**Change Order No.:**	**2**

Description of Change Order	
Background Information:	The original contract C22183580 was approved by Council on March 21, 2022 under staff report ID 13953. The original term of the contract was an annual not-to-exceed amount of $9,697,390 for a total three-year not-to-exceed amount from June 15, 2022 through April 30, 2025. Staff Report 13953 (laserfiche.com) Change order #1 was approved by Council on October 7, 2024 under staff report ID 2408-3368. $1.65 million was added to the MP Nexlevel (MPNL) contract to perform substructure work for the new fiber hut and fiber construction for the fiber-to-the-premises (FTTP) pilot. With the FTTP amendment, the revised not-to-exceed amount is $11,347,390. Staff Report 2408-3368 As of Feb 19, 2025, there is approximately $1,400,000 remaining in the contract. Utilities will be issuing a new RFP for substructure work in March 2025. It will take approximately 4-6 months to award the new contract including Council's approval. A change order is required for MPNL to maintain business continuity and accelerate the Foothills Undergrounding project until a new contract is in place. The average monthly MPNL billing rate is approximately $450,000 for up to three crews. Staff may request for a fourth crew at times depending on the number of projects that are occurring concurrently.
Change Order Justification:	The City does not possess the staffing resources to provide substructure, trenching services and fiber installation because the amount of work varies year over year. These services have been contracted out for approximately 30 years and are required to complete CIP and customer connections in a timely and cost-effective manner. The City has been contracting with MP Nexlevel for over the past 10 years for substructure installations, utility trenching, and fiber conduit installations Staff recommends increasing the task order construction contract by $4,000,000 to accelerate undergrounding of critical areas deemed as high fire threat in the foothills before fire season begins (2024 Wildfire Mitigation Plan). In addition, staff needs additional funding to complete the pilot for electric gird modernization and new customer connection projects (i.e. Hoover School). Staff also recommends extending the duration of the contract by four months from April 2025 to August 2025 until a new contract is in place. Staff will be issuing a new competitive bid for substructure and trenching construction in March 2025 with anticipation of a new contract award in August 2025 (post-Council break). This change order will bridge the gap between April through August 2025. When the new contract is awarded, all remaining funds in the existing contract will be disencumbered and returned to reserves.

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Description of Work to be Performed:	Contractor will provide ongoing and scheduled substructure construction work for the following CIP projects: • Foothills Undergrounding (EL-21001) ~ $3.1M • Grid Modernization (EL-24000) ~$0.6M • Customer Connections (EL-89038) ~0.3M
Incorporates Field Order Number(s):	Bid items 1 – 34

Cost

This Change Order will:

- ❑ No cost change: N/A
- **X** **Increase cost by** **$** **4,000,000**
- ❑ Decrease cost by $ N/A

G/L account number (s): 40030200 / 31650

Basis for change in cost:

- ❑ Unit price(s)
- ❑ Lump sum
- **X** **Time and Materials**
- ❑ Compensation for Compensable Delay
- ❑ Other:_____

Time

This Change Order will:

- **X** Increase time by__123__days
  - _0_ days Excusable Delay
  - _0_ days Compensable Delay
- ❑ Decrease time by_____days

The date of completion as of this Change Order is:

August 31, 2025_____

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Contract Change Order – continued

CONTRACTOR CERTIFICATION: By signing below, Contractor agrees that this Change Order constitutes full resolution, settlement, accord and satisfaction with respect to any and all pending or future Claims for cost and extensions of time that were asserted, or that could have been asserted, in connection with the Work covered by this Change Order, as more fully set forth in Article 7 of the Contract General Conditions.

FAILURE TO EXECUTE: If Contractor fails to promptly execute this Change Order after it has been submitted for Contractor's signature, the City may unilaterally approve this Change Order as set forth in Article 7 of the Contract General Conditions. Contractor may dispute the terms of a unilaterally-approved Change Order, in whole or in part, by submitting a Claim in accordance with the Dispute Resolution Procedures set forth herein within fourteen (14) days after the Change Order is approved by the City. If Contractor fails to submit a Claim within that 14-day period, with respect to all or part of the unilaterally-approved Change Order, those portions of the Change Order which have not been disputed by timely submission of a Claim shall be deemed to have the same effect as if the Change Order was fully executed by both parties as set forth above.

Accepted for Contractor:	Accepted for City of Palo Alto:
By: Signed by: Robbi Pribyl 08583C78EA674D8... Robbi Pribyl	By:
Title: President	Title:
Date: 3/31/2025	Date:

Scope of Work

PCO No.	ASI	FO	COR	CO	Description	Amount	Reason for Change
1					Foreman	$795,302	Foothills Underground/Grid Mod
2					Laborer	$1,526,280	Foothills Underground/Grid Mod
3					Equipment Operator	$66,989	Foothills Underground/Grid Mod
4					Truck Driver Class A	$44,520	Foothills Underground/Grid Mod
5					Qualified journeyman worker to perform conduit intercepts in an energized duct bank	$10,501	Foothills Underground/Grid Mod
6					Concrete Finisher	$47,461	Foothills Underground/Grid Mod
7					Core Driller with operator	$7,805	Foothills Underground/Grid Mod
8					Concrete Saw with operator	$7,141	Foothills Underground/Grid Mod
9					Foreman's Truck	$68,880	Foothills Underground/Grid Mod
10					Crew truck, with Hand Tools, and Gas-Powered Cutoff Saw	$103,320	Foothills Underground/Grid Mod
11					Compressor and Jackhammer	$2,115	Foothills Underground/Grid Mod
12					Backhoe	$19,389	Foothills Underground/Grid Mod
13					Ramhoe	$7,939	Foothills Underground/Grid Mod
14					Bobtail Truck	$179,760	Foothills Underground/Grid Mod
15					End-Dump Truck	$242,549	Foothills Underground/Grid Mod

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16					10-wheel Dump Truck	$35,280	Foothills Underground/Grid Mod
17					Boom Truck with Flatbed	$3,528	Foothills Underground/Grid Mod
18					Directional Boring Rig	$9,869	Foothills Underground/Grid Mod
19					Arrow Board	$355	Foothills Underground/Grid Mod
20					Vac Trailer – 800 Gallons	$28,224	Foothills Underground/Grid Mod
21					Mini Excavator	$61,600	Foothills Underground/Grid Mod
22					Bobcat Skid-Steer	$2,829	Foothills Underground/Grid Mod
23					Equipment Trailer	$15,960	Foothills Underground/Grid Mod
24					A/C Roller	$2,296	Foothills Underground/Grid Mod
25					Estimator	$14,981	Foothills Underground/Grid Mod
26					3-5 Yard Dump Truck	$3,877	Foothills Underground/Grid Mod
29					Box Shoring	$5,733	Foothills Underground/Grid Mod
30					Message Board	$3,613	Foothills Underground/Grid Mod
31					Pipe Fusing (100')	$14,280	Foothills Underground/Grid Mod
32					Pipe Grouting	$111,301	Foothills Underground/Grid Mod
33					2200 Gallon Vacuum Truck	$397,419	Foothills Underground/Grid Mod
34					Large Bore Rig	$158,901	Foothills Underground/Grid Mod
					Total for this Change Order	$4,000,000	

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Contract Change Order – continued				
Summary of Amounts Payable Under Contract (For Internal Purposes Only)				
Original Contract Sum:	$	9,697,390.00		
Previous Change Orders	$	1,650,000.00		
This Change Order	$	4,000,000.00		
Revised Contract Sum:	$	15,347,390.00		
Compare to:				
Original Contract Authorization:	$	8,815,809.00	*Contingency:*	881,581.00
Contract Amendment Authorizations	$	1,500,000.00	*Contingency added:*	150,000.00
Contingency Authorizations:	$	1,031,581.00	*Used to date*	(0.00)
Total Authorized Funding:	$	11,347,390.00	*Balance remaining*	1,408,953.00
Change Orders shall not be initiated for Council-approved contracts if the revised Contract Sum exceeds the total authorized funding amount.				

Document Preparation	
By:	Dave Yuan
Title:	Utilities Strategic Business Manager
Date:	March 27, 2025

City Approval – Division Head **Signature required on all Change Orders**	
By :	
Title :	Jorge Silva Interim Assistant Director, Electric Engineering and Operations
Date:	

City Approval – Department Head **Signature required when any individual Change Order exceeds $10,000.**	
By:	
Title:	Kiely Nose Interim Director of Utilities
Date:	

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: CONSENT CALENDAR
Lead Department: Human Resources

Meeting Date: April 14, 2025
Report #:2502-4229

TITLE

Approval of Contract Amendment Number 1 to Contract Number S22183286 with The Permanente Medical Group Inc in an Amount Not to Exceed $100,000 for Pre-employment and Other Occupation-Related Medical Services; CEQA Status – Not a Project.

RECOMMENDATION

Staff recommends that the City Council approve and authorize the City Manager or designee to execute Amendment No 1. to Contract No. S22183286 (Attachment A), with The Permanente Medical Group Inc., to provide on-going pre-employment and other occupation-related medical services in an amount not-to-exceed $100,000. This amendment results in a revised total contract not-to-exceed amount of $150,000.

BACKGROUND

Pre-employment medical exams assess an individual's physical and mental ability to ensure they can safely and effectively perform the essential job duties. These exams confirm job fit, particularly for positions requiring specific health standards like heavy lifting, bending, or operating machinery. They also help identify restrictions that could increase the risk of injury or illness, as well as allowing for necessary accommodations. For high-risk roles in fields like construction or public safety, the exams ensure the employee's fitness and protect others in the workplace. Additionally, certain industries require these exams to comply with regulations, such as California Occupational Safety and Health Administration (CalOSHA) or Department of Transportation (DOT) standards, to reduce the risk of accidents.

ANALYSIS

This report recommends an amendment to the existing contract for pre-employment and other occupation-related medical services. This contract is critical to ensuring the continued provision of pre-employment medical services for ongoing and future hires in positions that require medical clearance. In compliance with employment laws, pre-employment medical exams must adhere to ADA and HIPAA regulations. These services are best administered by a team of third-

party qualified healthcare professionals. The proposed amendment to the contract with The Permanente Medical Group Inc. will extend the not-to-exceed amount to $150,000. This will cover services already provided in Fiscal Year 2025 and ensure the effective administration of pre-employment medical exams and other occupation-related medical services through June 14, 2026.

Using a third party to administer pre-employment medical exams and other occupational medical services is essential because qualified healthcare professionals have certified expertise to navigate medical guidelines and processes. Additionally, healthcare professionals stay up to date on new laws, medical procedures, and prescription drugs. Their day-to-day work is supported by established systems that manage exam administration and processing, minimizing the time a new hire employee needs to wait to get confirmation of employment with the City of Palo Alto. Human Resources (HR) staff has recognized the value of utilizing third-party certified healthcare professionals, and the continuation of these essential services is critical to effectively administer pre-employment medical exams for current and future new hires in classifications that require medical clearance. Human Resources is in the process of starting an RFP as required by the City's municipal code. Human Resources will initiate the RFP process in parallel with this contract amendment to establish a new three-year contract starting in 2026, and seeks approval of an amendment to the current contract with The Permanente Medical Group Inc., starting in April 2025. The total amount of this contract was impacted by the increase in recruitments and need for pre-employment services. This amendment will compensate The Permanente Medical Group Inc. for services rendered from October 2023 to March 2025 as well as ensure effective administration of current and new pre-employment medical services through June 14, 2026. Once the RFP process is complete, the selected service provider will offer ongoing services.

- Duration: 12 months contract.
- Scope of Services: Administration of all pre-employment medical services, including but not limited to:
    - Administration and processing of pre-employment medical exams
    - Drug and alcohol specimen collection as required by specified job classifications
    - DOT drug and alcohol testing as required by specified job classifications

FISCAL/RESOURCE IMPACT

There is no fiscal impact as the fund has sufficient budget to cover the remaining FY 2025 and ongoing costs. The budget for these third-party services is included in the General Benefits Fund (Internal Services Fund) operating budget.

- Cost of 12-month contract amendment: $100,000
    - About $50,000 is expected to be spent in FY 2025 and $50,000 in FY 2026.

STAKEHOLDER ENGAGEMENT

As part of the amendment to the existing contract and RFP process, key stakeholders including Human Resources, Administrative Services, the City Attorney's Office, and third-party administrator collaborated to ensure current services have not been interrupted. Human Resources outlined requirements, while Administrative Services directed the contracting process and documentation. Human Resources is working with these stakeholders to complete a new contract for a third-party service provider and will continue to work with these stakeholders through the RFP process.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because adopting an amendment to this contract is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. CEQA Guidelines section 15378(b)(5).

ATTACHMENTS

Attachment A: Contract S22183286 Amendment No. 1 - The Permanente Medical Group, Inc.

APPROVED BY:

Sandra Blanch, Human Resources Director

Docusign Envelope ID: 5CD9601C-7E91-486F-9B0F-5335ABD0B346

AMENDMENT NO. 1 TO CONTRACT NO. S22183286 BETWEEN THE CITY OF PALO ALTO AND THE PERMANENTE MEDICAL GROUP, INC, ("TPMG")

This Amendment No. 1 (this "Amendment") to Contract No. S22183286 (the "Contract" as defined below) is entered into as of April 14, 2025, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and THE PERMANENTE MEDICAL GROUP, INC, ("TPMG"), a California corporation, located at 950 Franklin Street, Oakland, California, 94612 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

R E C I T A L S

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of pre-employment occupational medical services, as detailed therein.

B. The Parties now wish to amend the Contract in order to add more budget funding for occupational medical services by increasing compensation by One Hundred Thousand Dollars ($100,000) from Fifty Thousand Dollars to a new total not to exceed value of One Hundred Fifty Thousand Dollars ($150,000) and extend the term by 12-months, changing expiration date from June 14, 2025, to June 14, 2026.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

SECTION 1. **Definitions**. The following definitions shall apply to this Amendment:

a. **Contract**. The term "Contract" shall mean Contract No. S22183286 between CONSULTANT and CITY, dated June 15, 2022, as amended by:

b. **Other Terms**. Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 2 "TERM." of the Contract is hereby amended to read as follows:

"The term of this Agreement shall be from the date of its full execution through June 14, 2026 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement."

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SECTION 3. Section 4 "NOT TO EXCEED COMPENSATION" of the Contract is hereby amended to read as follows:

"The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed One Hundred **Fifty Thousand Dollars ($150,000.00)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY. CITY shall monitor the total amount of payments owed to CONSULTANT and shall immediately notify CONSULTANT when the maximum payment amount permitted under this Agreement is reached. Notwithstanding anything to the contrary in this Agreement, CITY shall be liable for and pay CONSULTANT for any services provided by CONSULTANT before CITY notified CONSULTANT of the reaching of the maximum payment amount permitted under this Agreement."

SECTION 4. The following exhibit(s) to the Contract is/are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

a. Exhibit "C-1" entitled "SCHEDULE OF RATES":
The Exhibit C-1 attached to the Original Agreement is hereby deleted in its entirety and replaced with the fee schedule attached hereto as Exhibit C-1.

SECTION 5. **Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 6. **Incorporation of Recitals**. The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

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EXHIBIT C-1
SCHEDULE OF RATES

Billing Code	Description of Services	Cost of Services
PREPLACEMENT EXAM (PP3)		
300388	Preplacement Physical Exam	$65.00
As Employer Requested:		
86580	PPD, 1 step, placement and reading	$20.00
300415	Respirator Med Clearance/OSHA	$35.00
92552	Audiogram, screening	$54.00
As Clinically Indicated:		
71045	Chest X-Ray, 1 view	$55.00
71046	Chest X-Ray, 2 views	$75.00
94010	Spirometry	$60.00
93000	EKG, resting	$50.00
93015	Cardiac Stress Test with Treadmill	$230.00
36415	Venipuncture	$15.00
86706	Titer: Hepatitis B Surface Antibody (HBsAb)	$35.00
90746	Vaccine: Hepatitis B, may need series of 3 injections	$130.00/injection
300408	Physician consultation, each 15 minutes	$64.00/15 mins
POLICE/SHERIFF PREPLACEMENT EXAM (POSTPP)		
300399	POST Physical Exam	$127.00
92552	Audiogram, screening	$54.00
94010	Spirometry	$60.00
93000	EKG, resting	$50.00
93015	Cardiac Stress Test with Treadmill	$230.00
86480	QuantiFERON	$145.00
80053	Chem Comprehensive Panel	$41.00
85025	CBC with automated differential	$20.00
86706	Titer: Hepatitis B Surface Antibody (HBsAb)	$35.00
86704	Titer: Hepatitis B Core Antibody (HBcAb)	$31.00
86803	Titer: Hepatitis C Antibody Screen	$56.00
86708	Titer: Hepatitis A IgG Antibody (HAAb)	$40.00
36415	Venipuncture	$15.00
As Employer Requested:		
300411	Collection for Drug Screen-Preferred Alliance	Billed by Preferred

Vers.: Aug. 5, 2019

Docusign Envelope ID: 5CD9601C-7E91-486F-9B0F-5335ABD0B346

		Alliance
As Clinically Indicated:		
90746	Vaccine: Hepatitis B, may need series of 3 injections	$130.00/injection
90632	Vaccine: Hepatitis A, may need series of 2 injections	$114.00/injection
90636	Vaccine: Twinrix (Hep B and Hep A combo), series of 3 injections	$191.00/injection
90707	Vaccine: Measles Mumps Rubella (MMR), may need series of 2 injections	$103.00/injection
90716	Vaccine: Varivax (Varicella or Chickenpox), may need series of 2 injections	$152.00/injection
90715	Vaccine: Tdap	$63.00
90658	Vaccine: Influenza (when seasonally available)	$20.00
86735	Titer: Mumps Antibody Screen	$35.00
86762	Titer: Rubella Antibody Screen (German Measles)	$35.00
86765	Titer: Rubeola Antibody Screen (Measles)	$35.00
86787	Titer: Varicella (Varicella or Chickenpox) Antibody Screen	$35.00
81001	Urinalysis with microscopy	$16.00
71045	Chest X-Ray, 1 view	$55.00
71046	Chest X-Ray, 2 views	$75.00
75571	Cardiac calcium scoring CT scan	$265.00
300408	Physician Consultation, each 15 minutes	$64.00/15 mins
FIREFIGHTER PREPLACEMENT EXAM (FFPP)		
300398	Firefighter Physical Exam	$127.00
92552	Audiogram, screening	$54.00
94010	Spirometry	$60.00
85025	CBC with automated differential	$20.00
80053	Chem Comprehensive Panel	$41.00
36415	Venipuncture	$15.00
71046	Chest X-Rays (2 views, PA & Lateral)	$75.00
86480	QuantiFERON	$145.00
93000	EKG, resting	$50.00
93015	Cardiac Stress Test with Treadmill	$230.00
86706	Titer: Hepatitis B Surface Antibody (HBsAb)	$35.00
86704	Titer: Hepatitis B Core Antibody (HBcAb)	$31.00
86803	Titer: Hepatitis C Antibody Screen	$56.00
86708	Titer: Hepatitis A IgG Antibody (HAAb)	$40.00
As Clinically Indicated:		

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90746	Vaccine: Hepatitis B, may need series of 3 injections	$[illegible]/injection
90632	Vaccine: Hepatitis A, may need series of 2 injections	$114.00/injection
90636	Vaccine: Twinrix (Hep B and Hep A combo), series of 3 injections	$191.00/injection
90707	Vaccine: Measles Mumps Rubella (MMR), may need series of 2 injections	$103.00/injection
90716	Vaccine: Varivax (Varicella or Chickenpox), may need series of 2 injections	$152.00/injection
90715	Vaccine: Tdap	$63.00
90658	Vaccine: Influenza (when seasonally available)	$20.00
86735	Titer: Mumps Antibody Screen	$35.00
86762	Titer: Rubella Antibody Screen (German Measles)	$35.00
86765	Titer: Rubeola Antibody Screen (Measles)	$35.00
86787	Titer: Varicella (Varicella or Chickenpox) Antibody Screen	$35.00
81001	Urinalysis with microscopy	$16.00
86580	PPD, 1 step, placement and reading	$20.00
300422	PPD, 2 step, 2 placements and readings	$30.00
71045	Chest X-Ray, 1 view	$55.00
75571	Cardiac calcium scoring CT scan	$265.00
300408	Physician Consultation, each 15 minutes	$64.00/15 mins
HAZMAT BASELINE / ANNUAL / PERIODIC (HAZ)		
300393	Hazardous Worker Exam	$106.00
92552	Audiogram, screening	$54.00
94010	Spirometry	$60.00
80053	Chem Comprehensive Panel	$41.00
85025	CBC with automated differential	$20.00
36415	Venipuncture	$15.00
As Clinically Indicated:		
71046	Chest X-Ray, 2 views	$75.00
93000	EKG, resting	$50.00
93015	Cardiac Stress Test with Treadmill	$230.00
300408	Physician Consultation, each 15 minutes	$64.00/15 mins
RESPIRATOR BASELINE / PERIODIC (RESP)		
300415	Review of OSHA Respirator Questionnaire by MD/NP/RN	$35.00
As Clinically Indicated:		

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300391	Respirator Clearance Physical Exam	$64.00
94010	Spirometry	$60.00
71046	Chest X-Ray (2 views)	$75.00
93000	EKG, resting	$50.00
93015	Cardiac Stress Test with Treadmill	$230.00
300408	Physician Consultation, each 15 minutes	$64.00/15 mins
AUDIOGRAM (AUDIO)		
92552	Audiogram, screening	$54.00
As Clinically Indicated:		
300408	Physician Consultation, each 15 minutes	$64.00/15 mins
DMV/DOT EXAM (DMV/DOT)		
300390	DMV/DOT Physical Exam	$115.00
As Clinically Indicated:		
92552	Audiogram, screening	$54.00
URINE DRUG AND BREATH ALCOHOL TESTING (DRUG)		
300411	Collection for Drug Screen-Preferred Alliance	Billed by Preferred Alliance
As Indicated:		
82075	Breath Alcohol Testing (BAT) – Preferred Alliance	Billed by Preferred Alliance
300421	Breath Alcohol Testing (BAT), Confirmatory – Preferred Alliance	Billed by Preferred Alliance
VACCINATION ONLY (VAX)		
300406	History/Review of Tests/Brief Screen - No Physical Exam	$42.00
As Clinically Indicated:		
90746	Vaccine: Hepatitis B, may need series of 3 injections	$130.00/injection
90632	Vaccine: Hepatitis A, may need series of 2 injections	$114.00/injection
90636	Vaccine: Twinrix (Hep B and Hep A combo), series of 3 injections	$191.00/injection
90707	Vaccine: Measles Mumps Rubella (MMR), may need series of 2 injections	$103.00/injection
90716	Vaccine: Varivax (Varicella or Chickenpox), may need series of 2 injections	$152.00/injection
90715	Vaccine: Tdap	$63.00

Docusign Envelope ID: 5CD9601C-7E91-486F-9B0F-5335ABD0B346

90658	Vaccine: Influenza (when seasonally available)	$[illegible]
90675	Rabies Vaccine, series of 3 injections	$579.00/injection
LABORATORY ONLY (LAB)		
300406	History/Review of Tests/Brief Screen - No Physical Exam	$42.00
36415	Venipuncture	$15.00
As Clinically Indicated:		
86706	Titer: Hepatitis B Surface Antibody (HBsAb)	$35.00
86708	Titer: Hepatitis A IgG Antibody (HAAb)	$40.00
86735	Titer: Mumps Antibody Screen	$35.00
86762	Titer: Rubella Antibody Screen (German Measles)	$35.00
86765	Titer: Rubeola Antibody Screen (Measles)	$35.00
86787	Titer: Varicella (Varicella or Chickenpox) Antibody Screen	$35.00
86382	Titer: Rabies Antibody Testing	$43.00
TB CLEARANCE PPD/QUANTIFERON (PPD/TB CLEARANCE)		
86580	PPD, 1 step, 1 placement and reading ***-OR-***	$20.00
86480	QuantiFERON	$145.00
As Clinically Indicated:		
36415	Venipuncture	$15.00
300422	PPD, 2 step, 2 placements and readings	$30.00
71045	Chest X-Ray, 1 view	$55.00
71046	Chest X-Ray, 2 views	$75.00
99211	Brief encounter with non-MD Provider **(PPD-Review of Symptoms Form)**	$25.00

(*SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE*.)

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SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

CITY OF PALO ALTO

City Manager

APPROVED AS TO FORM:

City Attorney or Designee

THE PERMANENTE MEDICAL GROUP, INC, ("TPMG")

By: Signed by:  0F20E566EDA147E...

Name: Amanpreet Dhillon

Title: Regional Medical Director OHSS

Vers.: Aug. 5, 2019

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: CONSENT CALENDAR
Lead Department: Utilities

Meeting Date: April 14, 2025
Report #:2502-4214

TITLE
Approval of Professional Services Contract No. C25191690 with InfoSend in an Amount Not to Exceed $2,344,573 to Provide Utilities Bill Print and Mailing Services for a Term of Five Years; CEQA Status - Not a Project.

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or designee to execute Contract No. C25191690 (Attachment A) with InfoSend for integrated bill printing, mailing, archiving, disaster recovery services, utility bill redesign, and the implementation of electronic bill presentment for a term of five years and a total not-to-exceed amount of $2,344,573, including $2,131,430 for basic services and $213,143 for additional services.

EXECUTIVE SUMMARY
The City's current bill print system, managed through Pitney Bowes, has become outdated, limiting both operational efficiency and scalability. The existing system only generates bills in a printable format, leaving the Utilities Department, in partnership with Administrative Services and Information Technology, to manage the printing, sorting, and mailing process in-house. This manual process is time-consuming, resource-intensive, and prone to errors involving significant resources. The proposed contract will enable the Utilities Department to modernize its billing processes, enhance bill design, improve operational efficiency, and provides disaster recovery. Approving this contract will modernize utility billing, reduce long-term costs, and align with the City of Palo Alto Utilities (CPAU) strategic goals for operational efficiency and customer service improvements.

Approximately 50% of the contract cost is directly related to postage. To the extent customers move to paperless bills, actual costs under this contract will reduce. The City is taking a multi-prong approach to reduce the number of physical bills and associated postage costs. Since 2023, the number of paperless only customers has almost doubled from 5,100 to 9,725 due to the new default paperless only setting for new customer registration in the utilities customer

account portal MyCPAU. The City is working on another campaign to convert the remaining 14,000 electronic bill customers who are also receiving a physical bill to paperless only.

BACKGROUND

CPAU oversees the invoicing of approximately 27,500 monthly residential and 3,000 commercial accounts for vital services including electric, natural gas, water, wastewater, storm water, and refuse services. This equates to the generation of over 31,000 utility bill statements each month, with the residential accounts comprising approximately 85% of the total volume and commercial accounts constituting the remaining 15%. In addition to routine billing, CPAU also manages the dispatch of delinquency notices to address outstanding accounts. At present, CPAU relies on SAP CRM 7.0 CIS/Billing software in conjunction with Pitney Bowes EngageOne Communication Suite for the execution of the bill printing operations. Customer interaction with the billing statements is facilitated through the Smart Energy Water (SEW) MyCPAU portal, offering features such as historical consumption review, paperless bill enrollment, and online payment capabilities. The billing workflow entails the extraction of data from Customer Information System (CIS) into printable files, which serves as the foundation for bill creation. The City often includes "inserts" with bills and/or renewal notices.

ANALYSIS

The proposals were evaluated based on the following criteria. It was also specified that the weights associated with the criteria would be different for the various components of the RFP.

1. Quality and completeness of Proposal
2. Quality, performance and effectiveness of the solution, goods and/or services to be provided by the Proposer
3. Proposer experience, including the experience of staff to be assigned to the project, the engagements of similar scope and complexity
4. Cost to the City
5. Proposer's financial condition and stability
6. Proposer's ability to perform the work within the time specified
7. Proposer's prior record of performance with City or other local, county or state agency
8. Proposer's ability to provide future maintenance, repairs parts and/or services
9. Proposer's compliance with applicable laws, regulations, policies (including City Council policies), guidelines and orders governing prior or existing contracts performed by the contractor

InfoSend was deemed the lowest cost proposal and scored the highest overall points for the Bill Print and Mailing service evaluation. InfoSend is a proven provider of over 28 years of experience specializing in supporting 650+ utility clients nationwide. InfoSend also has experience in transitioning over 170 public agencies from their in-house printing to InfoSend.

Key attributes that made InfoSend standout as the selected provider include:

- InfoSend is CIS agnostic and has interfaced with more than 50 different CIS platforms, including SAP.
- Supports application programing interface to CPAU's online portal by Smart Energy Water (SEW).
- Operates five regional production facilities to ensure with CPAU's disaster recovery requirements.
- Manufactures and supplies required envelopes and paper stock to mitigate supply chain issues, therefore reducing material costs.

Key benefits of the contract include:

- Ensuring compliance with industry standards and regulations for utility billing.
- Reducing the internal workload by outsourcing print, mail, and data management functions.
- Handling over 31,000 monthly bill statements and bill inserts, ensuring accurate and timely delivery for both residential and commercial customers.
- Introducing a redesigned utility bill that enhances communication, improving readability, and integrating digital billing options.
- Addressing future scalability by transitioning the department towards automation and smart meter integration.
- Providing disaster recovery, data security, and business continuity features to mitigate risks and ensure uninterrupted services.

It will take approximately twelve weeks to implement the transition of the bill printing and mailing from the City's in-house services to InfoSend depending on availability of City staff and InfoSend resources for data conversion, interface development, system integration, and testing.

The proposal bid range came in between $460,931- $1,428,810 which included specific tasks. InfoSend was the lowest cost proposal and was awarded the contract. Staff negotiated additional and optional tasks including postage, postage deposit, archiving and storage, bill redesign, and bill inserts.

Summary of Solicitation Process

Proposal Description	RFP 191690
Proposed Description	Utilities Bill Print
Proposed length of project	60 months
Number of Vendors Notified	3145
Numbers of proposal packages downloaded	26
Total Days to respond to proposal	21 Calendar Days
Number of Proposals Received	3 but 1 deemed nonresponsive

Proposal Bid Range[1] for Contract	$460,931 - $1,428,810 (annually)
Public Link to Solicitation	https://procurement.opengov.com/portal/palo-alto-ca/projects/104489

FISCAL/RESOURCE IMPACT

This recommendation has no financial impact for Fiscal Year 2025 as the Utilities Department will continue to use the current bill print system during the twelve-week implementation process for InfoSend. Funding previously collected in the Technology Fund for utility bill printing system replacement will be used to cover the costs of implementation. Given the twelve week implementation timeline, funding adjustments for this contract will be subject to City Council approval as part of the annual budget process. The InfoSend costs will be broken down as shown in Table 1 across the five-year contract period:

Table 1: InfoSend Contract

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
Utility Printing	$87,700	$89,835	$92,083	$94,416	$96,897	**$460,931**
Postage	$180,150	$198,165	$217,982	$239,780	$263,758	**$1,099,834**
Post-Award Negotiated Services	$54,040	$10,238	$10,749	$11,287	$11,852	**$98,166**
Bill Inserts	$94,500	$94,500	$94,500	$94,500	$94,500	**$472,500**
Additional Services	$41,639	$39,274	$41,531	$43,998	$46,701	**$213,143**
Total	**$458,029**	**$432,011**	**$456,845**	**$483,980**	**$513,708**	**$2,344,573**

The Utilities Department spends approximately $660,000 annually for bill printing and mailing services. These costs are currently paid to the internal service funds: Printing and Mailing Fund ($530,000) and Technology Fund ($130,000). Approximately $200,000 in annual savings is anticipated once this new contract is implemented offset by remaining services from the Printing & Mail services adhoc. The Utilities Department will continue to rely on the Printing and Mailing services for non-scheduled and one-time print jobs such as Proposition 218 rate notices, water quality reports, late and disconnection notices, and customer letters.

The utility bill printing and bill insert costs under InfoSend are comparable to the charges from the City's internal Technology and Printing and Mailing Funds. The InfoSend contract provides new services such as disaster recovery, bill redesign, and technical support. The contract also frees up staff time in IT, Printing and Mailing, and Utilities to perform more valued added work than printing, sorting, and mailing bills.

[1] Proposal Bid Range does not include U.S. Postage and bill inserts costs

STAKEHOLDER ENGAGEMENT

The Bill Print Project involves a collaborative effort among several key departments to ensure successful project execution and integration with existing systems. The Utilities Customer Service department will serve as the lead department, overseeing the project's coordination and aligning it with the department's operational needs.

Key stakeholders include:

1. IT Department: The IT team plays a critical role in ensuring seamless integration of the new bill print system with the existing billing infrastructure. They are responsible for addressing any technical compatibility issues and ensuring data integrity during the transition.
2. Utilities Billing Group: This group is responsible for ensuring the new bill print solution complies with all technical and regulatory requirements related to billing formats, accuracy, and consistency. Their involvement guarantees that the project meets both internal and external standards.
3. Communications Group: The Communications team is tasked with overseeing the production of the utility bill inserts, ensuring that all materials meet guidelines, compliance requirements, and effective communication standards for customers.
4. Administrative Services: To ensure that transition and continuity of service through go live, the Print & Mail Shop will continue to mail the City's utility bills and the Treasury Division will ensures continuity of lockbox services through the transition by coordinating with the City's lockbox service provider and ensuring that the correct bill specifications are in place so that deposits are correctly received and recorded.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because the procurement of the bill printing and mailing services is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. CEQA Guidelines section 15378(b)(5).

ATTACHMENTS

Attachment A: Contract with Infosend; Contract C25191690

APPROVED BY:

Kiely Nose, Interim Director of Utilities
Staff: Anthony Enerio, Utilities Manager of Credit and Collections

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CITY OF PALO ALTO CONTRACT NO. C25191690

AGREEMENT FOR PROFESSIONAL SERVICES

BETWEEN THE CITY OF PALO ALTO AND INFOSEND, INC.

This Agreement for Professional Services (this "Agreement") is entered into as of the 10th day of March, 2025 (the "Effective Date"), by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and INFOSEND, INC., a California Corporation, located at 4240 E. La Palma Avenue Anaheim, CA 92807-1816 ("CONSULTANT").

The following recitals are a substantive portion of this Agreement and are fully incorporated herein by this reference:

RECITALS

A. CITY intends to print and mail utility bill print (the "Project") and desires to engage a consultant to provide integrated bill printing and mailing services in connection with the Project (the "Services", as detailed more fully in Exhibit A).

B. CONSULTANT represents that it, its employees and subconsultants, if any, possess the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY, in reliance on these representations, desires to engage CONSULTANT to provide the Services as more fully described in Exhibit A, entitled "SCOPE OF SERVICES".

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, in this Agreement, the parties agree as follows:

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described in Exhibit A in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

SECTION 2. TERM.
The term of this Agreement shall be from the effective date of this agreement through December 31, 2030 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

An extension option for a period up to an additional two years (until December 31, 2032) is available if both parties agree through an amendment to this Agreement.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit B, entitled "SCHEDULE OF PERFORMANCE". Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT.

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CITY's agreement to extend the term or the schedule for performance shall [illegible]very of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed **Two Million One Hundred Thirty-One Thousand Four Hundred Twenty-Nine Dollars and Fifty Cents ($2,131,429.50)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY.

☒ Optional Additional Services Provision (This provision applies only if checked and a not-to-exceed compensation amount for Additional Services is allocated below under this Section 4.)

In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of **Two Hundred Thirteen Thousand One Hundred Forty-Two Dollars and Ninety-Five Cents ($213,142.95)** for the performance of Additional Services (as defined below). The total compensation for performance of the Services, Additional Services and any reimbursable expenses specified in Exhibit C, shall not exceed **Two Million Three Hundred Forty-Four Thousand Five Hundred Seventy-Two Dollars and Forty-Five Cents ($2,344,572.45)**, as detailed in Exhibit C.

"Additional Services" means any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY's Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled "PROFESSIONAL SERVICES TASK ORDER". Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY's Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Task Orders authorized under this Agreement shall not exceed the amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall only be compensated for Additional Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth for

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Additional Services in this Section 4. Performance of and payme[illegible]onal Services are subject to all requirements and restrictions in this Agreement.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the Services performed and the applicable charges based upon Exhibit C or, as applicable, CONSULTANT's schedule of rates set forth in Exhibit C-1. The information in CONSULTANT's invoices shall be subject to verification by CITY. CONSULTANT shall send all invoices to CITY's Project Manager at the address specified in Section 13 (Project Management) below. CITY will process and pay invoices within thirty (30) days of receipt of an acceptable invoice.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it, its employees and subcontractors, if any, possess the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subcontractors, if any, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services. All Services to be furnished by CONSULTANT under this Agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement, as amended from time to time. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT is solely responsible for costs, including, but not limited to, increases in the cost of Services, arising from or caused by CONSULTANT's errors and omissions, including, but not limited to, the costs of corrections such errors and omissions, any change order markup costs, or costs arising from delay caused by the errors and omissions or unreasonable delay in correcting the errors and omissions.

SECTION 9. COST ESTIMATES. If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of design submittal. If the total estimated construction cost at any submittal exceeds the CITY's stated construction budget by ten percent (10%) or more, CONSULTANT shall make recommendations to CITY for aligning the Project design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

SECTION 10. INDEPENDENT CONTRACTOR. CONSULTANT acknowledges and agrees that CONSULTANT and any agent or employee of CONSULTANT will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which CONSULTANT performs the Services requested by CITY under this Agreement.

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CONSULTANT and any agent or employee of CONSULTANT will not [illegible]atus with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. CONSULTANT will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers' compensation, unemployment compensation, insurance, and other similar responsibilities related to CONSULTANT's performance of the Services, or any agent or employee of CONSULTANT providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and CONSULTANT or any agent or employee of CONSULTANT. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of CONSULTANT's provision of the Services only, and not as to the means by which such a result is obtained.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT's obligations hereunder without the prior written approval of the City Manager. Any purported assignment made without the prior written approval of the City Manager will be void and without effect. Subject to the foregoing, the covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators and assignees of the parties.

SECTION 12. SUBCONTRACTING.

☒ **Option A: No Subcontractor:** CONSULTANT shall not subcontract any portion of the Services to be performed under this Agreement without the prior written authorization of the City Manager or designee. In the event CONSULTANT does subcontract any portion of the work to be performed under this Agreement, CONSULTANT shall be fully responsible for all acts and omissions of subcontractors.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Matt Schmidt, Email: Matt.s@infosend.com as the CONSULTANT's Project Manager to have supervisory responsibility for the performance, progress, and execution of the Services and represent CONSULTANT during the day-to-day performance of the Services. If circumstances cause the substitution of the CONSULTANT's Project Manager or any other of CONSULTANT's key personnel for any reason, the appointment of a substitute Project Manager and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY's Project Manager. CONSULTANT, at CITY's request, shall promptly remove CONSULTANT personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Services or a threat to the safety of persons or property.

CITY's Project Manager is Anthony Enerio, Utilities Department, Customer Service Division, 250 Hamilton Avenue Palo Alto, CA, zipcode: 94301, Telephone: (650)329-2621. CITY's Project Manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate Project Manager from time to time.

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SECTION 14. OWNERSHIP OF MATERIALS. All work produ[illegible]hout limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications, computations, models, recordings, data, documents, and other materials and copyright interests developed under this Agreement, in any form or media, shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work product pursuant to this Agreement are vested in CITY, and CONSULTANT hereby waives and relinquishes all claims to copyright or other intellectual property rights in favor of CITY. Neither CONSULTANT nor its subcontractors, if any, shall make any of such work product available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services.

SECTION 15. AUDITS. CONSULTANT agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for four (4) years from the date of final payment, CONSULTANT's records pertaining to matters covered by this Agreement, including without limitation records demonstrating compliance with the requirements of Section 10 (Independent Contractor). CONSULTANT further agrees to maintain and retain accurate books and records in accordance with generally accepted accounting principles for at least four (4) years after the expiration or earlier termination of this Agreement or the completion of any audit hereunder, whichever is later.

SECTION 16. INDEMNITY.

☒16.1. To the fullest extent permitted by law, CONSULTANT shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability, including death or injury to any person, property damage or any other loss, including all costs and expenses including attorney's fees, experts fees, court costs and disbursements ("Claims") resulting directly from to the negligence or willful misconduct in performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from a Claim arising from the active negligence or willful misconduct of an Indemnified Party that is not contributed to by any act of, or by any omission to perform a duty imposed by law or agreement by, CONSULTANT, its officers, employees, agents or contractors under this Agreement.

16.3. The acceptance of CONSULTANT's Services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. No waiver of a condition or nonperformance of an obligation under this Agreement is effective unless it is in writing in accordance with Section 29.4 of this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

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SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit D, entitled "INSURANCE REQUIREMENTS". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best's Key Rating Guide ratings of A-:VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. If CONSULTANT fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided under this Agreement or at law, the City Manager may terminate this Agreement sooner upon written notice of termination. Upon receipt of any notice of suspension or termination, CONSULTANT will discontinue its performance of the Services on the effective date in the notice of suspension or termination.

19.2. In event of suspension or termination, CONSULTANT will deliver to the City Manager on or before the effective date in the notice of suspension or termination, any and

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all work product, as detailed in Section 14 (Ownership of Materials), whether completed, prepared by CONSULTANT or its contractors, if any, in the performance of this Agreement. Such work product is the property of CITY, as detailed in Section 14 (Ownership of Materials).

19.3. In event of suspension or termination, CONSULTANT will be paid for the Services rendered and work products delivered to CITY in accordance with the Scope of Services up to the effective date in the notice of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's Services provided in material conformity with this Agreement as such determination is made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 17, 19.2, 19.3, 19.4, 20, 25, 27, 28, 29 and 30.

19.4. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement, unless made in accordance with Section 17 (Waivers).

SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the Project Manager at the address of CONSULTANT recited on the first page of this Agreement.

CONSULTANT shall provide written notice to CITY of any change of address.

SECTION 21. CONFLICT OF INTEREST.

21.1. In executing this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subcontractors or other persons or parties having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California, as amended from time to time. CONSULTANT agrees to notify CITY if any conflict arises.

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21.3. If the CONSULTANT meets the definition of a "Consultant" as defined by the Regulations of the Fair Political Practices Commission, CONSULTANT will file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act of 1974, as amended from time to time.

SECTION 22. NONDISCRIMINATION; COMPLIANCE WITH ADA.

22.1. As set forth in Palo Alto Municipal Code Section 2.30.510, as amended from time to time, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person due to that person's race, skin color, gender, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

22.2. CONSULTANT understands and agrees that pursuant to the Americans Disabilities Act ("ADA"), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor or subcontractor, are required to be accessible to the disabled public. CONSULTANT will provide the Services specified in this Agreement in a manner that complies with the ADA and any other applicable federal, state and local disability rights laws and regulations, as amended from time to time. CONSULTANT will not discriminate against persons with disabilities in the provision of services, benefits or activities provided under this Agreement.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT shall comply with the CITY's Environmentally Preferred Purchasing policies which are available at CITY's Purchasing Department, hereby incorporated by reference and as amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of CITY's Zero Waste Program. Zero Waste best practices include, first, minimizing and reducing waste; second, reusing waste; and, third, recycling or composting waste. In particular, CONSULTANT shall comply with the following Zero Waste requirements:

(a) All printed materials provided by CONSULTANT to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY's Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable-based inks.

(b) Goods purchased by CONSULTANT on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Department's office.

(c) Reusable/returnable pallets shall be taken back by CONSULTANT, at no additional cost to CITY, for reuse or recycling. CONSULTANT shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

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SECTION 24. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE. CONSULTANT shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the City, CONSULTANT shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code Section 4.62.030 for each hour worked within the geographic boundaries of the City of Palo Alto. In addition, CONSULTANT shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code Section 4.62.060.

SECTION 25. NON-APPROPRIATION. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code, as amended from time to time. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS.

☒ 26.1. **This Project is not subject to prevailing wages and related requirements.** CONSULTANT is not required to pay prevailing wages and meet related requirements under the California Labor Code and California Code of Regulations in the performance and implementation of the Project if the contract:

(1) is not a public works contract;
(2) is for a public works construction project of $25,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j); or
(3) is for a public works alteration, demolition, repair, or maintenance project of $15,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j).

SECTION 27. CLAIMS PROCEDURE FOR "9204 PUBLIC WORKS PROJECTS". For purposes of this Section 27, a "9204 Public Works Project" means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Cal. Pub. Cont. Code § 9204.) Per California Public Contract Code Section 9204, for Public Works Projects, certain claims procedures shall apply, as set forth in Exhibit F, entitled "Claims for Public Contract Code Section 9204 Public Works Projects".

☒ **This Project is not a 9204 Public Works Project.**

SECTION 28. CONFIDENTIAL INFORMATION.

28.1. In the performance of this Agreement, CONSULTANT may have access to CITY's Confidential Information (defined below). CONSULTANT will hold Confidential Information in strict confidence, not disclose it to any third party, and will use it only for the

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performance of its obligations to CITY under this Agreement and for no other purpose. CONSULTANT will maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the security, confidentiality and integrity of the Confidential Information. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to its employees, agents and subcontractors, if any, to the extent they have a need to know in order to perform CONSULTANT's obligations to CITY under this Agreement and for no other purpose, provided that the CONSULTANT informs them of, and requires them to follow, the confidentiality and security obligations of this Agreement.

28.2. "Confidential Information" means all data, information (including without limitation "Personal Information" about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to CONSULTANT by CITY, directly or indirectly, pursuant to this Agreement. Confidential Information excludes information that CONSULTANT can show by appropriate documentation: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a breach of this Agreement; (ii) was rightfully in CONSULTANT's possession free of any obligation of confidence prior to receipt of Confidential Information; (iii) is rightfully obtained by CONSULTANT from a third party without breach of any confidentiality obligation; (iv) is independently developed by employees of CONSULTANT without any use of or access to the Confidential Information; or (v) CONSULTANT has written consent to disclose signed by an authorized representative of CITY.

28.3. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to the extent required by order of a court of competent jurisdiction or governmental body, provided that CONSULTANT will notify CITY in writing of such order immediately upon receipt and prior to any such disclosure (unless CONSULTANT is prohibited by law from doing so), to give CITY an opportunity to oppose or otherwise respond to such order.

28.4. CONSULTANT will notify City promptly upon learning of any breach in the security of its systems or unauthorized disclosure of, or access to, Confidential Information in its possession or control, and if such Confidential Information consists of Personal Information, CONSULTANT will provide information to CITY sufficient to meet the notice requirements of Civil Code Section 1798 et seq., as applicable, as amended from time to time.

28.5. Prior to or upon termination or expiration of this Agreement, CONSULTANT will honor any request from the CITY to return or securely destroy all copies of Confidential Information. All Confidential Information is and will remain the property of the CITY and nothing contained in this Agreement grants or confers any rights to such Confidential Information on CONSULTANT.

28.6. If selected in Section 30 (Exhibits), this Agreement is also subject to the terms and conditions of the Information Privacy Policy and Cybersecurity Terms and Conditions.

SECTION 29. MISCELLANEOUS PROVISIONS.

29.1. This Agreement will be governed by California law, without regard to its conflict of law provisions.

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29.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

29.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.

29.4. This Agreement, including all exhibits, constitutes the entire and integrated agreement between the parties with respect to the subject matter of this Agreement, and supersedes all prior agreements, negotiations, representations, statements and undertakings, either oral or written. This Agreement may be amended only by a written instrument, which is signed by the authorized representatives of the parties and approved as required under Palo Alto Municipal Code, as amended from time to time.

29.5. If a court of competent jurisdiction finds or rules that any provision of this Agreement is void or unenforceable, the unaffected provisions of this Agreement will remain in full force and effect.

29.6. In the event of a conflict between the terms of this Agreement and the exhibits hereto (per Section 30) or CONSULTANT's proposal (if any), the Agreement shall control. In the event of a conflict between the exhibits hereto and CONSULTANT's proposal (if any), the exhibits shall control.

29.7. The provisions of all checked boxes in this Agreement shall apply to this Agreement; the provisions of any unchecked boxes shall not apply to this Agreement.

29.8. All section headings contained in this Agreement are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

29.9. This Agreement may be signed in multiple counterparts, which, when executed by the authorized representatives of the parties, shall together constitute a single binding agreement.

SECTION 30. EXHIBITS. Each of the following exhibits, if the check box for such exhibit is selected below, is hereby attached and incorporated into this Agreement by reference as though fully set forth herein:

- ☒ EXHIBIT A: SCOPE OF SERVICES
- ☒ EXHIBIT A-1 PROFESSIONAL SERVICES TASK ORDER
- ☒ EXHIBIT B: SCHEDULE OF PERFORMANCE
- ☒ EXHIBIT C: COMPENSATION
- ☒ EXHIBIT C-1: SCHEDULE OF RATES
- ☒ EXHIBIT D: INSURANCE REQUIREMENTS
- ☒ EXHIBIT E: INFORMATION PRIVACY POLICY

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☒ EXHIBIT F: CYBERSECURITY TERMS AND CONDIT

THIS AGREEMENT IS NOT COMPLETE UNLESS ALL SELECTED EXHIBITS ARE ATTACHED.

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CONTRACT No. C25191690
SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement as of the date first above written.

CITY OF PALO ALTO

_____
City Manager

APPROVED AS TO FORM:

_____
City Attorney or designee

INFOSEND, INC.

Officer 1

By: DocuSigned by: Russ Rezai 59047DC953E148C...

Name: Russ Rezai

Title: President

Officer 2

By: Signed by: 40A8588CFB114CB...

Name: Mahmood Rezai

Title: CEO

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EXHIBIT A
SCOPE OF SERVICES

CONSULTANT shall provide the Services detailed in this Exhibit A, entitled "SCOPE OF SERVICES". Notwithstanding any provision herein to the contrary, CONSULTANT's duties and services described in this Scope of Services shall not include preparing or assisting CITY with any portion of CITY's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with CITY. CITY shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. CONSULTANT's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. CONSULTANT shall cooperate with CITY to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by CONSULTANT pursuant to this Scope of Services.

2.1 BILL RE-DESIGN

CONSULTANT shall offer bill redesign services with the goals of improving the ability to find information, increase the ability to read and use the bill, show payment plans, and maximize communication between the City of Palo Alto and its utility customers. It should be a value-added service or an additional alternate to the proposal for purchase at a later date. Pricing should reflect the cost for the service as an alternate, or value add, immediately and be valid for 90 days from the closing date of the proposal. CONSULTANT should include pricing for the service at 6 months and at 12 months from the execution of the contract.

2.2 POSTAGE RATE

All postage costs will be incurred initially by the Service Provider and billed at cost to the City of Palo Alto monthly. The CONSULTANT will provide a monthly manifest detailing the total bills printed, mailed and the dollars billed to the City for postage services.

2.3 DATA PROCESSING

The CONSULTANT shall provide comprehensive data processing services, including securely transferring print XML files via SFTP for processing, and reading, processing, and printing data from these files. The CONSULTANT must validate data by checking balances and addresses on each invoice, identify any data mismatches, and provide detailed reports on discrepancies. The CONSULTANT must accept multiple XML files for reprocessing after error corrections and enable users to log in to verify invoices in the repository. Additionally, users should be able to upload documents or inserts, select which to send with invoices and store historical details of these documents. The CONSULTANT must distinguish between residential and commercial invoices, prevent duplicate file processing, and allow users to delete invoices with appropriate access controls. All bills, including nightly XML files and corrected XMLs, must be generated, vaulted, and made available for processing and review on the same day.

2.4 BILL PRINTING

The CONSULTANT shall configure the remittance stub to ensure compatibility with remittance processing equipment and software. The CONSULTANT must be capable of printing bills in the requested color and format and consolidating multiple bills for the same address. The

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Item 7
Attachment A - Contract with Infosend; Contract C25191690

CONSULTANT should also print additional requested documents, distinguishing between electronic and paper bills, and attach the Utilities and Community Announcements (UCA) to vaulted bills. The CONSULTANT is required to print and mail the UCA and bill inserts along with the customer's bill, print graphs, charts, barcodes, and tables, and support double-sided or single-sided printing. They must also handle various fonts, font sizes, and special characters, and suppress or pull bills based on utility rules or requests. Additionally, the CONSULTANT must provide a National Change of Address (NCOA) or Address Change Service (ACS) Move update report, including customer name, account number, previous address, and updated address.

2.5 PORTAL

The CONSULTANT's portal must allow users to select bills by invoice number, contract account, date range, or address, and download multiple invoices simultaneously. Users should also be able to email invoices as required. Additionally, it should offer reporting capabilities, ad hoc document upload, bill insert upload, and exception handling processes. The portal must display daily job progress and updates, retain data for up to 10 years, and provide bills in PDF format with all logos, images, graphs, and charts for archived documents.

2.6 MATERIALS

The CONSULTANT will use the following paper stock: paper is 8.5” x 11”, with perforation for the return stub, 24# white paper stock, . Outbound envelope will be #10 window envelope (9.5” x 4.125”); Return envelope will be #9 (8.875” x 3.875”)The CONSULTANT must provide the ability to print inserts, newsletters, or other notices to be included with regular mailings. The CONSULTANT must be able to perform intelligent/selective inserting based on customer type or other parameters provided in the data (i.e residential customers, commercial customers). The CONSULTANT must be able to optionally print 8.5x11” inserts “on demand”. These inserts must print inline with the bills and letters as additional pages and folded and inserted by the mail inserter instead of being printed and folded separately. On demand insert printing should be available to support simplex and duplex printing, black or grayscale printing, and full-color printing.

2.7 PRINTING REQUIREMENTS

The city requires the bill inserts be 100% recycled paper content according to the environmental purchasing policy (POLICY AND PROCEDURES 1-20/ASD), where possible.

The following requirements apply to all City print and copy jobs executed under this contract: CONSULTANT shall use paper that is 100% recycled/recyclable where possible for offline printed inserts. CONSULTANT shall recycle, at a minimum, waste paper from their operations.

CONSULTANT shall use waste minimization practices in providing services to the City such as double-siding print and copy jobs, reducing and reusing packing and packaging supplies, and sizing print jobs to reduce overage. Other measures such as those outlined in the Environmental Purchasing Policy.

CONSULTANT shall stock and utilize frequently used paper grades that contain the minimum recycled content for each paper category as outlined in the United States Environmental Protection Agency (EPA) Comprehensive Procurement Guidelines (CPG) for printing and writing papers (https://www.epa.gov/smm/comprehensive-procurement-guidelines-paper-and-paper-products). These guidelines specify minimum post-consumer and recovered fiber content and are summarized in the table below. CONSULTANT is responsible for ensuring that print and copy

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jobs are in compliance with the current CPG standard.

Post- Consumer and Recovered Fiber Specification Summary Table

Item	Notes	Specification
Multi-purpose office paper	Business papers such as bond, electrostatic, copy, duplicator, and reproduction	CPG Standard of minimum 30% post-consumer recycled content
Offset	Used for commercial printing direct mail, technical documents, and manuals	CPG Standard of minimum 30% post-consumer recycled content
Carbonless	Used for multiple-impact copy forms	CPG Standard of minimum 30% post-consumer recycled content
Specialty Papers	Business papers such as bond, electrostatic, copy, duplicator, and reproduction	CPG Standard of minimum 30% post-consumer recycled content
Coated Printing Papers	Used for flyers, advertisements, posters, magazines, etc.	CPG Standard of minimum 10% post-consumer recycled content

Note: If minimum requirements stated above are unavailable to certain print products, CONSULTANT shall not deviate from these specifications without prior approval from the City department.

CONSULTANT will label recycled-content print products as such whenever possible. Letterhead, envelopes, and business cards will include post-consumer recycled content and be labeled with the % post-consumer recycled content.

Workmanship Expectations:
All work shall be completed in a satisfactory, efficient, and professional manner utilizing high quality standards.

All composition must be neat and produce a clear, clean, sharp, and even impression.
Materials shall be returned at no cost to the City, if typesetting is incorrect, ink colors are inconsistent, or trapping is not correct.

The CONSULTANT shall be responsible for corrections and revisions resulting from its own errors or misunderstandings.

2.8 INTERFACE

The CONSULTANT must support third-party integrations, allowing the SEW portal to retrieve invoices for customer accounts and integrate with the IC web. The system should integrate with the SAP IS-U system and handle 50 concurrent requests to the portal for invoice PDFs from MyCPAU and SAP IC-Web. Retrieval and rendering of invoices in the portal should not exceed four seconds.

2.9 PRINT REVIEW

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The CONSULTANT should enable the utility to review and approve samp[illegible]fore printing and mailing, including a summary report detailing the number of bills, residential vs. commercial, and other specified requirements.

2.10 USPS PRESORT AND MAIL

Bills should be mailed the next business day they are received, processed and printed. The CONSULTANT must use a DMU or be enrolled in USPS Seamless Acceptance, mail via presorted First-Class mail, and use the USPS Full-service Intelligent Mail Barcode. Automation discounts must be passed on to the agency, and the CONSULTANT must provide NCOALink or ACS move update services. The CONSULTANT should offer proof of USPS delivery, match multiple bills to the same address, prepay the postage, and provide outbound USPS tracking data. The CONSULTANT must produce mail proximate to the Agency to achieve within 1-2 days delivery and produce/deliver from a California facility.

2.11 INFRASTRUCTURE

The CONSULTANT must provide a test site to verify new changes during the contract period and support changes either by the CONSULTANT or users as required, including format, logo, or address changes. The CONSULTANT should at least have three environments Dev, Test, and Prod to support the software services.

2.12 REPORTING

The CONSULTANT must generate reports delineating the daily count of residential versus commercial invoices, the number of bills received for processing, the number of bills printed, the instances of suppressions, the breakdown of postage presort including actual rates, the utilization and count of inserts, and the total monetary value of bills contained within the data file. Additionally, the CONSULTANT is mandated to implement robust error reporting mechanisms throughout various stages of the operation, including file processing, bill printing, posting, and any other relevant processes. These reporting requirements are crucial for ensuring accountability, transparency, and adherence to regulatory standards within the context of the data processing services sought through this RFP.

2.13 DATA CONVERSION/MIGRATION

The CONSULTANT should store data for the last five years from the existing vault, making it available for users to download, email, or interface with other systems. Bills must be available in PDF format with all logos, images, graphs, and charts for archived documents.

2.14 USER MANAGEMENT

The CONSULTANT's portal should define different user roles and allow actions per role, supporting approximately 75 concurrent users at a minimum.

2.15 CUSTOMER SUPPORT

CONSULTANT customer support must be available for user access issues and data/file processing errors, with access via portal, email, or phone. Post-go-live support must include 30 days of immediate support with documented problem tracking and status. The CONSULTANT should provide ongoing support options and associated pricing.

2.16 PROJECT MANAGEMENT

The CONSULTANT shall list the scope of work, assigning responsibility to the City or

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CONSULTANT, ongoing project management must include activities ensuring compliance with contract terms, ongoing coordination, weekly status meetings, updated project schedules, monthly status reports, milestone plans, and necessary project meetings. The CONSULTANT must also create and maintain an issue log for each project phase/task.

2.17 BACKUP

The CONSULTANT must have a daily backup available in case of server issues, with a written procedure for restoring services in the event of failure.

2.18 TEST AND TRAINING

The CONSULTANT must have a daily backup available in case of server issues, with a written procedure for restoring services in the event of failure.

2.19 PRIVACY COMPLIANCE

Data must be housed in the US or Canada. The CONSULTANT shall list their data centers. The CONSULTANT must complete a CONSULTANT Information Security Assessment (VISA) and comply with the City's Information and Privacy Policy, SaaS Security and Privacy Terms, and provide applicable compliance documents.

2.20 ERROR HANDLING

The CONSULTANT must monitor daily file processing and track errors, notifying users and deciding on the best course of action.

2.21 SECURITY COMPLIANCE

The CONSULTANT must describe alignment with ISO 27001 or NIST 800-53 standards. The CONSULTANT shall describe the process of data encryption used in transit (via Network media) and at rest.

2.22 DISASTER RECOVERY AND BUSINESS CONTINUITY

The CONSULTANT must provide an overview and written document of their DRBC planning.

2.23 SERVICE LEVEL AGREEMENT (SLA)

The CONSULTANT must provide an SLA agreement, which will be reviewed and re-negotiated upon contract renewal, clearly defining terms between the CONSULTANT and the department and between IT and the CONSULTANT.

2.24 OPEN DATA AND DATA LIBERATION

All system data must be exportable and machine-readable, including metadata. The City will own the data under a hosting agreement, and the CONSULTANT must provide a transition plan in the event we discontinue services within 5 years or at the end of the contract term with roles, responsibilities, and associated costs.

2.25 QUALITY CONTROL

The CONSULTANT must provide a comprehensive Quality Control Plan ensuring error-free data, printing and mailing processes.

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2.26 SYSTEM CAPABILITY

The CONSULTANT must detail their system's capability to handle changes such as updates to PO Boxes or mailing addresses, specifying the process for updating this information. Additionally, they must differentiate between changes that users can independently execute and those requiring CONSULTANT intervention. Furthermore, CONSULTANTs must outline existing validation processes within their system and any anticipated new validation requirements for the project, providing details on their integration.

The CONSULTANT purchases the postage needed to mail THE City's documents on the day of mailing. The postage charges are later invoiced to the City based on the City's payment terms. The CONSULTANT requires the City to submit a postage deposit prior to the first mailing to facilitate the payment terms. This amount will remain in deposit for the duration of the Agreement. Upon Agreement expiration or termination the City must pay in full any outstanding invoices from the CONSULTANT for payables created under this Agreement; the postage deposit will be refunded within fifteen (15) days of the date that the last open invoice is paid.

The postage deposit amount is calculated by multiplying the estimated number of mail pieces per month by the current 5-Digit pre-sorted first class postage rate. The postage deposit amount due is:

31,000 mail pieces per month x $0.545 x 2 = $33,790.00

The postage deposit is subject to ongoing review and may be adjusted at any time to account for changes to Client average mailing volume or changes to USPS postage rates with at least thirty (30) days' written notice to Client.

1	DATA PROCESSING	
1.1	CONSULTANT should be able to SFTP the print XML file for processing	Mandatory
1.2	CONSULTANT should be able to read ,process and print the data from XML file	Mandatory
1.3	CONSULTANT should be able to validate the data by checking the balances,address per invoice on the XML	Mandatory
1.4	CONSULTANT should be able to identify any data mismatches and send a report for the same	Mandatory
1.5	CONSULTANT should have the ability to accept multiple XML's for reprocessing after error correction	Mandatory

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1.6	CONSULTANT should have the ability for users to login and verify the invoices in the repository	Mandatory
1.7	CONSULTANT should have the ability for user to upload documents or inserts and choose the one to be sent along with the invoices.	Mandatory
1.8	CONSULTANT should have the ability to store historical details for the uploaded documents and inserts	Mandatory
1.9	CONSULTANT must identify residential vs commercial invoices and process them accordingly.	Mandatory
1.10	CONSULTANT system should be able to identify duplicate files and avoid any duplicate file processing	Mandatory
1.11	CONSULTANT system should have the ability to allow users to delete any invoice as required (Requires access controls)	Mandatory
1.12	Bills (Nighlty XML and the corrected XML's) should be generated ,vaulted and available on the same day for processing and review	Mandatory
2	**REPORTING**	
2.1	CONSULTANT should have the ability to generate the reports with the a) daily count residential vs commercial; b)Number of bills received for processing c)Number of bills printed d)Number of suppressions e)Postage presort breakdown including actual rates f)Inserts used and insert counts g)Total $ value of bills contained in data file	Mandatory
2.2	Reporting be by route as well	Nice to have
2.3	CONSULTANT should have error reporting during file processing , bill printing, posting etc.,	Mandatory
3	**BILL PRINTING**	
3.1	CONSULTANT must configure remittance stub making sure it works with remittance processing equipment and software	Mandatory
3.2	CONSULTANT should have the ability to print bills in color and format requested	Mandatory

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3.3	CONSULTANT should have the ability to identify and combine multiple bills going to the same addresses	Mandatory
3.4	CONSULTANT should have the ability to print any additional documents as requested.	Mandatory
3.5	CONSULTANT should have the ability to identify ebills vs paper and print only paper bills	Mandatory
3.6	CONSULTANT should have the ability to attach the UCA to the vaulted bills	Mandatory
3.7	CONSULTANT should print and mail UCA and bill inserts along with customer's bill	Mandatory
3.8	CONSULTANT should be able to print graphs, charts,barcodes, tables as required	Mandatory
3.9	CONSULTANT should be able to print either double sided/ one sided	Mandatory
3.10	CONSULTANT should have the ability to print multiple fonts , font sizes and special characters as required	Mandatory
3.11	CONSULTANT should have the ability to suppress or pull bills based on utilitiy rules or requests (for ex : no prints for ebills or bill generated in error etc)	Mandatory
3.12	CONSULTANT must provide an National Change of Address (NCOA) or Address Change Service (ACS) Move update report that includes customer name, account number, previous address, updated (new) address	Nice to have
4	**PORTAL**	
4.1	CONSULTANT portal should have the ability to allow users to select bills either by a) invoice number b) Contract Account c) Date range d) Address	Mandatory
4.2	CONSULTANT should have the ability for users to download multiple invoices in one step	Mandatory
4.3	Users should have the ability to email the invoices as required	Must have
4.4	Portal should have change control and change history available for all additions, changes and deletions performed on the bills.	Mandatory
4.5	Portal should have reporting capabilities	Mandatory

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4.6	Portal should have adhoc document upload, bill insert upload and exception handling processes	Mandatory
4.7	Portal should display daily job progress, updates etc.,	Mandatory
4.8	CONSULTANT should have data retention of upto 10 years of data	Mandatory
4.9	Bills should be available in pdf format with all the logos, images,graphs and charts for all the archived documents	Mandatory
5	**INTERFACE**	
5.1	CONSULTANT should have the ability to allow 3 party integrations. (Allow SEW portal to retrieve invoices to display on customer's account as well as integrate with IC web)	Mandatory
5.2	CONSULTANT system should integrate with SAP IS-U system	Mandatory
5.3	Should be able to process 50 concurrent requests to the portal for invoice PDFs from the City's MyCPAU and SAP IC-Web (due to the expected integration between MyCPAU/SAP IC-Web and the new CONSULTANT's portal)	Mandatory
5.4	Retrieval and rendering of invoices in the portal should take no longer than 4 seconds.	Mandatory
6	**CHANGE REQUIREMENTS**	
6.1	CONSULTANT should have a test site to verify any new changes implemented during the duration of the contract	Mandatory
6.2	CONSULTANT should have the ability and support available to perform changes either by CONSULTANT or user as required ; Changes for example in format or logo or address	Mandatory
7	**DATA CONVERSION / MIGRATION**	
7.1	CONSULTANT should be able to store data for the last 5years from the existing vault and available for users to download or email as required and also available for interfaces	Mandatory
7.2	Bills should be available in pdf format with all the logos, images,graphs and charts for all the archived documents	Mandatory
8	**USER MANAGEMENT**	

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8.1	CONSULTANT portal should have the ability to define different user roles and option to choose the actions per role	Mandatory
8.2	Portal should support approximately 75 concurrent users (minimum)	Mandatory
9	**CUSTOMER SUPPORT**	
9.1	CONSULTANT customer support should be available for any user access issues. Data and file processing errors.	Mandatory
9.2	User should be able to reach customer service via portal or email or phone	Mandatory
9.3	After go live support: 30 days fire-fighting support after go live with documented problems tracking and status	
9.4	On-going CONSULTANT support: The CONSULTANT shall provide their different support options and its associated pricing	
10	**ERROR HANDLING**	
10.1	CONSULTANT should monitor file processing on each day and keep track of any errors in file processing	Mandatory
10.2	CONSULTANT should have the ability to track , identify errors.	Mandatory
10.3	CONSULTANT should notify users of the errors and decide on the best course of action for the file	Mandatory
11	**PRINT REVIEW**	
11.1	CONSULTANT should provide the ability for the utility to review and approve sample bills onlince before bills are printed and mailed. A report summary should be included detailing number of bills, res vs commercial and other spcified utility requirements.	Mandatory
12	**PROJECT IMPLEMENTATION**	
12.1	Listed scope of work with assigned responsibility to City or CONSULTANT.	Mandatory

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12.2	Ongoing Project Management: This will include project management activities and ensure the full compliance with the contract scope of work, terms and conditions, ongoing project coordination, weekly status meetings, weekly updated project schedule, ongoing project coordination, weekly status meetings, weekly updated project schedule, monthly status reports and project meetings as appropriate.	Mandatory
12.3	Project meetings: Coordinate, prepare and actively participate in meetings related to tasks. Prepare and distribute agendas and minutes for the meetings. Anticipate weekly ½ hour status meetings, in addition to whatever meetings are necessary to the completion of tasks. This task will also include creating and maintaining an issue log for each phase/task of the project.	Mandatory
12.4	Project Schedule: The CONSULTANT must create a project schedule with tasks and project milestone dates which will be tracked throughout the project.	Mandatory
12.5	CONSULTANTs must describe their proposed project management tools and their proposed tools and approach for managing project documentation.	Mandatory
12.6	Training Plan: The CONSULTANT shall produce a Training Plan to include specific training activities and a training schedule. It will be structured to provide initial training to staff designated by the City.	Mandatory
12.7	Staff Training: The CONSULTANT will provide training to staff designated by the City. The CONSULTANT shall deliver all training materials used in the training to the City when all planned training is completed.	Mandatory
12.8	Key Team Members: CONSULTANT must demonstrate the expertise of each key team member proposed for this project. The CONSULTANTCONSULTANT must describe the role of each key member and provide the following: 1. Resume of each key team member	Mandatory
13	**BACKUP**	
13.1	CONSULTANT should have backup available in case of any server issues	Mandatory
13.2	Data should be backedup on a daily basis	Mandatory

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13.3	The CONSULTANT shall provide a written procedure of possible points of failure to restore the proposed solution back to service in the event of failure	Mandatory
14	**MATERIALS**	
14.1	CONSULTANT must support the following paper stock: <paper is 8.5" x 11", with perforation for the return stub, 24# white paper stock, >	Mandatory
14.2	CONSULTANT must be able to provide: Outbound envelope will be #10 window envelope (9.5" x 4.125") envelope with security tint ; Return envelope will be #9 (8.875" x 3.875")	Mandatory
14.3	If envelopes are obtained from a 3rd party, CONSULTANT must describe its approach to mitigating supply chain issues and price spikes.	Mandatory
14.4	CONSULTANT must provide the ability to print inserts, newsletters or other notices to be included with regular mailings.	Mandatory
14.5	CONSULTANT must agree to receive shipments of inserts and store/warehouse all forms and envelopes used to process agency bills.	Mandatory
14.6	CONSULTANT must be able to perform intelligent/selective inserting based on customer type or other parameters provided in the data.	Mandatory
14.7	CONSULTANT must be able to optionally print 8.5x11" inserts "on demand". These inserts must print inline with the bills and letters as additional pages and folded and inserted by the mail inserter instead of being printed and folded separately. On demand insert printing should be available to support simplex and duplex printing, black or grayscale printing, and full color printing.	Mandatory
15	**USPS PRESORT AND MAIL**	
15.1	Bills should be mailed the next day the XML is processed and printed	Mandatory
15.2	CONSULTANT must either produce and deliver mail to the USPS from a DMU (Detached Mail Unit), or be enrolled in USPS Seamless Acceptance.	Mandatory
15.3	CONSULTANT must mail via presorted First-Class mail to maximize postal discounts.	Mandatory
15.4	CONSULTANT must use the USPS Full-service Intelligent Mail Barcode for all outgoing mail pieces.	Mandatory

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15.5	CONSULTANTs must pass on the automation discount per mail piece applied by the USPS for all Full-service IMB barcoded mail pieces.	Mandatory
15.6	CONSULTANT must provide the NCOALink or ACS move update service and report updates electronically.	Mandatory
15.7	CONSULTANT must be able to provide proof of delivery to the USPS on an as-requested basis.	Mandatory
15.8	CONSULTANT must be able to match multiple bills destined to the same customer and mailing address in the same batch (also known as "house-holding"). Matched bills must be inserted into one appropriate size envelope and metered first-class separately, and delivered to the USPS at the same time as all other bills are delivered.	Mandatory
15.9	CONSULTANT must prepay for postage on agency behalf and confirm the agency will only be billed for actual postage used on a monthly basis.	Mandatory
15.10	CONSULTANT must be able to optionally provide outbound USPS tracking data for individual mail pieces.	Mandatory
15.11	CONSULTANT must provide an interface in its online account management portal to facilitate searching for and viewing tracking data for individual mail pieces. The tracking data source must come from the USPS (IMb Tracing data).	Mandatory
15.12	CONSULTANT must be able to optionally provide inbound USPS tracking data for mail that customers have remit back to the Agency. This data must be viewable in an online interface and tie back to the outbound mail piece. In addition, the CONSULTANT must be able to report a total balance for the estimated payments contained in the remitted mail on a daily basis.	Mandatory
15.13	CONSULTANT must produce the mail in a location proximate to the Agency that is able to achieve 1-3 day delivery from the USPS.	Mandatory
15.14	CONSULTANT must produce and deliver to the USPS from a California facility.	Mandatory
16	**BID REQUIREMENT**	

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16.1	Listed scope of work with assigned responsibility to City or CONSULTANT	Mandatory
16.2	Detailed proposed schedule with estimated dates and milestones	Mandatory
17	**TEST AND TRAINING REQUIREMENT**	
17.1	The CONSULTANT shall provide Curriculum for UAT	Mandatory
17.2	The CONSULTANT shall provide UAT test scripts	Mandatory
17.3	The CONSULTANT shall provide Training curriculum for end-users	Mandatory
17.4	The CONSULTANT shall provide Training curriculum for administrators	Mandatory
17.5	The CONSULTANT shall provide post training and support documentation	Mandatory
17.6	The CONSULTANT shall provide a point of contact for training follow-up	Mandatory
18	**SAAS REQUIREMENT**	
18.1	Data shall be housed in the US and/or Canada soil	Mandatory
18.2	The CONSULTANT shall provide a list of their data centers	Mandatory
19	**PRIVACY COMPLIANCE**	
19.1	The CONSULTANT shall complete CONSULTANT Information Security Assessment (VISA), and acknowledge and agree to comply with the additional security compliance requirements resulting from the VISA (See attachment G)	Mandatory
19.2	The CONSULTANT shall formally acknowledge and agree to comply with the City's Information and Privacy Policy (See attachment G)	Mandatory
19.3	CONSULTANT shall formally acknowledge and agree to comply with the City's Saas Security and Privacy Terms and Conditions prior to entering into the contract (See attachment G)	Mandatory
19.4	CONSULTANT shall agree to provide applicable compliance documents as required by the product/solution being purchased	Mandatory
20	**SECURITY COMPLIANCE**	
20.1	The CONSULTANT shall describe how the proposed system aligns with either: ISO 27001 (Information Security Management Systems) or NIST 800-53 Standards (Security and Privacy Controls for Information Systems)	Mandatory

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20.2	The CONSULTANT shall describe the process of data encryption used in transit (via Network media)	Mandatory
20.3	The CONSULTANT shall describe the process of data encryption used at rest (when stored on the server and at the backup stations)	Mandatory
21	**DISASTER RECOVERY AND BUSINESS CONTINUITY**	
21.1	Cloud application: The CONSULTANT shall provide an overview, written document of their DRBC planning	Mandatory
22	**SERVICE LEVEL AGREEMENT**	
22.1	SLA will be reviewed and re-negotiated when the contract is up for renewal	Mandatory
22.2	SLA between the CONSULTANT and the department must be clearly defined using the CONSULTANT's template.	Mandatory
22.3	SLA between IT and the CONSULTANT must be clearly defined using the CONSULTANT's template.	Mandatory
24	**OPEN DATA REQUIREMENT**	
24.1	All system data should be exportable and machine readable to support open data environment.	Mandatory
24.2	Exportable data should include metadata (set of data that describes and gives information about other data)	Mandatory
25	**DATA LIBERATION**	
25.1	The City will *own* the data under a hosting agreement	Mandatory
25.2	The CONSULTANT shall provide a transition plan (e.g., in the event we discontinue the service) with roles and responsibilities clearly defined and associated costs if any.	Mandatory
26	**QUALITY CONTROL**	
26.1	CONSULTANT must have in place and provide as part of the response a comprehensive Quality Control plan for ensuring the data, printing and mailing is error free. Please describe.	Mandatory
27	**System Capability**	

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27.1	The CONSULTANT must detail their system's capability to handle changes such as updates to PO Boxes or mailing addresses, specifying the process for updating this information.	Mandatory
27.2	The CONSULTANT must differentiate between changes that users can independently execute and those requiring CONSULTANT intervention.	Mandatory
27.3	The CONSULTANTs must outline existing validation processes within their system and any anticipated new validation requirements for the project, providing details on their integration.	Mandatory

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Agreements with an Additional Services amount)

EXHIBIT A-1
PROFESSIONAL SERVICES TASK ORDER

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

CONTRACT NO.
OR PURCHASE ORDER REQUISITION NO. (*AS APPLICABLE*)

1A. MASTER AGREEMENT NO. (*MAY BE SAME AS CONTRACT / P.O. NO. ABOVE*):
1B. TASK ORDER NO.:
2. CONSULTANT NAME:
3. PERIOD OF PERFORMANCE: START: COMPLETION:
4 TOTAL TASK ORDER PRICE: $_____
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT $_____
5. BUDGET CODE_____
COST CENTER_____
COST ELEMENT_____
WBS/CIP_____
PHASE_____
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:_____
7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
- SERVICES AND DELIVERABLES TO BE PROVIDED
- SCHEDULE OF PERFORMANCE
- MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (*as applicable*)
- REIMBURSABLE EXPENSES, if any (with "not to exceed" amount)

8. ATTACHMENTS: A: Task Order Scope of Services B (if any): _____

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

APPROVED:
CITY OF PALO ALTO

BY:_____
Name _____
Title_____
Date _____

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

APPROVED:
COMPANY NAME: _____

BY:_____
Name _____
Title_____
Date _____

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EXHIBIT B
SCHEDULE OF PERFORMANCE

All work as specified in Exhibit "A" Scope of Services shall be scheduled by the City's Project Manager on an ongoing basis for the term of this agreement.

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EXHIBIT C
COMPENSATION

CITY agrees to compensate CONSULTANT for Services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the rate schedule attached as Exhibit C-1 up to the not to exceed budget amount for each task set forth below.

CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below, provided that the total compensation for the Services, including any specified reimbursable expenses, and the total compensation for Additional Services (if any, per Section 4 of the Agreement) do not exceed the amounts set forth in Section 4 of this Agreement.

CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

BUDGET SCHEDULE

TASK	NOT TO EXCEED AMOUNT Year 1	NOT TO EXCEED AMOUNT Year 2	NOT TO EXCEED AMOUNT Year 3	NOT TO EXCEED AMOUNT Year 4	NOT TO EXCEED AMOUNT Year 5
Task 1 (Utility Postage)	$180,150	$198,165	$217,981.50	$239,779.65	$263,757.62
Task 2 (Postage Deposit)	$33,790				
Task 3 (Utilities Services)	$21,600	$22,680	$23,820	$24,990	$26,250
Task 4 (Utilities Material	$21,100	$22,155	$23,262.75	$24,425.89	$25,647.18
Task 5 (Archiving and Storage)	$9,750	$10,237.50	$10,749.38	$11,286.84	$11,851.19
Task 6 (Bill Redesign)	$10,500				
Task 7 (Utilities Inserts)	$45,000	$45,000	$45,000	$45,000	$45,000
Task 8	$45,000	$45,000	$45,000	$45,000	$45,000

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(Public Works Inserts)					
Task 9 (City Manager Inserts)	$42,000	$42,000	$42,000	$42,000	$42,000
Task 10 (Other Dept Inserts)	$7,500	$7,500	$7,500	$7,500	$7,500
Sub-total for Services	$416,390	**$392,737.50**	**$415,313.63**	**$439,982.38**	**$467,005.99**
Reimbursable Expenses (if any)	$0	$0	$0	$0	$0
Total for Services and Reimbursable Expenses	**$416,390**	**$392,737.50**	**$415,313.63**	**$439,982.38**	**$467,005.99**
Additional Services (if any, per Section 4)	$41,639	$39,273.75	$41,531.36	$43,998.24	$46,700.60
Maximum Total Compensation	**$458,029**	**$432,011.25**	**$456,844.99**	**$483,980.62**	**$513,706.59**
Total Maximum Compensation Year 1- Year 5					**$2,344,572.45**

REIMBURSABLE EXPENSES

CONSULTANT'S ordinary business expenses, such as administrative, overhead, administrative support time/overtime, information systems, software and hardware, photocopying, telecommunications (telephone, internet), in-house printing, insurance and other ordinary business expenses, are included within the scope of payment for Services and are not reimbursable expenses hereunder.

Reimbursable expenses, if any are specified as reimbursable under this section, will be reimbursed at actual cost. The expenses (by type, e.g. travel) for which CONSULTANT will be reimbursed are: **NONE** up to the not-to-exceed amount of: **$0.00**.

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EXHIBIT C-1
SCHEDULE OF RATES

CONSULTANT's schedule of rates is as follows:

Print and Mail	**Quantity**	**Fee Rate**
Data Processing Fee (includes print and eBill)	20,000-30,500 monthly	.072
Print Fee 4/1		Included in above
Paper	20,000-30,500 monthly	.015
#10 Outgoing Envelope- InfoSend Standard	20,000-30,500 monthly	.023
#9 Return Envelope- InfoSend Standard	20,000-30,500 monthly	.020
Total Printed Package		.130

Postage	**Quantity**	**Fee Rate**
USPS Postage Estimate	20,000-30,500 monthly	.593 (with an approximate 10% increase annual)
NCOA Updates	625	.3
Postage deposit for Net 30		$33,245

Archive and Bill Presentment API	**Quantity**	**Fee Rate**
Print Image Archive - 36 months retention for customer-facing portal	30,500	.021
Print Image Archive API connection		100

Drop Ship Print	**Quantity**	**Fee Rate**
Folding Rate	N/A	.01
Insert Rate	N/A	.01

Service Hours		**Fee Rate**
Professional Service Rate	Per hours	$175
Design Service Rate	Per hours	$95

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InfoSend Data Processing, Print and Mail Pricing Detail Year 1

Document Production Summary	
Utility Bills & Notices Package includes: one printed page up to 4/4 ink, InfoSend outgoing #10 envelope, InfoSend #9 return envelope	**$0.13 per document**
Utility Bills & Notices Package includes: one printed page up to 4/4 ink, custom printed outgoing #10 envelope, custom printed #9 return envelope	**$0.139 per document**

Finished mail pieces are delivered to the USPS **within one (1) business day.** If electronic PDF samples (proofs) are requested then the mailing will be completed within one day of sample approval. File upload deadline for next-day mailing is 3:00PM local time at the production facility designated for your account. If samples are required then they must be approved by 5:30PM local time for the file to be mailed by the next business day.

The below provides the components of the summary price given above. All pricing is based on "Client Volume Assumptions" listed below and excludes applicable sales tax.

Data Processing	
Setup Fee - Express PDF Input Files	$Waived
Setup Fee – Data Only Input Files	$Waived
Document Re-Design Fee	$Waived during implementation
Data Processing Fee (per document)	**$0.01**

Printing and Mailing Service	
Utilility Bill Printing & Mailing Fee per Page with up to 4/4 Ink	**$0.062**
USPS Postage	**Pass-through** A postage deposit will be required prior to starting service.
Print Color Options (colors per side) *	$0.057 for up to 2/2 printing $0.062 for up to 4/4 printing
Inline Insert Print Fee*	$0.057 Black printing $0.062 Color printing
Batch Fee (per mailing batch under 200 mail pieces)	$5.00
Excess Pages Handwork Surcharge (per mail piece)	$0.35
Address Updates – per "hit" (address that gets updated)	$0.30 NCOA $0.30 ACS
*Prices assume normal ink/toner coverage for business documents. Flood coating the entire page in color or other types of extremely high coverage designs may cost more or not be technically feasible. Extremely high coverage designs can cause content to bleed through to the other side of the page or to cause the page to curl too much to work properly with high-speed mail inserting equipment.	

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Materials

Standard 8.5" x 11" Paper Stock (per sheet)	**$0.015**
Standard Double Window Outgoing #10 Envelope	**$0.023**
Standard Single Window Return #9 Envelope	**$0.020**
Outgoing Flat Envelope – used for mail pieces with excess pages	$0.17
Custom Printed Optional Outgoing #10 Envelope	$0.027
Custom Printed Optional #9 Envelope	$0.025

Insert Services

InfoSend Produced	Quoted based on specification
Envelope Messaging (Snipes)	Quoted based on specification
Electronic Inserts	$0.01
Inserting Fee Fee to insert an InfoSend produced or Client provided marketing or informational insert. Client provided (drop-shipped) inserts must be professionally packaged and ready for usage. If folding is required then additional fees apply based on folding requirements. Minimum fee is $0.01 per insert for folding. If inserts are not professionally packaged and damaged in shipment or require additional labor to prepare for inserting then additional fees can apply. Per item fee assumes the insert will be included in all mail pieces. Selective inserting is available but requirements must be reviewed on a case by case basis to determine if additional fees will apply for setup and handling.	$0.01 per insert

Optional Document Services

Print Image Archiving (Per Document Image), with included USPS mail tracking	$0.008 - For 12 Months of Retention $0.015 - For 24 Months of Retention $0.021 - For 36 Months of Retention $0.026 – For 48 Months of Retention $0.0325 – For 60 Months of Retention
Print Image Archive API Monthly Support Fee	$100.00
Final Doc Transfer (FDT)	Option 1: $0.008 per document. One PDF will be provided per batch with multiple documents in it. InfoSend standard batch file format provides account and page numbers for each record in the batch. Option 2: $0.01 per document. Each document will be provided in a separate PDF file. A custom batch file format can be provided if the InfoSend standard format will not work.
Professional Services Rate (per hour)	$175.00
Returned Mail Handling	$0.35 per reported returned mail piece
Remit Tracking	$50 monthly support fee

Client Volume Assumptions

Customers Contacted or Billed Monthly
30,000 - Printed

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EXHIBIT D
INSURANCE REQUIREMENTS

CONSULTANTS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-:VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY	STATUTORY	STATUTORY
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY PROPERTY DAMAGE BODILY INJURY & PROPERTY DAMAGE COMBINED.	$1,000,000 $1,000,000 $1,000,000	$1,000,000 $1,000,000 $1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY - EACH PERSON - EACH OCCURRENCE PROPERTY DAMAGE BODILY INJURY AND PROPERTY DAMAGE, COMBINED	$1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000	$1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	$1,000,000	
YES	**THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED**: CONSULTANT, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONSULTANT AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, **NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.**			

I. INSURANCE COVERAGE MUST INCLUDE:

A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONSULTANT'S AGREEMENT TO INDEMNIFY CITY.

II. THE CONSULTANT MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING EMAIL: PURCHASINGSUPPORT@CITYOFPALOALTO.ORG

III. ENDORSEMENT PROVISIONS WITH RESPECT TO THE INSURANCE AFFORDED TO ADDITIONAL INSUREDS:

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

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B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

EVIDENCE OF INSURANCE AND OTHER RELATED NOTICES ARE REQUIRED TO BE FILED WITH THE CITY OF PALO ALTO SENT TO THE FOLLOWING EMAIL: PURCHASINGSUPPORT@CITYOFPALOALTO.ORG

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EXHIBIT E
INFORMATION OF PRIVACY

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POLICY AND PROCEDURES 1-64/IT
Revised: December 2017

CITY OF PALO ALTO

INFORMATION PRIVACY POLICY

POLICY STATEMENT

The City of Palo Alto (the "City") strives to promote and sustain a superior quality of life for persons in Palo Alto. In promoting the quality of life of these persons, it is the policy of the City, consistent with the provisions of the California Public Records Act, California Government Code §§ 6250 – 6270, to take appropriate measures to safeguard the security and privacy of the personal (including, without limitation, financial) information of persons, collected in the ordinary course and scope of conducting the City's business as a local government agency. These measures are generally observed by federal, state and local authorities and reflected in federal and California laws, the City's rules and regulations, and industry best practices, including, without limitation, the provisions of California Civil Code §§ 1798.3(a), 1798.24, 1798.79.8(b), 1798.80(e), 1798.81.5, 1798.82(e), 1798.83(e)(7), and 1798.92(c). Though some of these provisions do not apply to local government agencies like the City, the City will conduct business in a manner which promotes the privacy of personal information, as reflected in federal and California laws. The objective of this Policy is to describe the City's data security goals and objectives, to ensure the ongoing protection of the Personal Information, Personally Identifiable Information, Protected Critical Infrastructure Information and Personally Identifying Information of persons doing business with the City and receiving services from the City or a third party under contract to the City to provide services. The terms "Personal Information," "Protected Critical Infrastructure Information", "Personally Identifiable Information" and "Personally Identifying Information" (collectively, the "Information") are defined in the California Civil Code sections, referred to above, and are incorporated in this Policy by reference.

PURPOSE

The City, acting in its governmental and proprietary capacities, collects the Information pertaining to persons who do business with or receive services from the City. The Information is collected by a variety of means, including, without limitation, from persons applying to receive services provided by the City, persons accessing the City's website, and persons who access other information portals maintained by the City's staff and/or authorized third-party contractors. The City is committed to protecting the privacy and security of the Information collected by the City. The City acknowledges federal and California laws, policies, rules, regulations and procedures, and industry best practices are dedicated to ensuring the Information is collected, stored and utilized in compliance with applicable laws.

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The goals and objectives of the Policy are: (a) a safe, productive, and inoffensive work environment for all users having access to the City's applications and databases; (b) the appropriate maintenance and security of database information assets owned by, or entrusted to, the City; (c) the controlled access and security of the Information provided to the City's staff and third party contractors; and (d) faithful compliance with legal and regulatory requirements.

SCOPE

The Policy will guide the City's staff and, indirectly, third party contractors, which are by contract required to protect the confidentiality and privacy of the Information of the persons whose personal information data are intended to be covered by the Policy and which will be advised by City staff to conform their performances to the Policy should they enjoy conditional access to that information.

CONSEQUENCES

The City's employees shall comply with the Policy in the execution of their official duties to the extent their work implicates access to the Information referred to in this Policy. A failure to comply may result in employment and/or legal consequences.

EXCEPTIONS

In the event that a City employee cannot fully comply with one or more element(s) described in this Policy, the employee may request an exception by submitting Security Exception Request. The exception request will be reviewed and administered by the City's Information Security Manager (the "ISM"). The employee, with the approval of his or her supervisor, will provide any additional information as may be requested by the ISM. The ISM will conduct a risk assessment of the requested exception in accordance with guidelines approved by the City's Chief Information Officer ("CIO") and approved as to form by the City Attorney. The Policy's guidelines will include at a minimum: purpose, source, collection, storage, access, retention, usage, and protection of the Information identified in the request. The ISM will consult with the CIO to approve or deny the exception request. After due consideration is given to the request, the exception request disposition will be communicated, in writing, to the City employee and his or her supervisor. The approval of any request may be subject to countermeasures established by the CIO, acting by the ISM.

MUNICIPAL ORDINANCE

This Policy will supersede any City policy, rule, regulation or procedure regarding information privacy.

RESPONSIBILITIES OF CITY STAFF

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A. RESPONSIBILITY OF CIO AND ISM

The CIO, acting by the ISM, will establish an information security management framework to initiate and coordinate the implementation of information security measures by the City's government.

The City's employees, in particular, software application users and database users, and, indirectly, third party contractors under contract to the City to provide services, shall by guided by this Policy in the performance of their job responsibilities.

The ISM will be responsible for: (a) developing and updating the Policy, (b) enforcing compliance with and the effectiveness of the Policy; (c) the development of privacy standards that will manifest the Policy in detailed, auditable technical requirements, which will be designed and maintained by the persons responsible for the City's IT environments; (d) assisting the City's staff in evaluating security and privacy incidents that arise in regard to potential violations of the Policy; (e) reviewing and approving department-specific policies and procedures which fall under the purview of this Policy; and (f) reviewing Non-Disclosure Agreements (NDAs) signed by third party contractors, which will provide services, including, without limitation, local or 'cloud-based' software services to the City.

B. RESPONSIBILITY OF INFORMATION SECURITY STEERING COMMITTEE

The Information Security Steering Committee (the "ISSC"), which is comprised of the City's employees, drawn from the various City departments, will provide the primary direction, prioritization and approval for all information security efforts, including key information security and privacy risks, programs, initiatives and activities. The ISSC will provide input to the information security and privacy strategic planning processes to ensure that information security risks are adequately considered, assessed and addressed at the appropriate City department level.

C. RESPONSIBILITY OF USERS

All authorized users of the Information will be responsible for complying with information privacy processes and technologies within the scope of responsibility of each user.

D. RESPONSIBILITY OF INFORMATION TECHNOLOGY (IT) MANAGERS

The City's IT Managers, who are responsible for internal, external, direct and indirect connections to the City's networks, will be responsible for configuring, maintaining and securing the City's IT networks in compliance with the City's information security and privacy policies. They are also responsible for timely internal reporting of events that may have compromised network, system or data security.

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E. RESPONSIBILITY OF AUTHORIZATION COORDINATION

The ISM will ensure that the City's employees secure the execution of Non-Disclosure Agreements (NDA), whenever access to the Information will be granted to third party contractors, in conjunction with the Software as a Service (SaaS) Security and Privacy Terms and Conditions. An NDA must be executed prior to the sharing of the Information of persons covered by this Policy with third party contractors. The City's approach to managing information security and its implementation (i.e. objectives, policies, processes, and procedures for information security) will be reviewed independently by the ISM at planned intervals, or whenever significant changes to security implementation have occurred.

The CIO, acting by the ISM, will review and recommend changes to the Policy annually, or as appropriate, commencing from the date of its adoption.

GENERAL PROCEDURE FOR INFORMATION PRIVACY

A. OVERVIEW

The Policy applies to activities that involve the use of the City's information assets, namely, the Information of persons doing business with the City or receiving services from the City, which are owned by, or entrusted to, the City and will be made available to the City's employees and third party contractors under contract to the City to provide Software as a Service consulting services. These activities include, without limitation, accessing the Internet, using e-mail, accessing the City's intranet or other networks, systems, or devices.

The term "information assets" also includes the personal information of the City's employees and any other related organizations while those assets are under the City's control. Security measures will be designed, implemented, and maintained to ensure that only authorized persons will enjoy access to the information assets. The City's staff will act to protect its information assets from theft, damage, loss, compromise, and inappropriate disclosure or alteration. The City will plan, design, implement and maintain information management systems, networks and processes in order to assure the appropriate confidentiality, integrity, and availability of its information assets to the City's employees and authorized third parties.

B. PERSONAL INFORMATION AND CHOICE

Except as permitted or provided by applicable laws, the City will not share the Information of any person doing business with the City, or receiving services from the City, in violation of this Policy, unless that person has consented to the City's sharing of such information during the conduct of the City's business as a local government agency with third parties under contract to the City to provide services.

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C. METHODS OF COLLECTION OF PERSONAL INFORMATION

The City may gather the Information from a variety of sources and resources, provided that the collection of such information is both necessary and appropriate in order for the City to conduct business as a local government agency in its governmental and proprietary capacities. That information may be gathered at service windows and contact centers as well as at web sites, by mobile applications, and with other technologies, wherever the City may interact with persons who need to share such formation in order to secure the City's services.

The City's staff will inform the persons whose Information are covered by this Policy that the City's web site may use "cookies" to customize the browsing experience with the City of Palo Alto web site. The City will note that a cookie contains unique information that a web site can use to track, among others, the Internet Protocol address of the computer used to access the City's web sites, the identification of the browser software and operating systems used, the date and time a user accessed the site, and the Internet address of the website from which the user linked to the City's web sites. Cookies created on the user's computer by using the City's web site do not contain the Information, and thus do not compromise the user's privacy or security. Users can refuse the cookies or delete the cookie files from their computers by using any of the widely available methods. If the user chooses not to accept a cookie on his or her computer, it will not prevent or prohibit the user from gaining access to or using the City's sites.

D. UTILITIES SERVICE

In the provision of utility services to persons located within Palo Alto, the City of Palo Alto Utilities Department ("CPAU") will collect the Information in order to initiate and manage utility services to customers. To the extent the management of that information is not specifically addressed in the Utilities Rules and Regulations or other ordinances, rules, regulations or procedures, this Policy will apply; provided, however, any such Rules and Regulations must conform to this Policy, unless otherwise directed or approved by the Council. This includes the sharing of CPAU-collected Information with other City departments except as may be required by law.

Businesses and residents with standard utility meters and/or having non-metered monthly services will have secure access through a CPAU website to their Information, including, without limitation, their monthly utility usage and billing data. In addition to their regular monthly utilities billing, businesses and residents with non-standard or experimental electric, water or natural gas meters may have their usage and/or billing data provided to them through non-City electronic portals at different intervals than with the standard monthly billing.

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Businesses and residents with such non-standard or experimental metering will have their Information covered by the same privacy protections and personal information exchange rules applicable to Information under applicable federal and California laws.

E. PUBLIC DISCLOSURE

The Information that is collected by the City in the ordinary course and scope of conducting its business could be incorporated in a public record that may be subject to inspection and copying by the public, unless such information is exempt from disclosure to the public by California law.

F. ACCESS TO PERSONAL INFORMATION

The City will take reasonable steps to verify a person's identity before the City will grant anyone online access to that person's Information. Each City department that collects Information will afford access to affected persons who can review and update that information at reasonable times.

G. SECURITY, CONFIDENTIALITY AND NON-DISCLOSURE

Except as otherwise provided by applicable law or this Policy, the City will treat the Information of persons covered by this Policy as confidential and will not disclose it, or permit it to be disclosed, to third parties without the express written consent of the person affected. The City will develop and maintain reasonable controls that are designed to protect the confidentiality and security of the Information of persons covered by this Policy.

The City may authorize the City's employee and or third party contractors to access and/or use the Information of persons who do business with the City or receive services from the City. In those instances, the City will require the City's employee and/or the third party contractors to agree to use such Information only in furtherance of City-related business and in accordance with the Policy.

If the City becomes aware of a breach, or has reasonable grounds to believe that a security breach has occurred, with respect to the Information of a person, the City will notify the affected person of such breach in accordance with applicable laws. The notice of breach will include the date(s) or estimated date(s) of the known or suspected breach, the nature of the Information that is the subject of the breach, and the proposed action to be taken or the responsive action taken by the City.

H. DATA RETENTION / INFORMATION RETENTION

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The City will store and secure all Information for a period of time as may be required by law, or if no period is established by law, for seven (7) years, and thereafter such information will be scheduled for destruction.

I. SOFTWARE AS A SERVICE (SAAS) OVERSIGHT

The City may engage third party contractors and vendors to provide software application and database services, commonly known as Software-as-a-Service (SaaS).

In order to assure the privacy and security of the Information of those who do business with the City and those who received services from the City, as a condition of selling goods and/or services to the City, the SaaS services provider and its subcontractors, if any, including any IT infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, while it performs such services and/or furnishes goods to the City, to the extent any scope of work or services implicates the confidentiality and privacy of the Information.

These requirements include information security directives pertaining to: (a) the IT infrastructure, by which the services are provided to the City, including connection to the City's IT systems; (b) the SaaS services provider's operations and maintenance processes needed to support the IT environment, including disaster recovery and business continuity planning; and (c) the IT infrastructure performance monitoring services to ensure a secure and reliable environment and service availability to the City. The term "IT infrastructure" refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

Prior to entering into an agreement to provide services to the City, the City's staff will require the SaaS services provider to complete and submit an Information Security and Privacy Questionnaire. In the event that the SaaS services provider reasonably determines that it cannot fulfill the information security requirements during the course of providing services, the City will require the SaaS services provider to promptly inform the ISM.

J. FAIR AND ACCURATE CREDIT TRANSACTION ACT OF 2003

CPAU will require utility customers to provide their Information in order for the City to initiate and manage utility services to them.

Federal regulations, implementing the Fair and Accurate Credit Transactions Act of 2003 (Public Law 108-159), including the Red Flag Rules, require that CPAU, as a "covered financial institution or creditor" which provides services in advance of payment and which can affect consumer credit, develop and implement procedures for an identity theft program for new and existing accounts to detect, prevent, respond and mitigate potential identity theft of its customers' Information.

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CPAU procedures for potential identity theft will be reviewed independently by the ISM annually or whenever significant changes to security implementation have occurred. The ISM will recommend changes to CPAU identity theft procedures, or as appropriate, so as to conform to this Policy.

There are California laws which are applicable to identity theft; they are set forth in California Civil Code § 1798.92.

NOTE: Questions regarding this policy should be referred to the Information Technology Department, as appropriate.

Recommended:	DocuSigned by: Jonathan Reichental 7914D9887578424...	12/5/2017
	Director Information Technology/CIO	Date
Approved:	DocuSigned by: 39E7298FB2064DB...	12/13/2017
	City Manager	Date

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EXHIBIT "F"
CYBERSECURITY TERMS AND CONDITIONS

In order to assure the privacy and security of the personal information of the City's customers and people who do business with the City, including, without limitation, CONSULTANTs, utility customers, library patrons, and other individuals and companies, who are required to share such information with the City, as a condition of receiving services from the City or selling goods and services to the City, including, without limitation, the Software as a Service services provider (the "Consultant") and its subcontractors, if any, including, without limitation, any Information Technology ("IT") infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, described below, while it renders and performs the Services and furnishes goods, if any, described in the Statement of Work, Exhibit B, to the extent any scope of work implicates the confidentiality and privacy of the personal information of the City's customers. The Consultant shall fulfill the data and information security requirements (the "Requirements") set forth in Part A below.

A "secure IT environment" includes (a) the IT infrastructure, by which the Services are provided to the City, including connection to the City's IT systems; (b) the Consultant's operations and maintenance processes needed to support the environment, including disaster recovery and business continuity planning; and (c) the IT infrastructure performance monitoring services to ensure a secure and reliable environment and service availability to the City. "IT infrastructure" refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

In the event that, after the Effective Date, the Consultant reasonably determines that it cannot fulfill the Requirements, the Consultant shall promptly inform the City of its determination and submit, in writing, one or more alternate countermeasure options to the Requirements (the "Alternate Requirements" as set forth in Part B), which may be accepted or rejected in the reasonable satisfaction of the Information Security Manager (the "ISM").

Part A. Requirements:

The Consultant shall at all times during the term of any contract between the City and the Consultant:

(a) Appoint or designate an employee, preferably an executive officer, as the security liaison to the City with respect to the Services to be performed under this Agreement.
(b) Comply with the City's Information Privacy Policy:
(c) Have adopted and implemented information security and privacy policies that are documented, are accessible to the City, and conform to ISO 27001/2 – Information Security Management Systems (ISMS) Standards. See the following:
http://www.iso.org/iso/home/store/catalogue_tc/catalogue_detail.htm?csnumber=42103
http://www.iso.org/iso/iso_catalogue/catalogue_tc/catalogue_detail.htm?csnumber=50297
(d) Conduct routine data and information security compliance training of its personnel that is appropriate to their role.
(e) Develop and maintain detailed documentation of the IT infrastructure, including software versions and patch levels.
(f) Develop an independently verifiable process, consistent with industry standards, for performing professional and criminal background checks of its employees that (1) would permit verification of

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employees' personal identity and employment status, and (2) would enable [illegible]al of access to the City's confidential data and information by any of its employees who no longer would require access to that information or who are terminated.

(g) Provide a list of IT infrastructure components in order to verify whether the Consultant has met or has failed to meet any objective terms and conditions.

(h) Implement access accountability (identification and authentication) architecture and support role-based access control ("RBAC") and segregation of duties ("SoD") mechanisms for all personnel, systems, and Software used to provide the Services. "RBAC" refers to a computer systems security approach to restricting access only to authorized users. "SoD" is an approach that would require more than one individual to complete a security task in order to promote the detection and prevention of fraud and errors.

(i) Assist the City in undertaking annually an assessment to assure that: (1) all elements of the Services' environment design and deployment are known to the City, and (2) it has implemented measures in accordance with industry best practices applicable to secure coding and secure IT architecture.

(j) Provide and maintain secure intersystem communication paths that would ensure the confidentiality, integrity, and availability of the City's information.

(k) Deploy and maintain IT system upgrades, patches and configurations conforming to current patch and/or release levels by not later than one (1) week after its date of release. Emergency security patches must be installed within 24 hours after its date of release.

(l) Provide for the timely detection of, response to, and the reporting of security incidents, including on-going incident monitoring with logging.

(m) Notify the City within one (1) hour of detecting a security incident that results in the unauthorized access to or the misuse of the City's confidential data and information.

(n) Inform the City that any third party service provider(s) meet(s) all of the Requirements.

(o) Perform security self-audits on a regular basis and not less frequently than on a quarterly basis, and provide the required summary reports of those self-audits to the ISM on the annual anniversary date or any other date agreed to by the Parties.

(p) Accommodate, as practicable, and upon reasonable prior notice by the City, the City's performance of random site security audits at the Consultant's site(s), including the site(s) of a third-party service provider(s), as applicable. The scope of these audits will extend to the Consultant's and its third-party service provider(s)' awareness of security policies and practices, systems configurations, access authentication and authorization, and incident detection and response.

(q) Cooperate with the City to ensure that to the extent required by applicable laws, rules and regulations, and the Confidential Information will be accessible only by the Consultant and any authorized third-party service provider's personnel.

(r) Perform regular, reliable secured backups of all data needed to maximize the availability of the Services. Adequately encrypt the City of Palo Alto's data, during the operational process, hosted at rest, and the backup stage at the CONSULTANTs' environment (including CONSULTANT's contracting organization's environment).

(s) Maintain records relating to the Services for a period of three (3) years after the expiration or earlier termination of this Agreement and in a mutually agreeable storage medium. Within thirty (30) days after the effective date of expiration or earlier termination of this Agreement, all of those records relating to the performance of the Services shall be provided to the ISM.

(t) Maintain the Confidential Information in accordance with applicable federal, state, and local data and information privacy laws, rules, and regulations.

(u) Encrypt the Confidential Information before delivering the same by electronic mail to the City and or any authorized recipient.

(v) Provide Network Layer IP filtering services to allow access only from the City of Palo Alto's IP address to the CONSULTANT environment (primarily hosted for the City of Palo Alto).

(w) Offer a robust disaster recovery and business continuity (DR-BCP) solutions to the City for the systems and services the CONSULTANT provides to the City.

(x) Provide and support Single Sign-on (SSO) and Multifactor Authentication (MFA) solutions for

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Item 7
Attachment A - Contract with Infosend; Contract C25191690

authentication and authorization services from the "City's environment to the CONSULTANT's environment," and CONSULTANT's environment to the CONSULTANT's cloud services/hosted environment." The CONSULTANT shall allow two employees of the City to have superuser and super-admin access to the CONSULTANT's IT environment, and a cloud-hosted IT environment belongs to the City.

(y) Unless otherwise addressed in the Agreement, shall not hold the City liable for any direct, indirect or punitive damages whatsoever including, without limitation, damages for loss of use, data or profits, arising out of or in any way connected with the City's IT environment, including, without limitation, IT infrastructure communications.

(z) The Vendor must provide evidence of valid cyber liability insurance policy per the **City's EXHIBIT "D" INSURANCE REQUIREMENTS.**

Part B. Alternate Requirements:

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EXHIBIT F
INFORMATION PRIVACY POLICY

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POLICY AND PROCEDURES 1-64/IT
Revised: December 2017

CITY OF PALO ALTO

INFORMATION PRIVACY POLICY

POLICY STATEMENT

The City of Palo Alto (the "City") strives to promote and sustain a superior quality of life for persons in Palo Alto. In promoting the quality of life of these persons, it is the policy of the City, consistent with the provisions of the California Public Records Act, California Government Code §§ 6250 – 6270, to take appropriate measures to safeguard the security and privacy of the personal (including, without limitation, financial) information of persons, collected in the ordinary course and scope of conducting the City's business as a local government agency. These measures are generally observed by federal, state and local authorities and reflected in federal and California laws, the City's rules and regulations, and industry best practices, including, without limitation, the provisions of California Civil Code §§ 1798.3(a), 1798.24, 1798.79.8(b), 1798.80(e), 1798.81.5, 1798.82(e), 1798.83(e)(7), and 1798.92(c). Though some of these provisions do not apply to local government agencies like the City, the City will conduct business in a manner which promotes the privacy of personal information, as reflected in federal and California laws. The objective of this Policy is to describe the City's data security goals and objectives, to ensure the ongoing protection of the Personal Information, Personally Identifiable Information, Protected Critical Infrastructure Information and Personally Identifying Information of persons doing business with the City and receiving services from the City or a third party under contract to the City to provide services. The terms "Personal Information," "Protected Critical Infrastructure Information", "Personally Identifiable Information" and "Personally Identifying Information" (collectively, the "Information") are defined in the California Civil Code sections, referred to above, and are incorporated in this Policy by reference.

PURPOSE

The City, acting in its governmental and proprietary capacities, collects the Information pertaining to persons who do business with or receive services from the City. The Information is collected by a variety of means, including, without limitation, from persons applying to receive services provided by the City, persons accessing the City's website, and persons who access other information portals maintained by the City's staff and/or authorized third-party contractors. The City is committed to protecting the privacy and security of the Information collected by the City. The City acknowledges federal and California laws, policies, rules, regulations and procedures, and industry best practices are dedicated to ensuring the Information is collected, stored and utilized in compliance with applicable laws.

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The goals and objectives of the Policy are: (a) a safe, productive, and inoffensive work environment for all users having access to the City's applications and databases; (b) the appropriate maintenance and security of database information assets owned by, or entrusted to, the City; (c) the controlled access and security of the Information provided to the City's staff and third party contractors; and (d) faithful compliance with legal and regulatory requirements.

SCOPE

The Policy will guide the City's staff and, indirectly, third party contractors, which are by contract required to protect the confidentiality and privacy of the Information of the persons whose personal information data are intended to be covered by the Policy and which will be advised by City staff to conform their performances to the Policy should they enjoy conditional access to that information.

CONSEQUENCES

The City's employees shall comply with the Policy in the execution of their official duties to the extent their work implicates access to the Information referred to in this Policy. A failure to comply may result in employment and/or legal consequences.

EXCEPTIONS

In the event that a City employee cannot fully comply with one or more element(s) described in this Policy, the employee may request an exception by submitting Security Exception Request. The exception request will be reviewed and administered by the City's Information Security Manager (the "ISM"). The employee, with the approval of his or her supervisor, will provide any additional information as may be requested by the ISM. The ISM will conduct a risk assessment of the requested exception in accordance with guidelines approved by the City's Chief Information Officer ("CIO") and approved as to form by the City Attorney. The Policy's guidelines will include at a minimum: purpose, source, collection, storage, access, retention, usage, and protection of the Information identified in the request. The ISM will consult with the CIO to approve or deny the exception request. After due consideration is given to the request, the exception request disposition will be communicated, in writing, to the City employee and his or her supervisor. The approval of any request may be subject to countermeasures established by the CIO, acting by the ISM.

MUNICIPAL ORDINANCE

This Policy will supersede any City policy, rule, regulation or procedure regarding information privacy.

RESPONSIBILITIES OF CITY STAFF

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A. RESPONSIBILITY OF CIO AND ISM

The CIO, acting by the ISM, will establish an information security management framework to initiate and coordinate the implementation of information security measures by the City's government.

The City's employees, in particular, software application users and database users, and, indirectly, third party contractors under contract to the City to provide services, shall by guided by this Policy in the performance of their job responsibilities.

The ISM will be responsible for: (a) developing and updating the Policy, (b) enforcing compliance with and the effectiveness of the Policy; (c) the development of privacy standards that will manifest the Policy in detailed, auditable technical requirements, which will be designed and maintained by the persons responsible for the City's IT environments; (d) assisting the City's staff in evaluating security and privacy incidents that arise in regard to potential violations of the Policy; (e) reviewing and approving department-specific policies and procedures which fall under the purview of this Policy; and (f) reviewing Non-Disclosure Agreements (NDAs) signed by third party contractors, which will provide services, including, without limitation, local or 'cloud-based' software services to the City.

B. RESPONSIBILITY OF INFORMATION SECURITY STEERING COMMITTEE

The Information Security Steering Committee (the "ISSC"), which is comprised of the City's employees, drawn from the various City departments, will provide the primary direction, prioritization and approval for all information security efforts, including key information security and privacy risks, programs, initiatives and activities. The ISSC will provide input to the information security and privacy strategic planning processes to ensure that information security risks are adequately considered, assessed and addressed at the appropriate City department level.

C. RESPONSIBILITY OF USERS

All authorized users of the Information will be responsible for complying with information privacy processes and technologies within the scope of responsibility of each user.

D. RESPONSIBILITY OF INFORMATION TECHNOLOGY (IT) MANAGERS

The City's IT Managers, who are responsible for internal, external, direct and indirect connections to the City's networks, will be responsible for configuring, maintaining and securing the City's IT networks in compliance with the City's information security and privacy policies. They are also responsible for timely internal reporting of events that may have compromised network, system or data security.

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E. RESPONSIBILITY OF AUTHORIZATION COORDINATION

The ISM will ensure that the City's employees secure the execution of Non-Disclosure Agreements (NDA), whenever access to the Information will be granted to third party contractors, in conjunction with the Software as a Service (SaaS) Security and Privacy Terms and Conditions. An NDA must be executed prior to the sharing of the Information of persons covered by this Policy with third party contractors. The City's approach to managing information security and its implementation (i.e. objectives, policies, processes, and procedures for information security) will be reviewed independently by the ISM at planned intervals, or whenever significant changes to security implementation have occurred.

The CIO, acting by the ISM, will review and recommend changes to the Policy annually, or as appropriate, commencing from the date of its adoption.

GENERAL PROCEDURE FOR INFORMATION PRIVACY

A. OVERVIEW

The Policy applies to activities that involve the use of the City's information assets, namely, the Information of persons doing business with the City or receiving services from the City, which are owned by, or entrusted to, the City and will be made available to the City's employees and third party contractors under contract to the City to provide Software as a Service consulting services. These activities include, without limitation, accessing the Internet, using e-mail, accessing the City's intranet or other networks, systems, or devices.

The term "information assets" also includes the personal information of the City's employees and any other related organizations while those assets are under the City's control. Security measures will be designed, implemented, and maintained to ensure that only authorized persons will enjoy access to the information assets. The City's staff will act to protect its information assets from theft, damage, loss, compromise, and inappropriate disclosure or alteration. The City will plan, design, implement and maintain information management systems, networks and processes in order to assure the appropriate confidentiality, integrity, and availability of its information assets to the City's employees and authorized third parties.

B. PERSONAL INFORMATION AND CHOICE

Except as permitted or provided by applicable laws, the City will not share the Information of any person doing business with the City, or receiving services from the City, in violation of this Policy, unless that person has consented to the City's sharing of such information during the conduct of the City's business as a local government agency with third parties under contract to the City to provide services.

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C. METHODS OF COLLECTION OF PERSONAL INFORMATION

The City may gather the Information from a variety of sources and resources, provided that the collection of such information is both necessary and appropriate in order for the City to conduct business as a local government agency in its governmental and proprietary capacities. That information may be gathered at service windows and contact centers as well as at web sites, by mobile applications, and with other technologies, wherever the City may interact with persons who need to share such formation in order to secure the City's services.

The City's staff will inform the persons whose Information are covered by this Policy that the City's web site may use "cookies" to customize the browsing experience with the City of Palo Alto web site. The City will note that a cookie contains unique information that a web site can use to track, among others, the Internet Protocol address of the computer used to access the City's web sites, the identification of the browser software and operating systems used, the date and time a user accessed the site, and the Internet address of the website from which the user linked to the City's web sites. Cookies created on the user's computer by using the City's web site do not contain the Information, and thus do not compromise the user's privacy or security. Users can refuse the cookies or delete the cookie files from their computers by using any of the widely available methods. If the user chooses not to accept a cookie on his or her computer, it will not prevent or prohibit the user from gaining access to or using the City's sites.

D. UTILITIES SERVICE

In the provision of utility services to persons located within Palo Alto, the City of Palo Alto Utilities Department ("CPAU") will collect the Information in order to initiate and manage utility services to customers. To the extent the management of that information is not specifically addressed in the Utilities Rules and Regulations or other ordinances, rules, regulations or procedures, this Policy will apply; provided, however, any such Rules and Regulations must conform to this Policy, unless otherwise directed or approved by the Council. This includes the sharing of CPAU-collected Information with other City departments except as may be required by law.

Businesses and residents with standard utility meters and/or having non-metered monthly services will have secure access through a CPAU website to their Information, including, without limitation, their monthly utility usage and billing data. In addition to their regular monthly utilities billing, businesses and residents with non-standard or experimental electric, water or natural gas meters may have their usage and/or billing data provided to them through non-City electronic portals at different intervals than with the standard monthly billing.

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The Information that is collected by the City in the ordinary course and scope of conducting its business could be incorporated in a public record that may be subject to inspection and copying by the public, unless such information is exempt from disclosure to the public by California law.

F. ACCESS TO PERSONAL INFORMATION

The City will take reasonable steps to verify a person's identity before the City will grant anyone online access to that person's Information. Each City department that collects Information will afford access to affected persons who can review and update that information at reasonable times.

G. SECURITY, CONFIDENTIALITY AND NON-DISCLOSURE

Except as otherwise provided by applicable law or this Policy, the City will treat the Information of persons covered by this Policy as confidential and will not disclose it, or permit it to be disclosed, to third parties without the express written consent of the person affected. The City will develop and maintain reasonable controls that are designed to protect the confidentiality and security of the Information of persons covered by this Policy.

The City may authorize the City's employee and or third party contractors to access and/or use the Information of persons who do business with the City or receive services from the City. In those instances, the City will require the City's employee and/or the third party contractors to agree to use such Information only in furtherance of City-related business and in accordance with the Policy.

If the City becomes aware of a breach, or has reasonable grounds to believe that a security breach has occurred, with respect to the Information of a person, the City will notify the affected person of such breach in accordance with applicable laws. The notice of breach will include the date(s) or estimated date(s) of the known or suspected breach, the nature of the Information that is the subject of the breach, and the proposed action to be taken or the responsive action taken by the City.

H. DATA RETENTION / INFORMATION RETENTION

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In order to assure the privacy and security of the Information of those who do business with the City and those who received services from the City, as a condition of selling goods and/or services to the City, the SaaS services provider and its subcontractors, if any, including any IT infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, while it performs such services and/or furnishes goods to the City, to the extent any scope of work or services implicates the confidentiality and privacy of the Information.

These requirements include information security directives pertaining to: (a) the IT infrastructure, by which the services are provided to the City, including connection to the City's IT systems; (b) the SaaS services provider's operations and maintenance processes needed to support the IT environment, including disaster recovery and business continuity planning; and (c) the IT infrastructure performance monitoring services to ensure a secure and reliable environment and service availability to the City. The term "IT infrastructure" refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

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NOTE: Questions regarding this policy should be referred to the Information Technology Department, as appropriate.

Recommended:	DocuSigned by: Jonathan Reichental	12/5/2017
	Director Information Technology/CIO	Date
Approved:	DocuSigned by:	12/13/2017
	City Manager	Date

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: CONSENT CALENDAR
Lead Department: Human Resources

Meeting Date: April 14, 2025
Report #:2410-3663

TITLE
Approval of Professional Services Contract Number C25191738 with Sedgwick Claims Management Services in an Amount Not to Exceed $612,840 for Administration of Workers Compensation Benefits through June 30, 2025; CEQA Status – Not a Project.

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or their designee to execute Professional Services Contract No. C25191738 (Attachment A), with Sedgwick Claims Management Services, to provide interim administration services for Workers Compensation Benefits through June 30, 2025 and to cover outstanding invoices with a total amount not-to-exceed amount of $612,840.

BACKGROUND
Workers' compensation is a state-mandated benefit program that provides medical care and disability benefits to employees injured on the job. It ensures that employees receive necessary medical treatment and financial support for work-related injuries. Additionally, this program protects the City from legal liability and lawsuits related to workplace injuries and ensures compliance with state laws and labor code. An effective workers compensation program ensures employees get the services, treatment, and diagnosis they need for a healthy recovery to return to their jobs providing service to the community. The purpose of this report is to seek approval for an interim contract for the administration of employee workers compensation claims for the City of Palo Alto.

ANALYSIS
This professional services contract is essential to ensure the continuation of claim handling services for currently open employee workers compensation injury claims. Workers Compensation laws require expert claim handling that is best administered by a team of third-party claims representatives. The approval of this contract with Sedgwick Claims Management Services is for a 7-month period, starting on December 1, 2024. This agreement will compensate Sedgwick for services already rendered to date in Fiscal Year 2025 as well as ensure effective administration of current and new claims up to the end of June 2025.

Using a third-party administrator to handle workers compensation claims is essential because the specialized claims examiners have certified expertise to navigate complex claims processes and medical guidelines. Additionally, claims examiners stay up to date on new laws, court decisions, medical procedures and prescription drugs. Their day-to-day work is supported by established systems that expedite claims processing, minimizing downtime for injured employees. Human Resources staff has recognized the value of utilizing a third-party administrator for workers compensation claim services and the continuation of these essential services is critical to effectively administer both current and new claims. Human Resources (HR) has completed a Request for Proposals (RFP) competitive solicitation as required by the City's municipal code. HR initiated the RFP process in January 2023, concluded its selection process and Council approved the new vendor contract with Innovative Claims Solutions on March 24, 2025. During the RFP process, the existing Sedgwick contract expired, and staff worked through an exemption process to ensure continuity of service. In addition, the RFP evaluation and contract completion took longer than anticipated.

Staff is seeking approval of a seven-month interim contract with Sedgwick Claims Management Services, starting on December 1, 2024. This agreement will compensate Sedgwick for services rendered from June 2023 to November 2024 as well as ensure effective administration of current and new claims up to the end of June 2025.

The new third-party administrator will be able to provide ongoing services once the transition is finalized. The interim contract with Sedgwick will bridge the short time period until the new third-party administrator is fully operational.

- **Duration:** 7 months contract or until the new administrator is fully operational.
- **Scope of Services:** Administration of all workers compensation claims, including:
    - Claim intake and processing
    - Coordination with medical providers
    - Communication with injured employees
    - Reporting to State Workers Compensation Appeal Board and compliance management
    - Payment processing to medical providers; as well as disability benefit payments required by State law and other expenses

FISCAL/RESOURCE IMPACT

Human Resources will transition to the new third-party workers compensation vendor starting in May 2025. This temporary contract covers outstanding invoices and services up to and during the transition. The new vendor contract was approved by Council on March 24, 2025.[1]

The budget for these third-party services is included in the Workers Compensation Fund (Internal Services Fund) operating budget.

[1] Staff report # 2410 – 3664: Approval of Professional Services Contract #C25187148 with Innovative Claims Solutions (ICS) in an Amount Not-To-Exceed of $760,886 to provide Third-Party Administration of Workers'

- **Cost of 7-month interim Contract & File Transfer to New Vendor**: $182,008
- **Lump-sum for Incurred Charges (June 2023 – November 2024)**: $430,832
    - Covered Under Old Exemption PR 185896: $260,256
    - Covered Under New Exemption PR 191738: $170,576
- **The total NTE for the 7-month contract plus the incurred charges** is $612,840
    - $307,970 will be charged to FY 2024 funds while the remaining $304,870 will be charged to FY 2025 funds.

STAKEHOLDER ENGAGEMENT

As part of the interim contract and RFP process, key stakeholders including Human Resources, Administrative Services, the City Attorney's Office, and the third-party administrator collaborated to ensure current services have not been interrupted. HR outlined requirements, while Administrative Services directed the contracting process and documentation. HR will continue to work with these stakeholders through the new contract process.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because adopting a revised salary schedules and compensation plan is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. CEQA Guidelines section 15378(b)(5).

ATTACHMENTS

Attachment A: Sedgwick Claims Services, INC; Contract C25191738

APPROVED BY:

Sandra Blanch, Human Resources Director

Compensation Benefits for a Period of 9 months with an option to renew for up to four additional years. CEQA status: Not a Project.

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CITY OF PALO ALTO CONTRACT NO. C25191738

AGREEMENT FOR PROFESSIONAL SERVICES

BETWEEN THE CITY OF PALO ALTO AND SEDGWICK CLAIMS MANAGEMENT SERVICES, INC

This Agreement for Professional Services (this "Agreement") is entered into as of the 1st day of December, 2024 (the "Effective Date"), by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and SEDGWICK CLAIMS MANAGEMENT SERVICES, INC., an Illinois Corporation, located at 8125 Sedgwick Way, Memphis, TN, 38125 ("CONSULTANT").

The following recitals are a substantive portion of this Agreement and are fully incorporated herein by this reference:

RECITALS

A. CITY intends to administer the Worker's Compensation Program (the "Project") and desires to engage a consultant to perform services in connection with the Project (the "Services", as detailed more fully in Exhibit A).

B. CONSULTANT represents that it, its employees and subconsultants, if any, possess the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY, in reliance on these representations, desires to engage CONSULTANT to provide the Services as more fully described in Exhibit A, entitled "SCOPE OF SERVICES".

D. Per the Assignment and Assumption Agreement dated September 3, 2019, Contract No. C22183996, CITY and CONSULTANT entered into Contract No. C17167840, which began on July 1, 2017 and expired on June 30, 2022, pursuant to which CONSULTANT administered the Worker's Compensation Program.

E. After the expiration of the Contract No. C17167840, CONSULTANT continued to administer the Worker's Compensation Program ("Extended Services").

F. CITY wishes to acknowledge Extended Services performed by CONSULTANT outside of the term of Contract No. C17167840.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, in this Agreement, the parties agree as follows:

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described in Exhibit A in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

SECTION 2. TERM.
The term of this Agreement shall be from December 1, 2024 through June 30, 2025 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

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SECTION 3. SCHEDULE OF PERFORMANCE. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit B, entitled "SCHEDULE OF PERFORMANCE". Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION.

4.1 The City agrees to make an initial upfront payment in acknowledgement of the work performed as Extended Services in the amount of Four Hundred Thirty Thousand Eight Hundred Thirty-Two Dollars and Forty-Six Cents ($430,832.46.). CITY and CONSULTANT agree that CITY has no other responsibility or obligation to CONSULTANT related in any way to the Extended Services.

4.2 The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C titled "COMPENSATION," and Exhibit C-1 "SCHEDULE OF RATES" including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed One Hundred Eighty-Two Thousand Seven Dollars and Fifty Cents **($182,007.50)**, for a total Not-to-Exceed of Six Hundred Twelve Thousand Eight Hundred Thirty-Nine **Dollars** and Ninety-Six **Cents ($612,839.96)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the Services performed and the applicable charges (including, if applicable, an identification of personnel who performed the Services, hours worked, hourly rates, and reimbursable expenses), based upon Exhibit C or, as applicable, CONSULTANT's schedule of rates set forth in Exhibit C-1. If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT's invoices shall be subject to verification by CITY. CONSULTANT shall send all invoices to CITY's Project Manager at the address specified in Section 13 (Project Management) below. CITY will generally process and pay invoices within thirty (30) days of receipt of an acceptable invoice.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it, its employees and subcontractors, if any, possess the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subcontractors, if any, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services. All Services to be furnished by CONSULTANT under this Agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any

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manner the Project or the performance of the Services or those engaged to perfo this Agreement, as amended from time to time. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT is solely responsible for costs, including, but not limited to, increases in the cost of Services, arising from or caused by CONSULTANT's errors and omissions, including, but not limited to, the costs of corrections such errors and omissions, any change order markup costs, or costs arising from delay caused by the errors and omissions or unreasonable delay in correcting the errors and omissions.

SECTION 9. Reserved.

SECTION 10. INDEPENDENT CONTRACTOR. CONSULTANT acknowledges and agrees that CONSULTANT and any agent or employee of CONSULTANT will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which CONSULTANT performs the Services requested by CITY under this Agreement. CONSULTANT and any agent or employee of CONSULTANT will not have employee status with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. CONSULTANT will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers' compensation, unemployment compensation, insurance, and other similar responsibilities related to CONSULTANT's performance of the Services, or any agent or employee of CONSULTANT providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and CONSULTANT or any agent or employee of CONSULTANT. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of CONSULTANT's provision of the Services only, and not as to the means by which such a result is obtained.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. NEITHER PARTY shall assign or transfer any interest in this Agreement nor the performance of any of the party's obligations hereunder without the prior written approval of the other party. Any purported assignment made without the prior written approval of the other party will be void and without effect. Subject to the foregoing, the covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators and assignees of the parties.

SECTION 12. SUBCONTRACTING.

☒ **Option A: No Subcontractor:** CONSULTANT shall not subcontract any portion of the Services to be performed under this Agreement without the prior written authorization of the City Manager or designee. In the event CONSULTANT does subcontract any portion of the work to be performed under this Agreement, CONSULTANT shall be fully responsible for all acts and omissions of subcontractors.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Lisa Wilson, email: Lisa.Wilson@sedgwick.com as the CONSULTANT's Project Manager to have supervisory responsibility for the performance, progress, and execution of the Services and represent CONSULTANT during the day-to-day performance of the Services. If circumstances cause the substitution of the CONSULTANT's Project

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Manager or any other of CONSULTANT's key personnel for any reason, the appointment of a substitute Project Manager and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY's Project Manager. CONSULTANT, at CITY's request, shall promptly remove CONSULTANT personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Services or a threat to the safety of persons or property.

CITY's Project Manager is Vanda McCauley, Human Resources Department, 250 Hamilton Avenue, Palo Alto, CA, zipcode: 94303, Telephone: (650) 329-2582. CITY's Project Manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate Project Manager from time to time.

SECTION 14. OWNERSHIP OF MATERIALS. All work product, including without limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications, computations, models, recordings, data, documents, and other materials and copyright interests developed under this Agreement exclusively for CITY by CONSULTANT, in any form or media, shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work product pursuant to this Agreement are vested in CITY, and CONSULTANT hereby waives and relinquishes all claims to copyright or other intellectual property rights in favor of CITY. Neither CONSULTANT nor its subcontractors, if any, shall make any of such work product available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services.

SECTION 15. AUDITS. CONSULTANT agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for four (4) years from the date of final payment, CONSULTANT's records pertaining to matters covered by this Agreement, including without limitation records demonstrating compliance with the requirements of Section 10 (Independent Contractor). CONSULTANT further agrees to maintain and retain accurate books and records in accordance with generally accepted accounting principles for at least four (4) years after the expiration or earlier termination of this Agreement or the completion of any audit hereunder, whichever is later.

SECTION 16. INDEMNITY.

☒ 16.1. To the fullest extent permitted by law, CONSULTANT shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorney's fees, experts fees, court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to negligent performance or negligent nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from a Claim arising from the active negligence or willful misconduct of an Indemnified Party that is not contributed to by any act of, or by any omission to perform a duty imposed by law or agreement by, CONSULTANT, its officers, employees, agents or contractors under this Agreement.

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16.3. The acceptance of CONSULTANT's Services and duties by [illegible]erate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

16.4. The parties agree that in no event shall CONSULTANT's liability under this Agreement exceed the insurance coverage required in Section 18 (Insurance). IN NO EVENT SHALL CONSULTANT BE LIABLE FOR ANY LOSS OR DAMAGE TO REVENUES, PROFITS OR GOODWILL OR OTHER SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND RESULTING FROM ITS PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT OR RESULTING FROM THE FURNISHING, PERFORMANCE, USE OR LOSS OF USE OF ANY SOFTWARE, SYSTEM, SITE, OR DELIVERABLE PROVIDED TO CITY HEREUNDER, INCLUDING WITHOUT LIMITATION ANY INTERRUPTION OF BUSINESS, OR FOR ANY DAMAGES OR FINES ARISING FROM ANY ACTS OR OMISSIONS OF CITY SUBCONTRACTOR, EVEN IF CONSULTANT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

SECTION 17. WAIVERS. No waiver of a condition or nonperformance of an obligation under this Agreement is effective unless it is in writing in accordance with Section 29.4 of this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit D, entitled "INSURANCE REQUIREMENTS". CONSULTANT and its contractors, if any, shall obtain a policy endorsement including CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best's Key Rating Guide ratings of A-:VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, including CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the general liability insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.

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18.4. The procuring of such required policy or policies of insurance shall not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed by the Consultant under this Agreement.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. If CONSULTANT fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided under this Agreement or at law, the City Manager may terminate this Agreement sooner upon written notice of termination if CONSULTANT has not cured such failure within a reasonable amount of time as determined by CITY after such notice. Upon receipt of any notice of suspension or termination, CONSULTANT will discontinue its performance of the Services on the effective date in the notice of suspension or termination. CONSULTANT may terminate the Agreement at any time by providing sixty (60) days prior written notice to CITY. Should CITY fail to pay according to Section 5 (Invoices), CONSULTANT shall then have the right to terminate this Agreement immediately.

19.2. In event of suspension or termination, CONSULTANT will deliver to the City Manager within a reasonable amount of time of the effective date in the notice of suspension or termination, any and all work product, as detailed in Section 14 (Ownership of Materials), whether or not completed, prepared by CONSULTANT or its contractors, if any, in the performance of this Agreement. Such work product is the property of CITY, as detailed in Section 14 (Ownership of Materials).

19.3. In event of suspension or termination, CONSULTANT will be paid for the Services rendered and work products delivered to CITY in accordance with the Scope of Services up to the effective date in the notice of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's Services provided in material conformity with this Agreement as such determination is made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 17, 19.2, 19.3, 19.4, 20, 25, 27, 28, 29 and 30.

19.4. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement, unless made in accordance with Section 17 (Waivers).

SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

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With a copy to the Purchasing Manager

To CONSULTANT: Attention of the Project Manager, Lisa Wilson, at:
1101 Creekside Ridge Drive, Suite 100
Roseville, CA 95678

With a copy to:
General Counsel – America
8125 Sedgwick Way
Memphis, TN 38125

CONSULTANT shall provide written notice to CITY of any change of address.

SECTION 21. CONFLICT OF INTEREST.

21.1. In executing this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subcontractors or other persons or parties having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California, as amended from time to time. CONSULTANT agrees to notify CITY if any conflict arises.

21.3. If the CONSULTANT meets the definition of a "Consultant" as defined by the Regulations of the Fair Political Practices Commission, CONSULTANT will file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act of 1974, as amended from time to time.

SECTION 22. NONDISCRIMINATION; COMPLIANCE WITH ADA.

22.1. As set forth in Palo Alto Municipal Code Section 2.30.510, as amended from time to time, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person due to that person's race, skin color, gender, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

22.2. CONSULTANT understands and agrees that pursuant to the Americans Disabilities Act ("ADA"), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor or subcontractor, are required to be accessible to the disabled public. CONSULTANT will provide the Services specified in this Agreement in a manner that complies with the ADA and any other applicable federal, state and local disability rights laws and regulations, as amended from time to time. CONSULTANT will not discriminate against persons with disabilities in the provision of services, benefits or activities provided under this Agreement.

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SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT shall make every reasonable effort to comply with the CITY's Environmentally Preferred Purchasing policies which are available at CITY's Purchasing Department, hereby incorporated by reference and as amended from time to time. CONSULTANT shall make every reasonable effort to comply with waste reduction, reuse, recycling and disposal requirements of CITY's Zero Waste Program. Zero Waste best practices include, first, minimizing and reducing waste; second, reusing waste; and, third, recycling or composting waste. In particular, CONSULTANT shall make every reasonable effort to comply with the following Zero Waste requirements:

(a) All printed materials provided by CONSULTANT to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY's Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable-based inks.

(b) Goods purchased by CONSULTANT on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Department's office.

(c) Reusable/returnable pallets shall be taken back by CONSULTANT, at no additional cost to CITY, for reuse or recycling. CONSULTANT shall make every reasonable effort to provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

SECTION 24. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE. CONSULTANT shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the City, CONSULTANT shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code Section 4.62.030 for each hour worked within the geographic boundaries of the City of Palo Alto. In addition, CONSULTANT shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code Section 4.62.060.

SECTION 25. NON-APPROPRIATION. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code, as amended from time to time. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS.

☒ 26.1. **This Project is not subject to prevailing wages and related requirements.** CONSULTANT is not required to pay prevailing wages and meet related requirements under the California Labor Code and California Code of Regulations in the performance and implementation of the Project if the contract:

(1) is not a public works contract;
(2) is for a public works construction project of $25,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j); or

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Item 8
Attachment A - Sedgwick Claims Services, Contract C25191738

(3) is for a public works alteration, demolition, repair, or n[illegible]t of $15,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j).

SECTION 27. CLAIMS PROCEDURE FOR "9204 PUBLIC WORKS PROJECTS". For purposes of this Section 27, a "9204 Public Works Project" means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Cal. Pub. Cont. Code § 9204.) Per California Public Contract Code Section 9204, for Public Works Projects, certain claims procedures shall apply, as set forth in Exhibit F, entitled "Claims for Public Contract Code Section 9204 Public Works Projects".

☒ **This Project is not a 9204 Public Works Project.**

SECTION 28. CONFIDENTIAL INFORMATION.

28.1. In the performance of this Agreement, CONSULTANT may have access to CITY's Confidential Information (defined below). CONSULTANT will hold Confidential Information in strict confidence, not disclose it to any third party, and will use it only for the performance of its obligations to CITY under this Agreement and for no other purpose. CONSULTANT will maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the security, confidentiality and integrity of the Confidential Information. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to its employees, agents and subcontractors, if any, to the extent they have a need to know in order to perform CONSULTANT's obligations to CITY under this Agreement and for no other purpose, provided that the CONSULTANT informs them of, and requires them to follow, the confidentiality and security obligations of this Agreement, or substantially similar terms. Notwithstanding the foregoing, with written agreement from CITY, CONSULTANT may compile and disseminate aggregate, de-identified information for auditing, compliance, internal assessments, process improvement and related analytics, benchmarking purposes or forward to a data collection facility data for claims handled pursuant to this Agreement, provided that such facility agrees in writing to keep CONSULTANT's data confidential.

28.2. "Confidential Information" means all data, information (including without limitation "Personal Information" about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to CONSULTANT by CITY, directly or indirectly, pursuant to this Agreement. Confidential Information excludes information that CONSULTANT can show by appropriate documentation: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a breach of this Agreement; (ii) was rightfully in CONSULTANT's possession free of any obligation of confidence prior to receipt of Confidential Information; (iii) is rightfully obtained by CONSULTANT from a third party without breach of any confidentiality obligation; (iv) is independently developed by employees of CONSULTANT without any use of or access to the Confidential Information; or (v) CONSULTANT has written consent to disclose signed by an authorized representative of CITY.

28.3. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to the extent required by order of a court of competent jurisdiction or governmental body, provided that for such instances other than in the ordinary course of performance of the Services, CONSULTANT will notify CITY in writing of such order immediately upon receipt and prior to any such disclosure (unless CONSULTANT is prohibited by law from doing so), to give CITY an opportunity to oppose or otherwise respond to such order.

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28.4. CONSULTANT will notify City promptly upon learning of a breach in the security of its systems or unauthorized disclosure of, or access to, Confidential Information in its possession or control that compromises the confidentiality, security, or integrity of the Confidential Information, and if such Confidential Information consists of Personal Information, CONSULTANT will provide information to CITY sufficient to meet the notice requirements of Civil Code Section 1798 et seq., as applicable, as amended from time to time.

28.5. Prior to or upon termination or expiration of this Agreement, CONSULTANT will honor any request from the CITY to return or securely destroy all copies of Confidential Information. All Confidential Information is and will remain the property of the CITY and nothing contained in this Agreement grants or confers any rights to such Confidential Information on CONSULTANT.

28.6. CITY shall, to the extent permitted under applicable law, maintain the confidentiality of CONSULTANT's evidence of financial stability. CITY shall notify CONSULTANT in the event CITY receives any request for any CONSULTANT such information.

SECTION 29. MISCELLANEOUS PROVISIONS.

29.1. This Agreement will be governed by California law, without regard to its conflict of law provisions.

29.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

29.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.

29.4. This Agreement, including all exhibits, constitutes the entire and integrated agreement between the parties with respect to the subject matter of this Agreement, and supersedes all prior agreements, negotiations, representations, statements and undertakings, either oral or written. This Agreement may be amended only by a written instrument, which is signed by the authorized representatives of the parties and approved as required under Palo Alto Municipal Code, as amended from time to time.

29.5. If a court of competent jurisdiction finds or rules that any provision of this Agreement is void or unenforceable, the unaffected provisions of this Agreement will remain in full force and effect.

29.6. In the event of a conflict between the terms of this Agreement and the exhibits hereto (per Section 30) or CONSULTANT's proposal (if any), the Agreement shall control. In the event of a conflict between the exhibits hereto and CONSULTANT's proposal (if any), the exhibits shall control.

29.7. The provisions of all checked boxes in this Agreement shall apply to this Agreement; the provisions of any unchecked boxes shall not apply to this Agreement.

29.8. All section headings contained in this Agreement are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

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29.9. This Agreement may be signed in multiple counterparts, which, when executed by the authorized representatives of the parties, shall together constitute a single binding agreement.

SECTION 30. EXHIBITS. Each of the following exhibits, if the check box for such exhibit is selected below, is hereby attached and incorporated into this Agreement by reference as though fully set forth herein:

☒ EXHIBIT A: SCOPE OF SERVICES
☒ EXHIBIT B: SCHEDULE OF PERFORMANCE
☒ EXHIBIT C: COMPENSATION
☒ EXHIBIT C-1: SCHEDULE OF RATES
☒ EXHIBIT D: INSURANCE REQUIREMENTS

THIS AGREEMENT IS NOT COMPLETE UNLESS ALL SELECTED EXHIBITS ARE ATTACHED.

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CONTRACT No. C25191738SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement as of the date first above written.

CITY OF PALO ALTO

_____
City Manager

APPROVED AS TO FORM:

_____
City Attorney or designee

SEDGWICK CLAIMS MANAGEMENT SERVICES, INC

Officer 1
By: DocuSigned by: Ed Peel 7A4C57B8447044D...
Name: Ed Peel

Title: Vice President Corporate Council

Officer 2
By: DocuSigned by: Michael Shook 03F72968FEBB447...
Name: Michael Shook

Title: Vice President Corporate Council

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EXHIBIT A
SCOPE OF SERVICES

CONSULTANT shall provide the Services detailed in this Exhibit A, entitled "SCOPE OF SERVICES". Notwithstanding any provision herein to the contrary, CONSULTANT's duties and services described in this Scope of Services shall not include preparing or assisting CITY with any portion of CITY's preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with CITY. CITY shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. CONSULTANT's participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. CONSULTANT shall cooperate with CITY to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by CONSULTANT pursuant to this Scope of Services.

I. INTRODUCTION

CITY is permissible self-insured for workers' compensation in the State of California through a combination of self-insurance (Certificate #7102) and excess coverage. Under this Scope of Services, CONSULTANT, shall administer the Workers' Compensation Program of CITY, related to such obligations in accordance with the terms of this agreement.

The intent of this Scope of Services is to insure that CITY and CONSULTANT agrees on the service levels outlined herein this agreement in an effort to maintain the highest customer service standards to the benefit of the City's employees.

II. CLAIMS MANAGEMENT

CONSULTANT agrees:

A. To examine, on behalf of CITY, all reports of industrial injury or illness relating to CITY employees and reported to CONSULTANT;

B. To engage the services of person(s) or firm(s), upon approval from CITY, for services relating to the investigation and defense of claims, subject to the conditions set forth in this Agreement at the expense of CITY;

C. To determine in a timely and accurate manner, on behalf of CITY, what benefits, if any, should be paid or rendered under the applicable workers' compensation laws in each reported claim;

D. To pay compensation, medical expenses, Allocated Loss Expenses, and other benefits as prescribed by law out of funds provided by CITY;

E. To maintain a claim file on each reported claim which shall be available to CITY at all times for inspection and to conduct, at a time and frequency to be determined by the City, claim file reviews with CITY at a location to be determined by CITY;

F. To aggressively handle subrogation claims against responsible parties in order to preserve CITY's right to recovery;

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G. To consult with and advise CITY on any matter arising in conjunction with the l hich involves the subject matter of this Agreement;

H. To provide all necessary forms and supplies for the efficient operation of the Workers' Compensation Program, including customized checks bearing CITY name and seal, and to prepare and file all legally required forms and documents;

I. To ensure that the claims examiner shall be able to appropriately handle CITY claims, the claims examiner shall not be assigned a caseload in excess of one hundred fifty (150) open indemnity (or equivalent weighted) claims.

J. CITY shall be notified prior to any staffing changes with any claims person assigned to the account. In the event that CONSULTANT at any time during this agreement, intends to reassign any claims person assigned to the account, CONSULTANT shall notify CITY prior to reassignment of any staff member and allow CITY to be involved in the decision-making process. In addition, CITY shall retain the right to participate in the selection of the senior and assistant examiners assigned to the account;

K. In the event that CITY, at any time during the term of this agreement, is dissatisfied with any claims person assigned to the account, CITY will notify CONSULTANT of their dissatisfaction. If after 60 days from notification, CITY is still dissatisfied, CONSULTANT shall remove said person assigned immediately upon receiving written notification from CITY of the desire for the removal of such person;

L. To provide CITY with computer system -generated loss runs, case reports, risk management reports and any other claim related reports requested by CITY, at a frequency to be determined by CITY;

M. To biannually provide a loss report for claims that have had no activity for the previous six months;

N. To provide monthly, a comprehensive claims detail report as described by CITY one week or less after the end of the reporting period;

O. To coordinate Bill Review services, to review all medical, hospital and drug bills and to assist CITY with cost control, designating industrial medical clinics and hospitals which will provide CITY with a preferred provider (PPO) discount at fees less than the Industrial Fees Schedule (IFS), and to provide an itemized list of all medical savings resulting from this program, at a frequency to be determined by CITY;

P. To, coordinate Utilization Review services consistent with ACOEM guidelines and the California Labor Code to monitor frequency, duration and appropriateness of all services during the claim life, and to provide an itemized list of all medical savings resulting from this program, at a frequency to be determined by CITY;

Q. To subscribe to and pay on behalf of CITY, enrollment in the Index Bureau System on behalf of CITY, for workers' compensation claims in California and to report to the Index Bureau each and every Indemnity claim filed;

R. To provide toll-free "800" telephone numbers for employees of CITY to contact regarding questions or concerns regarding claims information, website for online new claim reporting;

S. To provide a complete and detailed electronic conversion of all claims data at any if needed.

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T. To coordinate Pharmacy Benefit Management program and include summary info ting in Stewardship report; and,

U. At the beginning of each fiscal year, determine new "S.M.A.R.T." (Specific, Measurable, Achievable, Relevant, Time Sensitive) goal or metric representing performance to be included in Stewardship report.

III. SPECIAL CLAIMS HANDLING SERVICES

1. CONSULTANT agrees to provide the following Special Claims Handling Service:

A. To establish Indemnity of Lost Time Claims within five (5) days upon receipt of the Employers First Report of Injury (Form 5020) from CITY;

The definition of an Indemnity Claim shall be an industrial injury or illness claim for which any of the following benefits are claimed:

1. Temporary Disability
2. Permanent Disability
3. Life Pension
4. Death;

B. To confer with the CITY's Risk Manager or Senior HR Administrator regarding questions, reports, or issues concerning claims and to assist City department managers and supervisors regarding questions, concerns, or issues involving employee claims;

C. To immediately notify the Risk Manager, by providing a copy of a Reserve Computation Sheet, of any reserve changes over twenty-thousand dollars ($20,000.00);

D. To review and obtain advance notice and approval by Risk Manager or Senior HR Administrator of any Claim Denials;

E. To close Medical Only Claims within twelve (12) months from the date of injury, exceptions to this requirement shall be reported to CITY;

F. To consistently maintain a high level of customer service with CITY staff and injured employees;

G. To promptly acknowledge receipt of voicemail and email messages;

H. To promptly furnish the Risk Manager or Senior HR Administrator with all required material papers, which consist of but shall not be limited to:

Applications and Other Legal Documents
Work Restrictions
Letters from Defense Counsel
Private Investigation Reports and Summaries
Benefit Notices
Delay and/or Denial of Claim Notices
Medical Reports, as needed, in cases involving an Industrial Disability Retirement;

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I. To submit for approval and closure within five (5) days of receipt of written [illegible]uted Advisory Ratings;

J. To provide CITY a monthly check register. These reports will be emailed no later than ten (10) days following the end of each month to CITY Payroll team;

K. To provide Quarterly, accurate OSHA log 300 reports;

L. To establish controls and procedures to manage and control the cost of defense;

M. To take enhanced efforts to identify possible fraudulent claims, including recorded statements from injured worker and discussions with witnesses and supervisor;

N. To confer with the Risk Manager or Senior HR Administrator as conditions arise:

To approve a Vocational Rehabilitation Plan for injuries prior to 1/1/04
To refer a claim to a law firm or attorney
To approve surveillances, sub rosa, or other investigations
To obtain settlement authority over fifteen-thousand dollars ($15,000.00);

IV. SPECIAL CLAIMS HANDLING

CONSULTANT will request CITY to provide the following claims handling response as needed:

A. To promptly report to CONSULTANT all incidents of employee industrial injuries or illnesses;

B. To promptly forward to CONSULTANT all applications, reports, notices, or any legal correspondence pertaining to claims administration;

C. When applicable, to make all attempts possible to assign employees to modified duty pursuant to CITY of Palo Alto Workers' Compensation Modified Duty Policy;

D. To make available to CONSULTANT funds for the payment of benefits or services for industrial injuries or illnesses;

E. To pay all Allocated Loss Expenses defined as: all losses incurred in the adjustment, handling, settlement, of claims, including litigation expenses; and

F. To pay CONSULTANT all service fees as prescribed and included in Exhibit C.

V. PROGRAM MANAGEMENT

A. CONSULTANT's Claims Supervisor shall be responsible for the following:

1. Review and assign all new claims;
2. Review to determine if referral to outside investigation firm is appropriate. Supervisor will document each review whether investigation is conducted or not;
3. Review to determine if referral to defense counsel is appropriate when any of the following occur:

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a. Notification of applicant attorney representation
b. Suspected fraud
c. Subrogation
d. Filing of 132A or Serious and Willful Misconduct
e. Need for legal discovery or depositions, etc
f. Issues that may need to be resolved by the WCAB
g. Claims involving presumptions
h. Claims with incurred value over $25,000

The supervisor will document every claim file in which one or more of the above criteria exists indicating whether or not the claim should be referred to defense counsel and the reasoning for the referral;

4. Oversee the development of the action plan in those cases in which various alternatives may be appropriate. Supervisor will contact CITY of Palo Alto by telephone or email to communicate the need to consider alternative action plan options and solicit their input and/or concurrence;

5. File review meetings will be coordinated with CITY staff and claims staff on a quarterly basis and may include additional meetings with City department heads; and

6. Establish a personal relationship with the primary medical vendors used by the City of Palo Alto and maintain a professional rapport and ongoing communication.

CONSULTANT's Senior Claims Examiner shall be responsible for the following:
1. To make initial contact with all injured workers by telephone within twenty-four (24) hours (and in any event no later than forty-eight (48) hours following the date.

CONSULTANT receives an indemnity claim from the City to explain benefits and obtain medical history, prior workers' compensation claim information and any other pertinent information. Follow-up phone contact shall be made with the injured worker every two (2) weeks thereafter provided the injured worker remains off work and unrepresented by council. All telephone contacts must be documented in the claim file.

2. To contact injured workers by telephone when any of the following occurs, unless the injured worker is represented:

a. Explain the delay process when claims are placed on delay;
b. Explain the reason for denial when a claim is denied;
c. Explain permanent and stationary findings, permanent disability and ratings.

3. To contact CITY on delay claims to determine action plan;

4. The claims examiner shall adhere to the following three-tier system:
a. Schedule the most appropriate medical treatment utilizing the designated medical scheduling service or authorized physicians as needed or upon City request:

1. Physical therapy treatment shall only be authorized at facilities located in Palo Alto unless otherwise approved by the Risk Manager or Senior HR Administrator;

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2. In order to expedite proper diagnosis of an injury, the claims examiner shall have discretion to authorize initial diagnostic tests such as MRI's, CT Scans, and nerve conduction studies without referral to Utilization Review;

b. Employees on lost time status shall be closely monitored and returned to modified work status as soon as medically possible. Claims examiners should aggressively pursue a release to modified duty for all CITY employees through written and verbal communication with the medical provider.

c. Employees on modified work status shall be returned to their usual and customary duty status as soon as medically possible.

5. In all cases, the claims examiner must attempt to gain and maintain medical control of cases unless a physician's statement is on file or a written change in treating physician is provided by the applicant; and,

6. Medical only claims shall be transferred to Claims Examiner handling Indemnity claims if injured employee has not returned to full status after six months of working modified duty.

VI. PENALTIES

Penalties imposed by the Workers' Compensation Appeals Board (WCAB), the Department of Industrial Relations, the Division of Workers' Compensation, the Federal Government, or any judicial forum or quasi-judicial forum in the State of California, arising out of the denial of claims shall be the responsibility of the City if imposed as a result of actions taken by CONSULTANT at the express direction of CITY.

Penalties imposed as a result of improper denial of claims shall be the responsibility of CONSULTANT if no formal request for denial was obtained by the Risk Manager.

Penalties imposed as a result of either party's failure to comply with the administrative rules, regulations and the Labor Code of the State of California shall be the responsibility of the culpable party.

CONSULTANT shall provide CITY with a quarterly accounting of all penalties paid by CONSULTANT on behalf of CITY, including a listing of each penalty payment and the specific claim file to which the penalty payment was charged. Penalties shall be paid out of CITY's benefit account and CONSULTANT shall then reimburse the City within thirty days (30) of the issuance of the penalty and fines report, for those penalties and fines which are the responsibility of CONSULTANT under the terms and conditions of this Agreement.

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EXHIBIT B
SCHEDULE OF PERFORMANCE

All work as specified in Exhibit "A" Scope of Services shall be scheduled by the City's Project Manager on an ongoing basis for the term of this Agreement.

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EXHIBIT C
COMPENSATION

CITY agrees to compensate CONSULTANT for the Services performed in accordance with the terms and conditions of this Agreement, including Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4 of the Agreement), based on the monthly rate schedule attached as Exhibit C-1.

In addition, CITY agrees to make a payment in acknowledgement of the work performed as Extended Services in the amount of $430,832.46. CITY and CONSULTANT agree that CITY has no other responsibility or obligation to CONSULTANT related in any way to the Extended Services.

The compensation to be paid to CONSULTANT under this Agreement for all Services, Extended Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), shall not exceed the amount(s) stated in Section 4 of this Agreement. CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

REIMBURSABLE EXPENSES

CONSULTANT'S ordinary business expenses, such as administrative, overhead, administrative support time/overtime, information systems, software and hardware, photocopying, telecommunications (telephone, internet), in-house printing, insurance and other ordinary business expenses, are included within the scope of payment for Services and are not reimbursable expenses hereunder.

Reimbursable expenses, if any are specified as reimbursable under this section, will be reimbursed at actual cost. The expenses (by type, e.g. travel) for which CONSULTANT will be reimbursed are: **NONE** up to the not-to-exceed amount of: **$0.00**.

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EXHIBIT C-1
SCHEDULE OF RATES

CONSULTANT's schedule of rates is as follows:

Monthly Charge $24,572.50
One Time File Transfer Charge $10,000

The following services are charged to the claim file as service is utilized.

Allocated expenses: The claim fees agreed to shall include all costs incurred by Consultant in handling claims submitted except those costs normally referred to as "allocated expenses." These expenses will be billed to the individual claim file when incurred.

In some cases, Consultant engages subcontractors to assist us in providing services. In order to hold down the cost to our clients, Consultant may have arrangements with these subcontractors to cover expenses for certain activities, including but not limited to development of integrated data systems, account management, quality oversight and ongoing projects that improve penetration and efficiency for our examiners. These cooperative service agreements are not transactional-based and are not dependent on any activity generated by the City. In fact, the flat cooperative service fees remain the same regardless of whether the City uses these vendors on their program or not.

Allocated expenses include but are not limited to:

- Attorney fees and costs
- Hearing representation in lieu of attorney fees, including preparation, travel expenses, attendance and system notations
- Court costs and appeal bonds
- Cost of providing rehabilitation services
- Cost of surveillance activities and other outside investigations
- Cost of expert witnesses, accident reconstruction specialists or any other specialist necessary for the investigation and/or defense of a claim
- Cost incurred to obtain statements, photographs, records, transcripts, depositions, digital call recordings, etc.
- Cost of inspections, appraisals, repair management, rental/replacement, etc.
- Cost of independent medical exam
- Cost of medical bill review, PPO, managed care and other similar programs
- Cost of medical experts, peer review, UR, case management, pre-certifications and medical necessity evaluations
- Cost of translation services

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- Medicare reporting and compliance services fees and costs
- Index filings
- Cost of vocational evaluations, vocational services, training or other vocational activities
- Cost of outside assistance necessary to prepare or protect the City's subrogation right or Special Disability Trust Fund claim
- Expenses for travel to depositions, mediations, arbitrations, hearings or other legal proceedings at the City's request or as required by law or rule of a federal, state or local agency

Consultant managed care

All claims administration fees and services contemplate the deployment of Consultant's managed care services for all bill review and case management services. These rates shall increase by three percent (3%) annually:

Service	Rate
Medical bill review	
State fee scheduling/usual, customary and reasonable; state reporting	$9. 53 per bill
Provider networks	
PPO networks/out-of-network services	29% of savings
California statewide medical provider network (MPN) (all California bills)	$19.50 flat rate per bill
Telephonic clinical services	
Telephonic case management (TCM): • Telephonic nurse case manager • Surgery nurse case manager	Evaluation and recommendation: $160 1-30 days: $407 Every 30 days thereafter: $324
Behavioral health specialist	$140 per hour
Customized nurse services	$140 per hour
Utilization review (UR) and physician advisor	
UR	$160 per review
Physician advisor/peer review	$285 per review
Physician review of records	$285 per hour

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Service	R
Physician advisor appeal	$370 per review
Complex pharmacy management	Pharmacy nurse management/pain coaching: $125 per hour Physician and PharmD management (as needed): $295 per hour
Field case management (FCM)	
Medical FCM: Full field	$144 per hour, plus direct expenses Urgent/catastrophic case management: $195 per hour
Crisis care RN	$195 per hour
FCM tasks:	
– One visit clinical assessment	$765 flat fee
– Limited assignment task	$140 per hour
– Specialty task services: life care plan, expert testimony, customized services	$195 per hour
Vocational and work placement solutions	
Transitional work placement (at not-for-profit)	$927 for placement or no-show
Return to work (RTW) specialist	$115 per hour [1] Telephonic RTW
Workplace consultation - program/policy design and planning	$216 per hour, plus direct expenses
Vocational — full FCM	$140 per hour, plus direct expenses
Vocational field tasks:	
– Vocational assessment/testing	$1,010 flat fee
– Labor market survey	$680 flat fee
– Automated transferable skills analysis	$380 flat fee
– Job analysis or ergonomic evaluation	$840 flat fee
Clinical consultation services	

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Service	R
Clinical consultation	Standard (24x7x365 access to nurse): $98 per call Premium (standard plus option of blended intake or limited customization): $113 per call Advanced (premium plus option to customize workflows): $123 per call* *Level of customization may warrant additional fees
Consultant managed care administrative services	
Lien resolution	28% of the below fee schedule savings subject to minimum fee of $135 and cap of $7,500 per lien Expert witness testimony or hearing representation charged at $135 per hour plus direct expenses
Consultant standard medical card	No charge; customization starts at $3,600
Mandatory state panel postings	Included in Consultant bill review program fees
Non-mandatory state panel postings	$9.50 per panel

SIU Service Fees:

The charges set forth below are the current fees for the services listed, and these fees may change from time to time upon sixty days prior written notice to City:

Service name	Price
Research services	
Social media investigation	$325
Smart plus investigation	$550
Comprehensive background	$625
Canvassing services	$250
Skip tracing/individual locate	$315
Asset check	$225
Criminal and civil check	$135 plus cost of records Additional counties or names: $75 (per county or name)
Records request	$100 plus cost of records
Social media monitoring	$25 per week of monitoring
Other research services	Quote upon request
Surveillance services	

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Service name	Pric
Surveillance	$ 100 per hour (portal to portal): All states *Mileage charged at IRS standard mileage rate* Additional expenses to hourly rate: Report writing (up to 1/2 hour per day at standard surveillance rates) Pre-surveillance investigation: $85 License plate searches: $20 (per search post pre-surveillance) Vehicle Sightings Report (license plate recognition) - $75
Unmanned surveillance	$850 per day (three-day minimum) Deployment and extraction of stationary device: $100 per hour: All states *Mileage charged at IRS standard mileage rate*
Video copies	$100 per additional copy plus shipping
Field services	
Alive and well check - in person	$450: All states
Alive and well check - virtual interview	$125
Activity check	$475: All states
AOE/COE Recorded statement Scene investigation Trial/deposition	$100 per hour (portal to portal): All states *Mileage charged at IRS standard mileage rate*
International investigations	Quote upon request
Other field services	Quote upon request
Assessment services	
Suspect file review	$125 per hour
Fraud investigation (includes state reporting)	$125 per hour
Red flag analytics review	$125 per hour
Other assessment services	Quote upon request

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EXHIBIT D
INSURANCE REQUIREMENTS

CONSULTANTS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-:VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	LIMITS	
			EACH OCCURRENCE/ Claim	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY	STATUTORY	STATUTORY
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY PROPERTY DAMAGE BODILY INJURY & PROPERTY DAMAGE COMBINED.	$1,000,000 $1,000,000 $1,000,000	$1,000,000 $1,000,000 $1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY - EACH PERSON - EACH OCCURRENCE PROPERTY DAMAGE BODILY INJURY AND PROPERTY DAMAGE, COMBINED	$1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000	$1,000,000 $1,000,000 $1,000,000 $1,000,000 $1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	$1,000,000	
YES	**THE CITY OF PALO ALTO IS TO BE INCLUDED AS AN ADDITIONAL INSURED**: CONSULTANT, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONSULTANT AND CONSULTANT'S SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, **INCLUDED AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.**			

I. INSURANCE COVERAGE MUST INCLUDE:

A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONSULTANT'S AGREEMENT TO INDEMNIFY CITY.

II. THE CONSULTANT MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING EMAIL: PURCHASINGSUPPORT@CITYOFPALOALTO.ORG

III. ENDORSEMENT PROVISIONS WITH RESPECT TO THE GENERAL LIABILITY INSURANCE AFFORDED TO ADDITIONAL INSUREDS:

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR

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Item 8
Attachment A - Sedgwick Claims Services, Contract C25191738

CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FO THE ADDITIONAL INSUREDS.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

EVIDENCE OF INSURANCE AND OTHER RELATED NOTICES ARE REQUIRED TO BE FILED WITH THE CITY OF PALO ALTO SENT TO THE FOLLOWING EMAIL:
PURCHASINGSUPPORT@CITYOFPALOALTO.ORG

docusign

Certificate Of Completion

Envelope Id: C69C16B5-6D2A-4A7E-B4C0-1762E9EB9DE0
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Envelope Originator:
Alice Harrison
250 Hamilton Ave
Palo Alto , CA 94301
Alice.Harrison@CityofPaloAlto.org
IP Address: 199.33.32.254

Record Tracking

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3/11/2025 3:24:04 PM
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Alice.Harrison@CityofPaloAlto.org
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Pool: StateLocal

Storage Appliance Status: Connected
Pool: City of Palo Alto
Location: Docusign

Signer Events	Signature	Timestamp
Ed Peel Ed.Peel@sedgwick.com Vice President Security Level: Email, Account Authentication (None)	DocuSigned by: Ed Peel 7A4C57B8447044D... Signature Adoption: Pre-selected Style Using IP Address: 204.16.30.216	Sent: 3/11/2025 3:47:49 PM Resent: 3/12/2025 7:05:05 AM Viewed: 3/12/2025 7:10:43 AM Signed: 3/12/2025 8:50:35 AM
Electronic Record and Signature Disclosure: Not Offered via Docusign		
Michael Shook Michael.shook@sedgwick.com Senior Vice President Sedgwick Claims Management Services, Inc. Security Level: Email, Account Authentication (None)	DocuSigned by: Michael Shook 03F72968FEBB447... Signature Adoption: Pre-selected Style Using IP Address: 50.83.19.227	Sent: 3/12/2025 8:50:37 AM Viewed: 3/12/2025 8:56:35 AM Signed: 3/12/2025 8:56:58 AM
Electronic Record and Signature Disclosure: Not Offered via Docusign		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp
Sandra Blanch sandra.blanch@cityofpaloalto.org Director, HR & Risk Mgmt Security Level: Email, Account Authentication (None)	COPIED	Sent: 3/12/2025 8:57:02 AM
Electronic Record and Signature Disclosure: Not Offered via Docusign		

Carbon Copy Events	Status	Timesta
maria patino maria.patino@cityofpaloalto.org City of Palo Alto Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 3/12
Lisa Wilson lisa.wilson@sedgwick.com Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 3/12/2025 8:57:03 AM Viewed: 3/12/2025 5:20:32 PM
Amanda Garcia amanda.garcia@sedgwick.com Security Level: Email, Account Authentication (None) **Electronic Record and Signature Disclosure:** Not Offered via Docusign	COPIED	Sent: 3/12/2025 8:57:04 AM Viewed: 3/12/2025 9:25:15 AM

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	3/11/2025 3:47:49 PM
Certified Delivered	Security Checked	3/12/2025 8:56:35 AM
Signing Complete	Security Checked	3/12/2025 8:56:58 AM
Completed	Security Checked	3/12/2025 8:57:04 AM

Payment Events	Status	Timestamps

CITY OF PALO ALTO

City Council Staff Report

From: City Clerk
Report Type: CONSENT CALENDAR
Lead Department: City Clerk

Meeting Date: April 14, 2025
Report #:2502-4160

TITLE
FIRST READING: Adoption of an Ordinance Setting the Regular Meeting Time of the Finance and Policy & Services Committees by Resolution or Ordinance (Palo Alto Municipal Code §§ 2.04.190 and 200); and Adoption of a Resolution Setting the Regular Meeting Times at 5:30 pm for Finance and 6:00 pm for Policy & Services; CEQA status – not a project.

RECOMMENDATION
Staff recommend the City Council adopt:

1. An ordinance amending PAMC §§ 2.04.190 and 200 setting the regular meeting time of the Finance and Policy & Services committees by resolution or ordinance (Attachment A); and
2. A resolution setting the regular meeting times at 5:30pm for Finance and 6:00 pm for Policy & Services (Attachment B).

BACKGROUND
The City's Finance Committee and Policy & Services Committee have their regular meeting time set for 7:00 pm under PAMC § 2.04.200(a)[1]. Under existing practice, however, meetings usually start earlier than 7:00pm. Because the meeting time is currently codified by ordinance, it would take two readings and 30 days for a change to become effective.

ANALYSIS
Standing committee meeting times may change periodically due to annual shifts in committee membership or logistical reasons. The proposed ordinance would allow the regular meeting times of the Finance Committee and Policy and Services Committee to be set by resolution, which only requires one reading and can be effective immediately. The attached resolution would set the regular meeting times to match current practice and committee preferences –

[1] Palo Alto Municipal Code Section 2.04.200:
https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto_ca/0-0-0-60138

Finance Committee's regular meeting time will now be at 5:30 pm, and Policy & Services will be at 6:00 pm.

Going forward, the Clerk's Office can recommend the Council adopt a replacement resolution when the regular meeting times of one or both committees necessitates a change.

The proposed ordinance does not change either committee's regular meeting day or frequency or affect each committee's ability to call special meetings.

FISCAL/RESOURCE IMPACT
The proposed legislation has no material impact as it aligns existing practice with the City's municipal code.

STAKEHOLDER ENGAGEMENT
The Clerk's Office consulted each committee in recommending this legislation.

ENVIRONMENTAL REVIEW
The proposed legislation is not a project under CEQA because it is an administrative function to change the regular meeting time of existing Council standing committees. CEQA regulation § 15378(b)(2).

ATTACHMENTS
Attachment A: Ordinance Amending PAMC §§ 2.04.190 and 200 to Set the Regular Meeting Time of the Finance Committee and Policy and Services Committee by Resolution or Ordinance.

Attachment B: Resolution Establishing the Regular Meeting Time of the Finance Committee for 5:30 pm and the Policy & Services Committee for 6:00 pm.

APPROVED BY:
Mahealani Ah Yun, City Clerk

Ordinance No. _____

Ordinance of the Council of the City of Palo Alto Amending PAMC Sections 2.04.190 and 2.04.200 to Set the Regular Meeting Time of the Finance Committee and the Policy and Services Committee by Resolution or Ordinance

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. The City Council finds and declares as follows:

A. The City Council has two standing committees – the Committee on Finance and the Committee on Policy and Services. PAMC section 2.04.190. The regular meeting date, time, and place are defined in PAMC section 2.04.200. Existing law sets the start time for regular meetings at 7 p.m for these committees. PAMC section 2.04.200(a).

B. The City Council now desires to establish the regular meeting time of these standing committees by resolution or ordinance instead of codifying it in PAMC section 2.04.200.

SECTION 2. PAMC Sections 2.04.190 (Standing committees – Special committees) and 2.04.200 (Standing committee meetings) of Chapter 2.04 (Council Organization and Procedure) of Title 2 (Adminstrative Code) are hereby amended to read as follows (~~strikethrough~~ is deleted, underlined is new text):

2.04.190 Standing committees - Special committees.

(a) Not later than the second regular council meeting in January, the mayor shall appoint two standing committees, consisting of three members each from the members of the council. The mayor shall appoint each council member to only one standing committee and shall appoint the chairperson of each committee. The mayor, or the vice-mayor at the request of the mayor, may act as an ex officio, voting member of each committee when one or more regular committee members are absent.

(b) The standing committees shall be designated, respectively, committee on finance and committee on policy and services, and shall meet ~~at 7:00 p.m. in the city hall on the day~~ as established by Section 2.04.200.

(c) Council members may attend meetings of committees of which they are not members, without participating in any manner, but only committee members or ex officio committee members shall vote in committee in accordance with subsection (a) of this section.

(d) Council members who submit matters to the council which are referred to a standing committee may appear before the standing committee to which the referral has been made in order to speak as proponents of the matter. Standing committee meetings during which such referrals may be considered shall be noticed as council meetings for the purpose of enabling the standing committee to discuss and consider the matter with a quorum of the council present.

(e) In addition to standing committees the mayor may, subject to approval of the council, appoint such other special committees of council members, private citizens or both as deemed desirable and necessary to assist and advise the council in its work.

2.04.200 Standing committee meetings.

(a) Regular Meetings. Each standing committee shall meet on its designated meeting night(s) ~~at 7:00 p.m.~~ at the City Hall. The policy and services committee shall meet on the second Tuesday of each month and the finance committee shall meet on the first and third Tuesday of each month. The meeting time for each standing committee's regular meetings shall be set by the City Council by ordinance or resolution. When additional meetings are necessary, the chairperson of each committee may call a special meeting as provided in subsection (b) of this section.

(b) Special Meetings. Special meetings of standing committees may be called by the chairperson with the consent of a majority of the committee's members, but a special meeting so called shall be held at City Hall, or other locations if appropriate, and forty-eight hours' notice must be given to every council member.

SECTION 3. Environmental Review

The Council finds that this Ordinance is not a project under CEQA Guidelines Sections 15378(b)(2) and (5) as this is an organizational change of government that will not result in direct or indirect physical changes in the environment.

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SECTION 4. Effective Date
This Ordinance shall be effective 31 days after adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

_____ _____
City Clerk Mayor

APPROVED AS TO FORM: APPROVED:

_____ _____
Assistant City Attorney City Manager

Resolution No. _____

Resolution of the Council of the City of Palo Alto Setting the Regular Meeting Times of the Finance Committee and the Policy and Services Committee Pursuant to PAMC section 2.04.200

The Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. The City Council finds and declares as follows:

A. The City Council has two standing committees – the Committee on Finance and the Committee on Policy and Services. PAMC section 2.04.200, as amended in conjunction with this Resolution, directs the City Council to set the meeting time for each standing committee by resolution or ordinance.

B. The City Council now desires to set the meeting times according to this Resolution.

SECTION 2. Pursuant to PAMC 2.04.200, the City Council sets the meeting times for regular meetings of the following standing committees as follows:

- Finance Committee: 5:30 p.m.
- Policy and Services Committee: 6:00 p.m.

SECTION 3. Environmental Review

The Council finds that this Resolution is not a project under CEQA Guidelines Sections 15378(b)(2) and (5) as this is an organizational change of government that will not result in direct or indirect physical changes in the environment.

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SECTION 4. Effective Date

This Resolution shall be effective on the date Ordinance ____ becomes effective and shall be effective until otherwise amended or rescinded by the City Council.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

_____
City Clerk

_____
Mayor

APPROVED AS TO FORM:

APPROVED:

_____
Assistant City Attorney

_____
City Manager

CITY OF PALO ALTO

City Council Staff Report

Report Type: CONSENT CALENDAR
Lead Department: City Clerk

Meeting Date: April 14, 2025
Report #:2504-4472

TITLE
SECOND READING: Ordinance of the Council of the City of Palo Alto Amending Chapter 2.32 (Sales and Use Tax) and Chapter 4.10 (Solicitors, Peddlers, Pawnbrokers, Secondhand Dealers, and Other Businesses Regulated by Police) of the Municipal Code to Delete Obsolete References to the California Board of Equalization and Replace Them with References to the California Department of Tax and Fee Administration (FIRST READING: March 24, 2025; PASSED: 6-0-1, Veenker absent)

BACKGROUND
The City Council heard this item on March 24, 2025 for a first reading and approved it on a 6-0-1, Veenker absent vote. No changes were made to the ordinance, and it is now before the City Council for a second reading.

ATTACHMENTS
Attachment A - Ordinance of the Council of the City of Palo Alto Amending Chapter 2.32 (Sales and Use Tax) and Chapter 4.10 (Solicitors, Peddlers, Pawnbrokers, Secondhand Dealers, and Other Businesses Regulated by Police) of the Municipal Code to Delete Obsolete References to the California Board of Equalization and Replace Them with References to the California Department of Tax and Fee Administration

APPROVED BY:
Mahealani Ah Yun, City Clerk

Ordinance No. ____

Ordinance of the Council of the City of Palo Alto Amending Chapte
and Use Tax) and Chapter 4.10 (Solicitors, Peddlers, Pawnbrokers, S
Dealers, and Other Businesses Regulated by Police) of the Municip
Delete Obsolete References to the California Board of Equalization
Them with References to the California Department of Tax and Fee
Administration

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

A. Historically, the California Board of Equalization (BOE) was the state agency responsible for collecting sales and use tax and other taxes, auditing taxpayers, and hearing tax appeals. In 2017, the Legislature adopted the Taxpayer Transparency and Fairness Act, which created the California Department of Tax and Fee Administration (CDTFA) and assigned most of BOE's former responsibilities for tax collection and administration to the new agency.

B. The Palo Alto Municipal Code includes local provisions implementing sales and use tax responsibilities and recognizing state-issued sellers permits required by the Revenue and Taxation Code. Effective July 1, 2017, these responsibilities were reassigned from BOE to CDTFA. This ordinance amends the update the Municipal Code to show the correct state agency.

SECTION 2. The following sections of Chapter 2.32 (Sales and Use Tax) of the Municipal Code are amended to read as follows:

2.32.040 Purpose.

. . .

(c) To adopt a sales and use tax ordinance which imposes a tax and provides a measure therefor that can be administered and collected by the ~~State Board of Equalization~~ California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the ~~State Board of Equalization~~ California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes; . . .

2.32.050 Contract with state.

Prior to the operative date the city shall contract with the ~~State Board of Equalization~~ California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this chapter, provided, that if the city shall not have contracted with the ~~State Board of Equalization~~ California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date

shall be the first day of the first calendar quarter following the execution o
rather than the first day of the first calendar quarter following the adoptio

2.32.070 Place of sale.

For the purposes of this chapter, all retail sales are consummated at the p f the retailer unless the tangible personal property sold is delivered by the r t to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the state or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the ~~State Board of Equalization~~ California Department of Tax and Fee Administration.

2.32.100 Limitations on adoption of state law.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, wherever the state of California is named or referred to as the taxing agency, the name of the city of Palo Alto shall be substituted therefor. The substitution, however, shall not be made when the word "state" is used as part of the title of the State Controller, the State Treasurer, the State Board of Control, the ~~State Board of Equalization~~ California Department of Tax and Fee Administration, the State Treasury, or the Constitution of the State of California; the substitution shall not be made when the result of that substitution would require action to be taken by or against the city of Palo Alto, or any agency thereof rather than by or against the ~~State Board of Equalization~~ California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this chapter; the substitution shall not be made in those sections, including, but not necessarily limited to, sections referring to the exterior boundaries of the state of California, where the result of the substitution would be to provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the state under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or to impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provisions of that Code; the substitution shall not be made in Sections 6701, 6702 (except in the last sentence thereof), 671 l, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code; and the substitution shall not be made for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 or in the definition of that phrase in Section 6203.

2.32.140 Application of provisions relating to exclusions and exemptions.

(a) Section 232.130 shall become operative on January 1st of the year following the year in which the ~~State Board of Equalization~~ California Department of Tax and Fee Administration adopts an assessment ratio for state-assessed property which is identical to the ratio which is required for local assessments by Section 401 of the Revenue and Taxation Code, at which time Section 2.32.120 shall become operative.

(b) In the event that Section 232.130 becomes inoperative and the ~~State Board of Equalization~~ California Department of Tax and Fee Administration subsequently adopts an assessment ratio for the state-assessed property which is higher than the ratio which is

required for local assessments by Section 401 of the Revenue and Taxation Code, Section 2.32.120 shall become operative on the first day of the month next following the month in which such higher ratio is adopted, at which time Section 232.130 shall become inoperative. On the first day of the month following the month in which the board again adopts a different ratio for state-assessed property which is identical to the ratio required for local assessments by Section 401 of the Revenue and Taxation Code, at which time Section 232.130 shall become operative and Section 2.32.120 shall become inoperative.

SECTION 3. Section 4.10.280 of Chapter 4.10 (Solicitors, Peddlers, Pawnbrokers, Secondhand Dealers, and Other Businesses Regulated by Police) of the Municipal Code is amended to read as follows:

4.10.280 Exemptions.

(a) The provisions of this chapter shall not apply to secondhand goods, wares and merchandise:

(1) Purchased at a public sale or auction;

(2) Purchased from any person holding a ~~State Board of Equalization~~ California Department of Tax and Fee Administration permit number as a seller;

(3) Accepted in trade on the purchase of new merchandise;

(4) Received or purchased by any religious, charitable, civic or fraternal organization for purposes of resale.

SECTION 4. Severability. If any provision, clause, sentence or paragraph of this ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable.

SECTION 5. Effective Date. This ordinance shall be effective on the thirty-first date after the date of its adoption.

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SECTION 6. CEQA. The City Council finds and determines that this O project within the meaning of section 15378 of the California Environment ("CEQA") because it has no potential for resulting in physical change in the her directly or ultimately. In the event that this Ordinance is found to be a proj t is subject to the CEQA exemption contained in CEQA Guidelines section 1506 can be seen with certainty to have no possibility of a significant effect on th that this Ordinance simply clarifies existing local regulations.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

_____
City Clerk

_____
Mayor

APPROVED AS TO FORM:

_____
City Manager

_____
City Attorney

_____
Director of Administrative Services

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: ACTION ITEMS
Lead Department: Public Works

Meeting Date: April 14, 2025
Report #:2501-3991

TITLE

Review and Provide Direction on a Preferred Option for a New Parking Structure and Reserved Space for Future Affordable Housing at 375 Hamilton Avenue and Direct Staff to Pursue Preliminary Design and Environmental Review for the New Downtown Parking Garage Capital Project (PE-15007) for the Preferred Option; CEQA Status - Not a Project

RECOMMENDATION

Staff recommends that the City Council review the proposed options and direct staff to proceed with preliminary design and environmental review for Option 1a, a new 274-space parking garage, featuring six levels of above-ground parking with a reserved area to allow for future construction of affordable housing on the site with separate access on Waverley Street.

EXECUTIVE SUMMARY

In 2014, City Council approved an Infrastructure Plan that initially included nine projects, one of which was a new Downtown Parking Garage aimed at supplementing parking capacity as part of the City's efforts to address parking and traffic congestion. However, following processing of an entitlement application for the new garage and adoption of the environmental analysis, Council placed the project on hold to evaluate further parking management strategies. In December 2023, Council directed staff to resume work on the Downtown Parking Garage project.

Staff recommends building a six-level above-ground parking garage, with designated space for a developer to construct a future affordable housing project on Waverley Street, in alignment with the City's housing development goals. As part of this recommendation, staff has evaluated design options to balance parking capacity, housing integration, and overall project feasibility. These options, along with their respective benefits and trade-offs, are being presented for review and consideration to ensure alignment with City priorities and community needs.

BACKGROUND

The Downtown Parking Garage project was initially included in the Council's 2014 Infrastructure Plan. In 2017-18, Watry Design, Inc. (Watry) conducted the preliminary design and environmental review for a six-level parking structure on the surface lot at Hamilton Avenue and Waverley Street (Lot D). City Council certified the Environmental Impact Report (SCH #

2017052040) and approved the project's planning application in February 2019. However, the project was put on hold to allow for further evaluation of alternative parking management strategies.[1] In December 2023, Council directed staff to resume work on the Downtown Parking Garage project, integrating it with plans for affordable housing development on the site.[2] Program 1.4 of the City's Housing Element establishes an objective of producing 290 affordable housing units by redeveloping up to six City-owned surface lots during the 2023-2031 planning cycle. In the first such effort, the City recently selected Alta Housing as its preferred partner for the potential redevelopment of surface parking Lot T, at the southwest corner of Lytton Avenue and Kipling Street.

The implementing objective for Program 1.4 states that any future project on a City-owned surface parking lot will include replacement public parking. The majority of the surface lots in downtown, including Lot T, contain approximately 50 spaces. The amount of replacement parking will vary by lot and the configuration of the housing development (i.e., how many on-site public parking spaces will be retained and how many new spaces will be provided for residents). However, between replacement public parking and the additional parking demand generated by the new housing stock, Housing Element Program 1.4 could result in a parking deficit compared to current conditions. The Downtown Parking Garage would provide a significant boost to the City's stated objective of providing replacement parking as City-owned surface lots are redeveloped with housing.

In December 2024, Council authorized a contract with Watry to provide design, environmental review, and construction administration services for the New Downtown Parking Garage.[3] The contract included an initial task to develop preliminary design options that include space for a future residential component to align with the City's housing and economic development goals, in addition to an option that maximized parking.

ANALYSIS

Concept Design Options Overview

Following the award of the contract to Watry, several conceptual options were developed for the Downtown Parking Garage, resulting in three primary options:

Option 1: Waverley Residential

This option reduces the garage's parking footprint, with the assumption that future residential housing will be developed next to the parking structure, facing Waverley Street.

Option 2: No Residential

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[1] City Council, February 11, 2019; SR #9263
https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=80584

[2] City Council, December 11, 2023; Item #8; SR #2309-2043
https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=82569

[3] City Council, December 2, 2024, SR#2410-3609
https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=6518

This option excludes a residential component and focuses on maximizing parking within the available footprint.

Option 3: Dogleg Residential
This option reduces the parking footprint of the garage, with the assumption that future residential housing will be located between surrounding buildings, with the garage fronting both Waverley Street and Hamilton Avenue.

Overviews of the conceptual designs and assumed housing unit sizes are provided in Attachment A. The final unit sizes may vary based on the target housing market, with smaller units anticipated in these options. Variations in unit sizes will also impact overall parking demand.

Detailed floor drawings for each option and related alternative options can be found in Attachments B-D, along with a comparative analysis of advantages and disadvantages in Attachment E. Each option reflects a different approach to balancing parking and residential configurations, offering unique advantages and challenges. Table 1 provides a summary of the parking stall and residential unit counts and the benefits and drawbacks under the three options, including the minor differences between sub-options for the options with a residential component.

Table 1: Downtown Parking Garage Option and Sub-Option Benefits and Drawbacks

Option	Sub-Options
Option 1: Waverley Residential	1a: Separate Pedestrian Circulation - 274 stalls, 15 residential units - Benefits: Increased stall count, potential for landscaped city space, clear separation between parking and residential. - Drawbacks: Lower residential unit count, limited unit types, higher costs due to elevators and infrastructure. 1b: Shared Pedestrian Circulation - 274 stalls, 15 residential units - Benefits: Increased residential area by removing elevators and stairs. - Drawbacks: Shared pedestrian circulation may reduce residential space quality; code requirements for separation could increase costs and space needs. 1c: With Podium - 278 stalls, 15 residential units - Benefits: Slightly more parking. - Drawbacks: Architectural challenges at Waverley, potential issues if residential development is delayed, openness issues at level 1 requiring further parking separation.

Option 2: No Residential	- 329 stalls, 0 residential units - Benefits: Maximizes parking. - Drawbacks: No opportunity for residential development on this site.
Option 3: Dogleg Residential	3a: Separate Pedestrian Circulation - 209 stalls, 25 residential units - Benefits: Maximized residential space and unit diversity, potential tax incentives. - Drawbacks: Residential units placed along alleyway and behind adjacent buildings; increased costs due to required elevator and separation of building types. 3b: Shared Pedestrian Circulation - 209 stalls, 25 residential units - Benefits: Maximized residential area and unit types. - Drawbacks: Shared pedestrian circulation may lower residential space quality; separation requirements increase costs. 3c: With Podium - 213 stalls, 25 residential units - Benefits: Provides additional structure. - Drawbacks: Residential units placed along alleyway and behind adjacent buildings, significant planning adjustments to optimize the use of the space, openness issues at level 1 requiring planning adjustments.

Parking and Residential Capacity Comparison

Table 2 shows the calculations for the net parking added by each option. Note the housing demand parking stalls are assumed based on the typical unit sizes.

Table 2: Net Parking Added by Each Option

	Option 1a	Option 1b	Option 1c	Option 2	Option 3a	Option 3b	Option 3c
Total Stalls in Garage	274	274	278	329	209	209	216
Existing Lot D Replacement	-86	-86	-86	-86	-86	-86	-86
Estimated Housing Parking Demand	-25	-20	-22	0	-50	-40	-45
Net Added Public Parking Stalls	163	168	167	243	73	83	85

In January 2025, Council supported a proposal to develop a seven-story affordable housing project with approximately 80 apartments on Lot T, located at Lytton Avenue and Kipling Street.[4] To offset the 52 parking spaces displaced by this development, the Council has considered utilizing the new Downtown Parking Garage as a replacement.

[4] City Council, January 21, 2025, SR#2409-3513
file:///C:/Users/gyu/Downloads/Item%209%20Staff%20Report.pdf

Table 3 shows the calculations for the net parking added by each option when the loss of surface parking at Lot T is considered.

Table 3: Net Parking Added by Each Option Considering Parking Lot T							
	Option 1a	Option 1b	Option 1c	Option 2	Option 3a	Option 3b	Option 3c
Added Public Parking Stalls (From Table 2)	163	168	167	243	73	83	85
Lot T Replacement	-52	-52	-52	-52	-52	-52	-52
Net Added Public Parking Stalls	111	116	115	191	21	31	33

Fees collected from developers under the parking in-lieu fee program represent a significant funding source for the project. As such, both the number of stalls and their availability as public parking should reflect the expectation of public availability established under this funding program.

In March 2025, staff from Public Works Engineering and Watry met with Alta Housing staff to review the conceptual residential design options. Alta Housing staff expressed a strong preference for Option 1a Waverley Residential (Separate Circulation). Alta Housing staff highlighted the natural light, more prominent entrance, and overall improved livability of this option. They noted that a shared elevator in Option 1b would pose security concerns due to increased foot traffic from the garage. Option 1a's design also addresses potential financing challenges, which were a concern with the podium options. Additionally, the dogleg residential options were not favored due to issues with property management oversight and the suboptimal location of residential units along the alleyway. Alta Housing further confirmed that unit sizes and parking demand will vary based on the target tenant market.

Preliminary Rough Order of Magnitude (ROM) construction cost estimates for these garage options range from $20-24 million, with Option 2 being the most costly and Options 3a and b being the least. These preliminary cost estimates have not been thoroughly reviewed by staff and do not include a number of other costs that would ultimately be part of a full project budget. They are provided here for Council's understanding of the relative differences between the options and sub-options.

Table 4: Construction Cost of Each Option for the Garage Portion Only							
	Option 1a	Option 1b	Option 1c	Option 2	Option 3a	Option 3b	Option 3c
Construction Cost	$23,078,776	$23,146,692	$24,030,137	$24,069,177	$20,642,976	$20,642,976	$22,549,314
Cost per Stall	$84,229	$84,477	$86,439	$73,159	$98,770	$98,770	$104,395

The proposed parking garage supports the City's broader downtown goals by improving parking availability, supporting local businesses, and enhancing mobility. By incorporating designated space for a future affordable housing development, the Waverley Residential and Dogleg Residential options also align with the City's housing development objectives. As the City moves forward with affordable housing initiatives, the demand for replacement public parking will

increase. By the time the housing is constructed, the additional parking capacity provided by the garage will be essential to offset the public parking lost to redevelopment. This proactive approach ensures that access to downtown businesses and services remains convenient while advancing key priorities in housing and urban development.

Staff recommends Option 1a Waverley Residential (Separate Circulation) as the preferred option. This option offers the best balance of parking capacity and residential development. It includes 274 stalls, with the added benefit of creating landscaped public space prior to construction of the residential phase. The separation of parking and residential areas enhances the development's structure and clarity. Additionally, the flexibility in residential floor height allows for varied unit types, making the design more adaptable.

Zoning Consistency

The project site is zoned public facility (PF). Allowed uses within this zone district include public facilities and uses owned or leased by the City of Palo Alto. Both the parking garage and any future affordable housing on the site, so long as the site continues to be owned or leased by the City, would be permitted.

The proposed parking garage does not comply with all of the relevant development standards for the Public Facilities (PF) Zone District, including lot coverage, floor area ratio, height, and setbacks. However, PAMC Section 18.28.060(e) allows Council to amend any of the development standards for the PF Zone District for a public parking garage, and appurtenant structures, where the parking facility is the principal use and is owned or leased and operated or used by the City of Palo Alto, within the Downtown business district, in order to achieve community objectives. The zoning development standards for the proposed parking garage and any housing component, so long as the parking structure remains the principal use of the site, may therefore be modified at the discretion of Council. Council's feedback on the anticipated exceptions will help inform the preliminary design.

Following preparation of a preliminary design, Public Works Engineering will file an application for Architectural Review, which will be brought forth to the ARB for a recommendation and Council for decision.

FISCAL/RESOURCE IMPACT

The existing contract with Watry covers the next phase of the project design and environmental review work. Funding for this continued design is available in the Fiscal Year 2025 Adopted Capital Budget for the New Downtown Parking Garage project (PE-15007). This project will require additional funding sources in addition to the $17.6 million project budget for the construction of the garage.

Watry will provide updated construction cost estimates at the completion of the schematic design, design development, and construction document phases. Staff will use this information to prepare and analyze funding options for the construction phase of the project, which will be presented to the Council in the future.

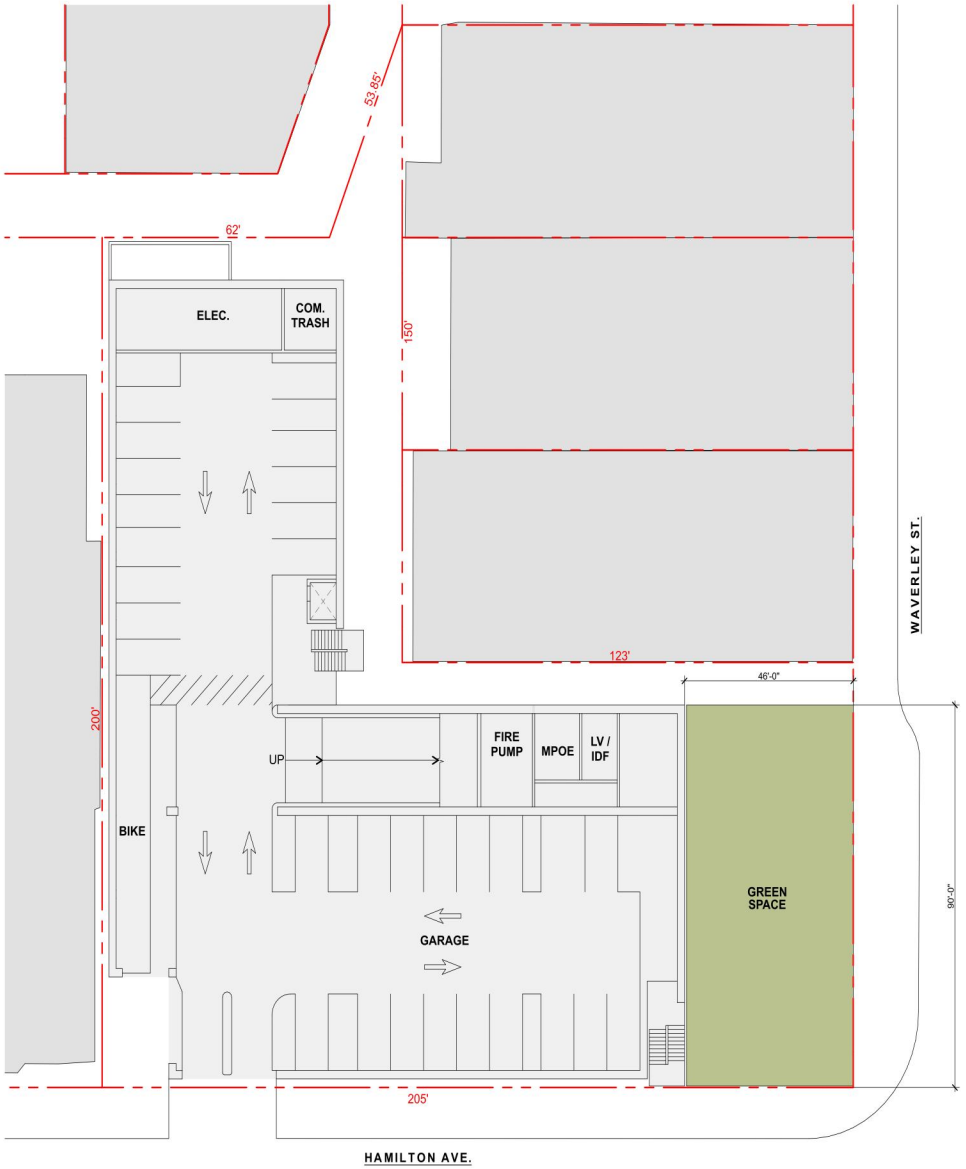
STAKEHOLDER ENGAGEMENT
Staff will engage stakeholders for feedback through the design development process.

ENVIRONMENTAL REVIEW
Council action on this item is not a project as defined by the California Environmental Quality Act (CEQA). Council direction on a preferred option does not constitute approval of the New Downtown Parking Garage project. The scope of work for the design contract includes preparation of an environmental review document. The environmental review will be based off the Environmental Impact Report (EIR) for the Downtown Parking Garage, which was certified by the Council on February 11, 2019.[5]

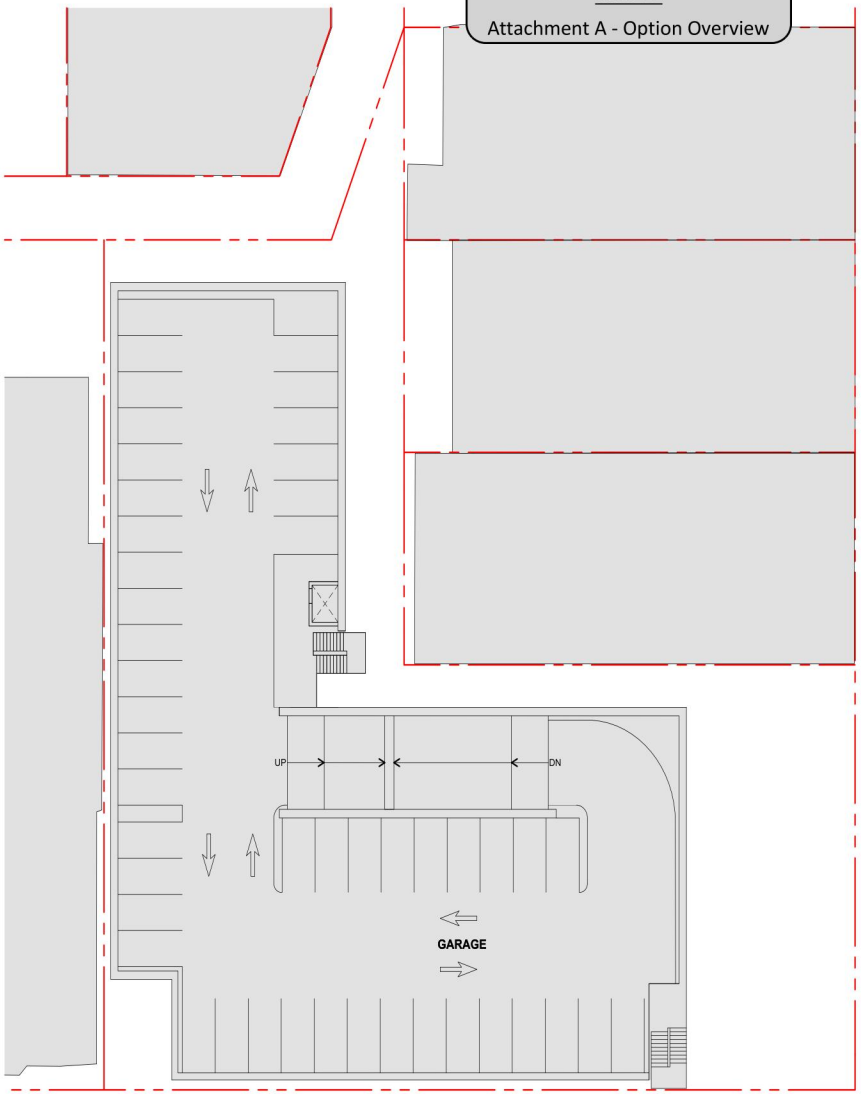
ATTACHMENTS
Attachment A: Option Overview
Attachment B: Option 1 - Waverley Residential
Attachment C: Option 2 - No Residential
Attachment D: Option 3 - Dogleg Residential
Attachment E: Option Appraisal

APPROVED BY:
Brad Eggleston, Director Public Works/City Engineer

[5] Resolution No. 9818, February 11, 2019
https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=54056



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

0' 20' 40' 60' 100'

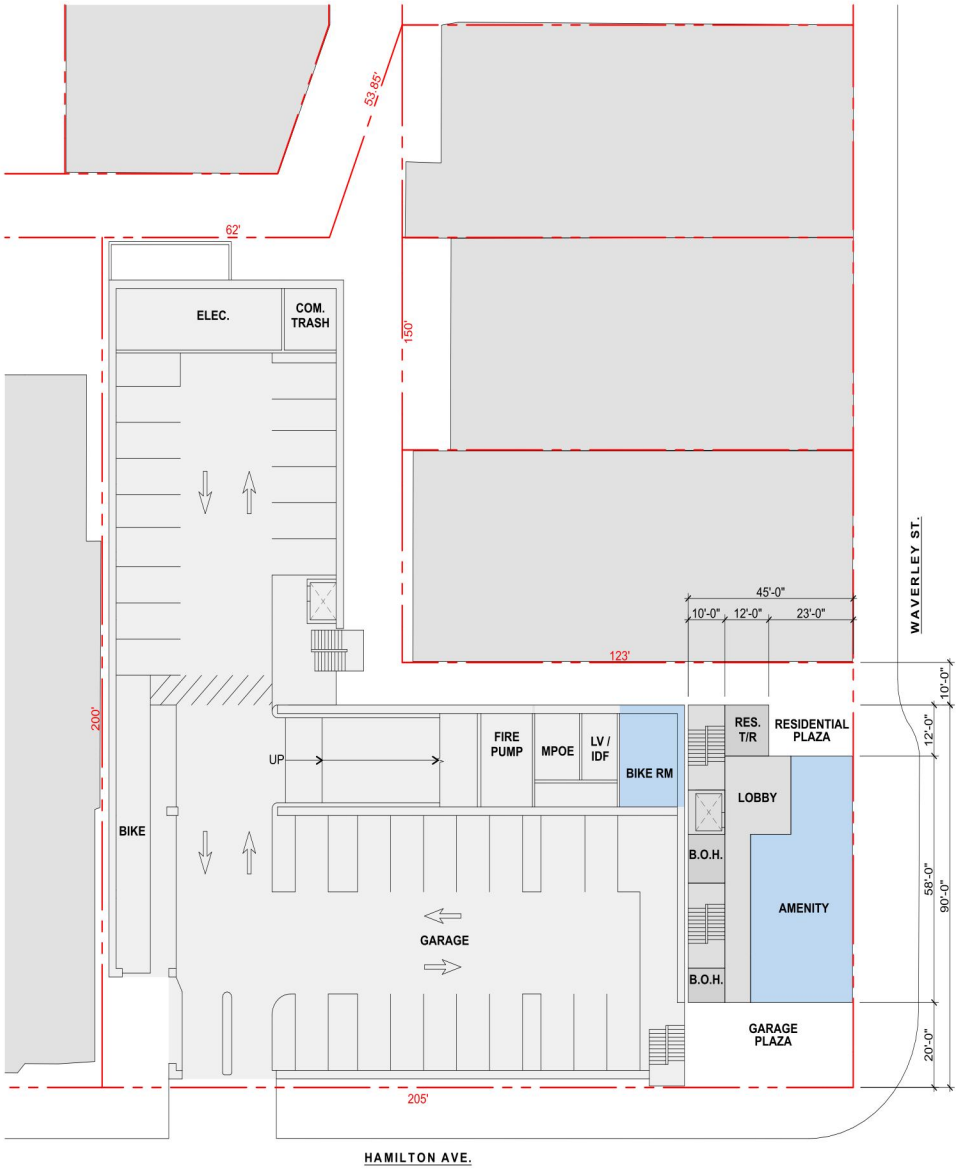
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

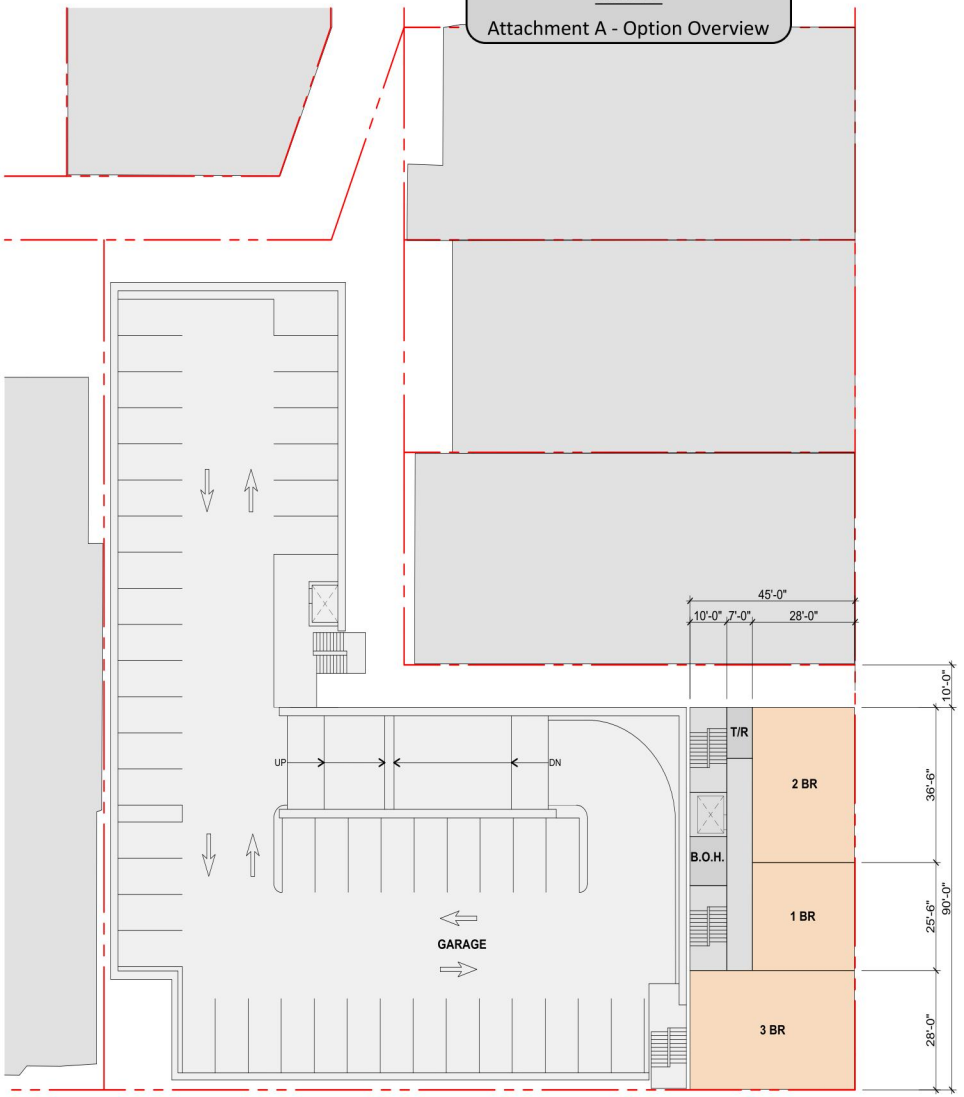
OPTION 1, PRIOR TO WAVERLEY RESIDENTIAL

HG PROJECT # 2501.00
DATE: 02.06.2025

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

STALL COUNT:	274
TOTAL UNIT COUNT:	15
UNIT COUNT:	(5) 1 BR @ 714 SQ FT EACH
	(5) 2 BR @ 1022 SQ FT EACH
	(5) 3 BR @ 1260 SQ FT EACH
TOTAL UNIT AREA:	14,980 SQ FT

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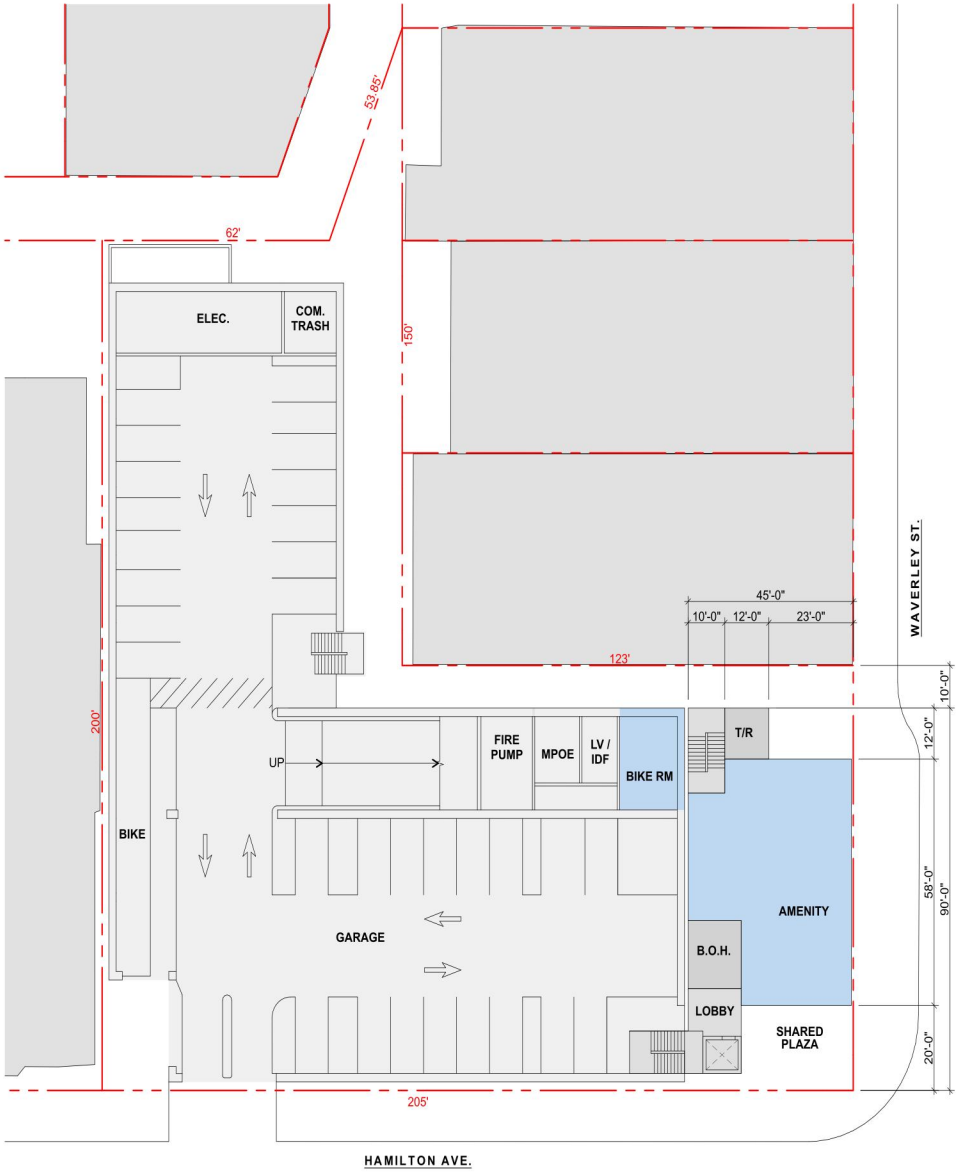
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

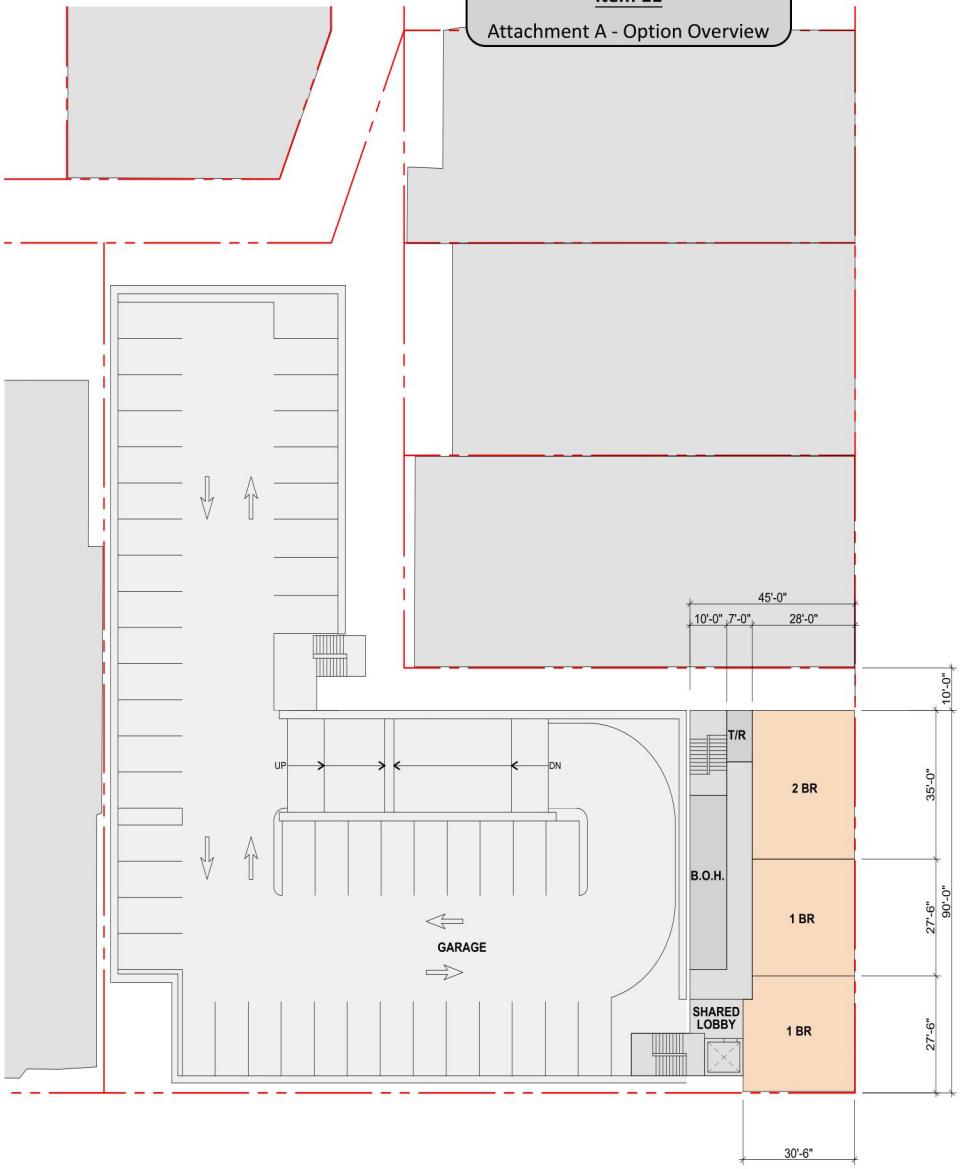
HG PROJECT # 2501.00
DATE: 02.06.2025

OPTION 1a, WAVERLEY RESIDENTIAL, SEPARATE CIRCULATION

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

STALL COUNT:	274
TOTAL UNIT COUNT:	15
UNIT COUNT:	(10) 1 BR @ 770 SQ FT EACH
	(5) 2 BR @ 980 SQ FT EACH
	(0) 3 BR
TOTAL UNIT AREA:	12,600 SQ FT

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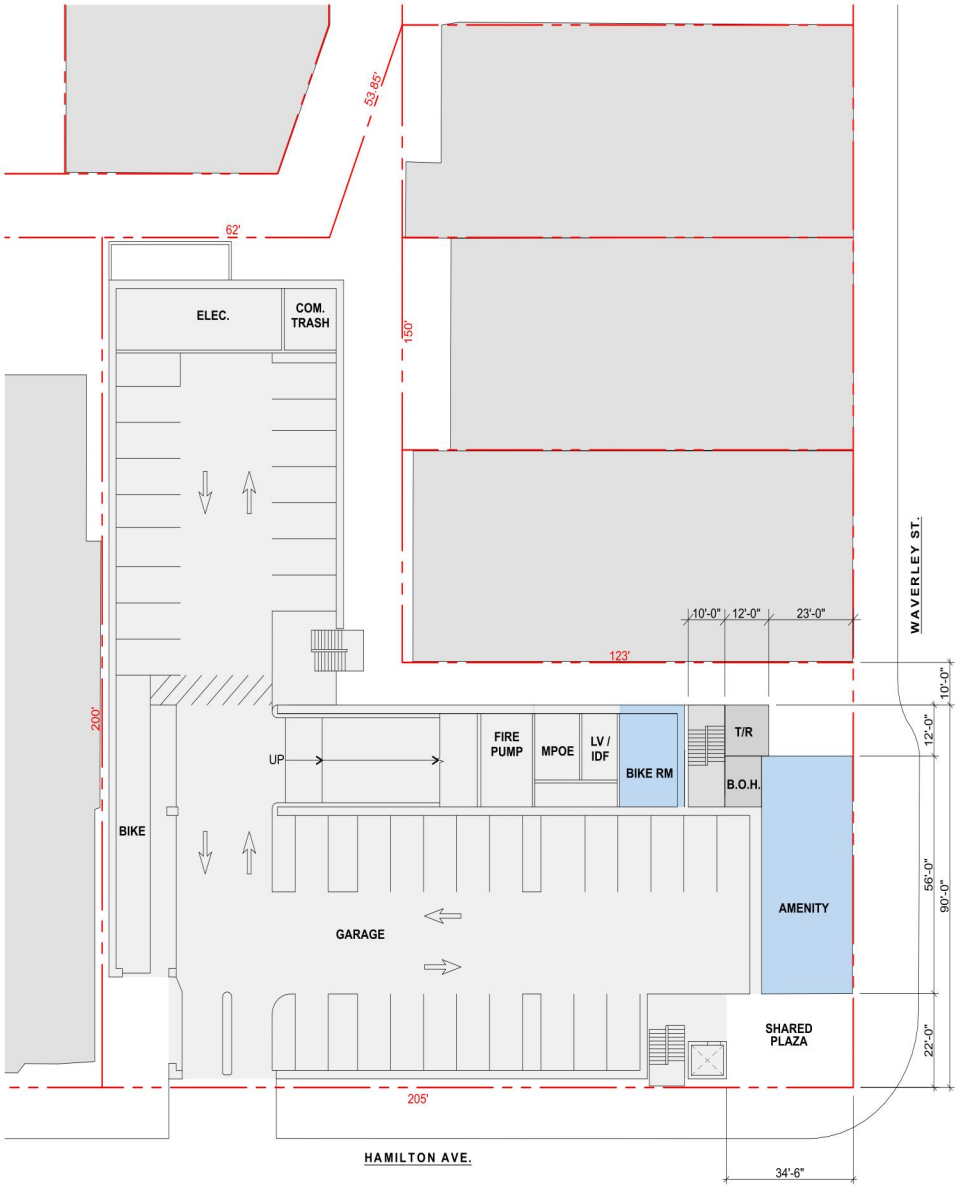
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

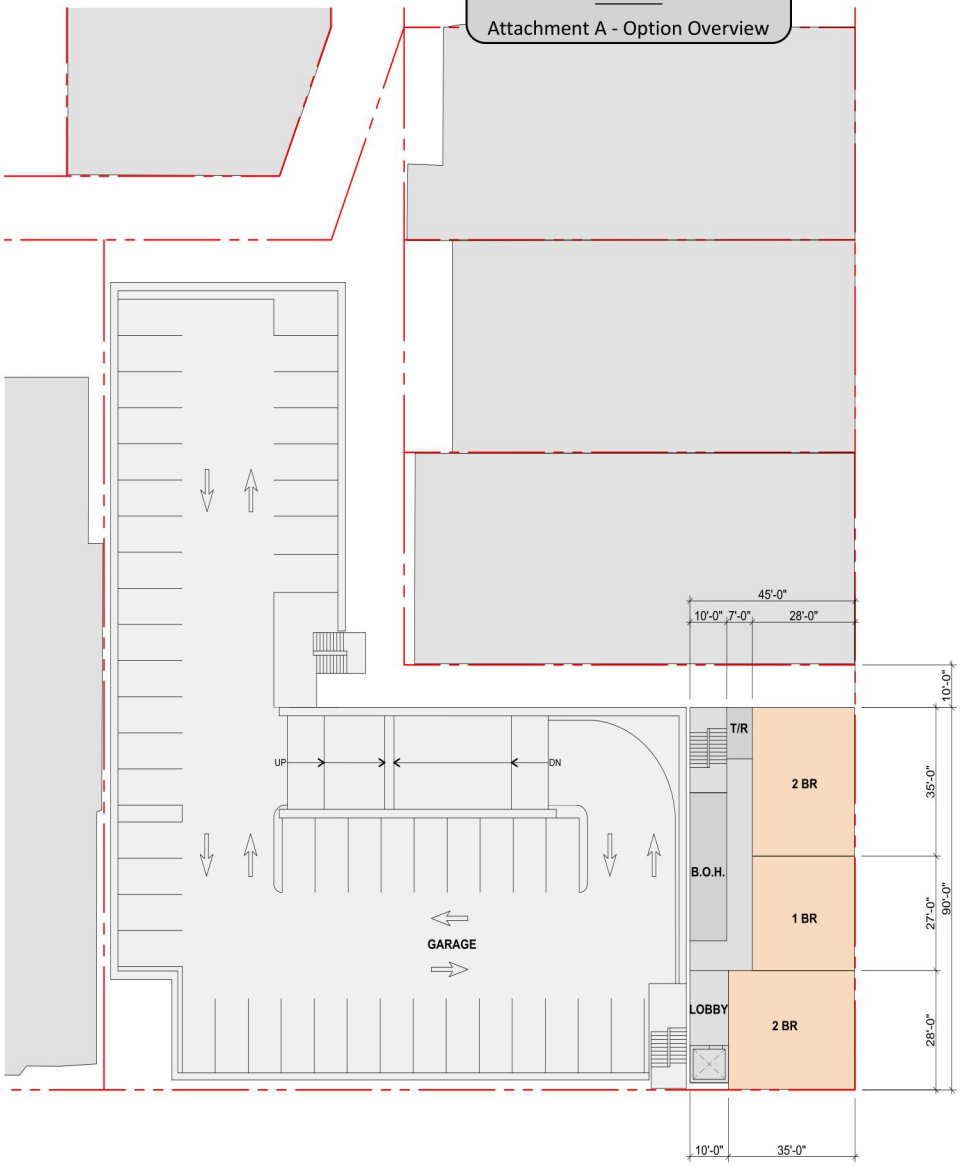
HG PROJECT # 2501.00
DATE: 02.06.2025

OPTION 1b, WAVERLEY RESIDENTIAL, SHARED CIRCULATION

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

STALL COUNT:	302
TOTAL UNIT COUNT:	15
UNIT COUNT:	(5) 1 BR @ 756 SQ FT EACH
	(10) 2 BR @ 980 SQ FT EACH
	(0) 3 BR
TOTAL UNIT AREA:	13,580 SQ FT

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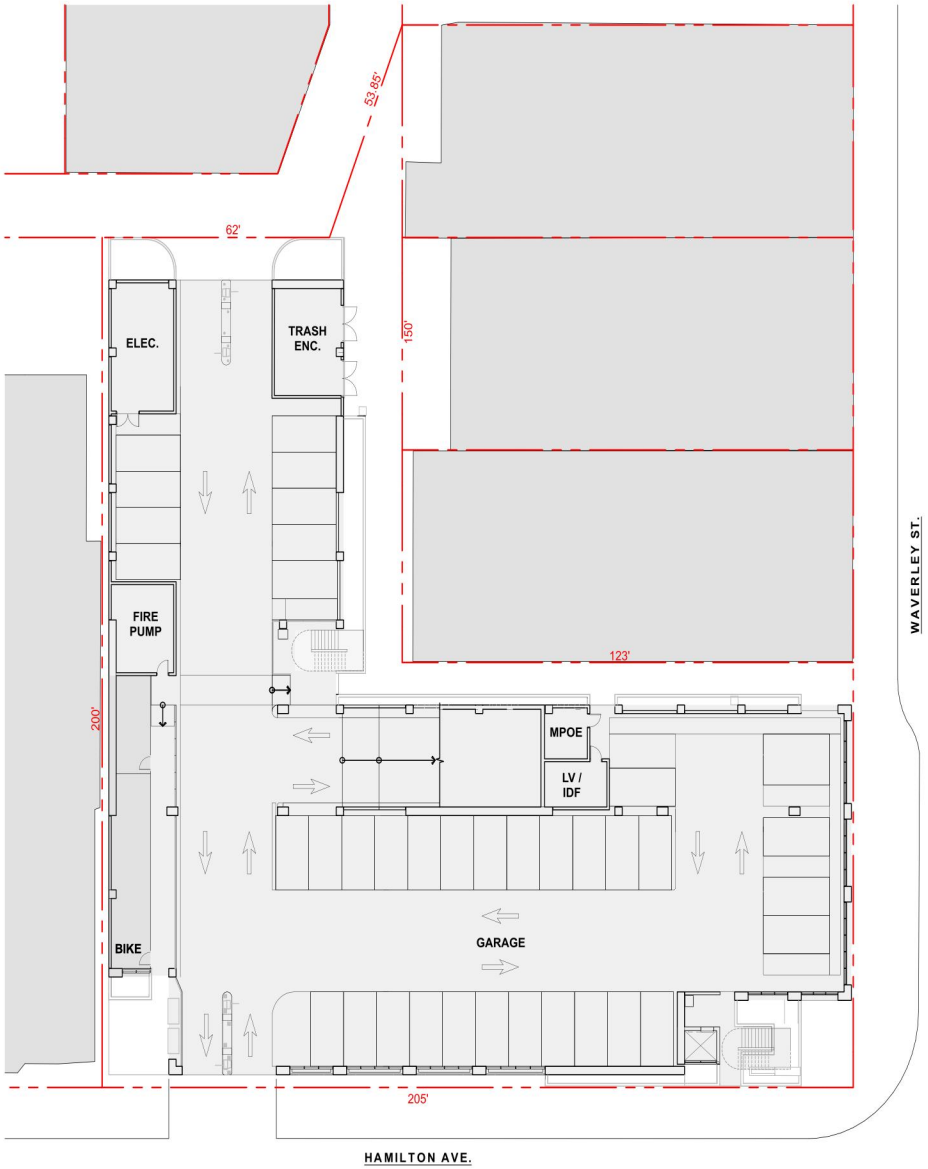
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

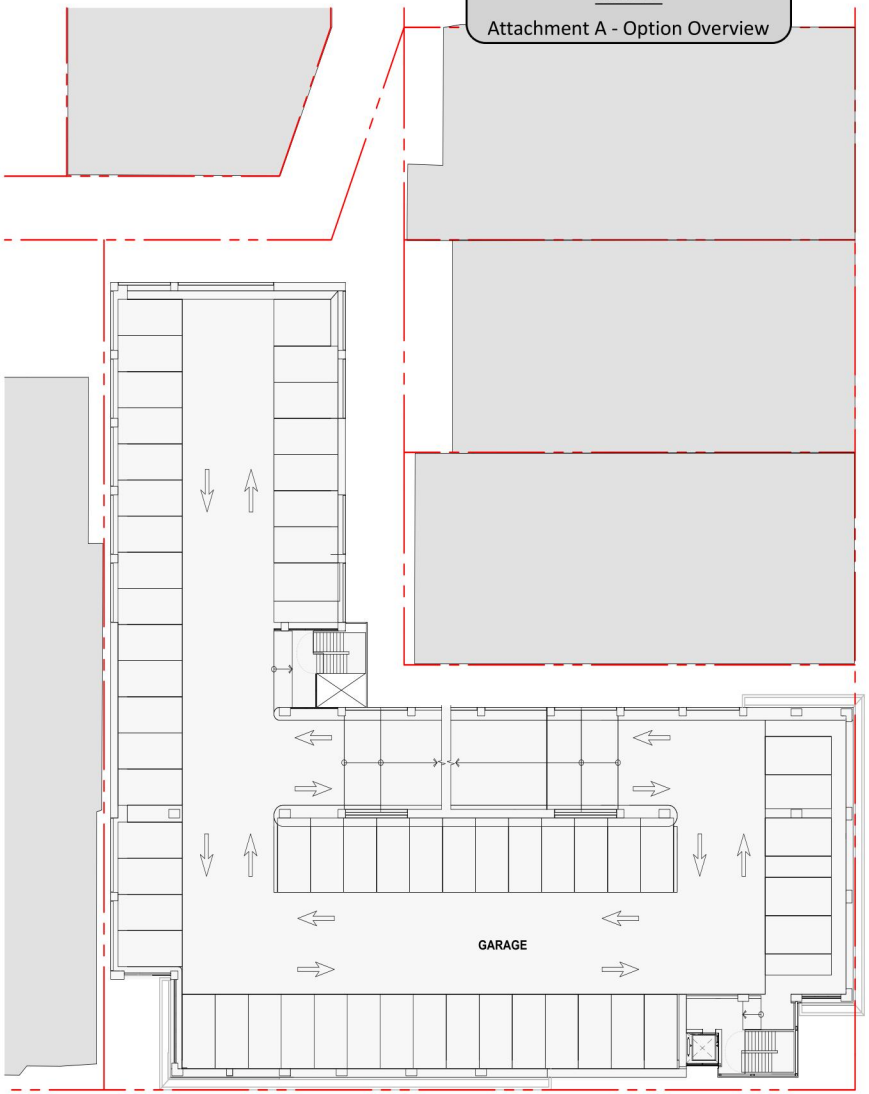
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DATE: 02.06.2025

OPTION 1c, WAVERLEY RESIDENTIAL, WITH PODIUM

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

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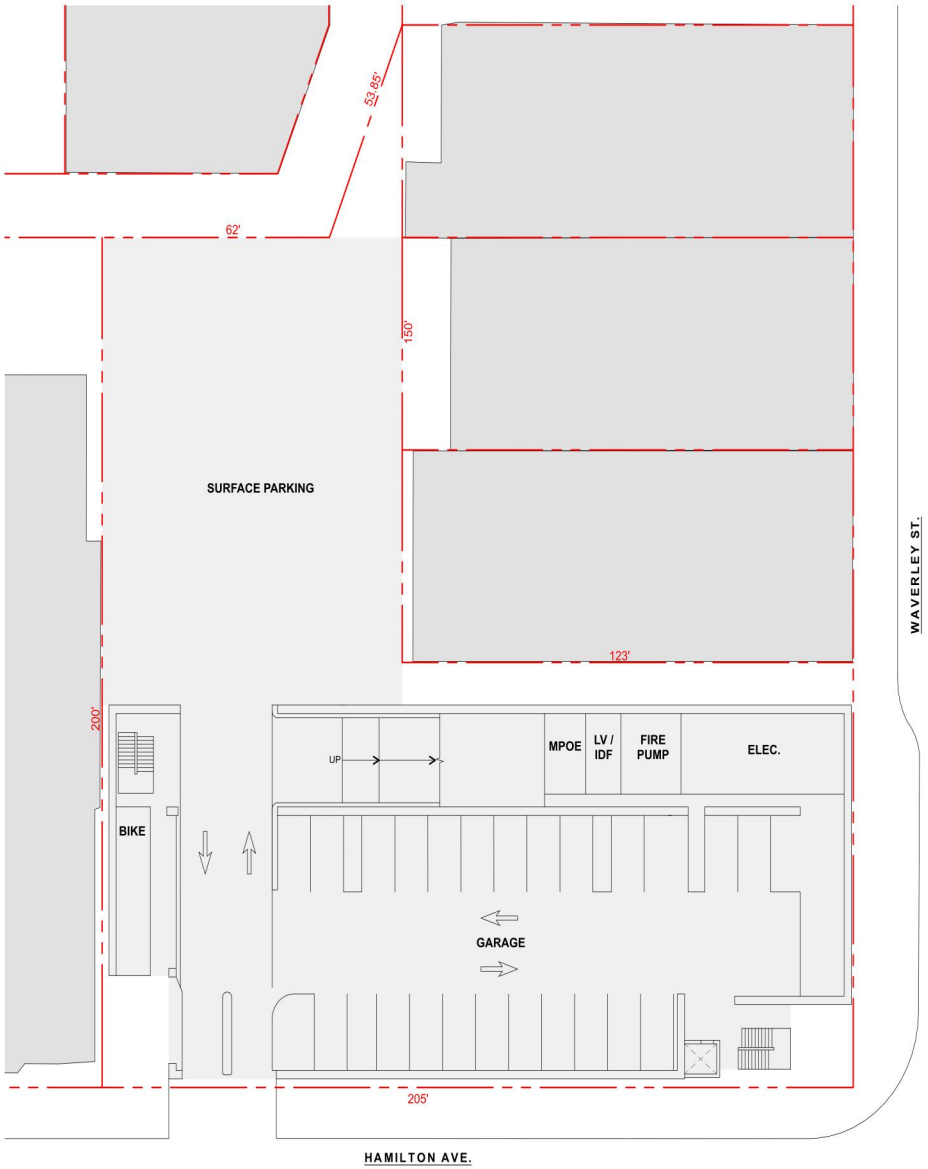
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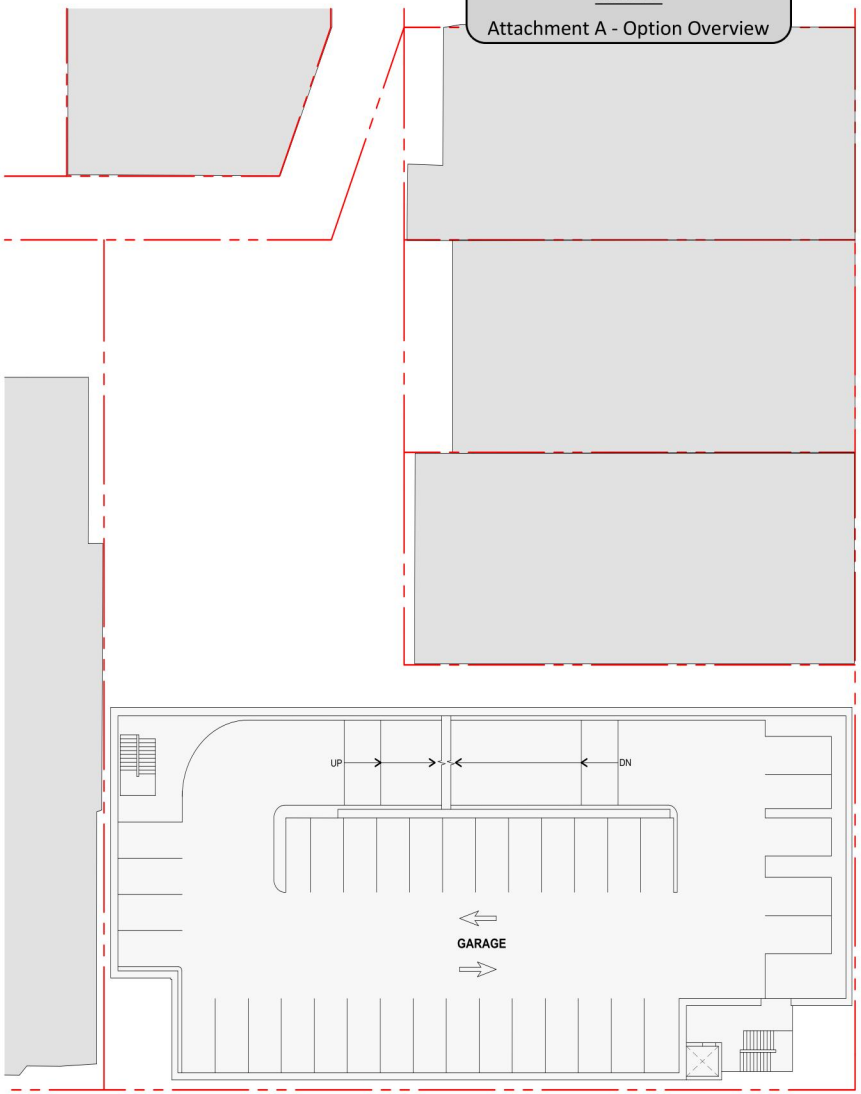
OPTION 2, NON-RESIDNTIAL

HG PROJECT # 2501.00
DATE: 02.06.2025

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PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

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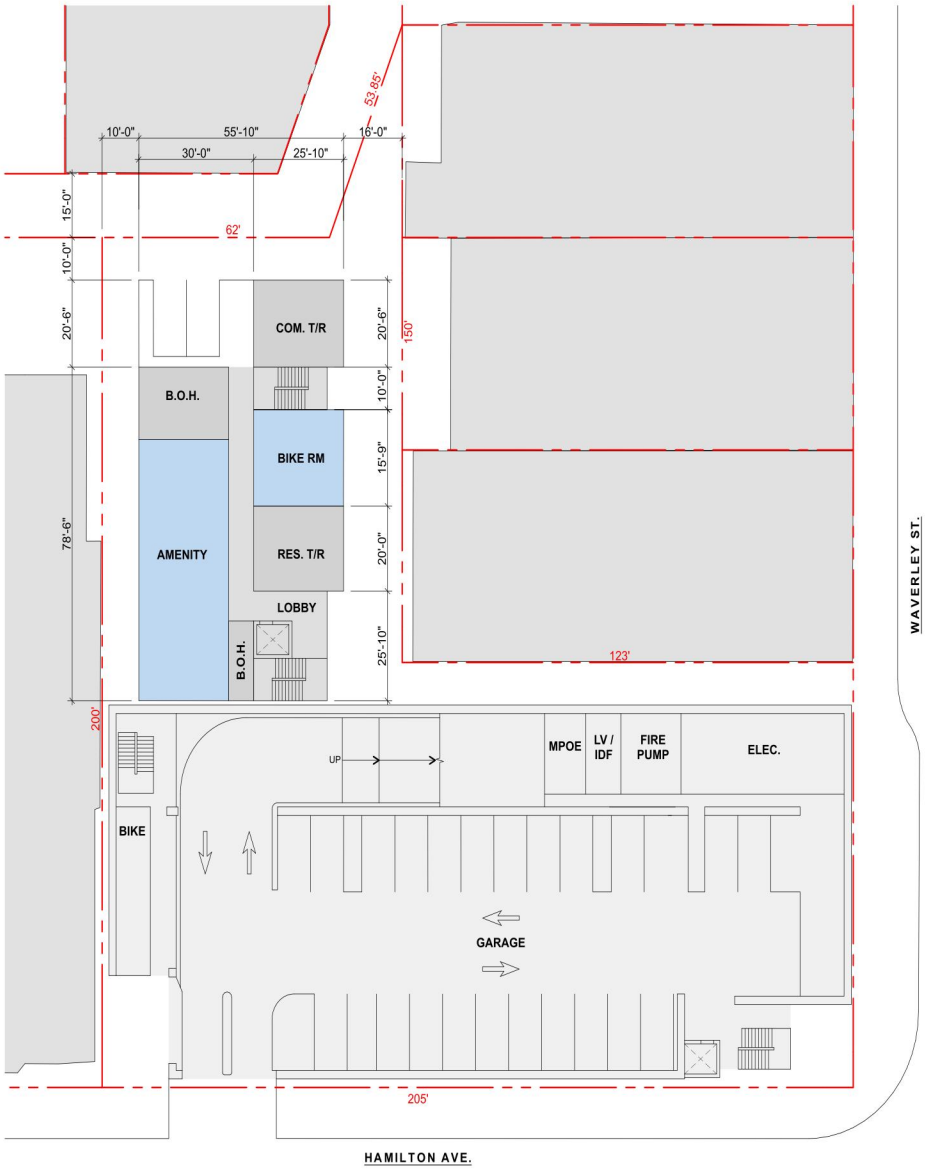
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

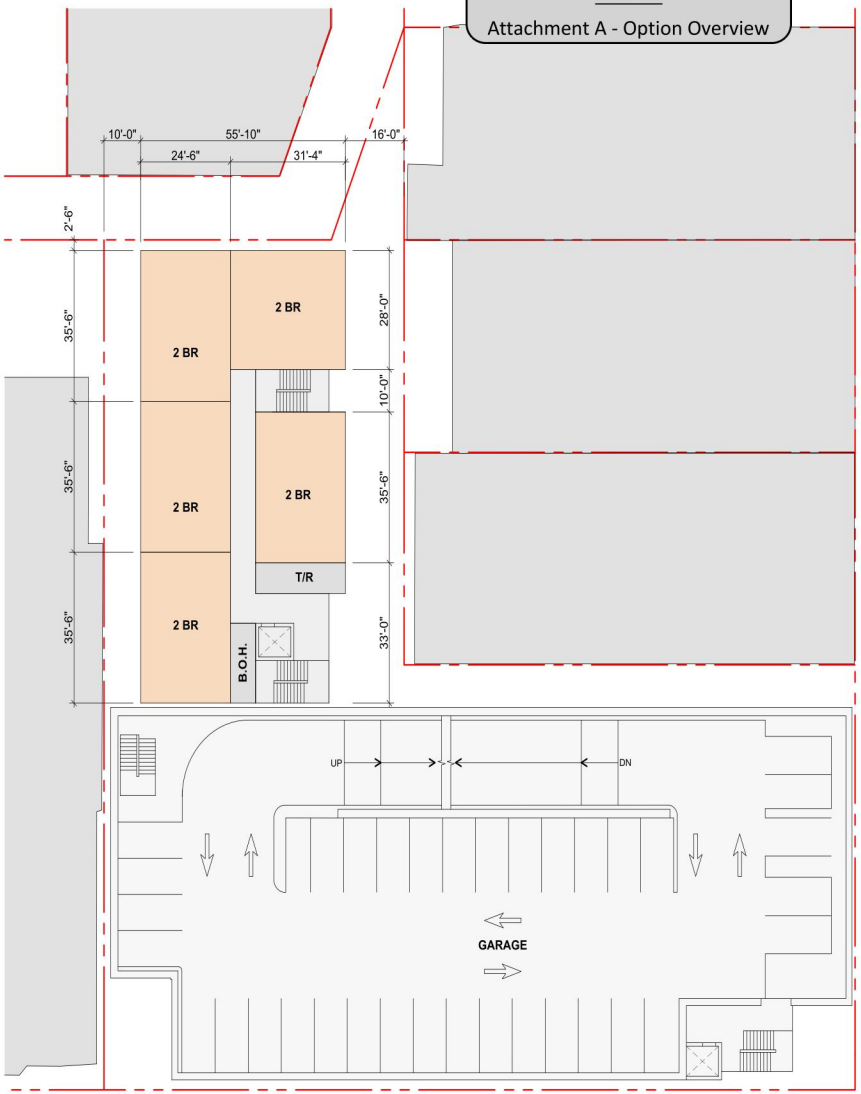
OPTION 3, PRIOR TO DOGLEG RESIDENTIAL

HG PROJECT # 2501.00
DATE: 02.06.2025

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

STALL COUNT:	209
TOTAL UNIT COUNT:	25
UNIT COUNT:	(0) 1 BR
	(25) 2 BR @ 870 SQ FT EACH
	(0) 3 BR
TOTAL UNIT AREA:	21,750 SQ FT

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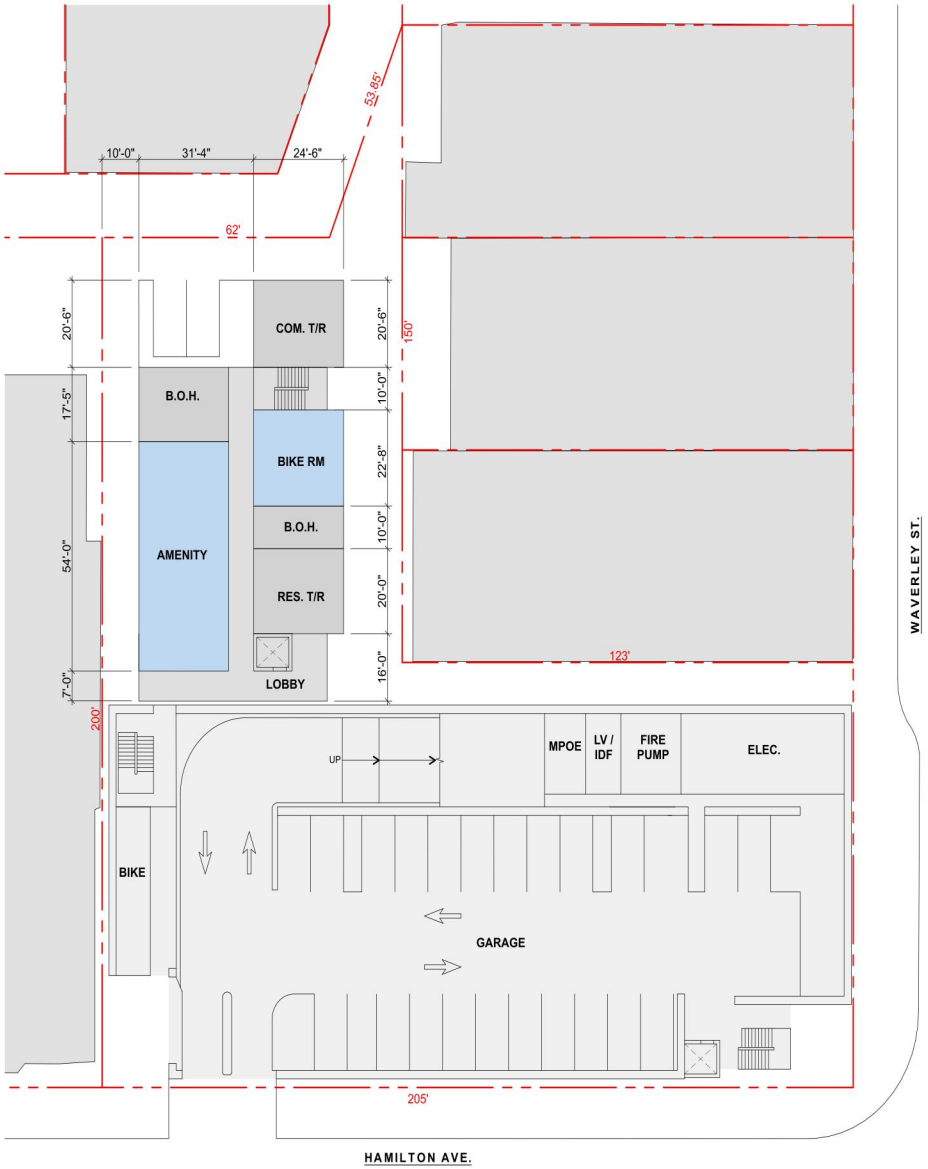
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

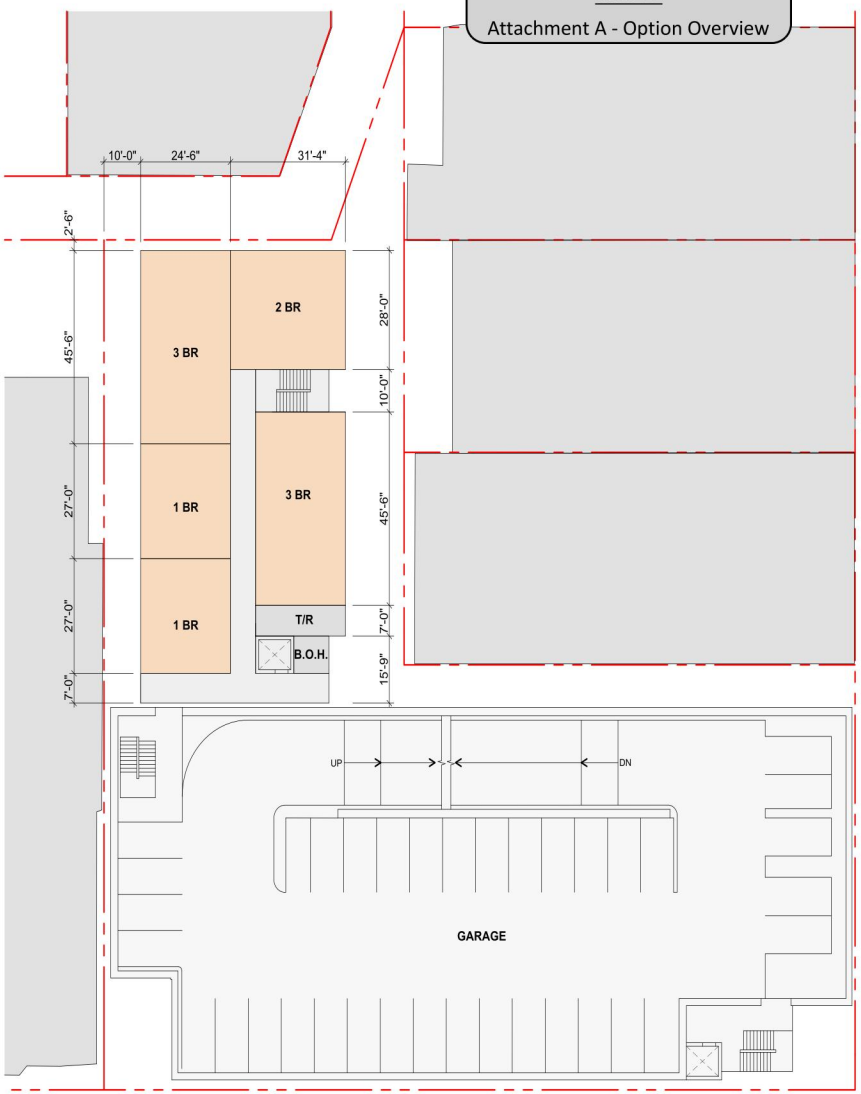
OPTION 3a, DOGLEG RESIDENTIAL, SEPARATE CIRCULATION

HG PROJECT # 2501.00
DATE: 02.06.2025

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

STALL COUNT:	209
TOTAL UNIT COUNT:	25
UNIT COUNT:	(10) 1 BR @ 660 SQ FT EACH
	(5) 2 BR @ 877 SQ FT EACH
	(10) 3 BR @ 1115 SQ FT EACH
TOTAL UNIT AREA:	22,135 SQ FT

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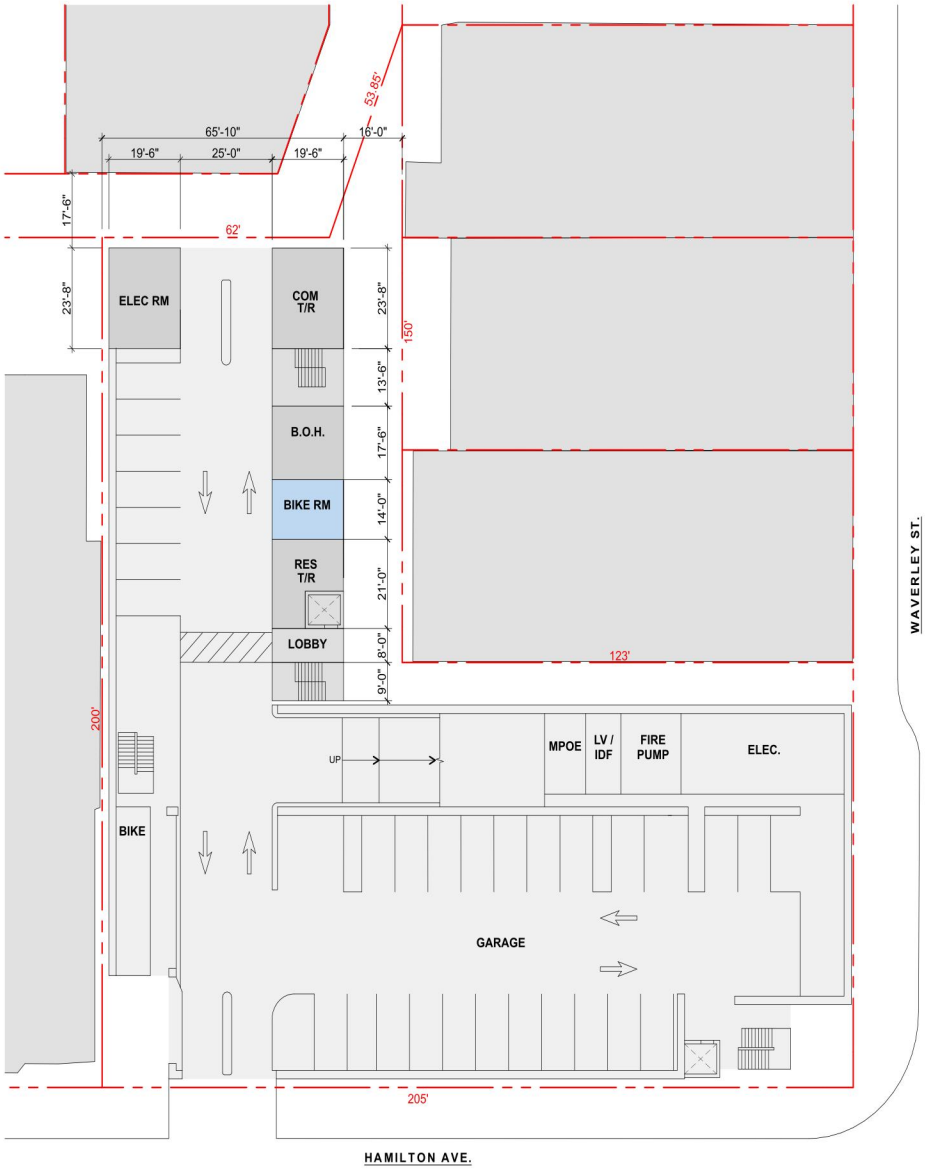
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

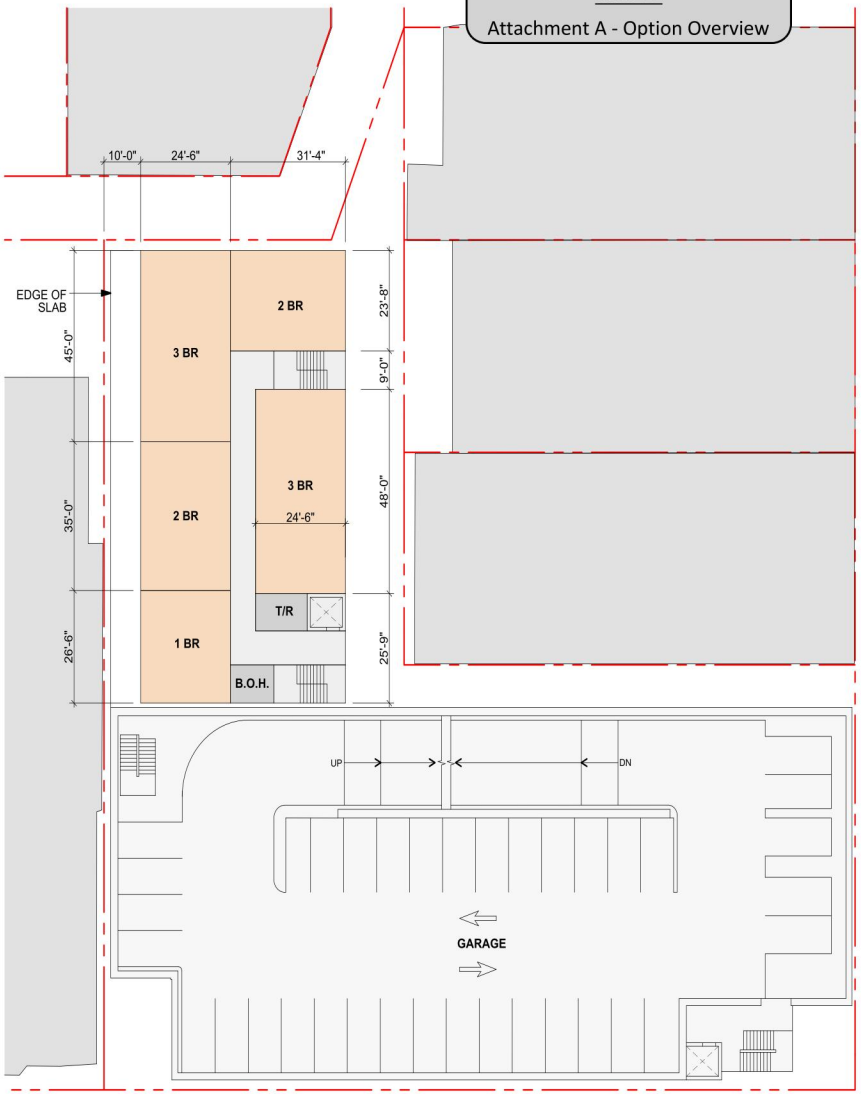
OPTION 3b, DOGLEG RESIDENTIAL, SHARED CIRCULATION

HG PROJECT # 2501.00
DATE: 02.06.2025

SCALE: 3/32" = 1'-0"



PLAN, GROUND LEVEL



PLAN, LEVELS 2 - 6

STALL COUNT:	209
TOTAL UNIT COUNT:	25
UNIT COUNT:	(5) 1 BR @ 650 SQ FT EACH
	(10) 2 BR @ 870 SQ FT EACH
	(10) 3 BR @ 1100 SQ FT EACH
TOTAL UNIT AREA:	22,950 SQ FT

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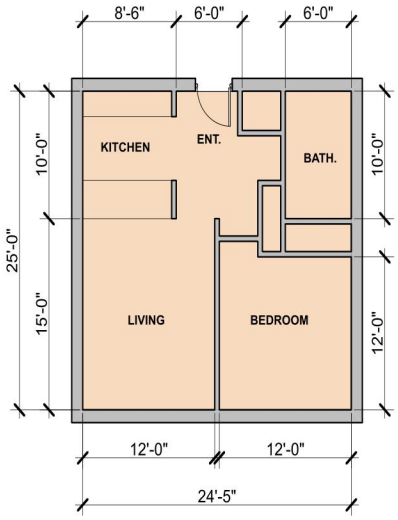
HAYES GROUP ARCHITECTS

CITY OF PALO ALTO, LOT D GARAGE

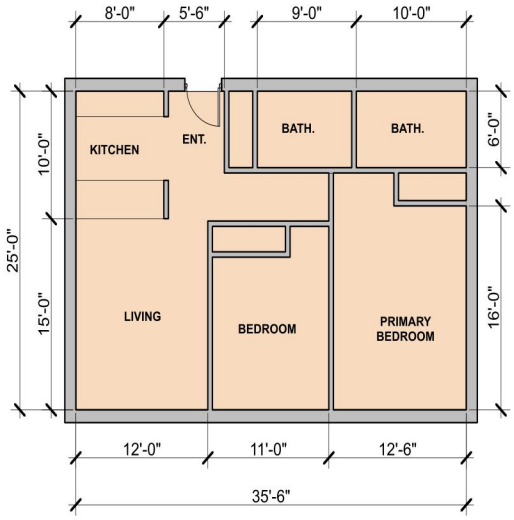
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OPTION 3c, DOGLEG RESIDENTIAL, WITH PODIUM

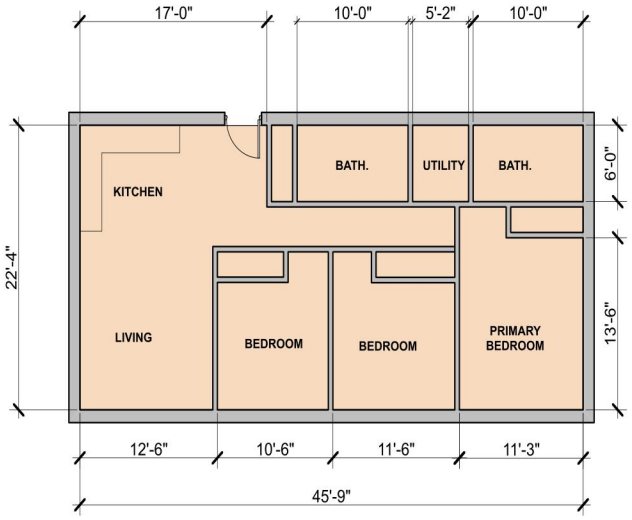
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713 SF



1,012 SF



1,162 SF

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CITY OF PALO ALTO, LOT D GARAGE

HG PROJECT # 2501.00
DATE: 02.06.2025

TYPICAL UNIT PLANS

SCALE: 3/32" = 1'-0"



PARKING STALL SUMMATION

LEVEL	STANDARD (8'-6" MIN. or 9'-0"x17'-6")	ACCESSIBLE (9'-0"x18'-0")	VAN ACCESSIBLE (9'-0"x18'-0")	EVCS (9'-0"x17'-6")	EV CAP (9'-0"x17'-6")	EVCS ACCESSIBLE (9'-0"x18'-0")	EVCS VAN ACCESSIBLE (12'-0"x18'-0")	TOTAL	SQ FOOTAGE	SQ. FT./STALL
LEVEL 06	51	0	0	0	0	0	0	51	18,655	366
LEVEL 05	48	0	0	0	0	0	0	48	19,388	404
LEVEL 04	48	0	0	0	0	0	0	48	19,388	404
LEVEL 03	48	0	0	0	0	0	0	48	19,388	413
LEVEL 02	48	0	0	0	0	0	0	48	19,541	416
LEVEL 01	15	5	2	7	0	1	1	31	22,666	731
TOTAL	258	5	2	7	0	1	1	274	119,026	438

LEVEL 01 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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WATRY DESIGN, INC.
San Jose, California
Long Beach, California
watrydesign.com

NOT FOR CONSTRUCTION

LEVEL 01 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL
PALO ALTO, CA

REVISIONS

NO.	DATE	BY

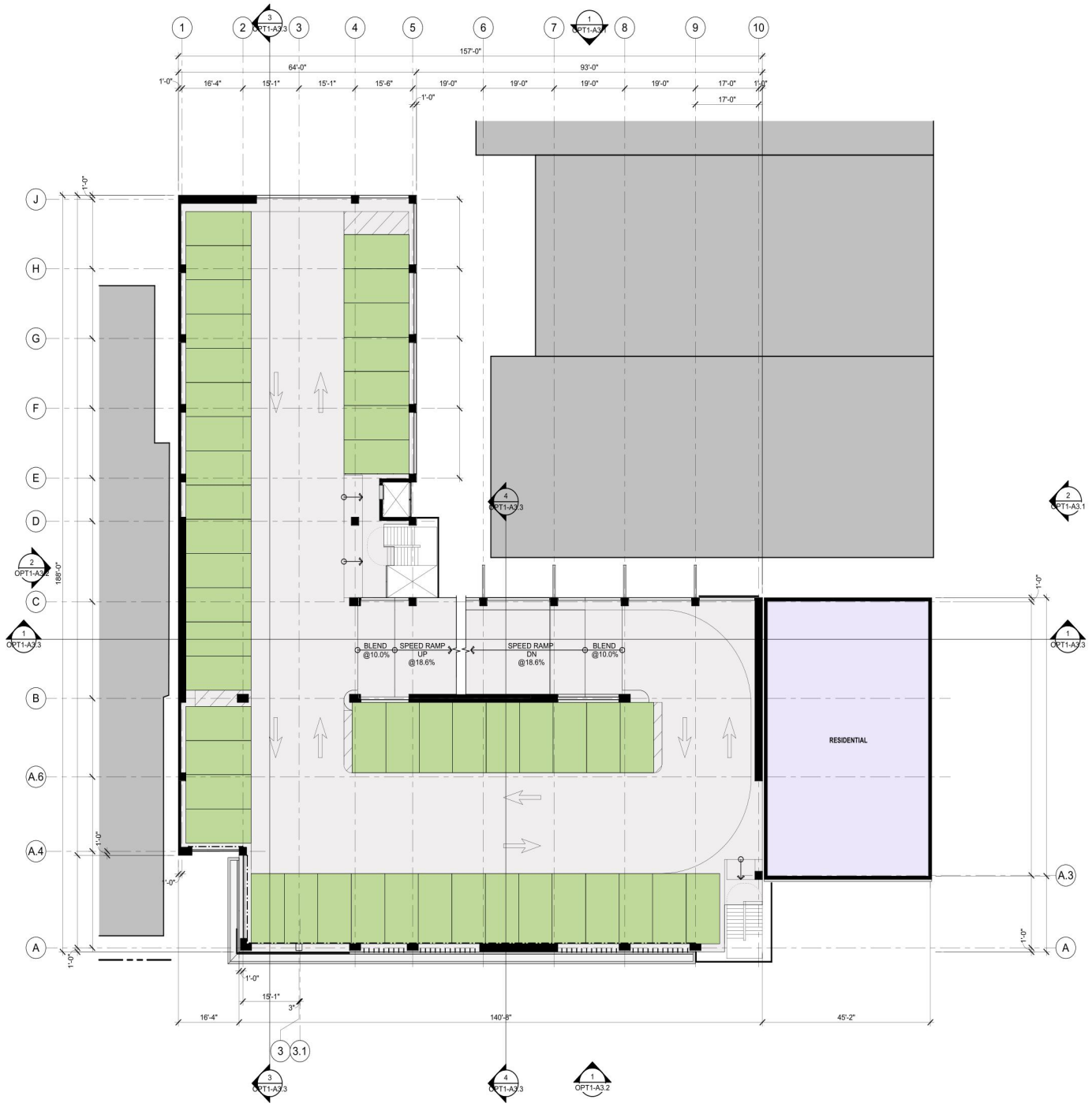
CONCEPT DESIGN

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DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:
OPT1-A2.1

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LEVEL 02 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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San Jose, California
Long Beach, California
watrydesign.com

NOT FOR CONSTRUCTION

LEVEL 02 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

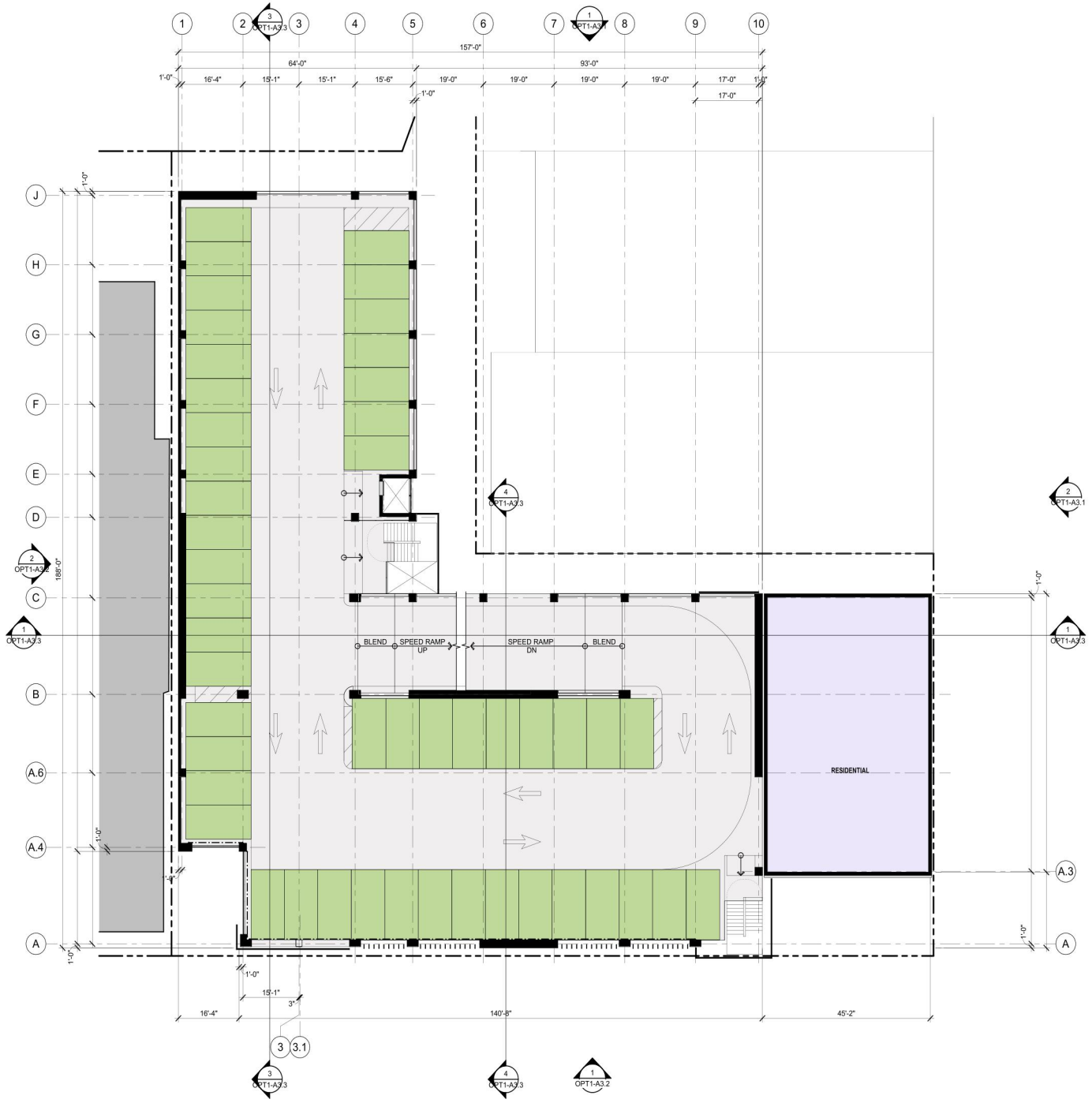
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SCALE :	As indicated

SHEET:
OPT1-A2.2

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2/3/2025 11:07:09 AM



LEVEL 03 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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Long Beach, California
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NOT FOR CONSTRUCTION

LEVEL 03 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

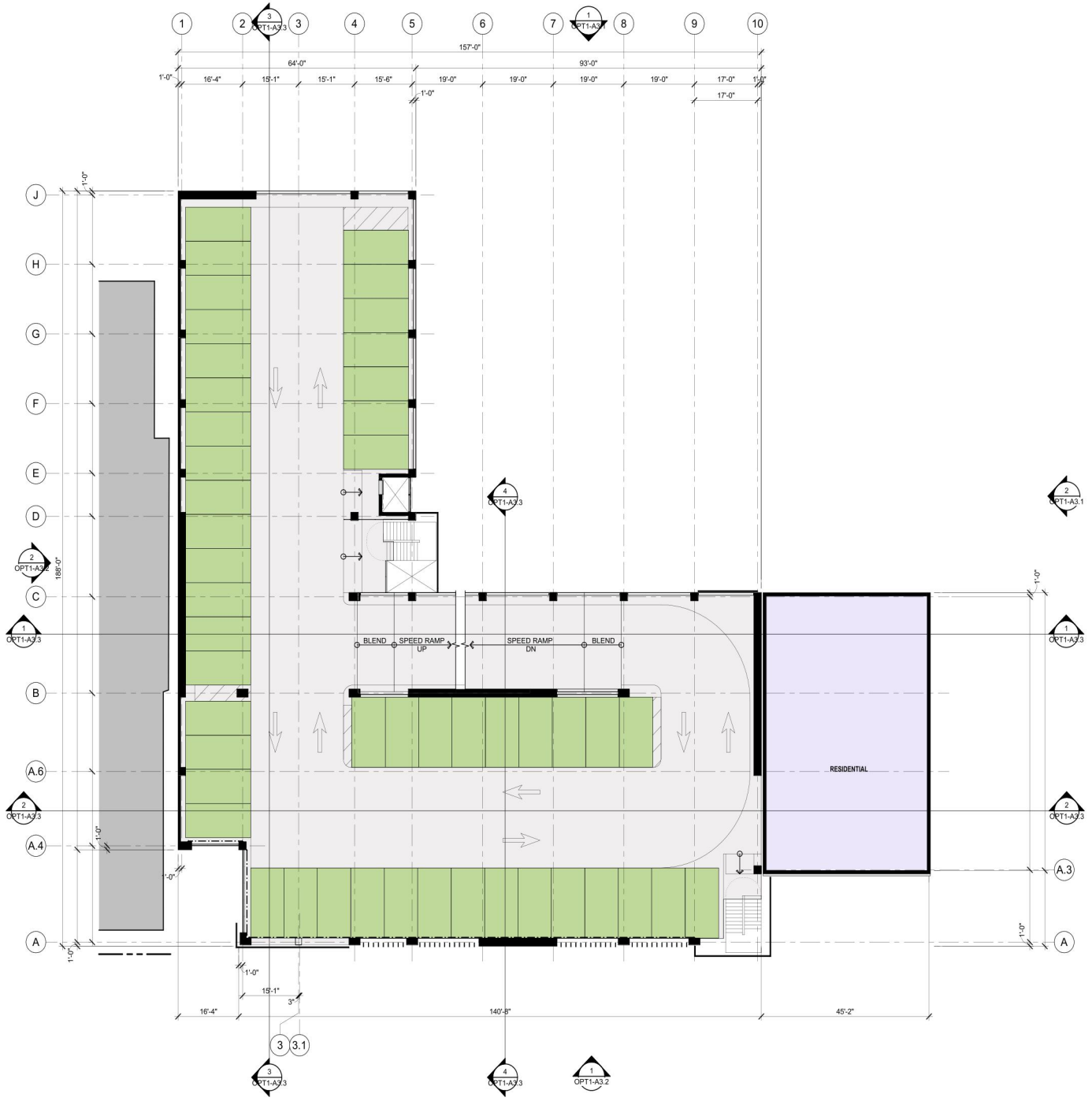
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SCALE :	As indicated

SHEET:
OPT1-A2.3

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LEVEL 04 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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San Jose, California
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NOT FOR CONSTRUCTION

LEVEL 04 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

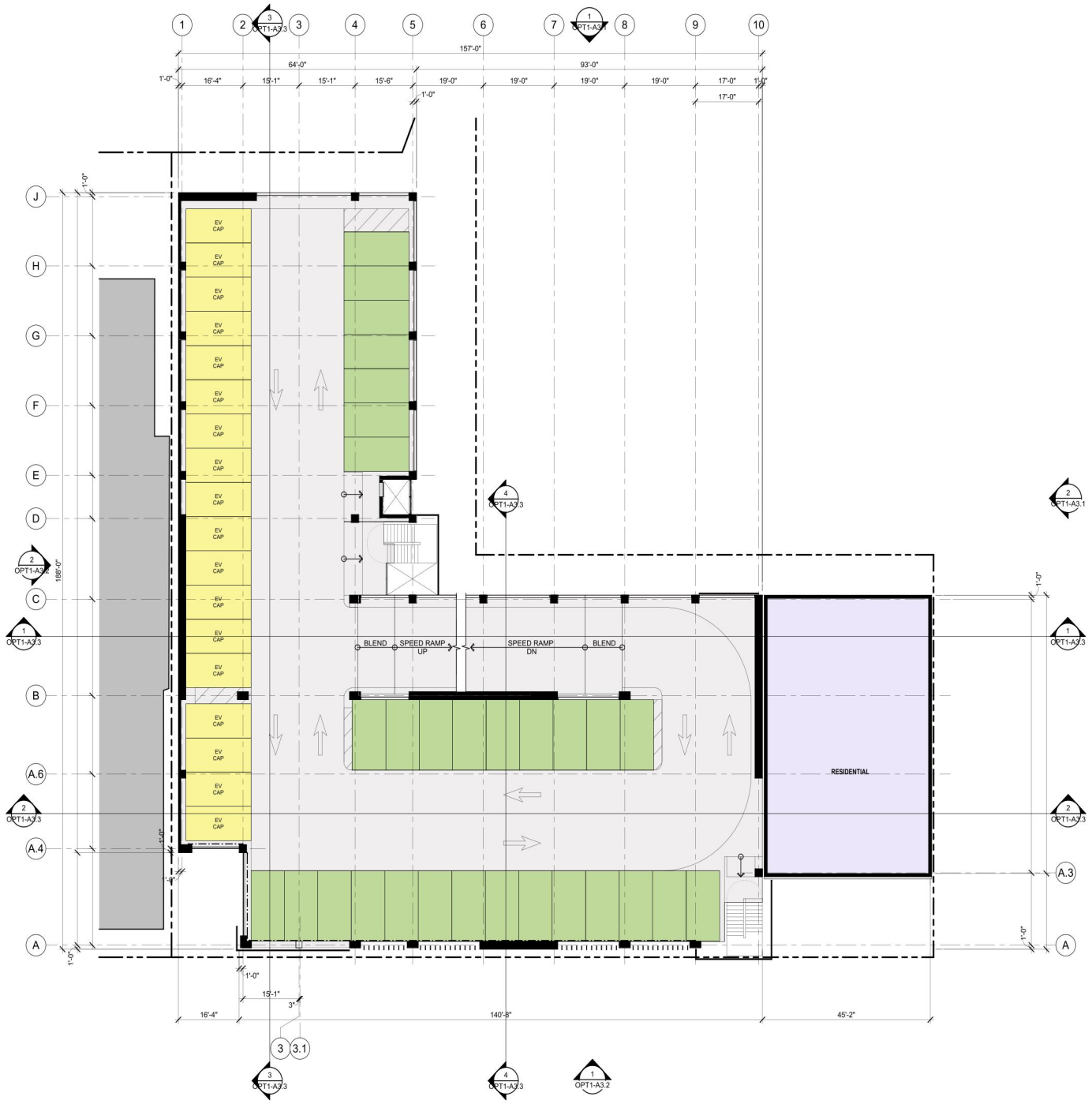
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DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:
OPT1-A2.4

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LEVEL 05 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 05 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

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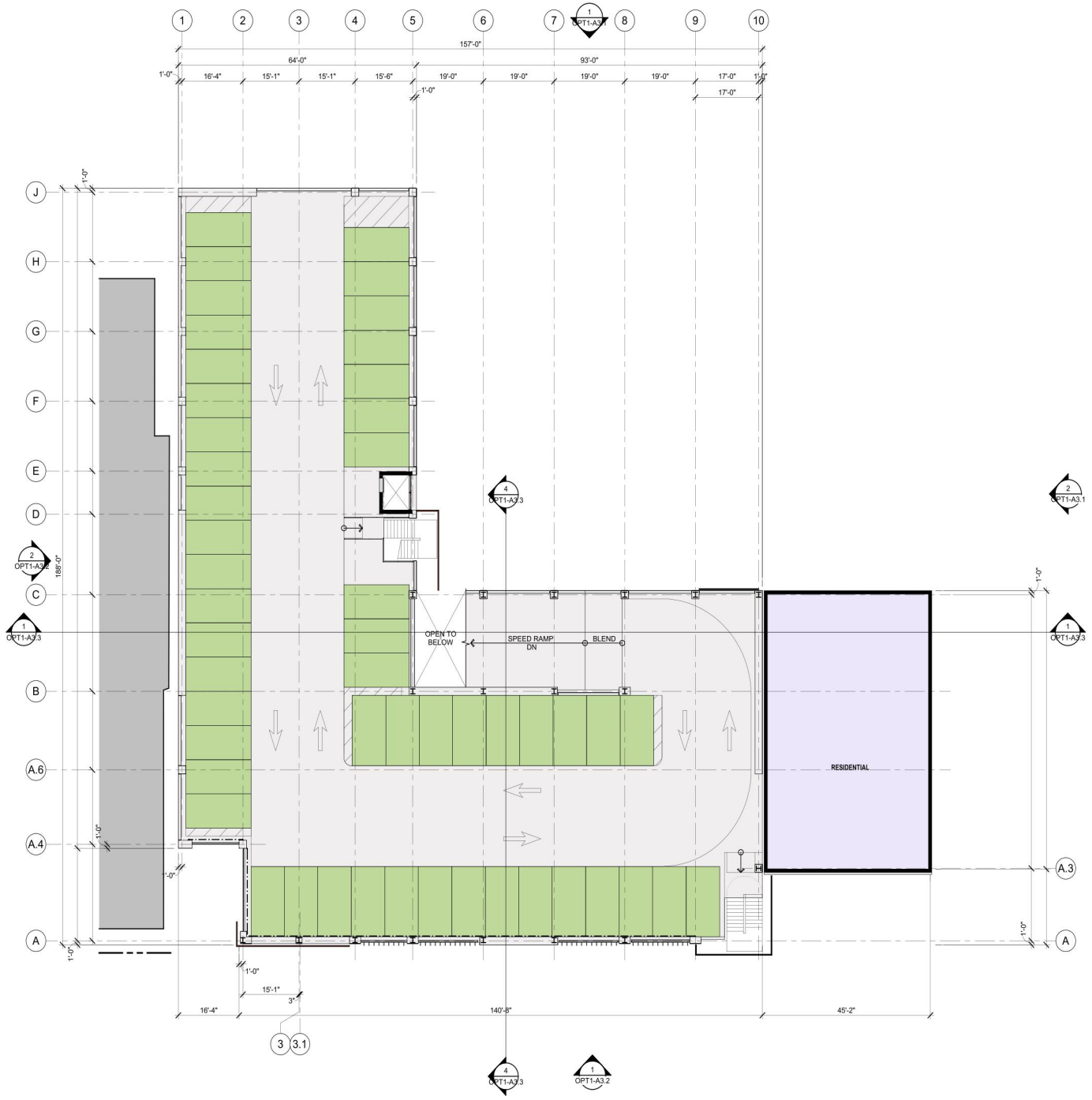
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SCALE :	As indicated

SHEET:
OPT1-A2.5

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LEVEL 06 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 06 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

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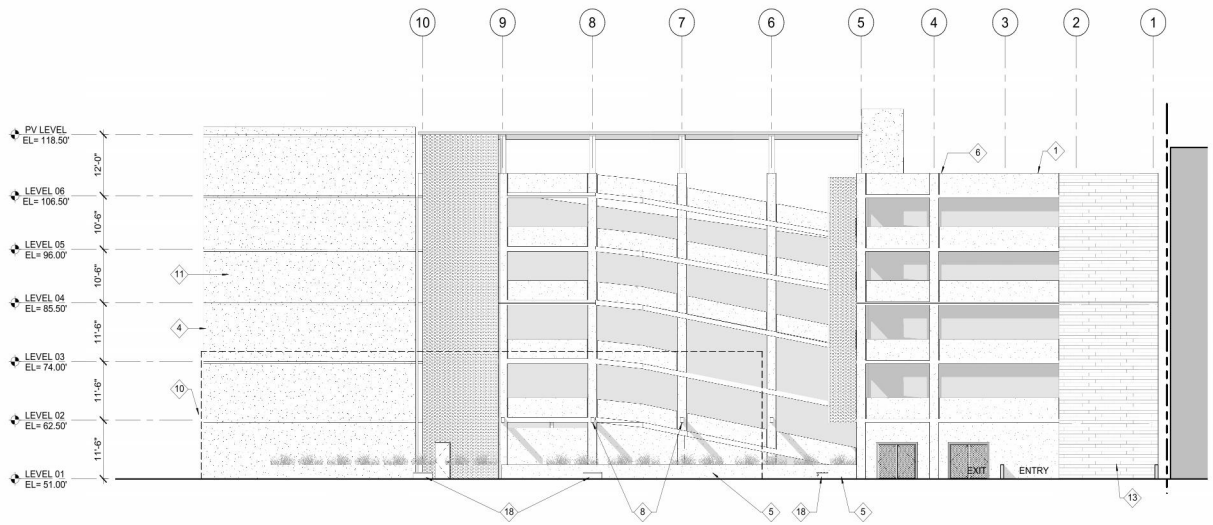
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SHEET:
OPT1-A2.6

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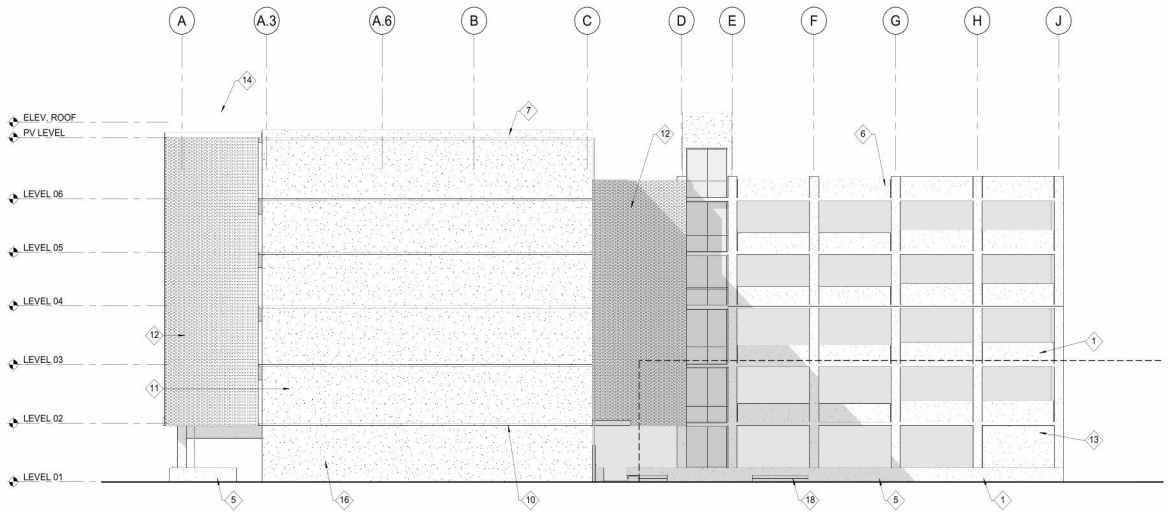
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FACING ALLEYWAY

1 NORTH ELEVATION

OPT1-A3.1 3/32" = 1'-0"



FACING WAVERLY STREET

2 EAST ELEVATION

OPT1-A3.1 3

UNPAINTED, UNLESS NOTED OTHERWISE

4. ALL CONCRETE POUR JOINTS & ROCK POCKETS OVER 3/4" WIDE IN ANY DIRECTION SHALL BE SACK AND PATCHED
5. PAINT EXTERIOR METALS UNLESS NOTED OTHERWISE

MATERIAL FINISH SCHEDULE

KEY#	DESCRIPTION	FINISH
1	CONCRETE RAIL WITH TEXTURED FINISH	COLOR #1
2	CONCRETE SLAB (EYEBROW) WITH TEXTURED FINISH	COLOR #1
3	CONCRETE BEAM WITH TEXTURED FINISH	COLOR #1
4	CONCRETE COLUMN WITH TEXTURED FINISH	COLOR #1
5	CONCRETE PLANTER	COLOR #2
6	BOARD FORM CONCRETE SHEARWALL	COLOR #2
7	FUTURE PHOTOVOTALIC PANELS OVER WIDE FLANGE SUPPORT FRAMING	COLOR #3
8	PAINTED AND GALV. HSS MEMBER	COLOR #3
9	PAINTED METAL RAILINGS	COLOR #3
10	METAL CANOPY	COLOR #3
11	'LEVOLUX INFINITY' VERTICAL METAL LOUVERS	COLOR #4
12	PERFORATED METAL PANELS 40% OPEN	COLOR #5
13	CMU WALLS WITH SMOOTH CEMENT PLASTER FINISH	COLOR #6
14	METAL STUD WALLS WITH TEXTURED FINISH	COLOR #1
15	NOT USED	
16	METAL SCREEN	COLOR #8
17	STOREFRONT SYSTEM	COLOR #8
18	STAINED WOOD BENCH	COLOR #6

COLOR CHART

COLOR #	DESCRIPTION
COLOR #1	'SAND' TEXTURE, 'WHISPER GREY T-127' COLOR
COLOR #2	NATURAL COLOR
COLOR #3	DARK BRONZE
COLOR #4	TERRACOTTA
COLOR #5	BRUNISHED BRONZE
COLOR #9	WESTERN RED CEDAR WITH CLEAR MATTE FINISH
COLOR #7	CLEAR
COLOR #8	DARK (COLOR TBD) ANODIZED

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BUILDING ELEVATIONS

DOWNTOWN PARKING GARAGE OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

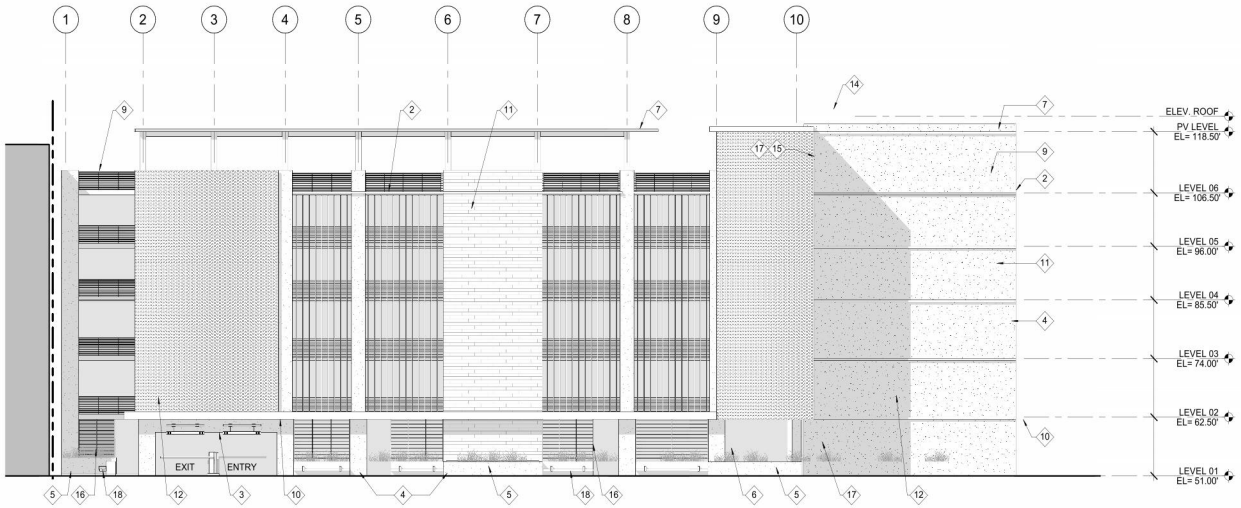
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CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:

OPT1-A3.1

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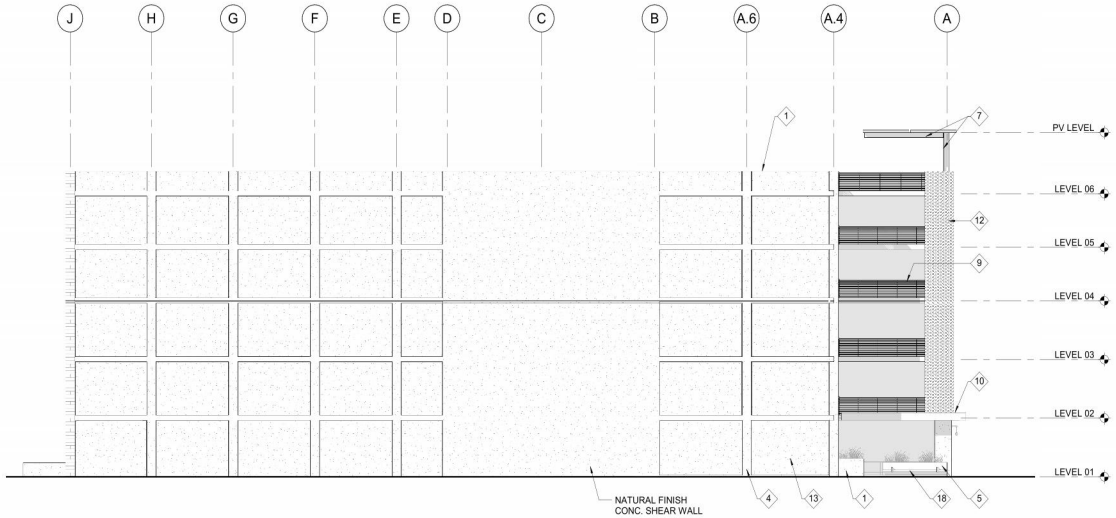
2/3/2025 11:07:28 AM



FACING HAMILTON AVE.

1 SOUTH ELEVATION

OPT1-A3.2 3/32" = 1'-0"



FACING AT&T

2 WEST ELEVATION

OPT1-A3.2 3/32" = 1'-0"

UNPAINTED, UNLESS NOTED OTHERWISE

4. ALL CONCRETE POUR JOINTS & ROCK POCKETS OVER 3/4" WIDE IN ANY DIRECTION SHALL BE SACK AND PATCHED
5. PAINT EXTERIOR METALS UNLESS NOTED OTHERWISE

MATERIAL FINISH SCHEDULE

KEY#	DESCRIPTION	FINISH
1	CONCRETE RAIL WITH TEXTURED FINISH	COLOR #1
2	CONCRETE SLAB (EYEBROW) WITH TEXTURED FINISH	COLOR #1
3	CONCRETE BEAM WITH TEXTURED FINISH	COLOR #1
4	CONCRETE COLUMN WITH TEXTURED FINISH	COLOR #1
5	CONCRETE PLANTER	COLOR #2
6	BOARD FORM CONCRETE SHEARWALL	COLOR #2
7	FUTURE PHOTOVOTALIC PANELS OVER WIDE FLANGE SUPPORT FRAMING	COLOR #3
8	PAINTED AND GALV. HSS MEMBER	COLOR #3
9	PAINTED METAL RAILINGS	COLOR #3
10	METAL CANOPY	COLOR #3
11	'LEVOLUX INFINITY' VERTICAL METAL LOUVERS	COLOR #4
12	PERFORATED METAL PANELS 40% OPEN	COLOR #5
13	CMU WALLS WITH SMOOTH CEMENT PLASTER FINISH	COLOR #6
14	METAL STUD WALLS WITH TEXTURED FINISH	COLOR #1
15	NOT USED	
16	METAL SCREEN	COLOR #8
17	STOREFRONT SYSTEM	COLOR #8
18	STAINED WOOD BENCH	COLOR #6

COLOR CHART

COLOR #	DESCRIPTION
COLOR #1	'SAND' TEXTURE, 'WHISPER GREY T-127' COLOR
COLOR #2	NATURAL COLOR
COLOR #3	DARK BRONZE
COLOR #4	TERRACOTTA
COLOR #5	BRUNISHED BRONZE
COLOR #9	WESTERN RED CEDAR WITH CLEAR MATTE FINISH
COLOR #7	CLEAR
COLOR #8	DARK (COLOR TBD) ANODIZED

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BUILDING ELEVATIONS

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

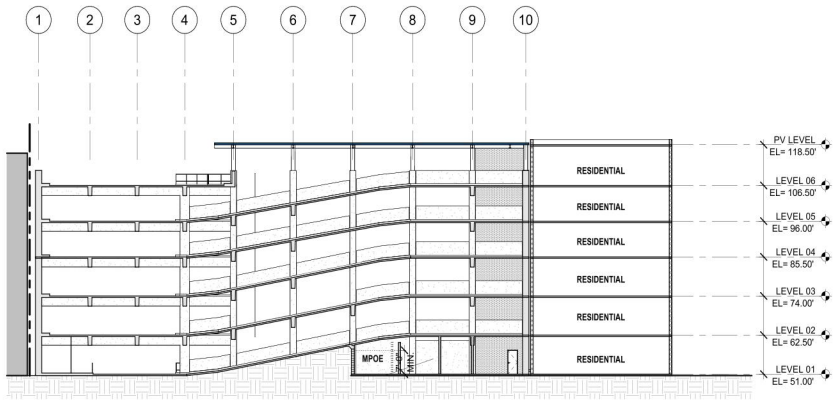
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SCALE :	As indicated

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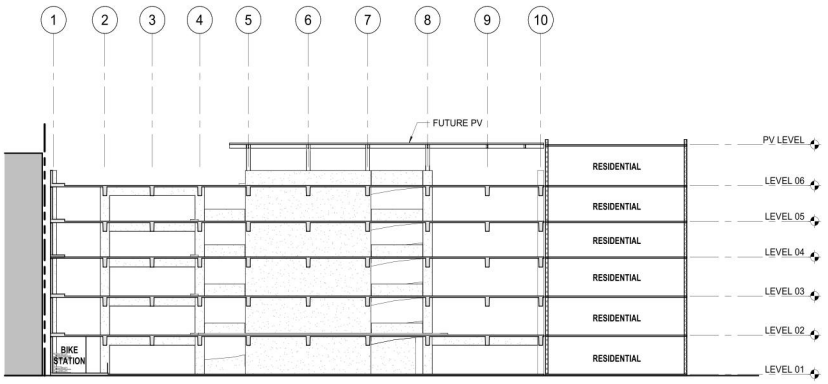
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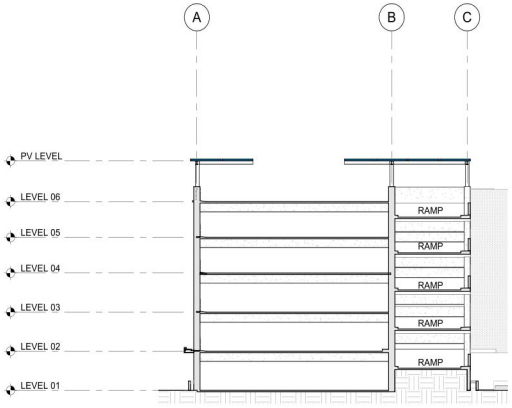
1 LONGITUDINAL SECTION
AT SPEED RAMP
OPT1-A3.0 1/16" = 1'-0"



2 LONGITUDINAL SECTION
OPT1-A3.0 1/16" = 1'-0"



3 TRANSVERSE SECTION
OPT1-A3.0 1/16" = 1'-0"



4 TRANSVERSE SECTION

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BUILDING SECTIONS

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL
PALO ALTO, CA

REVISIONS

NO.	DATE	BY

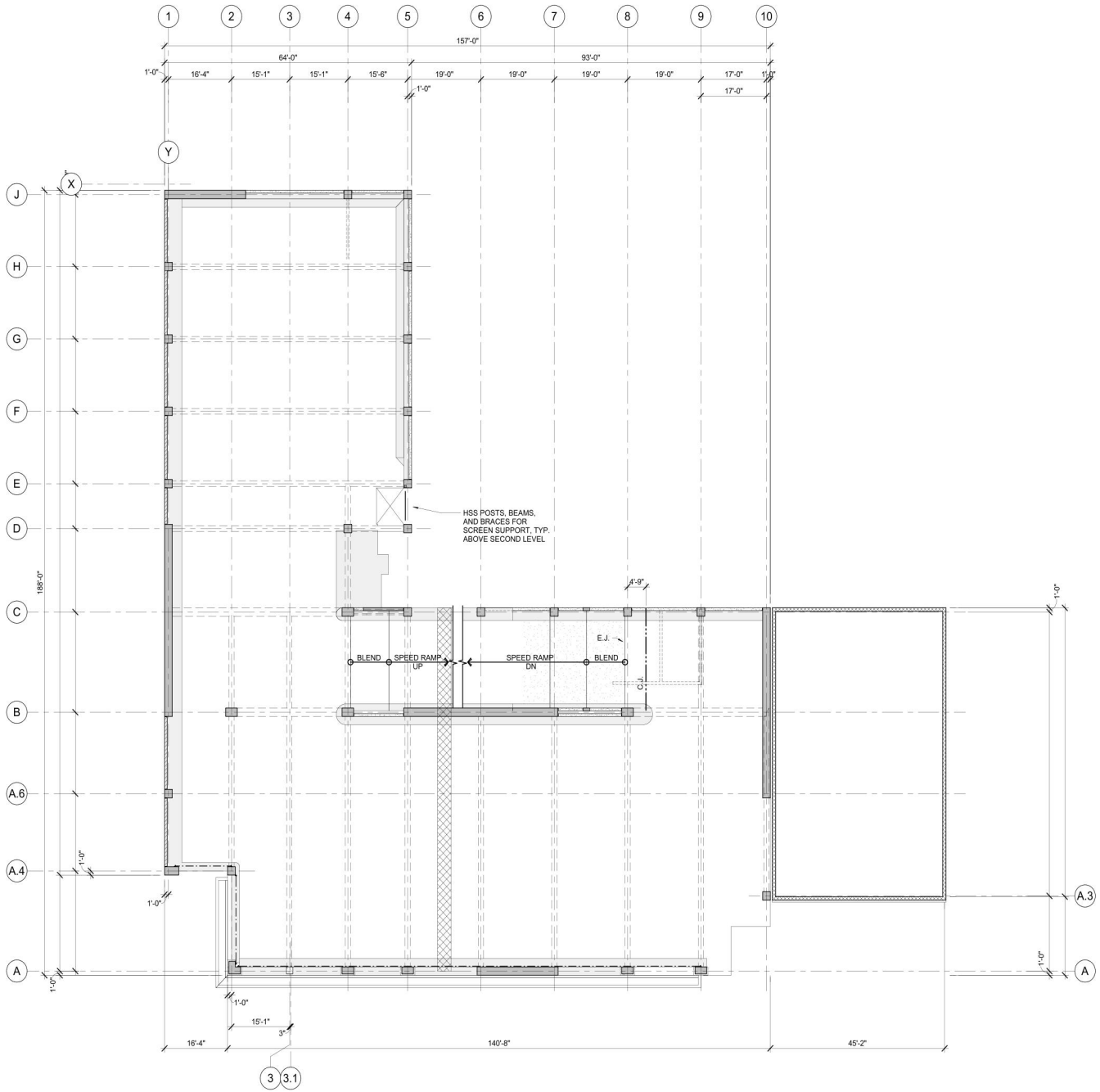
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JOB NO.:	16-138A
DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	1/16" = 1'-0"

SHEET:
OPT1-A3.3

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TYPICAL LEVEL FRAMING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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Long Beach, California
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TYPICAL LEVEL FRAMING PLAN

DOWNTOWN PARKING GARAGE
OPTION 1 WAVERLY RESIDENTIAL
PALO ALTO, CA

REVISIONS

NO.	DATE	BY

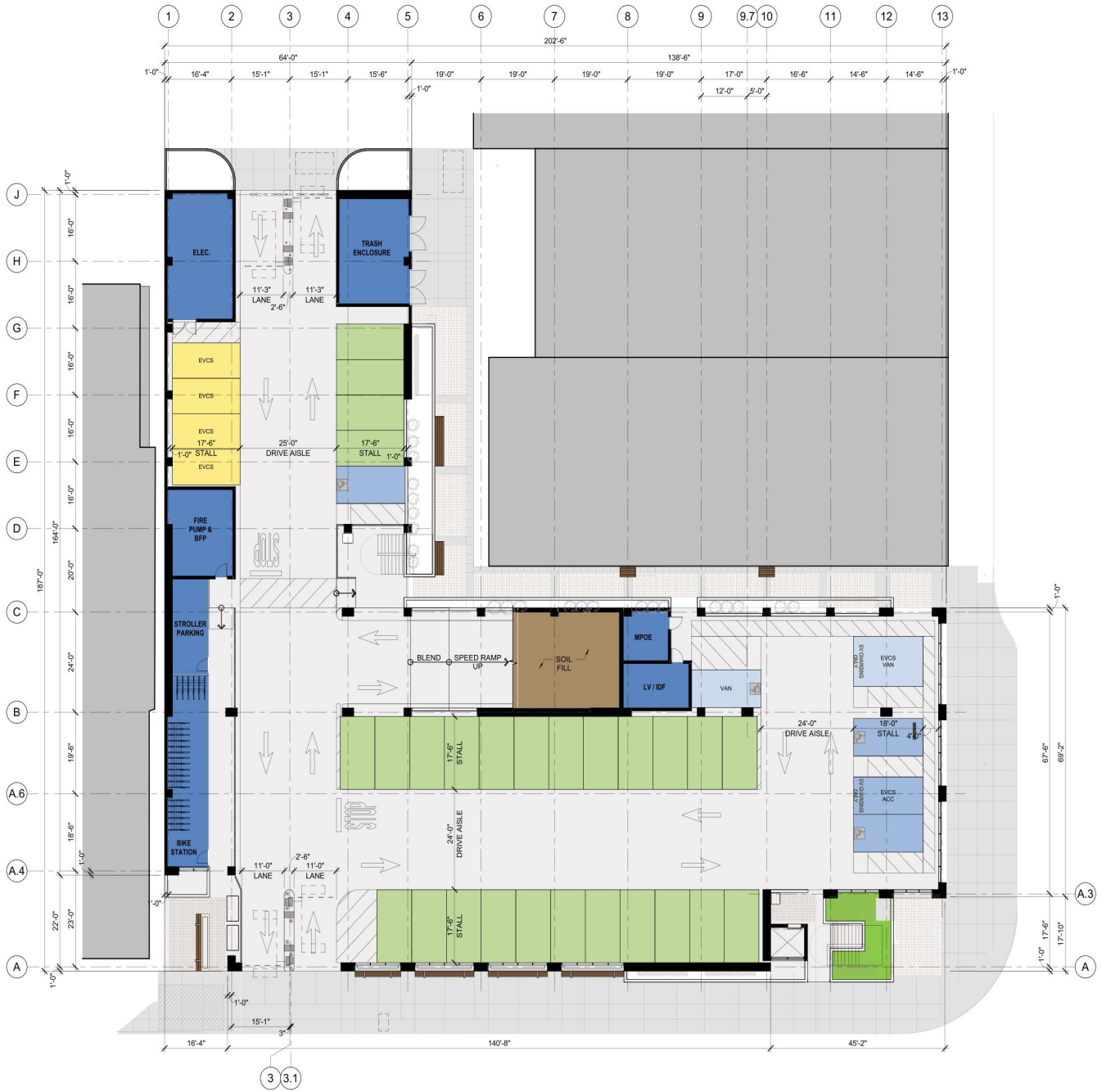
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DATE :	XX/XX/2024
DESIGN:	WONG
DRAWN:	BEDDOW
CHK. BY:	BEAUDOIN
SCALE :	As indicated

SHEET:
OPT1-S2.2

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LEVEL 01 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 01 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

PALO ALTO, CA

REVISIONS

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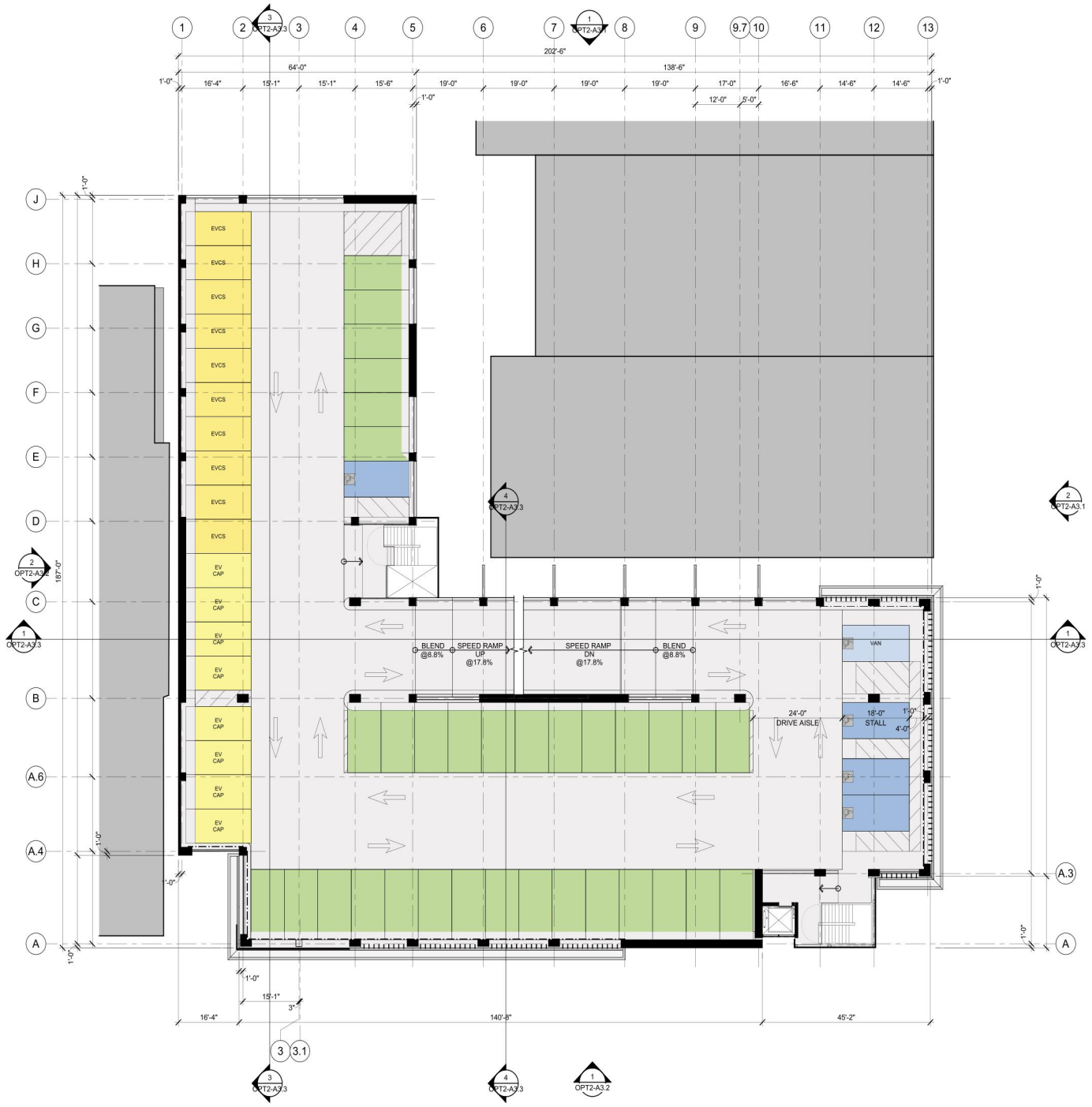
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DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:
OPT2-A2.1

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LEVEL 02 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 02 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

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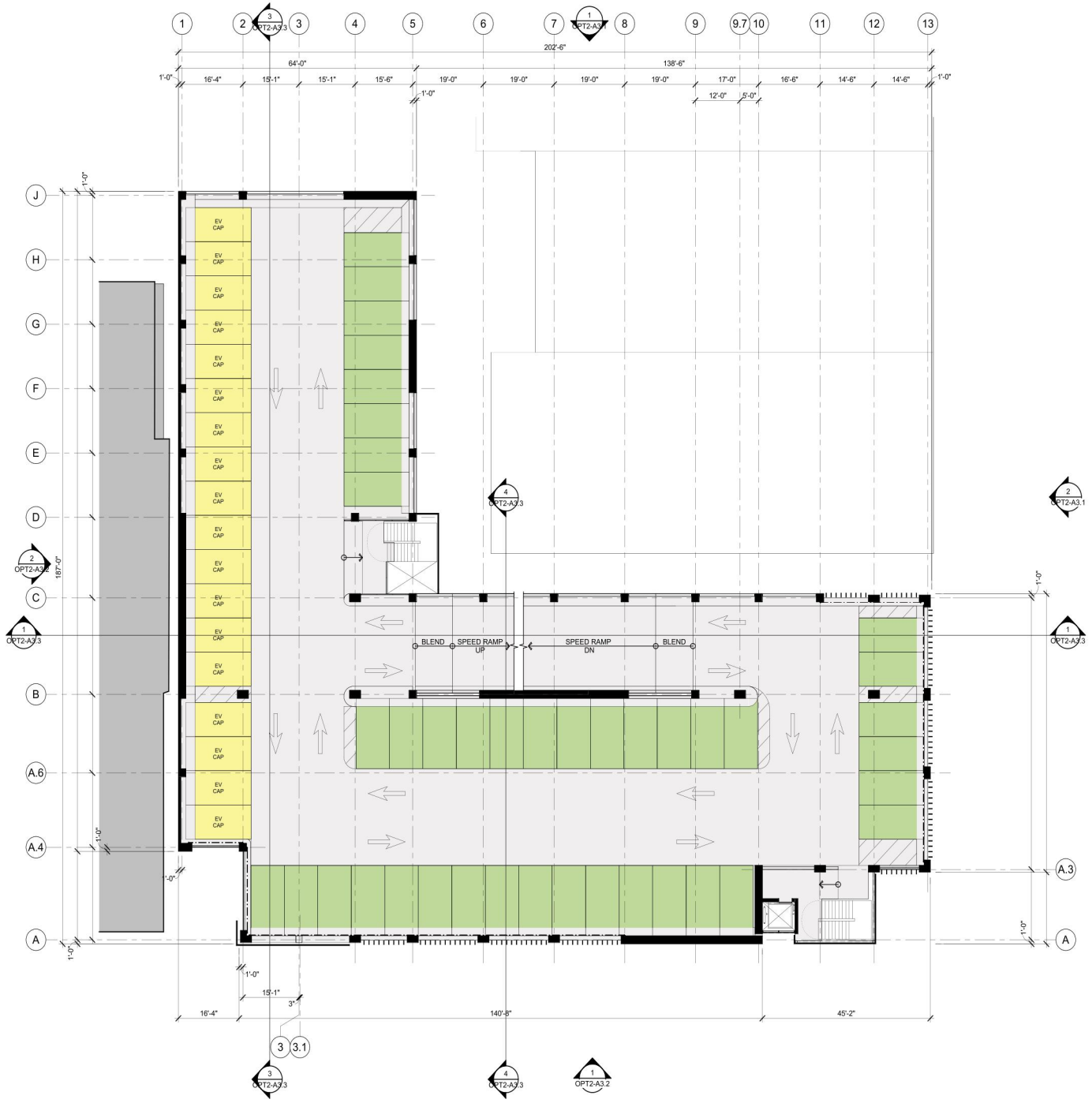
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JOB NO.:	16-138A
DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:
OPT2-A2.2

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LEVEL 03 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 03 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

PALO ALTO, CA

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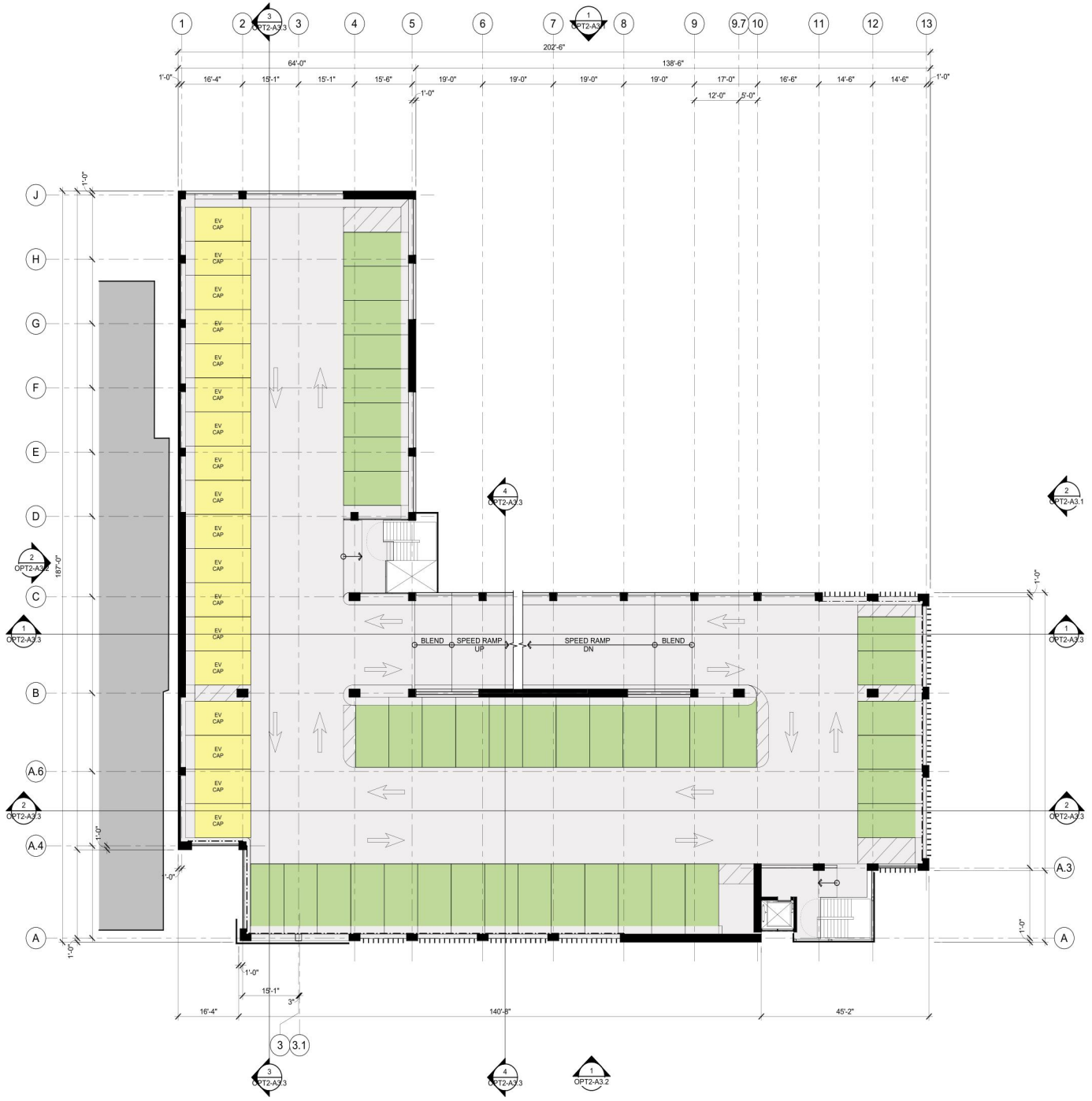
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DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:
OPT2-A2.3

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LEVEL 04 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 04 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

PALO ALTO, CA

REVISIONS

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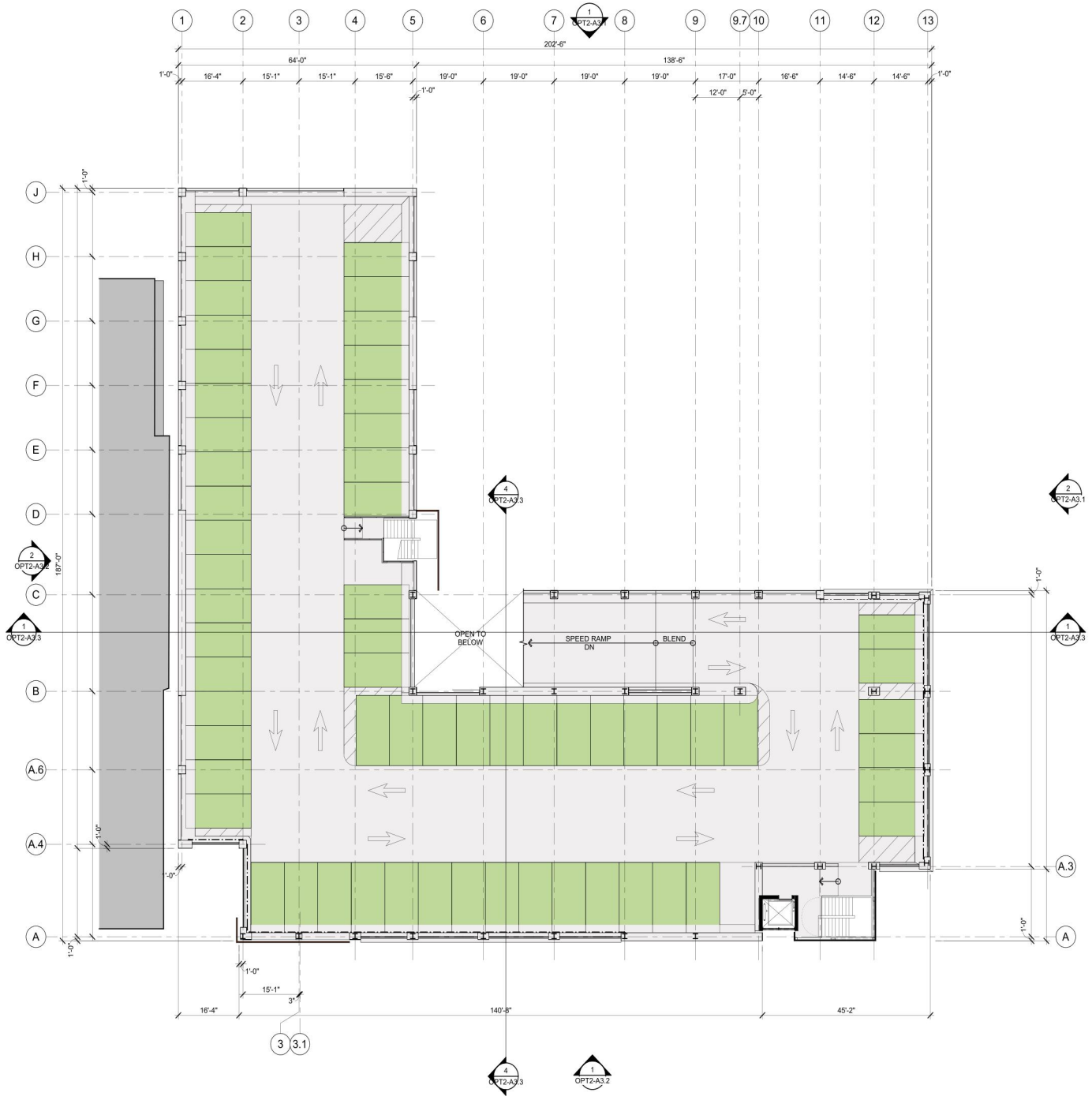
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DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:
OPT2-A2.4

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LEVEL 06 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 06 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

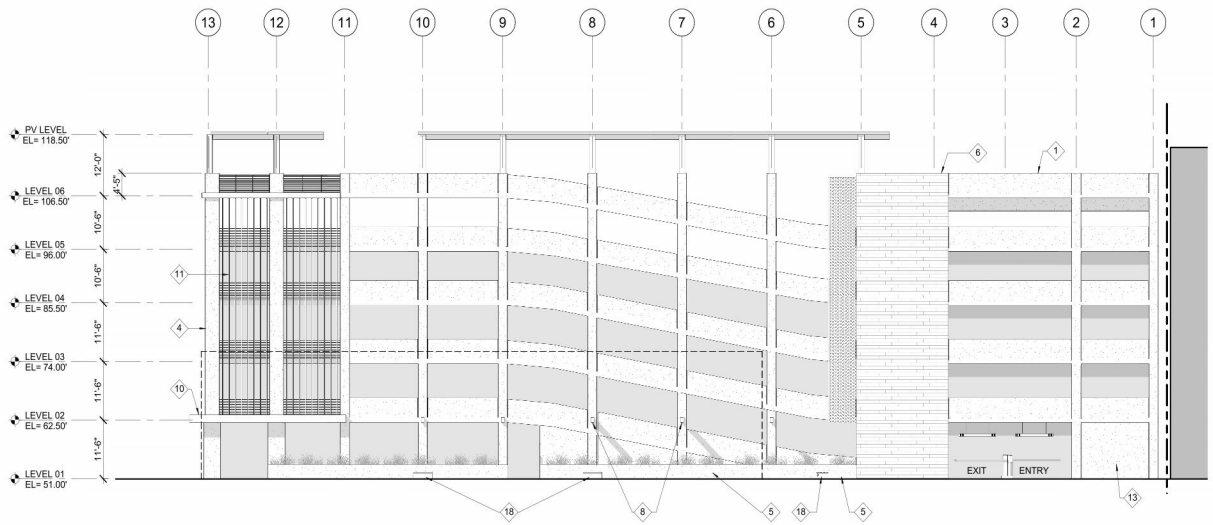
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DATE :	XX/XX/2024
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SCALE :	As indicated

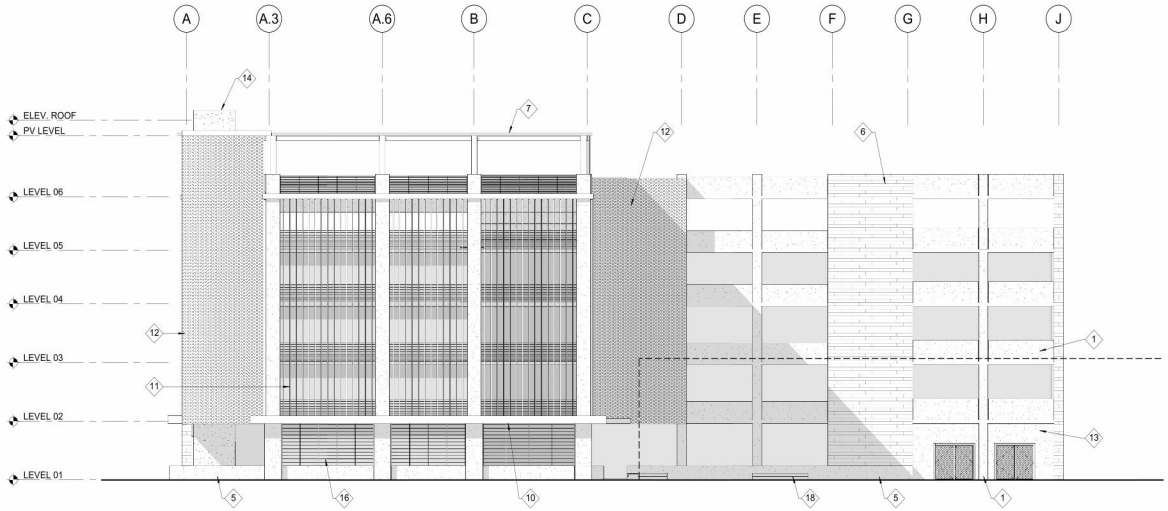
SHEET:
OPT2-A2.6

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FACING ALLEYWAY
1 OPT2-A3.1 NORTH ELEVATION
3/32" = 1'-0"



FACING WAVERLY STREET
2 OPT2-A3.1 EAST ELEVATION
3/32" = 1'-0"

UNPAINTED, UNLESS NOTED OTHERWISE

4. ALL CONCRETE POUR JOINTS & ROCK POCKETS OVER 3/4" WIDE IN ANY DIRECTION SHALL BE SACK AND PATCHED
5. PAINT EXTERIOR METALS UNLESS NOTED OTHERWISE

MATERIAL FINISH SCHEDULE

KEY#	DESCRIPTION	FINISH
1	CONCRETE RAIL WITH TEXTURED FINISH	COLOR #1
2	CONCRETE SLAB (EYEBROW) WITH TEXTURED FINISH	COLOR #1
3	CONCRETE BEAM WITH TEXTURED FINISH	COLOR #1
4	CONCRETE COLUMN WITH TEXTURED FINISH	COLOR #1
5	CONCRETE PLANTER	COLOR #2
6	BOARD FORM CONCRETE SHEARWALL	COLOR #2
7	FUTURE PHOTOVOTALIC PANELS OVER WIDE FLANGE SUPPORT FRAMING	COLOR #3
8	PAINTED AND GALV. HSS MEMBER	COLOR #3
9	PAINTED METAL RAILINGS	COLOR #3
10	METAL CANOPY	COLOR #3
11	'LEVOLUX INFINITY' VERTICAL METAL LOUVERS	COLOR #4
12	PERFORATED METAL PANELS 40% OPEN	COLOR #5
13	CMU WALLS WITH SMOOTH CEMENT PLASTER FINISH	COLOR #6
14	METAL STUD WALLS WITH TEXTURED FINISH	COLOR #1
15	NOT USED	
16	METAL SCREEN	COLOR #8
17	STOREFRONT SYSTEM	COLOR #8
18	STAINED WOOD BENCH	COLOR #6

COLOR CHART

COLOR #	DESCRIPTION
COLOR #1	'SAND' TEXTURE, 'WHISPER GREY T-127' COLOR
COLOR #2	NATURAL COLOR
COLOR #3	DARK BRONZE
COLOR #4	TERRACOTTA
COLOR #5	BRUNISHED BRONZE
COLOR #9	WESTERN RED CEDAR WITH CLEAR MATTE FINISH
COLOR #7	CLEAR
COLOR #8	DARK (COLOR TBD) ANODIZED

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BUILDING ELEVATIONS

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

JOB NO.:	16-138A
DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:

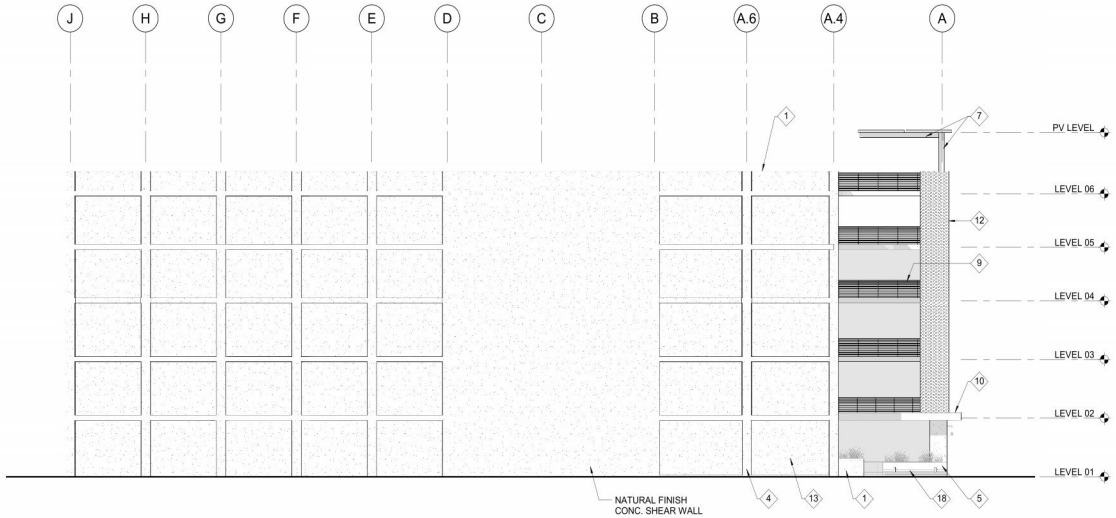
OPT2-A3.1

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1 FACING HAMILTON AVE.
SOUTH ELEVATION
OPT2-A3.2 3/32" = 1'-0"



2 FACING AT&T
WEST ELEVATION
OPT2-A3.2 3/32" = 1'-0"

4. ALL CONCRETE POUR JOINTS & ROCK POCKETS OVER 3/4" WIDE IN ANY DIRECTION SHALL BE SACK AND PATCHED
5. PAINT EXTERIOR METALS UNLESS NOTED OTHERWISE

MATERIAL FINISH SCHEDULE

KEY#	DESCRIPTION	FINISH
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3	CONCRETE BEAM WITH TEXTURED FINISH	COLOR #1
4	CONCRETE COLUMN WITH TEXTURED FINISH	COLOR #1
5	CONCRETE PLANTER	COLOR #2
6	BOARD FORM CONCRETE SHEARWALL	COLOR #2
7	FUTURE PHOTOVOTALIC PANELS OVER WIDE FLANGE SUPPORT FRAMING	COLOR #3
8	PAINTED AND GALV. HSS MEMBER	COLOR #3
9	PAINTED METAL RAILINGS	COLOR #3
10	METAL CANOPY	COLOR #3
11	'LEVOLUX INFINITY' VERTICAL METAL LOUVERS	COLOR #4
12	PERFORATED METAL PANELS 40% OPEN	COLOR #5
13	CMU WALLS WITH SMOOTH CEMENT PLASTER FINISH	COLOR #6
14	METAL STUD WALLS WITH TEXTURED FINISH	COLOR #1
15	NOT USED	
16	METAL SCREEN	COLOR #8
17	STOREFRONT SYSTEM	COLOR #8
18	STAINED WOOD BENCH	COLOR #6

COLOR CHART

COLOR #	DESCRIPTION
COLOR #1	'SAND' TEXTURE, 'WHISPER GREY T-127' COLOR
COLOR #2	NATURAL COLOR
COLOR #3	DARK BRONZE
COLOR #4	TERRACOTTA
COLOR #5	BRUNISHED BRONZE
COLOR #9	WESTERN RED CEDAR WITH CLEAR MATTE FINISH
COLOR #7	CLEAR
COLOR #8	DARK (COLOR TBD) ANODIZED

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BUILDING ELEVATIONS

DOWNTOWN PARKING GARAGE
OPTION 2 MAXIMUM PARKING

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

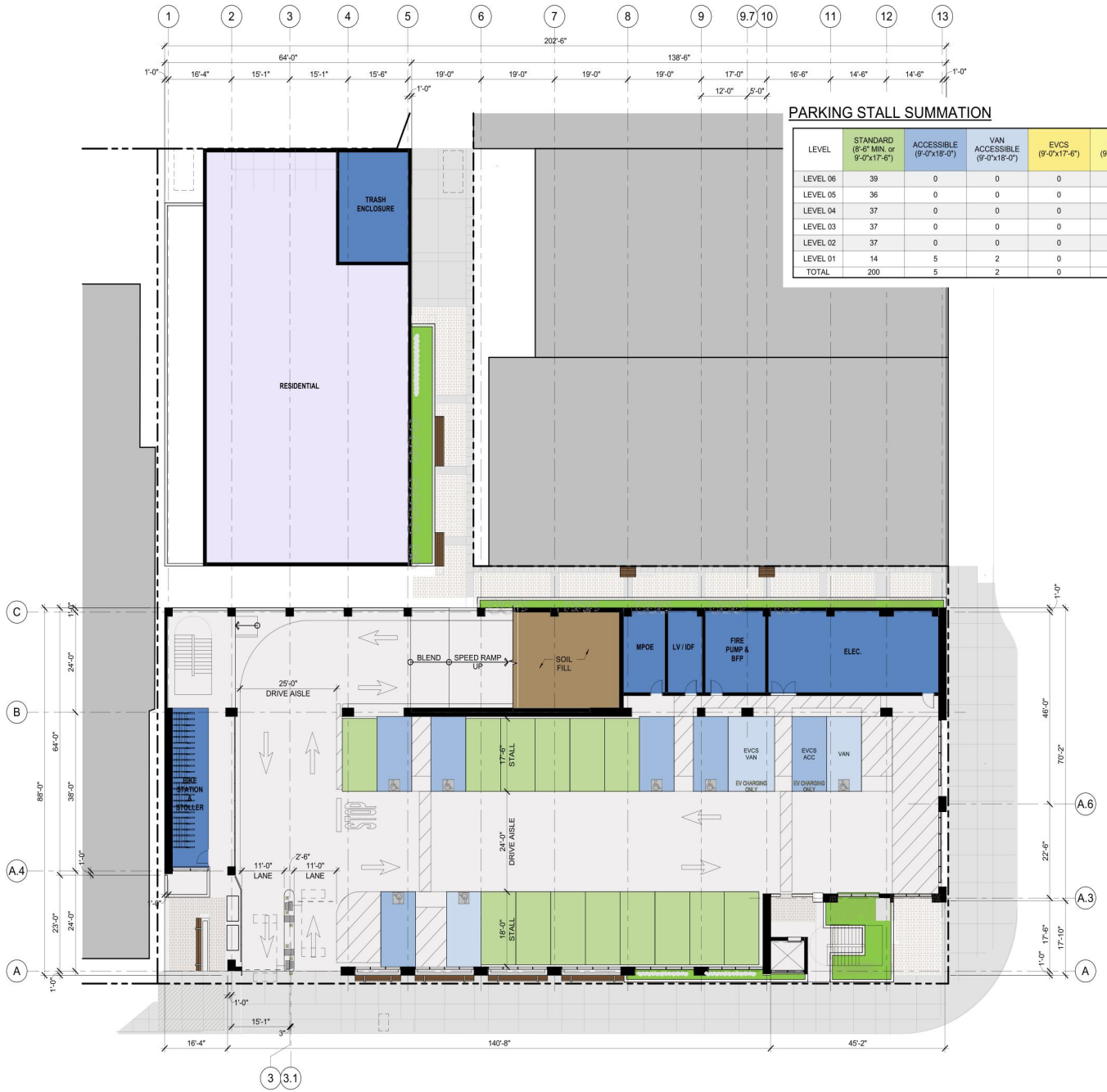
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DATE :	XX/XX/2024
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DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	As indicated

SHEET:

OPT2-A3.2

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1/22/2025 10:02:46 AM



PARKING STALL SUMMATION

LEVEL	STANDARD (8'-6" MIN. or 9'-0"x17'-6")	ACCESSIBLE (9'-0"x18'-0")	VAN ACCESSIBLE (9'-0"x18'-0")	EVCS (9'-0"x17'-6")	EV CAP (9'-0"x17'-6")	EVCS ACCESSIBLE (9'-0"x18'-0")	EVCS VAN ACCESSIBLE (12'-0"x18'-0")	TOTAL	SQ FOOTAGE	SQ. FT./STALL
LEVEL 06	39	0	0	0	0	0	0	39	15,959	409
LEVEL 05	36	0	0	0	0	0	0	36	16,565	460
LEVEL 04	37	0	0	0	0	0	0	37	16,565	448
LEVEL 03	37	0	0	0	0	0	0	37	16,565	448
LEVEL 02	37	0	0	0	0	0	0	37	16,745	478
LEVEL 01	14	5	2	0	0	1	1	23	15,964	694
TOTAL	200	5	2	0	0	1	1	209	98,365	475

LEVEL 01 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 01 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL

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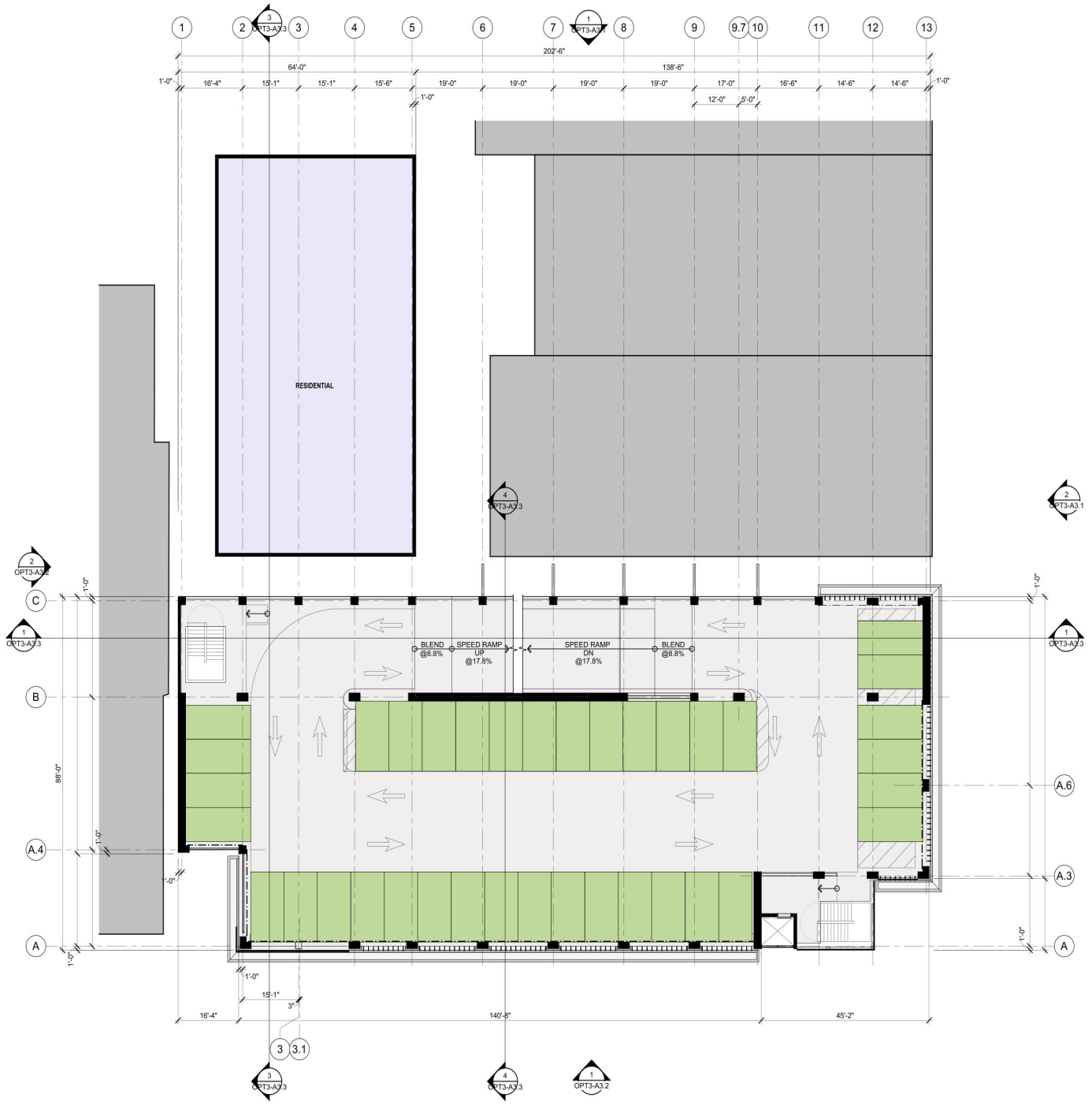
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SCALE :	As indicated

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LEVEL 02 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 02 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL

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REVISIONS

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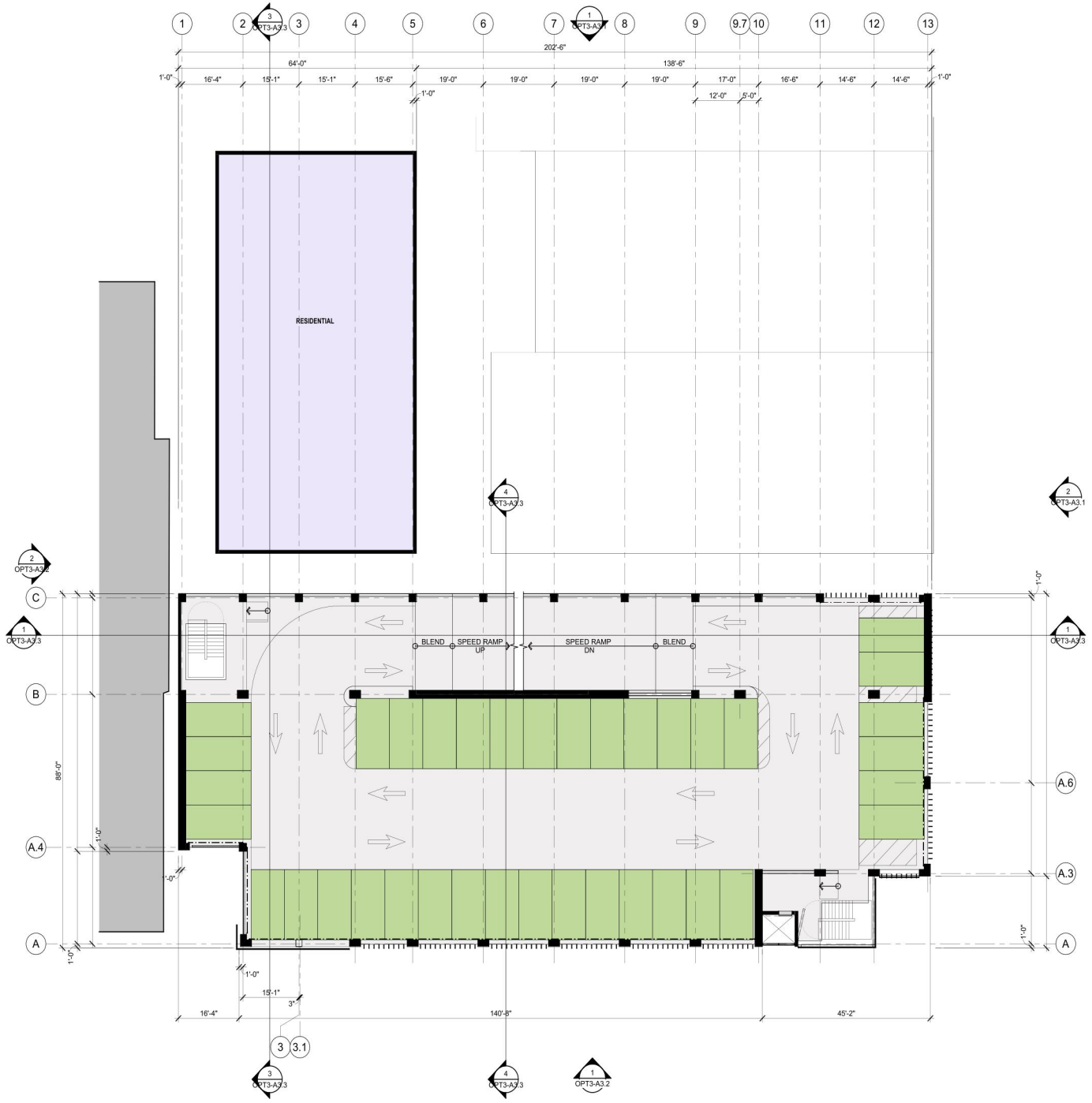
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SCALE :	As indicated

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OPT3-A2.2

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LEVEL 03 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 03 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL
PALO ALTO, CA

REVISIONS

NO.	DATE	BY

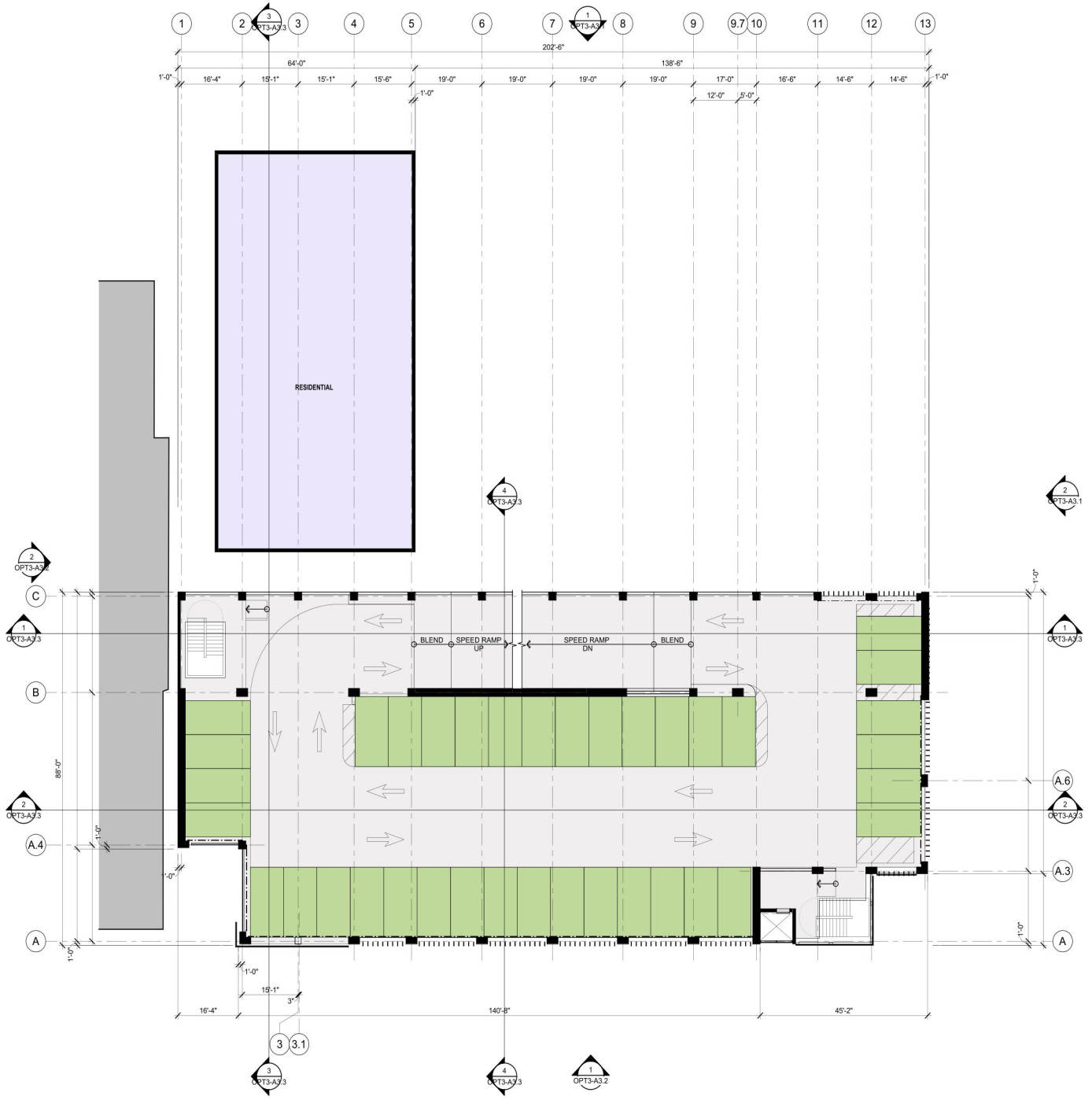
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SHEET:
OPT3-A2.3

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LEVEL 04 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 04 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL
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NO.	DATE	BY

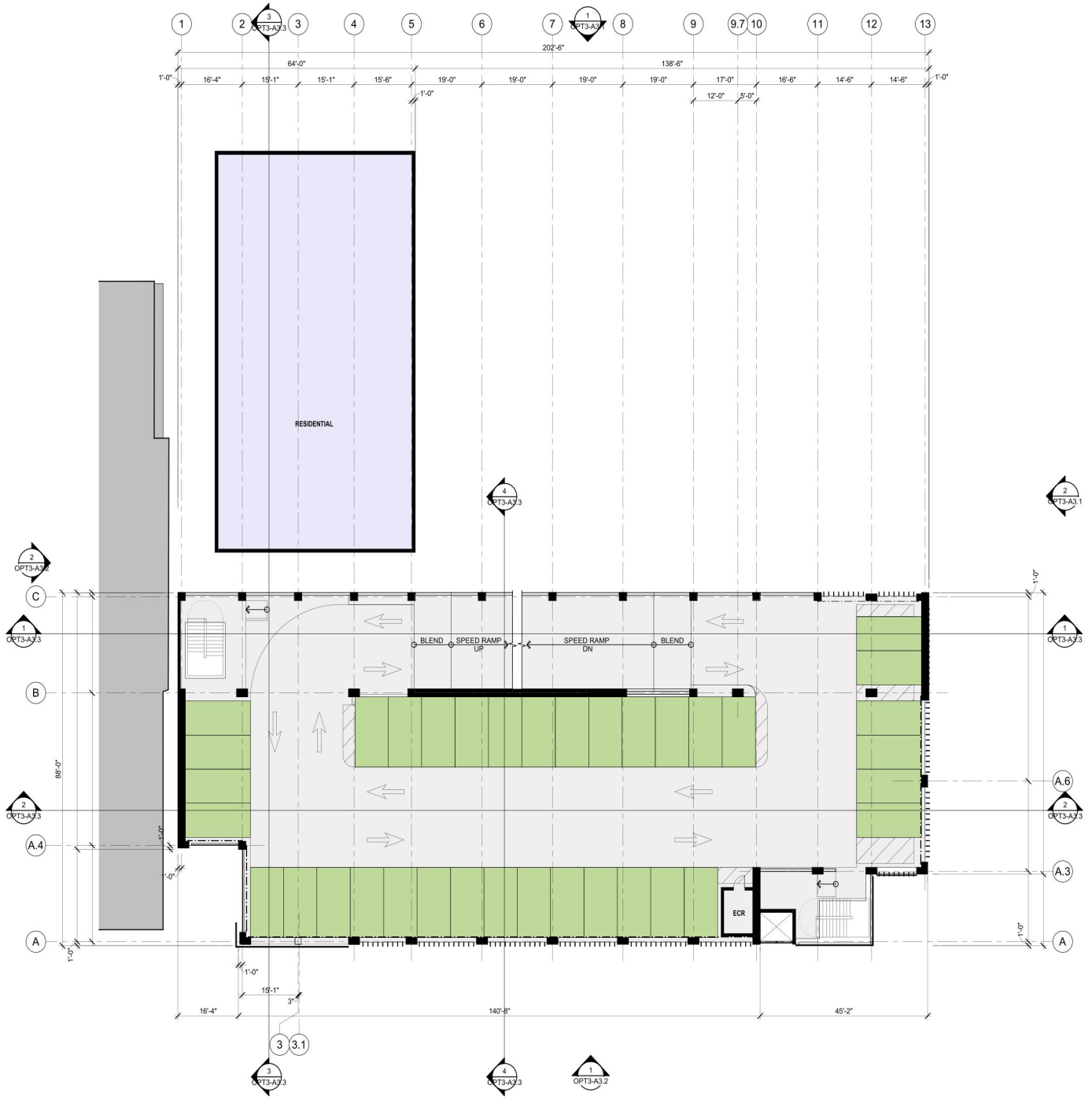
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SCALE :	As indicated

SHEET:
OPT3-A2.4

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LEVEL 05 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 05 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL

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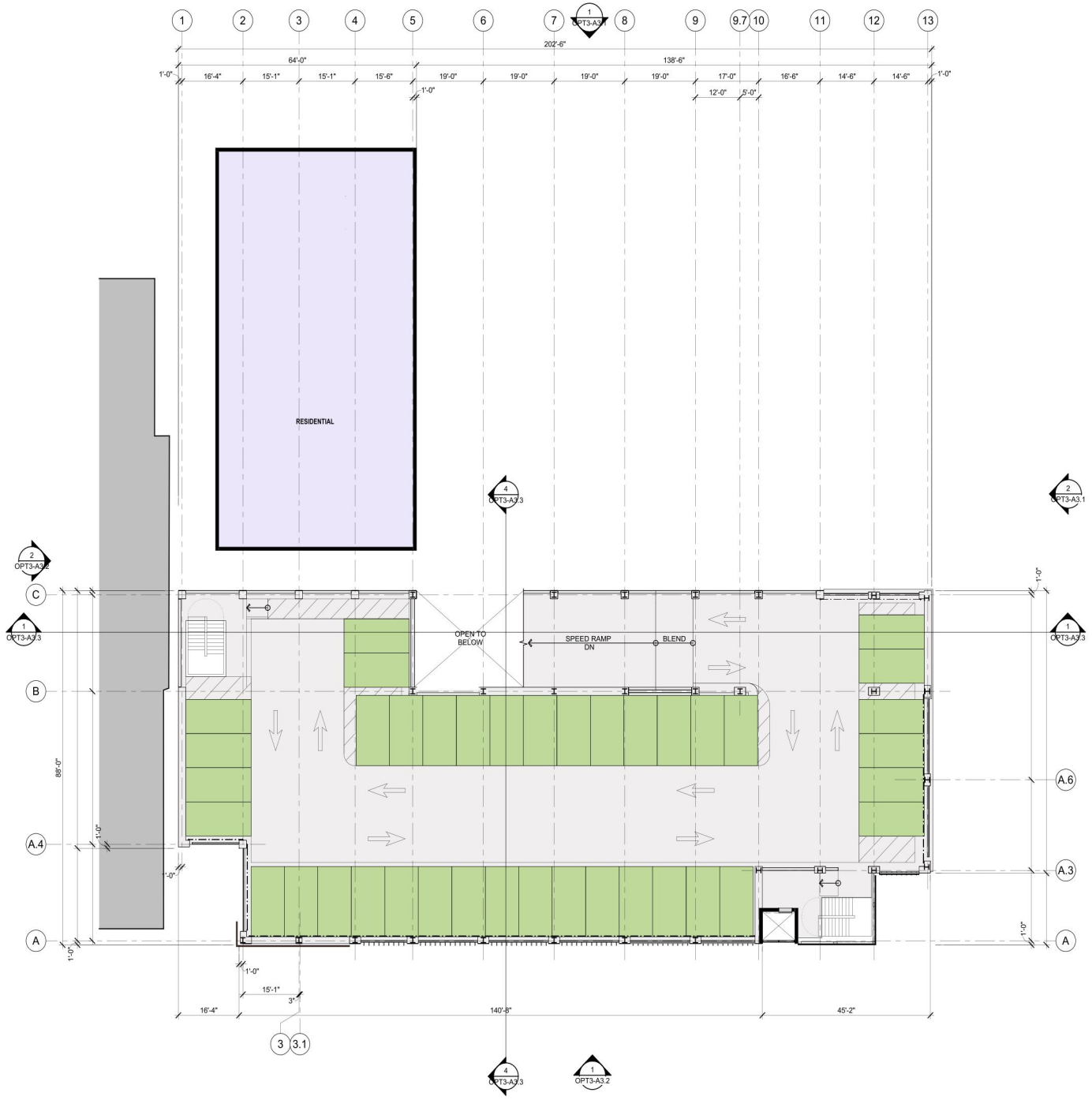
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DATE :	XX/XX/2024
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CHK. BY:	XXXXX
SCALE :	As indicated

SHEET:
OPT3-A2.5

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LEVEL 06 PARKING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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LEVEL 06 PARKING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL

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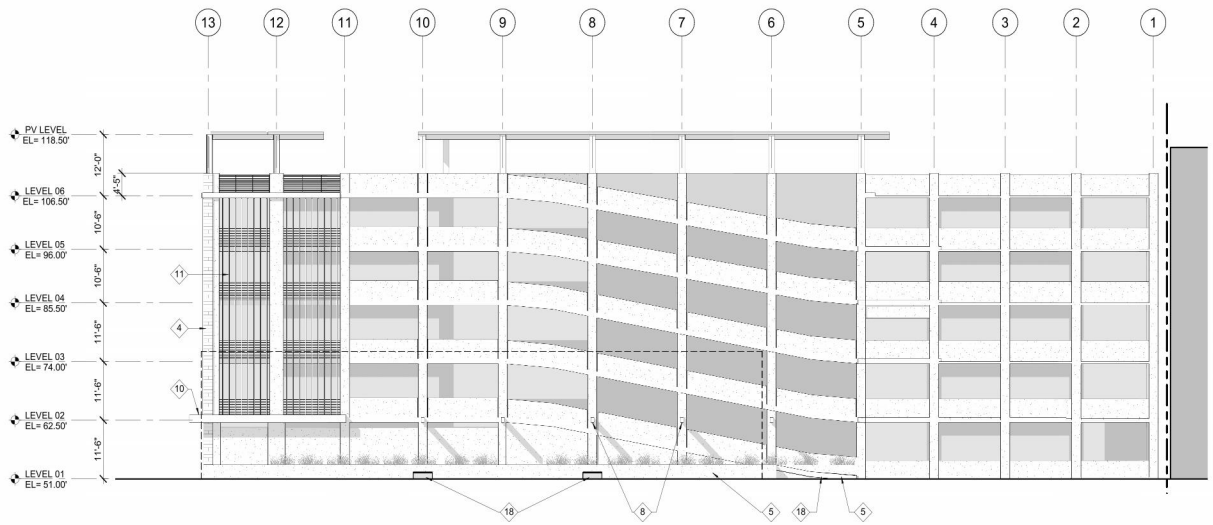
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SHEET:
OPT3-A2.6

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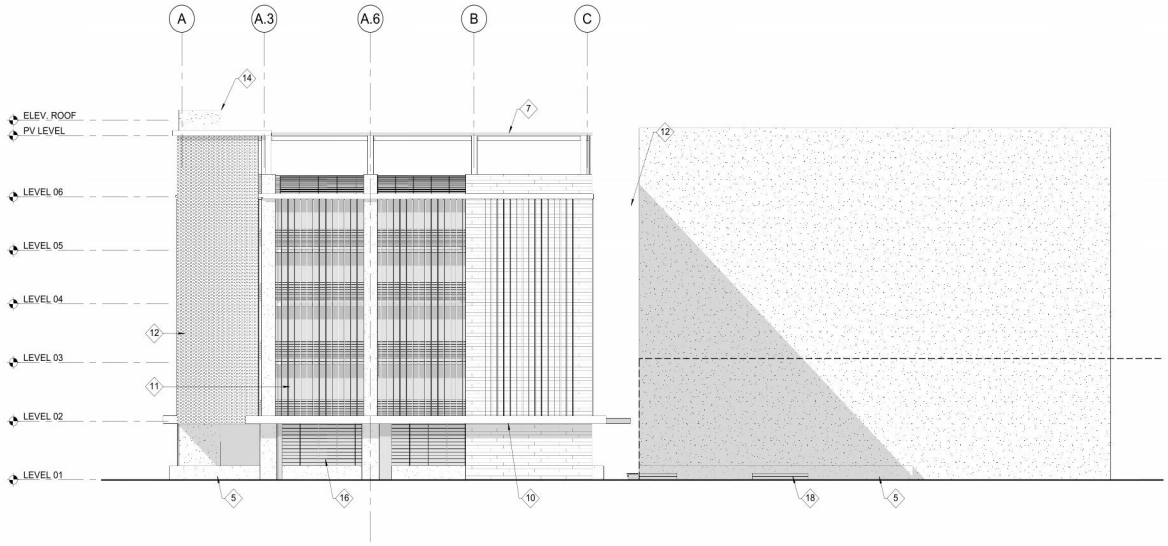
2/3/2025 11:10:09 AM



FACING ALLEYWAY

1 NORTH ELEVATION

OPT3-A3.1 3/32" = 1'-0"



FACING WAVERLY STREET

2 EAST ELEVATION

OPT3-A3.1 3

UNPAINTED, UNLESS NOTED OTHERWISE

4. ALL CONCRETE POUR JOINTS & ROCK POCKETS OVER 3/4" WIDE IN ANY DIRECTION SHALL BE SACK AND PATCHED
5. PAINT EXTERIOR METALS UNLESS NOTED OTHERWISE

MATERIAL FINISH SCHEDULE

KEY#	DESCRIPTION	FINISH
1	CONCRETE RAIL WITH TEXTURED FINISH	COLOR #1
2	CONCRETE SLAB (EYEBROW) WITH TEXTURED FINISH	COLOR #1
3	CONCRETE BEAM WITH TEXTURED FINISH	COLOR #1
4	CONCRETE COLUMN WITH TEXTURED FINISH	COLOR #1
5	CONCRETE PLANTER	COLOR #2
6	BOARD FORM CONCRETE SHEARWALL	COLOR #2
7	FUTURE PHOTOVOTALIC PANELS OVER WIDE FLANGE SUPPORT FRAMING	COLOR #3
8	PAINTED AND GALV. HSS MEMBER	COLOR #3
9	PAINTED METAL RAILINGS	COLOR #3
10	METAL CANOPY	COLOR #3
11	'LEVOLUX INFINITY' VERTICAL METAL LOUVERS	COLOR #4
12	PERFORATED METAL PANELS 40% OPEN	COLOR #5
13	CMU WALLS WITH SMOOTH CEMENT PLASTER FINISH	COLOR #6
14	METAL STUD WALLS WITH TEXTURED FINISH	COLOR #1
15	NOT USED	
16	METAL SCREEN	COLOR #8
17	STOREFRONT SYSTEM	COLOR #8
18	STAINED WOOD BENCH	COLOR #6

COLOR CHART

COLOR #	DESCRIPTION
COLOR #1	'SAND' TEXTURE, 'WHISPER GREY T-127' COLOR
COLOR #2	NATURAL COLOR
COLOR #3	DARK BRONZE
COLOR #4	TERRACOTTA
COLOR #5	BRUNISHED BRONZE
COLOR #9	WESTERN RED CEDAR WITH CLEAR MATTE FINISH
COLOR #7	CLEAR
COLOR #8	DARK (COLOR TBD) ANODIZED

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BUILDING ELEVATIONS

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

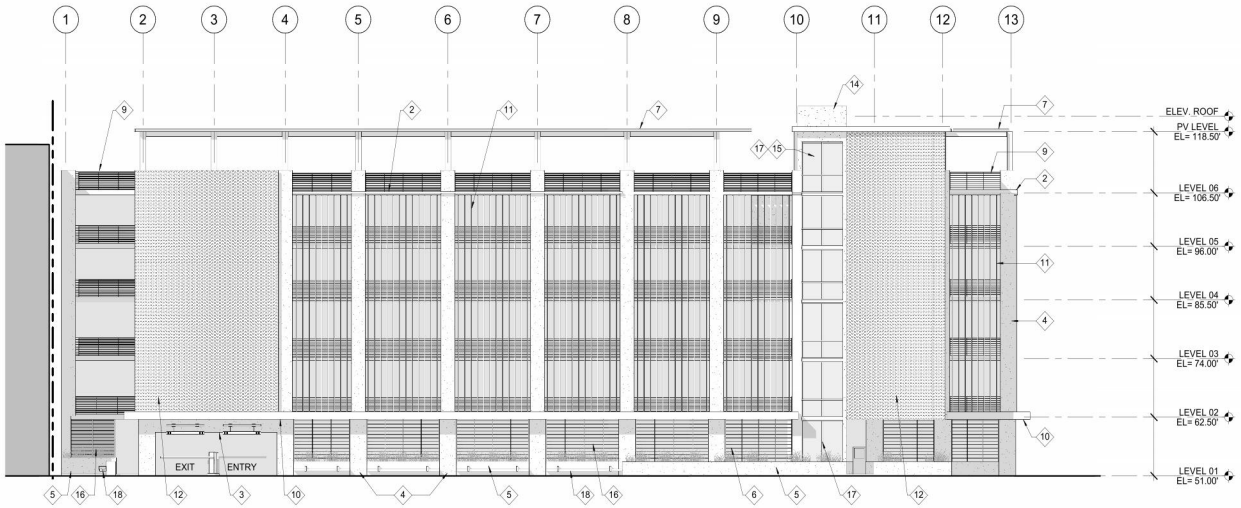
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SCALE :	As indicated

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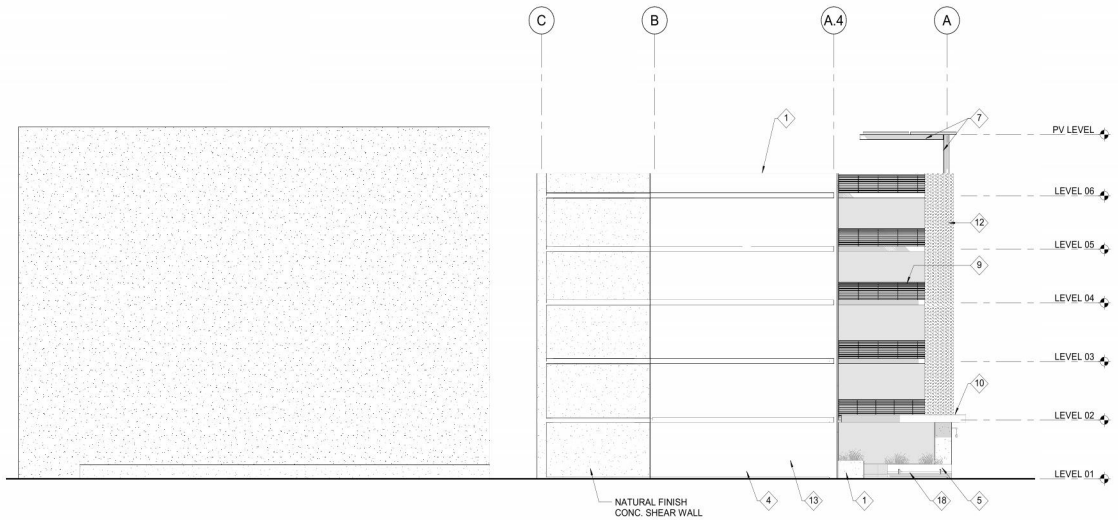
OPT3-A3.1

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1 FACING HAMILTON AVE.
SOUTH ELEVATION
OPT3-A3.2 3/32" = 1'-0"



2 FACING AT&T
WEST ELEVATION
OPT3-A3.2 3/32" = 1'-0"

UNPAINTED, UNLESS NOTED OTHERWISE

4. ALL CONCRETE POUR JOINTS & ROCK POCKETS OVER 3/4" WIDE IN ANY DIRECTION SHALL BE SACK AND PATCHED
5. PAINT EXTERIOR METALS UNLESS NOTED OTHERWISE

MATERIAL FINISH SCHEDULE

KEY#	DESCRIPTION	FINISH
1	CONCRETE RAIL WITH TEXTURED FINISH	COLOR #1
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3	CONCRETE BEAM WITH TEXTURED FINISH	COLOR #1
4	CONCRETE COLUMN WITH TEXTURED FINISH	COLOR #1
5	CONCRETE PLANTER	COLOR #2
6	BOARD FORM CONCRETE SHEARWALL	COLOR #2
7	FUTURE PHOTOVOTALIC PANELS OVER WIDE FLANGE SUPPORT FRAMING	COLOR #3
8	PAINTED AND GALV. HSS MEMBER	COLOR #3
9	PAINTED METAL RAILINGS	COLOR #3
10	METAL CANOPY	COLOR #3
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13	CMU WALLS WITH SMOOTH CEMENT PLASTER FINISH	COLOR #6
14	METAL STUD WALLS WITH TEXTURED FINISH	COLOR #1
15	NOT USED	
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17	STOREFRONT SYSTEM	COLOR #8
18	STAINED WOOD BENCH	COLOR #6

COLOR CHART

COLOR #	DESCRIPTION
COLOR #1	'SAND' TEXTURE, 'WHISPER GREY T-127' COLOR
COLOR #2	NATURAL COLOR
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COLOR #4	TERRACOTTA
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COLOR #9	WESTERN RED CEDAR WITH CLEAR MATTE FINISH
COLOR #7	CLEAR
COLOR #8	DARK (COLOR TBD) ANODIZED

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BUILDING ELEVATIONS

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL

PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

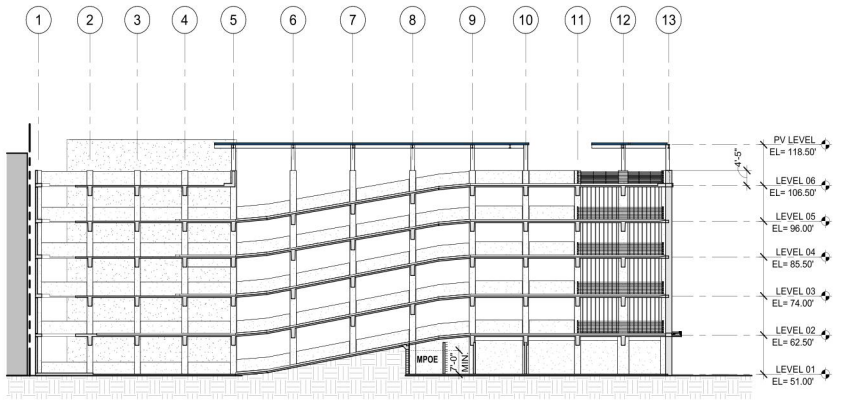
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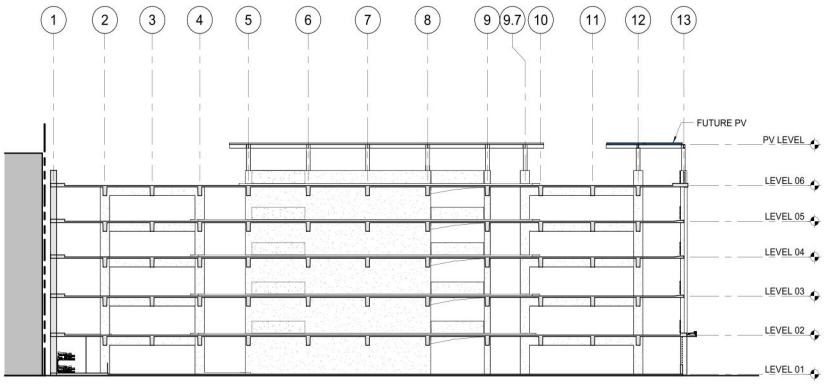
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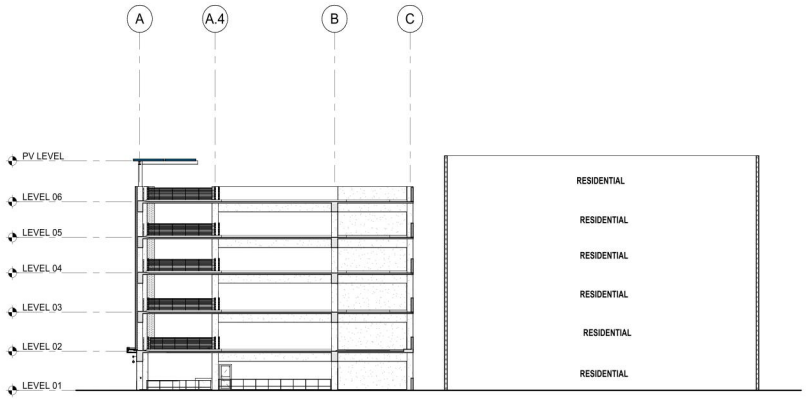
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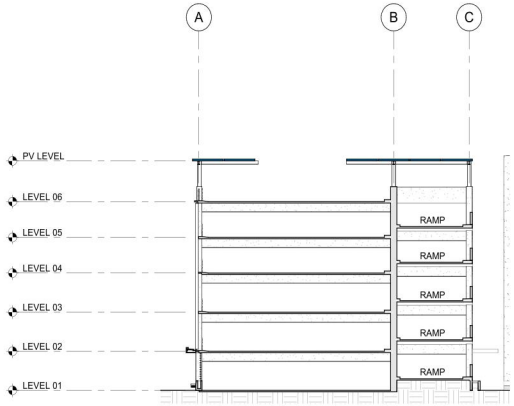
1 AT SPEED RAMP LONGITUDINAL SECTION
OPT3-A3.0 1/16" = 1'-0"



2 LONGITUDINAL SECTION
OPT3-A3.0 1/16" = 1'-0"



3 TRANSVERSE SECTION
OPT3-A3.0 1/16" = 1'-0"



4 TRANSVERSE SECTION

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BUILDING SECTIONS

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL
PALO ALTO, CA

REVISIONS

NO.	DATE	BY

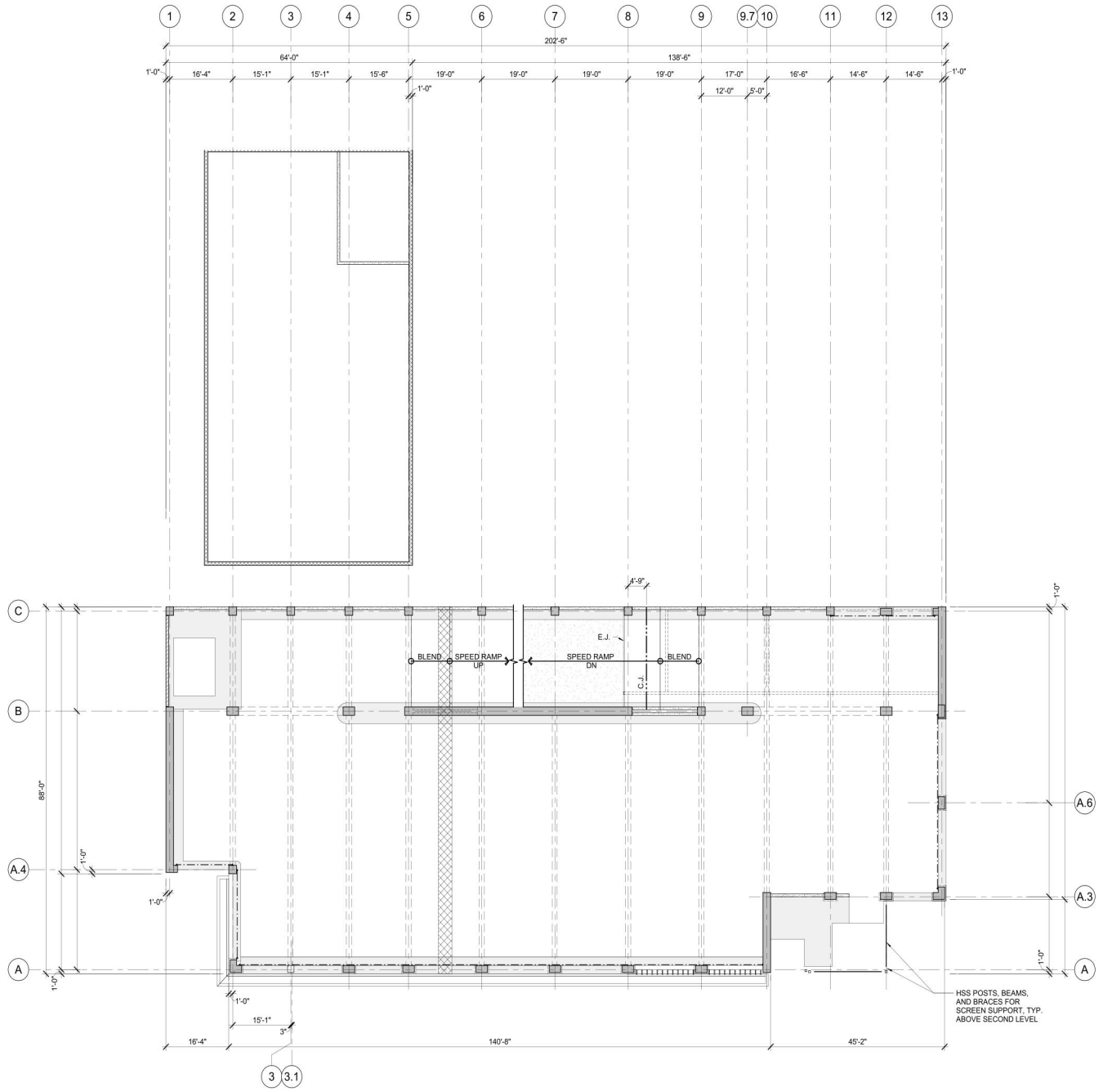
CONCEPT DESIGN

JOB NO.:	16-138A
DATE :	XX/XX/2024
DESIGN:	KNOWLES
DRAWN:	BEDDOW
CHK. BY:	KNOWLES
SCALE :	1/16" = 1'-0"

SHEET:
OPT3-A3.3

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TYPICAL LEVEL FRAMING PLAN
3/32" = 1'-0"

10'-8" 0' 21'-4" 42'-8"
SCALE: 3/32" = 1'-0"

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TYPICAL LEVEL FRAMING PLAN

DOWNTOWN PARKING GARAGE
OPTION 3 DOGLEG RESIDENTIAL
PALO ALTO, CA

REVISIONS

NO.	DATE	BY

CONCEPT DESIGN

JOB NO.:	16-138A
DATE :	XX/XX/2024
DESIGN:	WONG
DRAWN:	BEDDOW
CHK. BY:	BEAUDOIN
SCALE :	As indicated

SHEET:
OPT3-S2.2

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25th March, 2025

DOWNTOWN PARKING STRUCTURE OPTION APPRAISAL

		Disadvantage	Advantage
Option 1a Waverley Residential (separate circulation)			
Stall Count	274	(Net gain 163 stalls (minus existing and residential stalls))	
Unit Count	15		
		• Lower residential unit count and area than dogleg options • Cost increase to residential with required elevator and second stair. • Architectural challenge with additional street facing shear wall.	• Increased stall count over dogleg options • Good location for residential units on street • Could create landscaped city space prior to residential development phase. (may be difficult to remove once used) • Separation of parking and residential uses allow clearer definition of developments, increased security. • Separation of construction contracts and ownership • Residential floor height flexibility since no connection to garage floor requirements. • More residential floor area than other Waverley options. • Preferred option by low income housing developer.

Option 1b Waverley Residential (shared circulation)

Stall Count	274	(Net gain 168 stalls (minus existing and residential stalls))
Unit Count	15	

- Less residential area than option 1a
- Lower residential unit count than dogleg option.
- More limited residential unit types (no 3 bed option)
- Shared circulation may not provide design quality and safety at residential connection.
- Requires residential floor height to match garage.
- Code required separation of building types at circulation areas sacrifices residential floor area and increase cost prior to residential development.
- Complication to construction phasing and maintaining garage use during process
- Increased stall count over dogleg options
- Good location for residential units on street
- Could create landscaped city space prior to residential development phase. (reduced from option 1A)

Option 1c Waverley Residential (with podium shared circulation)

Stall Count 278 (Net gain 167 stalls (minus existing and residential stalls))
Unit Count 15

- Less residential area than option 1a
- Lower residential unit count than dogleg option.
- More limited residential unit types (no 3 bed option)
- Shared circulation may not provide design quality and safety at residential connection.
- Requires residential floor height to match garage.
- Code required separation of building types at circulation areas sacrifices residential floor area and increase cost prior to residential development.
- Complication to construction phasing and maintaining garage use during process
- Forms difficult architecture at Waverley podium until residential development proceeds.
- More complicated building construction requiring additional waterproofing at podium.
- No landscaped green space prior to residential unit development
- Less clarity of ownership and construction scope.
- Increased stall count over dogleg options
- Good location for residential units on street
- Slight increase in parking count over other Waverely options
- Ground floor amenity space built with garage.

Option 2 Non-Residential

Stall Count 329
Unit Count 0

- No residential program
- Maximum parking count available on site.

Option 3a Dogleg Residential (separate circulation)		
Stall Count	209	(Net gain 73 stalls (minus existing and residential stalls))
Unit Count	25	

- Location of residential units at alley way and rear of adj. buildings is not optimal living conditions.
- Cost increase to residential with required elevator and second stair.
- Very reduced parking count.
- Complex construction process behind other buildings.
- Compromised views and access to light and air.
- Not preferred option of low income house developer.
- Main entry off alley.
- Garage utility rooms compromised.
- Interim commercial trash area needs to be provided
- Larger residential area allows more units and unit types than Waverley options
- Separation of parking and residential uses allows clearer definition of developments and better security
- Residential floor height flexibility since no connection to garage floor requirements
- Prior to residential build site could be used for on grade parking (approx. 25 stalls)

Option 3b Dogleg Residential (shared circulation)

Stall Count 209 (Net gain 83 stalls (minus existing and residential stalls))
Unit Count 25

- Location of residential units at alley way and rear of adj. buildings is not optimal living conditions.
- Very reduced parking count.
- Complex construction process behind other buildings.
- Compromised views and access to light and air.
- Requires residential floor height to match garage.
- Not preferred option of low income house developer.
- Main entry off alley.
- Garage utility rooms compromised.
- Code required separation of building types at circulation areas sacrifices residential floor area and increase cost prior to residential development.
- Complication to construction phasing and maintaining garage use during process
- No landscaped green space prior to residential unit development
- Less clarity of ownership and construction scope.
- Larger residential area allows more units and unit types than Waverley options
- Prior to residential build site could be used for on grade parking (approx. 25 stalls)

Option 3c Dogleg Residential (with podium separate circulation)

Stall Count 216 (Net gain 85 stalls (minus existing and residential stalls))
Unit Count 25

- Location of residential units at alley way and rear of adj. buildings is not optimal living conditions.
- Very reduced parking count.
- Complex construction process behind other buildings.
- Compromised views and access to light and air. Not preferred option of low income house developer.
- Main entry off alley.
- Garage utility rooms compromised.
- Interim commercial trash area needs to be provided
- Shared circulation may not provide design quality and safety at residential connection.
- Code required separation of building types at circulation areas sacrifices residential floor area and increase cost prior to residential development.
- Complication to construction phasing and maintaining garage use during process and additional waterproofing at podium.
- Less clarity of ownership and construction scope.
- Larger residential area allows more units and unit types than Waverley options
- Separation of parking and residential uses allows clearer definition of developments and better security
- Residential floor height flexibility since no connection to garage floor requirements
- Ground floor amenity spaces and additional parking built with garage.

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: ACTION ITEMS
Lead Department: Planning and Development Services

Meeting Date: April 14, 2025
Report #:2411-3800

TITLE

PUBLIC HEARING/QUASI-JUDICIAL: 70 Encina Avenue [24PLN-00095]: Adopt an Ordinance Rezoning the Subject Property and an Adjacent Vacant Parcel to Planned Community/Planned Home Zoning and Adopt the Record of Land Use Action to Demolish a Surface Parking lot and to Construct a New Three-Story, 19,035 Square Foot Building with 10 Residential Condominium Units. CEQA Status- Streamlined Review in Accordance with CEQA Guidelines Section 15183 (Comprehensive Plan Consistency). Zone District: CC (Community Commercial).

RECOMMENDATION

Staff recommends City Council take the following actions:

1. Consider the CEQA Guidelines section 15183 checklist analyzing the project's consistency with the Comprehensive Plan 2030 Environmental Impact Report (SCH #2014052101);
2. Approve an Ordinance (Attachment B) rezoning the subject site from Community Commercial to Planned Community/Planned Home Zoning; and
3. Approve the Record of Land Use Action (Attachment C) approving the proposed project, based on findings and subject to conditions of approval to the City Council.

EXECUTIVE SUMMARY

Hayes Group Architecture, representing a prospective purchaser, proposes to rezone the subject property at 70 Encina Avenue and an adjacent vacant parcel from CC (Community Commercial) to Planned Community (PC)/Planned Home Zoning (PHZ).[1] The project includes demolition of an existing surface parking lot on two contiguous parcels adjacent to the Town and Country Village Shopping Center (Town & Country) and construction of 10 condominium units, two of which would be provided at below market rate (BMR). The applicant recently filed a separate application for a tentative map. Approval of the tentative map and final map would

[1] Referred to in this report as "Planned Home Zoning (PHZ)" to emphasize the focus on housing as the benefit to the community. Still, PAMC Section 18.38, which outlines the requirement and process for Planned Community (PC) Zoning, remains the underlying code supporting application of this policy.

be required, prior to issuance of a building permit, to merge the two parcels and for the proposed 10-unit condominium subdivision.

As required in accordance with the rezoning process, Council held a prescreening to consider the proposed legislative action prior to the applicant's filing a formal application. The applicant also filed a preliminary Architectural Review application prior to filing a formal application. In accordance with the PC/PHZ process set forth in PAMC Section 18.38, the project subsequently obtained an initial recommendation from the Planning and Transportation Commission (PTC) to forward the project to the Architectural Review Board (ARB) for review and received formal recommendations from the ARB and then the PTC prior to returning to Council for a decision.

The City, acting as the lead agency, prepared an analysis in accordance with the California Environmental Quality Act (CEQA) Guidelines Section 15183, which includes streamlining of infill projects that are consistent with the Comprehensive Plan and the associated Comprehensive Plan Environmental Impact Report. The analysis concludes that the project is consistent with the previously adopted EIR and would not result in any new or more significant impacts than were previously evaluated.

BACKGROUND

On February 3, 2020, City Council unanimously endorsed using PHZ for housing and mixed-use housing projects to help spur housing production. In exchange for deviation from certain standards as allowed under the rezoning, if approved by Council, the project must include approximately 20% of the housing units as deed restricted at below market rate.

Prior City Reviews & Action

The PHZ application process requires PTC initial review of a conceptual plan, Architectural Review Board review of the development plan, and PTC recommendation on the Ordinance to rezone the site and proposed development plan, prior to Council's decision.

City Council Prescreening

Council held a prescreening on September 12, 2022,[2] for the proposed rezoning of this property. The initial proposal included 20 condominium units in a five-story building. City Council encouraged the applicants to work with the operators of Town & Country, Ellis Partners, and to scale down the building to better align with the scale of existing Town & Country buildings. In response, the project was redesigned to a 10-unit, three-story development. The applicant filed a preliminary ARB application to obtain ARB feedback on December 7, 2023, prior to submitting a formal application.

[2] City Council, September 12, 2022 Staff Report: https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=9048&compileOutputType=1

Planning and Transportation Commission Initial Review
Following submittal of the formal application, the PTC held a public hearing on September 11, 2024.[3] At the PTC hearing on September 11, 2024, Commissioner comments included:

- Recognition and appreciation of the applicants' work with Town & Country;
- Support for the proposed height as appropriate;
- Support for the accessible units and the bedroom count as desirable for families;
- General support for current design in terms of visual compatibility with Town & Country;
- Concern with limited amount of greenspace and need for improved circulation;
- Direction to remove the proposed bulb-outs and entrance gate that encroached on public property; and
- Suggestion that future CC&Rs should include a provision to prevent residents and guests from parking at Town & Country.

The PTC voted unanimously to move the project forward to the ARB.

Architectural Review Board
The ARB first reviewed the project on November 7, 2024,[4] and made no design changes but continued the item until environmental review was complete. On February 6, 2025,[5] the ARB voted 4-1 (Hirsch dissenting) to recommend Council approval. The dissenting vote reflected a preference to pursue a broader housing plan for the Encina Avenue corridor.

During public comment, a representative from Ellis Partners (Town & Country operators) noted early discussions with the applicant about a joint housing project that would redevelop the entire north parking lot. While the applicant was open to collaboration, they still sought approval of the current proposal. The ARB discussed the potential for a coordinated plan along Encina Avenue, with one member strongly advocating for a unified approach. Others supported future coordination but agreed to proceed with a recommendation on the project as proposed, acknowledging the applicant does not own adjacent parcels.

The ARB also voted 4-1 to recommend that Council consider rezoning the north parking lot area (excluding the subject parcels) for residential use. The dissenting vote again reflected a preference for a broader housing plan along Encina Avenue.

Planning and Transportation Commission Final Review
The project returned to the PTC on February 26, 2025.[6] After extensive discussion, the Commission could not agree on whether previous concerns had been addressed, largely due to

[3] Planning and Transportation Commission, September 11, 2024 Staff Report: https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13723
[4] Architectural Review Board, November 7, 2024 Staff Report: https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13926
[5] Architectural Review Board, February 6, 2024 Staff Report: https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=15748
[6] Planning and Transportation Commission, February 26, 2025 Staff Report: https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=15720

the project's isolated nature. A motion to recommend approval failed on a 3-3 tie (Summa, Chang, Ji dissenting). The PTC then voted 5-1 to forward the project to Council with a split recommendation, reflecting the prior tie vote. The dissenting vote was based on dissatisfaction with moving a project forward without consensus.

The motion also recommended that Council consider:

1. Requiring one BMR unit at 80% AMI and one at 120% AMI (instead of two at 100% AMI); and *(see discussion below where staff clarifies both units would be restricted to 80% AMI).*

2. Enhancing pedestrian safety near the Encina Avenue connection to the CalTrain bike/multi-use path.

Discussion also included support for more green space and a larger rear setback. During public comment, the Ellis Partners representative reiterated prior remarks about potential redevelopment of the north parking lot. While such a project would undergo standard Planning review, its possibility gave some commissioners pause. Commissioners Hechtman and Summa proposed minor edits to the PC Ordinance and Findings, which were incorporated.

ANALYSIS

As detailed in Attachment C, the project aligns with several aspects of the Comprehensive Plan, particularly the Land Use, Housing, and Business Elements. Approval of the proposed ordinance amending the zoning of the site would be consistent with the zoning ordinance. Based on staff and the ARB's review, the project is believed to be appropriate to its context in terms of scale, massing, and materials and enhances the area by providing residential uses adjacent to retail and other office uses.

Consistency with the Comprehensive Plan, Area Plans, and Guidelines[7]

The Comprehensive Plan designation is Community Commercial, which is defined as: "Larger shopping centers and districts that have a wider variety of goods and services than the neighborhood shopping areas. They rely on larger trade areas and include such uses as department stores, bookstores, furniture stores, toy stores, apparel shops, restaurants, theaters and non-retail services such as offices and banks. Examples include Stanford Shopping Center and Town & Country Village. Non-retail uses such as medical and dental offices may also locate in this designation. In some locations, residential and mixed-use projects may also locate in this category. Non-residential FARs range from 0.35 to 2.0. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multifamily housing may be allowed in specific locations."

[7] The Palo Alto Comprehensive Plan is available online: bit.ly/PACompPlan2030

This project is consistent with this designation, as it proposes housing within a half mile of the Palo Alto Caltrain Station and Transit Center. As discussed in the Record of Land Use Action (Attachment C), this project promotes a number of Comprehensive Plan policies and does not conflict with other policies specific to Town & Country. In summary, this location is described as being within the Town & Country, however it does not contain retail use, and will not decrease the retail use at the shopping center. Additionally, one of the parcels (APN 120-34-006) was included in the Housing Element Sites Inventory, with an expected capacity of four units. The proposed project merges parcels to allow for additional capacity. The proposed ten units therefore, exceed the anticipated capacity in the Housing Inventory. The project supports Comprehensive Plan policies to provide affordable housing, infill development, and to promote high-quality design.

Zoning Compliance

Attachment D includes a summary of the project's consistency with the existing CC Zone District. The PHZ process rezones the site and, through the proposed ordinance and development plan, sets forth the development standards for this project. Therefore, through this rezoning process as set forth in PAMC Section 18.38, the project will deviate from the existing zoning in a manner that is consistent with the zoning ordinance. There are several aspects of the project that deviate from the CC zoning base district development standards, including:

- Floor area ratio of 1.57:1, where the existing regulations allow 0.5:1;
- Lot coverage of 58.6%, where the existing regulations allow 50%;
- Rear setback of seven inches, where the existing regulations require 10 feet;
- No ground-level open space, where the existing regulations require 30%; and
- An average of 95 square feet usable open space per unit, where the existing regulations require 150 square feet per unit.

Parking and Multi-Modal Access

The proposed plan provides each unit with at least one parking space in a ground-level garage. Six of the dwelling units would each have two garage spaces, and four of the dwelling units would each have one parking space. In terms of multi-modal access, each garage will have one long-term bike storage space (wall rack or designated space in the garage).

The project site is within walking distance (0.5 mile) of the Palo Alto Caltrain Station. In accordance with Assembly Bill (AB) 2097, because the project is located within one half mile of a major transit stop, no vehicular parking spaces are required. While there is no current provision that would require a transportation demand management (TDM) plan for the subject project, the City Council in March adopted an ordinance on first reading that would require developer's seeking to invoke AB 2097 to also prepare a TDM plan for staff review and approval. This ordinance is not in effect but as the subject application seeks a legislative

amendment to the zoning code, it is permissible to extend this City Council policy to the subject project. Accordingly, staff has included a condition of approval requiring a TDM plan prior to the issuance of a building permit.

Public Benefit

In September 2020, City Council expressed interest in allowing housing projects to pursue Planned Community rezoning, rebranded as Planned Home Zoning (PHZ) to highlight housing as the primary community benefit. Council indicated a preference for increasing the number of below market rate (BMR) units or achieving deeper affordability to address RHNA targets, particularly for low and very low-income units. To support this, Council endorsed four options[8] developers could consider to enhance public benefit while maintaining project feasibility.

When the PTC reviewed the project in February, the applicant was proposing two units at 100% AMI, which was inconsistent with Council Option #2 to provide 20% of units at an average of 80% AMI. The PTC recommended the applicant consider modifying this to one priced at 80% AMI and one priced at 120% AMI. The applicant has since modified the application request to comply with Option #2. With both of the income restricted units available at 80% of AMI, the project has a weighted average of 24% and an actual inclusionary rate of 20%.

Consistency with Application Findings

As detailed in the draft Record of Land Use Action (Attachment C) and within the analysis within this report the project is consistent with application findings for a PC project.

FISCAL/RESOURCE IMPACT

Processing of this application has no fiscal impact as applicants are responsible for staff and consultant costs through applicable fees through the deposit-based cost recovery program. Additionally, the site is a vacant parking lot; therefore, there would be no loss in sales tax revenue as a result of this project. The proposed development would require payment of Development Impact Fees, currently estimated at $770,376.55 plus the Public Art fee.

STAKEHOLDER ENGAGEMENT

The Palo Alto Municipal Code requires notice of this public hearing be published in a local paper and mailed to owners and occupants of property within 600 feet of the subject property at least ten days in advance. Postcard mailing and notice of a public hearing for this project was published in the *Daily Post* on April 4, 2025, which is 10 days in advance of the meeting.

Public Comments

Ellis Partners, the operators of Town & Country, have actively participated in the process. In their most recent letter, and in person at the ARB and PTC hearing, they advocated for a single

[8] City Council, June 23, 2020 Staff Report: https:/www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-10715.pdf

future housing project on their North parking lot. This hypothetical project would include this subject lot, which Ellis Partners does not own or lease, and other surrounding properties they currently lease but do not own. Likewise, the project applicants only have property rights to the two subject properties in this application. Staff notes that there is no current application for this alternative project and that any future project would need to go through the appropriate Planning Entitlement process. While the applicant for this project has expressed their willingness to continue conversations with Ellis Partners for this alternative project, they have also expressed their interest in continuing to process their submitted application.

The has also received several letters of support and one letter questioning the legality of the PHZ process. All previously received comments are included in Attachment E.

ENVIRONMENTAL REVIEW

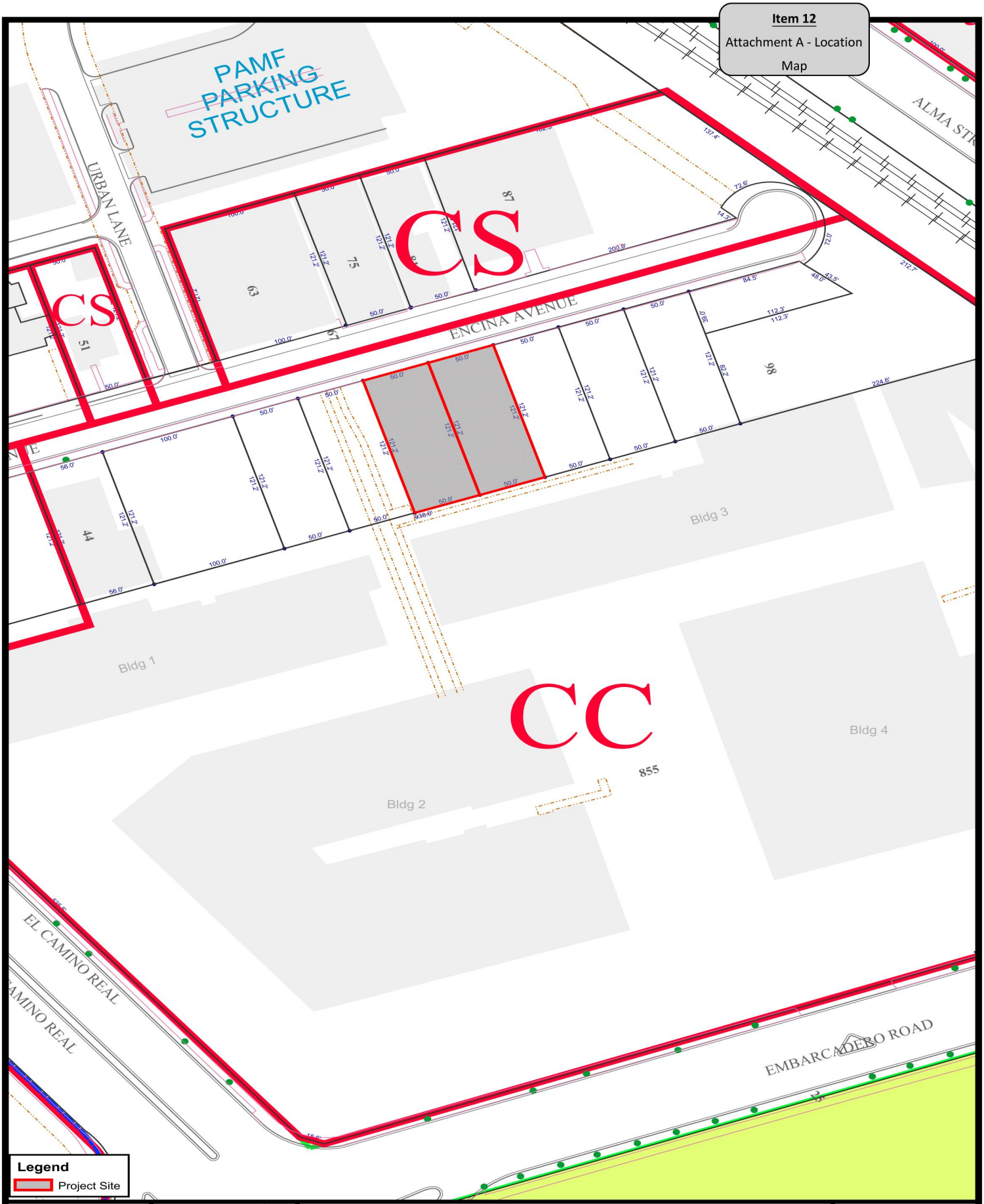
The subject project has been assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. Specifically, the City has prepared a streamlined analysis, pursuant to CEQA Guidelines section 15183, of the project's consistency with the Comprehensive Plan Environmental Impact Report (SCH #2014052101). The project will incorporate all required mitigation measures from the Comprehensive Plan EIR and the City's standard conditions of approval. Overall, the findings of the 1583 checklist conclude that there are no new or more significant impacts beyond what was previously assessed in the adopted Comprehensive Plan EIR; therefore, further environmental analysis is not warranted.

ATTACHMENTS

Attachment A: Location Map
Attachment B: Draft PC Ordinance
Attachment C: Draft Record of Land Use Action
Attachment D: Zoning Consistency Analysis
Attachment E: Applicant's Project Description
Attachment F: Neighbor's Correspondence
Attachment G: Link to Project Plans and Environmental Analysis

APPROVED BY:

Jonathan Lait, Planning and Development Services Director



The City of Palo Alto

Attachment A
70 Encina
Location Map

This map is a product of the City of Palo Alto GIS

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presentation only of best available sources.
ny errors. ©1989 to 2016 City of Palo Alto

NOT YET APPROVED

Ordinance No. ____

Ordinance of the Council of the City of Palo Alto Amending Section 18.08.040 of the Palo Alto Municipal Code (The Zoning Map) to Change the Classification of Property Located at 70 Encina Avenue from Service Commercial (CS) Zone to Planned Community Zone (PC)

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations.

(a) On March 24, 2024, Hayes Group Architecture ("Applicant") submitted an application for Rezoning to Planned Community/Planned Home Zoning (PHZ) and Major Architectural Review to redevelop the site at 70 Encina Avenue (the "Subject Property," more particularly described in Exhibit A) with ten condominium units, two of which would be below market rate (the "Project").

(b) Following Staff Review, the Planning and Transportation Commission (Commission) reviewed the project on September 11, 2024 and recommended the project to the Architectural Review Board.

(c) The Architectural Review Board reviewed the project on November 7, 2024 and, following preparation of the environmental analysis, formally recommended approval of the project to the City Council on February 6, 2025.

(d) The Planning and Transportation Commission reviewed the project on February 26, 2025; and recommended approval of the project to the City Council.

(e) Approval of the Planned Community Project would constitute a project under the provisions of the California Environmental Quality Act of 1970, together with related state and local implementation guidelines promulgated thereunder ("CEQA").

(f) The City is the Lead Agency pursuant to Public Resources Code section 21067 as it has the principal responsibility to approve and regulate the Planned Community Project.

(g) The City, in compliance with CEQA, determined that the project is eligible for streamlined review in accordance with CEQA Guidelines Section 15183. The City prepared an analysis of the project in accordance with CEQA Guidelines Section 15183, which evaluated the project's consistency with the Comprehensive Plan and the Comprehensive Plan EIR, including relevant addenda. Plan level technical reports were prepared to confirm that the Comprehensive Plan EIR, including any mitigation required through that EIR, would adequately address the impacts of the proposed project.

(h) The Council is the decision-making body for approval of the Planned Community Project.

(i) The site is so situated, and the use or uses proposed for the site are of such characteristics that the application of general districts or combining districts will not provide sufficient flexibility to allow the proposed development. Specifically, the project proposes family-serving, ownership housing units. The existing CS zoning requires ground-floor retail and limits the square footage for residential uses to a floor area ratio of no more than 0.35 to 1. The limitation on residential housing uses and development standards was intended to apply to the shopping center, of which this site was previously a leased part. The site is zoned and designated as part of the shopping center but is no longer leased by the Town & Country Village shopping center owner and is part of a separate, adjacent parcel. In order to provide an exclusively multi-family use on this site and to achieve a floor area, lot coverage and setbacks that allow for development of the project as proposed, the proposed rezoning is necessary.

(j) Development of the site under the provisions of the PC planned community district will result in public benefits not otherwise attainable by application of the regulations of general districts or combining districts, as set forth in Section 6 of this ordinance.

(k) The use or uses permitted, and the site development regulations applicable within the district are consistent with the Palo Alto Comprehensive plan and compatible with existing and potential uses on adjoining sites or within the general vicinity, as set forth in the Record of Land Use Action (Exhibit B) accompanying this ordinance.

SECTION 2. Amendment of Zoning Map.

Section 18.08.040 of the Palo Alto Municipal Code, the "Zoning Map," is hereby amended by changing the zoning of Subject Property from Service Commercial (CS) to "Planned Community Zone (PC) _____".

SECTION 3. Project Description.

The Project as a whole is described in the Development Plan, titled "Encina Housing 70 Encina Avenue, Palo Alto, CA 94301" and uploaded to the Palo Alto Online Permitting Services Citizen Portal on February 19, 2025. With respect to the Subject Property, the project comprises the uses included in this Ordinance, depicted on the Development Plans, incorporated by reference, including the following components:

(a) Redevelopment of an existing surface parking area, as described in more detail in the Development Plan, to allow construction of a new 3-story, 19,035 sf building (1.57 FAR); to include ten (10) residential condominium units organized around a common access court that provides both vehicular and pedestrian access and site improvements. Two of the proposed units will be deed restricted to be sold at a rate affordable to households earning 80-100% of area median income.

(b) Merger of two existing lots and subdivision into ten (10) residential condominium units through a subdivision map, which will be filed at a later date.

SECTION 4. Land Uses.

(a) The following land uses shall be permitted:

(1) Multi-family residential;

(2) Accessory Uses.

SECTION 5. Site Development Regulations and Development Schedule.

(a) Development Standards:

Development standards for the Subject Property shall be those conforming to the Development Plans.

(b) Parking and Loading Requirements:

The Owner shall provide parking and loading as set forth in the Development Plan. Specifically, the Owner shall provide four units with 1 space per unit and six units with 2 spaces per unit, for a total of 16 parking spaces.

(c) Modifications to the Development Plan, Land Uses and Site Development Regulations:

Once the project has been constructed consistent with the approved Development Plan, any modifications to the exterior design of the Development Plan or any new construction not specifically permitted by the Development Plan or the site development regulations contained in Section 5 (a) – (b) above shall require an amendment to this Planned Community zone. Any use not specifically permitted by this ordinance shall require an amendment to the PC ordinance, as required by Palo Alto Municipal Code 18.38.050.

(g) Development Schedule:

The project is required to include a Development Schedule pursuant to PAMC §18.38.100. The applicant has indicated that development is anticipated to begin in October 2025 and conclude in December 2026.

Notwithstanding the above, construction of the project shall commence within two years of the effective date of this ordinance. Prior to expiration of this timeline, the Owner may seek a one year extension from the Director of Planning and Development Services. All construction and development of the project shall be complete within 3 years of the start of construction.

SECTION 6. Public Benefits.

(a) Public Benefits

Development of the Project Site under the provisions of the PC Planned Community District will result in public benefits not otherwise attainable by application of the regulations of general districts or combining districts.

The public benefit provided by the Project is two dwelling units at below market rates ("BMR"), affordable to households with income not exceeding 80% of area median income. This exceeds the base requirement in Palo Alto Municipal Code Chapter 16.65, which would require one BMR unit and the payment of in-lieu fees.

SECTION 7. Environmental Review

The City prepared an analysis of the project in accordance with CEQA Guidelines Section 15183 and confirmed that the Comprehensive Plan EIR, including any mitigation that would be addressed as required through that EIR, would adequately address the impacts of the proposed project.

SECTION 8. Effective Date

This ordinance shall be effective on the thirty-first day after the date of its adoption (second reading).

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
Assistant City Attorney

APPROVED:

_____
Mayor

_____
City Manager

_____
Director of Planning and Development Services

NOT YET APPROVED

Exhibit A Plan and Legal Description

LEGAL DESCRIPTION

Real property in the City of Palo Alto, County of Santa Clara, State of California, described as follows:

PARCEL ONE:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF THE SAN FRANCISCO AND SAN JOSE ROAD, STATE HIGHWAY, SAID LINE BEING THE NORTHEASTERLY LINE OF THAT CERTAIN STRIP OF LAND CONVEYED BY ELIZA J. GREER TO THE CITY OF PALO ALTO, BY DEED DATED SEPTEMBER 15, 1926 AND RECORDED SEPTEMBER 16, 1926 IN BOOK 272, PAGE 54, OFFICIAL RECORDS; WHERE THE SAME IS INTERSECTED BY THE SOUTHEASTERLY LINE OF THE GREER HOMESTEAD IN THE RANCHO RINCONADA DE ARROYO DE SAN FRANCISQUITO, SET OFF TO THE ESTATE OF ROBERT L. GREER, DECEASED, ACCORDING TO THE MAP THEREOF OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, IN BOOK L OF MAPS, PAGE 79; THENCE RUNNING SOUTH 42° 30' EAST AND ALONG THE PRESENT NORTHEASTERLY LINE OF SAID HIGHWAY, AND ALONG THE NORTHEASTERLY LINE OF SAID STRIP OF LAND SO CONVEYED TO THE CITY OF PALO ALTO, 531.50 FEET AND SOUTH 72° 33' EAST 20.01 FEET TO THE NORTHWESTERLY LINE OF THE EMBARCADERO ROAD, AND THE NORTHWESTERLY LINE OF THE LAND SO CONVEYED TO THE CITY OF PALO ALTO; THENCE RUNNING NORTH 70° 10' EAST AND ALONG SAID LINE, 1021.37 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF THAT CERTAIN 25 FOOT STRIP OF LAND CONVEYED BY ELIZA JANE GREER, ET AL, TO SOUTHERN PACIFIC RAILROAD COMPANY, A CORPORATION, BY DEED DATED NOVEMBER 19, 1901, RECORDED NOVEMBER 21, 1901 IN BOOK 246 OF DEEDS, PAGE 240, RECORDS OF SAID COUNTY OF SANTA CLARA; THENCE LEAVING SAID LINE OF EMBARCADERO ROAD, AND RUNNING NORTH 51° 45' WEST ALONG THE SOUTHWESTERLY LINE OF SAID 25 FOOT STRIP OF LAND 581 FEET, MORE OR LESS, TO A POINT ON THE SOUTHEASTERLY LINE OF LANDS SHOWN ON THE MAP OF THE GREER HOMESTEAD, HEREINABOVE REFERRED TO; THENCE LEAVING SAID 25 FOOT STRIP OF LAND AND RUNNING ALONG THE SOUTHEASTERLY LINE OF SAID GREER HOMESTEAD, SOUTH 70° 47' WEST 934.69 FEET TO THE POINT OF BEGINNING.

A PORTION OF THE 32 1/2 ACRE TRACT SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF A TRACT OF LAND ON THE SAN FRANCISQUITO RANCHO, OWNED BY CAPT. JOHN GREER", WHICH MAP WAS FILED FOR RECORD ON MARCH 14, 1878 IN BOOK A OF MAPS, PAGE 23, SANTA CLARA COUNTY RECORDS.

PARCEL TWO:

BEING A SUMMARY VACATION OF REAL PROPERTY IN THE CITY OF PALO ALTO, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF PARCEL ONE, AS DESCRIBED IN THE TRUST TRANSFER DEED RECORDED MARCH 28, 2007, DOCUMENT NO. 19362067, SANTA CLARA COUNTY;

THENCE SOUTH 70° 10' 00" WEST, ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL ONE, A DISTANCE OF 336.77 FEET;

THENCE SOUTH 51° 45' 00" EAST, 32.22 FEET;

THENCE NORTH 70° 10' 00" EAST, A DISTANCE OF 306.51 FEET;

THENCE NORTH 38° 15' 00" EAST, A DISTANCE OF 25.69 FEET TO AN INTERSECTION WITH THE SOUTHWESTERLY LINE OF THE PENINSULA CORRIDOR JOINT POWERS BOARD RIGHT-OF-WAY;

Item 12
Attachment B - Draft PC
Ordinance

THENCE NORTH 51° 45' 00" WEST, ALONG SOUTHWESTERLY RIGHT-OF-WAY LINE, A LINE DISTANCE OF 16.22 FEET TO THE POINT OF BEGINNING.

APN: 120-34-015

NOT YET APPROVED

Exhibit B Record of Land Use Action

APPROVAL NO. 2025-____
RECORD OF THE COUNCIL OF THE CITY OF PALO ALTO LAND USE APPROVAL FOR 70 ENCINA AVENUE: PLANNED COMMUNITY REZONING
(FILE NO 24PLN-00095)

On April 14, 2025, the City Council of the City of Palo Alto ("City Council") approved an application to rezone the subject properties from Community Commercial (CC) to a Planned Community Zone District, making the following findings, determinations and declarations:

SECTION 1. Background.

A. On March 28, 2024 Hayes Group Architects ("Applicant"), on behalf of the property owner, applied for a Planned Community Rezoning to demolish an existing surface parking lot that is not currently in use and to construct a 10-unit, three-story, approximately 19,035 square foot townhome style housing development and associated site improvements ("The Project"). The project site consists of two parcels, including the 6,060 square foot parcel located at 70 Encina Avenue (APN 120-03-006) and an adjacent, 6,060 square foot, unaddressed parcel (APN 120-03-007) for a total combined parcel size of 12,120 square feet.

B. On September 12, 2022 Council conducted a prescreening review of the proposed legislative action in accordance with PAMC 18.79

C. On September 11, 2024, the Planning and Transportation Commission held a duly noticed public hearing and recommended that the applicant submit the proposed plans to the Architectural Review Board (ARB) based on the conceptual design and proposed project in accordance with the Planned Community Rezoning Process.

D. Following the Planning and Transportation Commission's Initial Review, the ARB held a duly noticed public hearing on November 7, 2024 to provide feedback and allow for public comment on the proposed project. On February 6, 2025 the ARB held a duly noticed public hearing and recommended approval of the proposed project.

E. On February 26, 2025 the PTC held a duly noticed public hearing and recommended approval of the proposed project.

F. On April 14, 2025 the City Council held a duly noticed public hearing, at which evidence was presented and all person were afforded an opportunity to be heard in accordance with the Palo Alto Municipal Code and the Council's Policies and Procedures. After hearing public testimony, the Council voted to approve/adopt:

- Ordinance_____amending the zoning of the proposed resulting parcel to Planned Community; and
- This Record of Land Use Action

G. This application is subject to the conditions set forth in Section 7 of this Record of Land Use Action

SECTION 2. Environmental Review. In accordance with California Environmental Quality Act (CEQA) Guidelines Section 15183, the City prepared an analysis of the project's consistency with Comprehensive Plan and Comprehensive Plan 2030 Environmental Impact Report (SCH # 2014052101). The analysis concluded that the impacts of the proposed project were adequately address through the previously adopted EIR, including implementation of any mitigation as required through that EIR.

SECTION 3. Planned Community Findings

Finding #1: The site is so situated, and the use or uses proposed for the site are of such characteristics that the application of general districts or combining districts will not provide sufficient flexibility to allow the proposed development.

The project is consistent with Finding #1 because:
The proposed project provides family-serving, ownership units. The existing zoning requires ground floor retail, limits the square footage for residential uses to a floor area ratio of no more than 0.35 to 1, limits the site to 50% lot coverage and requires 10-foot setbacks on the rear and both side yards. The limitation on residential housing uses and development standards was intended to apply to the shopping center, of which this site was previously a leased part. The site is zoned and designated as part of the shopping center but is no longer leased by the Town & Country Village shopping center owner and is part of a separate, adjacent parcel. In order to provide an exclusively multi-family use on this site and to achieve a floor area, lot coverage and setbacks that allow for development of the project as proposed, the proposed rezoning is necessary. The project is otherwise in compliance with Zoning district requirements. There are no other general districts or combining districts that could applied to this site to achieve the proposed project.

Finding #2: Development of the site under the provisions of the PC planned community district will result in public benefits not otherwise attainable by application of the regulations of general districts or combining districts. In making the findings required by this section, the planning commission and city council, as appropriate, shall specifically cite the public benefits expected to result from use of the planned community district.

The project is consistent with Finding #2 because:
The applicant proposes to provide increased housing on site to assist the City in reaching its Regional Housing needs assessment goals, and in particular, inclusionary below market rate units (20% on site where 15% is required), and to further restrict the income level of the below market rate units. Application of general districts or combining districts would not allow for this increased housing or mandate changes to the percentage or income level of the deed restricted units.

Finding #3: The use or uses permitted, and the site development regulations applicable within the district shall be consistent with the Palo Alto Comprehensive Plan and shall be compatible with existing and potential uses on adjoining sites or within the general vicinity.

The project is consistent with Finding #3 because:
This project is consistent with the Palo Alto Comprehensive Plan, as described further in Architectural Review Finding #1 below. Specifically, the proposed exclusively residential use is identified in the Community Commercial land use designation in areas adjacent to transit. Surrounding uses include Town & Country Village shopping center to the south, east and west. Across Encina Avenue are one- and two-story office and industrial buildings. The project is also in the vicinity of the Live Moves Opportunity Center. A portion of the project site (one of the two subject parcels) is a Housing Inventory Site with an anticipated capacity of 4 units. This project includes merging

two adjacent parcels in order to exceed the anticipated capacity planned for the single parcel by providing 10 total units.

SECTION 4. Architectural Review Findings

Finding #1: The design is consistent with applicable provisions of the Palo Alto Comprehensive Plan, Zoning Code, coordinated area plans (including compatibility requirements), and any relevant design guides.

The project is consistent with Finding #1 because:

In conformance with the following Comp Plan Goals and Policies, the project will include high quality design compatible with surrounding development.

Comp Plan Goals and Policies	***How project adheres or does not adhere to Comp Plan***
The Comprehensive Plan land use designation for the site is Community Commercial.	This designation allows higher density multi-family housing in locations near transit centers. The proposed project is located adjacent the Palo Alto Caltrain station. Therefore, the proposed use is consistent with this land use designation.
Land Use Element	
Policy L-1.3 Infill development in the urban service area should be compatible with its surroundings and the overall scale and character of the city to ensure a compact, efficient development pattern.	This project proposes to remove an existing surface parking lot into a ten-unit condominium building. The proposed three-story height is appropriate to the area, which contains mostly one- and two-story buildings with a 5-story building approximately 200 feet away.
Policy L-2.5 Support the creation of affordable housing units for middle to lower income level earners, such as City and school district employees, as feasible.	This project includes two below market rate units, consistent with this policy.
Policy L-2.11 Encourage new development and redevelopment to incorporate greenery and natural features such as green rooftops, pocket parks, plazas and rain gardens.	The proposed building includes a central courtyard with seven trees and perimeter planter boxes with wall vines.
Policy L-6.1 Promote high-quality design and site planning that is compatible with surrounding development and public spaces.	The proposed building incorporates high-quality materials and design elements such as a “base-middle-top” typology. The massing and height of the project is compatible with the surrounding area.
Policy L-6.7 Where possible, avoid abrupt changes in scale and density between residential and non-residential areas and between residential areas of different densities. To promote compatibility and gradual transitions between land uses, place zoning district boundaries at mid-block locations rather than along streets wherever possible.	The proposed three-story height is in scale with nearby buildings and has a 25-foot separation from the nearest Town & Country Village building. Although this project is currently surrounded by existing parking lots, development of these neighboring parcels could occur and, based on the existing CC zone district regulations, would be similar in scale with respect to height.
Program L2.4.4 Assess non-residential development potential in the Community	Although this property is located within the boundaries of Town & Country Village, as defined in

Commercial, Service, Commercial and Downtown Commercial Districts (CC, CS and CD) and the Neighborhood Commercial District (CN), and convert non-retail commercial FAR to residential FAR, where appropriate. Conversion to residential capacity should not be considered in Town and Country Village.	the municipal code, it does not include the conversion of retail to residential, and therefore would not conflict with this Program.
Policy L-4.12 Recognize and preserve Town and Country Village as an attractive retail center serving Palo Altans and residents of the wider region. Future development at this site should preserve its existing amenities, pedestrian scale and architectural character while also improving safe access for bicyclists and pedestrians and increasing the amount of bicycle parking.	The project is located adjacent to existing Town & Country Village shopping center and its associated improvements. This property is not owned or leased by Town & Country Village and the property owners are not required to maintain the prior parking use. The proposed development would not impact current Town & Country Village amenities or character, and Town and Country is expected to be able to maintain their current operations. The building includes sufficient short and long term bicycle parking. However, this project includes minimal pedestrian circulation in and around the project site.
Policy L-4.13 In Town and Country Village, encourage a vibrant retail environment and urban greening.	The project is located within the defined area of Town & Country Village and while it does not include additional retail uses, it provides housing near these uses, contributing to the vibrant retail environment.
Policy L-4.14 In Town and Country Village, encourage improvement of pedestrian, bicycle and auto circulation and landscaping improvements, including maintenance of existing oak trees and planting additional trees.	This project proposes to remove some of the existing trees within this surface parking lot area, most of which are less than 7 inches and are not considered protected trees. The single existing oak tree within the vicinity of the site would be protected, consistent with this policy. Eight new trees would be planted on site and additional payment of in-lieu fees would be provided in accordance with the city's tree canopy replacement requirements.
Housing Element Policy 3.2 Provide adequate sites, zoned at the appropriate densities and development standards to facilitate both affordable and market rate housing production.	One of the two CC-zoned properties is identified as a Housing Inventory Site with a capacity of 4 above moderate-income units. This 10-unit housing project includes two affordable units and eight market rate units.
Housing Element Policy 4.3 Implement development standards, objective design standards, and architectural and green building standards that encourage new high-quality rental and ownership housing.	With approval of the proposed rezoning, the project would be consistent with the development standards. The proposed development standards for this project are appropriate to the site and surrounding area and ensure an appropriate transition from neighboring properties, consistent with this policy, as well as

	Architectural Review Findings, and green building standards.
Policy B-6.6 Retain Town & Country Village as an attractive, local-serving retail center	The project is located within the defined area of Town & Country Village and while it does not include additional retail uses, it provides housing near these uses, contributing to the vibrant retail environment. The overall scale of the project as a three-story townhome design is consistent with the existing improvements at the shopping center and do not modify the existing circulation on the site.

As a PHZ project, the zoning development standards are custom built for the building. Therefore, with approval of the proposed ordinance amending the zoning of this property to Planned community/PHZ this project will comply with the zoning ordinance. No other design guidelines or documents apply to this location.

Finding #2: The project has a unified and coherent design, that:

a. **creates an internal sense of order and desirable environment for occupants, visitors, and the general community,**
b. **preserves, respects and integrates existing natural features that contribute positively to the site and the historic character including historic resources of the area when relevant,**
c. **is consistent with the context-based design criteria of the applicable zone district,**
d. **provides harmonious transitions in scale, mass and character to adjacent land uses and land use designations,**
e. **enhances living conditions on the site (if it includes residential uses) and in adjacent residential areas.**

The project is consistent with Finding #2 because:

The central driveway provides an internal sense of order in that it provides multi-modal access for cars, bikes, and pedestrians. The perimeter includes exterior doors from each unit facing the side property lines, providing an additional pedestrian access to each unit. The three-story form is appropriate in mass, scale, and character to the neighborhood, including development along Encina Avenue and the Town & Country Village Shopping Center. It enhances living conditions by providing housing units for families that are within walking distance of the shopping center, schools, and Caltrain.

Finding #3: The design is of high aesthetic quality, using high quality, integrated materials and appropriate construction techniques, and incorporating textures, colors, and other details that are compatible with and enhance the surrounding area.

The project is consistent with Finding #3 because:

The project incorporates a variety of materials, including sandy/tan brick veneer, cement, and fiber cement panel, gray fiber cement panel, dark metal accents and roof, and landscape elements. These materials are utilized on all four sides of the building, with the brick veneer providing a base to the upper floors. The proposed materials are compatible with the neighborhood.

Finding #4: The design is functional, allowing for ease and safety of pedestrian and bicycle traffic and providing for elements that support the building's necessary operations (e.g. convenient vehicle access to property and

utilities, appropriate arrangement and amount of open space and integrated signage, if applicable, etc.).

The project is consistent with Finding #4 because:

The design includes a single entrance (with separate gates) for cars, pedestrians, and bikes. It has limited open space, primarily in the central driveway and balconies facing the driveway. Pedestrians can also access the side-yard facing garage doors.

Finding #5: The landscape design complements and enhances the building design and its surroundings, is appropriate to the site's functions, and utilizes to the extent practical, regional indigenous drought resistant plant material capable of providing desirable habitat that can be appropriately maintained.

The project is consistent with Finding #5 because:

The project provides landscaped area in the front and within the central courtyard. Eight existing trees, none of which are protected trees, are proposed to be removed. Seven replacement trees planted on site, and additional landscaping is provided in planters around the perimeter of the building including the Encina Avenue frontage. The proposed landscaping will provide a suitable residential appearance.

Finding #6: The project incorporates design principles that achieve sustainability in areas related to energy efficiency, water conservation, building materials, landscaping, and site planning.

The project is consistent with Finding #6 because:
In accordance with the City's Green Building Regulations, the building will satisfy the requirements for CALGreen Mandatory + Tier 2 and the Model Water Efficient Landscaping Ordinance (MWELO).

SECTION 5. Architectural Review Approval Granted. Architectural Review Approval is hereby granted for the Project by the City Council pursuant to PAMC Section 18.77.070 of the Palo Alto Municipal Code, effective _____, 2025 and subject to the conditions of approval in Section 7 of this Record.

SECTION 6. Plan Approval. The plans submitted for Building Permit shall be in substantial conformance with those plans prepared by the applicant titled Encina Housing, 70 Encina Avenue, Palo Alto, CA 94301, consisting of 56 pages, uploaded to Accela Citizen Access on February 19, 2025, 2025, except as modified to incorporate the conditions of approval in Section 6. A copy of these plans is on file in the Department of Planning and Community Development. This Record of Land Use Action shall be printed on the cover sheet of the plan set submitted with the Building Permit application.

SECTION 7. Conditions of Approval.

PLANNING DIVISION

1. CONFORMANCE WITH PLANS. Construction and development shall conform to the approved plans entitled, "70 Encina, Palo Alto, California," stamped as received by the City on February 19, 2025 on file with the Planning Department, 250 Hamilton Avenue, Palo Alto, California except as modified by these conditions of approval.

2. BUILDING PERMIT. Apply for a building permit and meet any and all conditions of the Planning, Fire, Public Works, and Building Departments.

3. BUILDING PERMIT PLAN SET. A copy of this cover letter and conditions of approval shall be printed on the second page of the plans submitted for building permit.

4. PROJECT MODIFICATIONS. All modifications to the approved project shall be submitted for review and approval prior to construction. If during the Building Permit review and construction phase, the project is modified by the applicant, it is the responsibility of the applicant to contact the Planning Division/project planner directly to obtain approval of the project modification. It is the applicant's responsibility to highlight any proposed changes to the project and to bring it to the project planner's attention.

5. AFFORDABLE HOUSING REQUIREMENT (OWNERSHIP PROJECT): This project is subject to the affordable housing requirements set forth in Section 16.65.030 of the Palo Alto Municipal Code (PAMC). The PAMC requires that "for projects on sites of less than five acres, fifteen percent (15%) of the dwelling units in the project shall be made available at affordable sales price to very low, low, and moderate income households." As a public benefit, the project includes 20% of the dwelling units to be made available at 80% of Area Median Income. Therefore, the proposed project shall contain no less than two (2) below market rate units at the moderate income level (restricted at 80% AMI). All Below Market Rate (BMR) units constructed under this condition shall be in conformance with the City's BMR Program rules and regulations. Failure to comply with the timing of this condition and any adopted BMR Program rules and regulations shall not waive its later enforcement.

6. BELOW MARKET RATE (BMR) HOUSING. A Regulatory Agreement in a form acceptable to the City Attorney for the two (2) BMR units shall be executed and recorded prior to final map approval or building permit issuance, whichever occurs first. All BMR units constructed under this condition shall be in conformance with the City's BMR Program rules and regulations. Failure to comply with the timing of this condition and any adopted BMR Program rules and regulations shall not waive its later enforcement.

7. MITIGATION MONITORING AND REPORTING PROGRAM. The Mitigation Monitoring and Reporting Program (MMRP) associated with the project (2017 Comprehensive Plan EIR) is incorporated by reference and all mitigation measures shall be implemented as described in said document. Prior to requesting issuance of any related demolition and/or construction permits, the applicant shall meet with the Project Planner to review and ensure compliance with the MMRP, subject to the satisfaction of the Director of Planning and Development Services. The following mitigation measures are relevant to this project:
    a. Mitigation Measure AES-1
    b. Mitigation Measure AIR-2a
    c. Mitigation Measure AIR-3c
    d. Mitigation Measure CULT-3
    e. Mitigation Measure CULT-5

8. NESTING BIRD SURVEY. Vegetation or tree removal shall be prohibited during the general avian nesting season (February 1 – August 31), if feasible. If nesting season avoidance is not feasible, the applicant shall retain a qualified biologist, as approved by the City of Palo Alto, to conduct a preconstruction nesting bird survey to determine the presence/absence, location, and activity status of any active nests on or adjacent to the project site no more than 14 days prior to scheduled vegetation clearance and/or demolition activities. If nesting birds are found to be present, a suitable buffer (typically a minimum buffer of 50 feet for passerines and a minimum buffer of 250 feet for raptors) as determined appropriate by the biologist, shall be established around such active nests and no construction shall be allowed within the buffer areas until a qualified biologist has determined that the nest is no longer active (i.e., the nestlings have fledged and are no longer reliant on the nest). A report documenting any data recovered during monitoring shall be prepared by a qualified biologist and submitted to the Director of Planning prior to final planning inspection.

9. UNANTICIPATED DISCOVERY OF BURIED ARCHAEOLOGICAL, PALEONTOLOGICAL, AND TRIBAL CULTURAL RESOURCES. No known archeological or paleontological resources are present on or within the immediate vicinity of the site. However, in the unlikely event that an archeological resource or paleontological resource is unearthed during ground disturbing activities, work in the immediate area must be halted and an archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for archeology (National Park Service 1983) shall be contacted immediately to evaluate the find. If the find is Native American in origin, then a Native American representative must also be contacted to participate in the evaluation of the find. The qualified archaeologist, and, if applicable, the Native American representative, shall examine the find and make recommendations regarding additional work necessary to evaluate the significance of the find and the appropriate treatment of the resource. Recommendations could include, but are not limited to, invasive or non-invasive testing, sampling, laboratory analysis, preservation in place, or data recovery. A report of findings documenting any data recovered during monitoring shall be prepared by a qualified archaeologist and submitted to the Director of Planning prior to final planning inspection.

10. LANDSCAPE PLAN. Plantings shall be installed in accordance with the approved plan set and shall be permanently maintained and replaced as necessary.

11. NOISE THRESHOLDS ON RESIDENTIAL PROPERTY. In accordance with PAMC Section 9.10.030, No person shall produce, suffer or allow to be produced by any machine, animal or device, or any combination of same, on residential property, a noise level more than six dB above the local ambient at any point outside of the property plane.

12. NOISE THRESHOLDS ON COMMERCIAL PROPERTY. In accordance with PAMC Section 9.10.040, No person shall produce, suffer or allow to be produced by any machine or device, or any combination of same, on commercial or industrial property, a noise level more than eight dB above the local ambient at any point outside of the property plane.

13. OPEN AIR LOUDSPEAKERS (AMPLIFIED MUSIC). In accordance with PAMC Section 9.12, no amplified music shall be used for producing sound in or upon any open area, to which the public has access, between the hours of 11:00pm and one hour after sunrise.

14. NOISE REPORT PRIOR TO INSPECTION. Where the acoustical analysis projected noise levels at or within 5 dB less than the Noise Ordinance limits, the applicant shall demonstrate the installed equipment complies with the anticipated noise levels and the Noise Ordinance prior to final Planning inspection approval.

15. FINAL INSPECTION. A Planning Division Final inspection will be required to determine substantial compliance with the approved plans prior to the scheduling of a Building Division final. Any revisions during the building process must be approved by Planning, including but not limited to; materials, landscaping and hard surface locations. Contact your Project Planner, Emily Kallas at emily.kallas@cityofpaloalto.org to schedule this inspection.

16. ESTIMATED IMPACT FEE. Development Impact Fees, currently estimated in the amount of $769,498.15 plus the applicable public art fee, per PAMC 16.61.040, shall be paid in accordance with PAMC Chapter 16.64.

17. REQUIRED PUBLIC ART. In conformance with PAMC 16.61, and to the satisfaction of the Public Art Commission, the property owner and/or applicant shall select an artist and received final approval of the art plan, or pay the in-lieu fee equivalent to 1% of the estimated construction valuation, prior to obtaining a Building permit. All required artwork shall be installed as approved by the Public Art Commission and verified by Public Art staff prior to release of the final Use and Occupancy permit.

18. IMPACT FEE 90-DAY PROTEST PERIOD. California Government Code Section 66020 provides that a project applicant who desires to protest the fees, dedications, reservations, or other exactions imposed on a development project must initiate the protest at the time the development project is approved or conditionally approved or within ninety (90) days after the date that fees, dedications, reservations or exactions are imposed on the Project. Additionally, procedural requirements for protesting these development fees, dedications, reservations and exactions are set forth in Government Code Section 66020. IF YOU FAIL TO INITIATE A PROTEST WITHIN THE 90-DAY PERIOD OR FOLLOW THE PROTEST PROCEDURES DESCRIBED IN GOVERNMENT CODE SECTION 66020, YOU WILL BE BARRED FROM CHALLENGING THE VALIDITY OR REASONABLENESS OF THE FEES, DEDICATIONS, RESERVATIONS, AND EXACTIONS. If these requirements constitute fees, taxes, assessments, dedications, reservations, or other exactions as specified in Government Code Sections 66020(a) or 66021, this is to provide notification that, as of the date of this notice, the 90-day period has begun in which you may protest these requirements. This matter is subject to the California Code of Civil Procedures (CCP) Section 1094.5; the time by which judicial review must be sought is governed by CCP Section 1094.6.

19. INDEMNITY. To the extent permitted by law, the Applicant shall indemnify and hold harmless the City, its City Council, its officers, employees and agents (the “indemnified parties”) from and against any

claim, action, or proceeding brought by a third party against the indemnified parties and the applicant to attack, set aside or void, any permit or approval authorized hereby for the Project, including (without limitation) reimbursing the City for its actual attorneys' fees and costs incurred in defense of the litigation. The City may, in its sole discretion, elect to defend any such action with attorneys of its own choice.

20. SIGN APPROVAL NEEDED. No signs are approved at this time. All signs shall conform to the requirements of Title 16.20 of the Palo Alto Municipal Code (Sign Code) and shall be subject to approval by the Director of Planning.

21. TRASH ROOM. The trash room shall be used solely for the temporary storage of refuse and recycling that is disposed on a regular basis and shall be closed and locked during non-business hours.

22. REFUSE. All trash areas shall be effectively screened from view and covered and maintained in an orderly state to prevent water from entering into the garbage container. No outdoor storage is allowed/permitted unless designated on the approved plan set. Trash areas shall be maintained in a manner to discourage illegal dumping.

23. UTILITY LOCATIONS. In no case shall utilities be placed in a location that requires equipment and/or bollards to encroach into a required parking space. In no case shall a pipeline be placed within 10 feet of a proposed tree and/or tree designated to remain.

BUILDING

24. Building permit submittal shall comply with 2022 CBSC if submitted to the City prior to 1/1/26.

25. Building permit submittal shall follow the checklist found at this link. https://www.cityofpaloalto.org/files/assets/public/v/3/development-services/building-division/checklists/simplified/r10-new-mf-checklist_1.16.2025.pdf

TRANSPORTATION

26. The Driveway shall be designed to the City's standard https://www.cityofpaloalto.org/Departments/Public-Works/Engineering-Services/Public-Works-Standard-Drawings-and-Specifications

27. Plans shall show the removal of on-street parking spaces as required for refuse service of this development.

28. TDM PROGRAM AND ANNUAL REPORTING REQUIREMENT: The applicant shall prepare a Transportation Demand Management (TDM) plan, to the satisfaction of the Director of Planning and Development Services. The TDM plan shall include measures and programs to achieve a reduction in single-occupancy vehicle trips to the site by a minimum of 20%, in conformance with the City's Comprehensive Plan. The TDM plan shall include an annual monitoring plan to document mode split and trips to the project site. The TDM annual report shall be submitted to the Chief Transportation Official. Monitoring and

reporting requirements may be revised in the future if the minimum reduction is not achieved through the measures and programs initially implemented. Projects that do not achieve the required reduction may be subject to daily penalties as set forth in the City's fee schedule.

FIRE

29. FIRE FLOW IMPROVEMENTS. Fire flow test results (August 2024) were not sufficient to meet the min PAFD required FH flow of 2000 gpm. Water main improvements will be required for this project. All upgrades required to properly serve the project shall be completed at the expense of the applicant and in conformance with the City's standards.

30. FIRE HYDRANT. Install one public fire hydrant on project side of street.

31. Update references on sheet C-7.0 to reference CFC 2022.

PUBLIC WORKS ENGINEERING

32. PUBLIC WORKS APPLICATIONS, FORMS, AND DOCUMENTS. Applicant shall be advised that most forms, applications, and informational documents related to Public Works Engineering conditions can be found at the following link: https://www.cityofpaloalto.org/Departments/Public-Works/Engineering-Services/Forms-and-Permits
33. MAP THIRD-PARTY REVIEW. The City contracts with a third-party surveyor that will review and provide approval of the map's technical correctness as the City Surveyor, as permitted by the Subdivision Map Act. The Public Works Department will forward a Scope & Fee Letter from the third-party surveyor and the applicant will be responsible for payment of the fee's indicated therein, which is based on the complexity of the map.

34. STREETWORK PERMIT. The applicant shall obtain a Streetwork Permit from the Department of Public Works for all public improvements.

35. GRADING AND EXCAVATION PERMIT. A Grading Permit is required per PAMC Chapter 16.28. The permit application and all applicable documents (see Section H of application) shall be submitted to Public Works Engineering. Add the following note: "THIS GRADING PERMIT WILL ONLY AUTHORIZE GENERAL GRADING AND INSTALLATION OF THE STORM DRAIN SYSTEM. OTHER BUILDING AND UTILITY IMPROVEMENTS ARE SHOWN FOR REFERENCE INFORMATION ONLY AND ARE SUBJECT TO SEPARATE BUILDING PERMIT APPROVAL."

36. CIVIL ENGINEER CERTIFICATION. Upon completion of the rough grading work and at the final completion of the work, applicant shall provide an as-graded grading plan prepared by the civil engineer that includes original ground surface elevations, as-graded ground surface elevations, lot drainage patterns and locations and elevations of all surface and subsurface drainage facilities. The civil engineer shall certify that the work was done in accordance with the final approved grading plan.

37. GEOTECHNICAL ENGINEER STATEMENT. The grading plans shall include the following statement signed and sealed by the Geotechnical Engineer of Record: "THIS PLAN HAS BEEN REVIEWED AND FOUND TO BE IN GENERAL CONFORMANCE WITH THE INTENT AND PURPOSE OF THE GEOTECHNICAL REPORT".

38. ENCROACHMENT PERMIT. Prior to any work in the public right-of-way, the applicant shall obtain an encroachment permit from the Public Works Department for any work that encroaches onto the City right-of-way.

39. LOGISTICS PLAN. A construction logistics plan shall be provided addressing all impacts to the public including, at a minimum: work hours, noticing of affected businesses, bus stop relocations, construction signage, dust control, noise control, storm water pollution prevention, job trailer, contractors' parking, truck routes, staging, concrete pours, crane lifts, scaffolding, materials storage, pedestrian safety, and traffic control. All truck routes shall conform to the City of Palo Alto's Trucks and Truck Route Ordinance, Chapter 10.48, and the route map. NOTE: Some items/tasks on the logistics plan may require an encroachment permit.

40. STORMWATER POLLUTION PREVENTION. All improvement plan sets shall include the "Pollution Prevention – It's Part of the Plan" sheet.

41. C.3 THIRD-PARTY CERTIFICATION. Applicant shall provide certification from a qualified third-party reviewer that the proposed permanent storm water pollution prevention measures comply with the requirements of Provision C.3 and Palo Alto Municipal Code Chapter 16.11.
    Submit the following:
    a. Stamped and signed C.3 data form (August 2024 version) from SCVURPPP. https://scvurppp.org/wp-content/uploads/2024/09/SCVURPPP-C.3-Data-Form-Fillable_2024_wp.pdf
    b. Final stamped and signed letter confirming which documents were reviewed and that the project complies with Provision C.3 and PAMC 16.11.

42. C.3 STORMWATER AGREEMENT. The applicant shall enter into a Stormwater Maintenance Agreement with the City to guarantee the ongoing maintenance of the permanent storm water pollution prevention measures. The City will inspect the treatment measures yearly and charge an inspection fee. The agreement shall be executed by the applicant team prior to building permit final.

43. C.3 FINAL THIRD-PARTY CERTIFICATION PRIOR TO OCCUPANCY. Within 45 days of the installation of the required storm water treatment measures and prior to the issuance of an occupancy permit for the building, the third-party reviewer shall submit to the City a certification verifying that all the permanent storm water pollution prevention measures were installed in accordance with the approved plans.

44. PAVEMENT RESTORATION. The applicant shall restore the pavement along the entire project frontage, curb-to-curb, by performing a 3.5" grind and overlay. The exact restoration limits will be determined

once the resulting road condition is known following completion of heavy construction activities and utility lateral installations, at minimum the extent will be the project frontage.

45. IMPERVIOUS SURFACE AREA. The project will be creating or replacing 500 square feet or more of impervious surface. Accordingly, the applicant shall provide calculations of the existing and proposed impervious surface areas with the building permit application. The Impervious Area Worksheet for Land Developments form and instructions are available at the Development Center or on our website. To determine the impervious surface area that is being disturbed, provide the quantity on the site plan.

46. PRIOR TO PUBLIC WORKS FINAL/ACCEPTANCE (STORM DRAIN LOGO). The applicant is required to paint "No Dumping/Flows to SF Creek" in blue on a white background adjacent to all onsite storm drain inlets. The name of the creek to which the proposed development drains can be obtained from Public Works Engineering. Stencils of the logo are available from the Public Works Environmental Compliance Division, which may be contacted at (650) 329-2598. Include the instruction to paint the logos on the construction grading and drainage plan.

47. PRIOR TO PUBLIC WORKS FINAL/ACCEPTANCE (RECORD DRAWINGS). At the conclusion of the project applicant shall provide digital as-built/record drawings of all improvements constructed in the public right-of-way or easements in which the City owns an interest.

48. PRIOR TO PUBLIC WORKS FINAL/ACCEPTANCE (INDEFINITE ENCROACHMENT PERMIT). An approved indefinite encroachment permit will be required for private infrastructure constructed in the public right-of-way, easement or on property in which the City holds an interest, but that was not authorized by a building permit.

PUBLIC WORKS ZERO WASTE

49. Internal refuse bins shall be installed as listed below. Cut sheets of both the signage and bins are required on the plan set.
    c. Common Areas requires a green compost, black landfill, and blue recycle
    d. Mail Area requires a black landfill, and blue recycle
    e. *Signage with pictorial items of what goes where and a list of "no" items are required on each of the bin.
50. If the scope of work involves internal and external bins (compost, recycle, and landfill) and its related millwork, then on the overall site plan, please show where the bins will be placed and reference the cut sheets of the three bins (recycle, compost, and landfill) that will be used at each location. The recycle, compost, and landfill bin must be placed right next to each other. Please see requirements below.

51. The following comments below are part of the Palo Alto Municipality Code and must be reflected in the plans submitted for building permit as applicable:

    a. If your scope of work includes internal and external bins then cut-sheets for the color-coded internal and external containers, related color-coded millwork, and it's colored signage must be

included in the building plans prior to receiving approval from Zero Waste. Please see below for more details.

b. Per Palo Alto Municipal Code 5.20.108 the site is required to have color-coded refuse containers, related color-coded millwork, and colored signage. The three refuse containers shall include recycle (blue container), compost (green container), and garbage (black container). Applicant shall present on the plan the locations and quantity of both (any) internal and external refuse containers, it's millwork, along with the signage. This requirement applies to any external or internal refuse containers located in common areas such as entrances, conference rooms, back of the house kitchen, café, dining area, and etc. except for restrooms, copy area, and mother's room.

c. Millwork to store the color-coded refuse containers must have a minimum of four inches in height worth of color-coding, wrapping around the full width of the millwork. Signage must be color coded with photos or illustrations of commonly discarded items. Restrooms must have a green compost container for paper towels and a small landfill bin for sanitary products. Copy area must have either a recycle bin only or all three refuse receptacles (green compost, blue recycle, and black landfill container). Mother's room must minimally have a green compost container and black landfill container. Please refer to PAMC 5.20.108 and the Internal Container Guide. Examples of appropriate signage can be found in the Managing Zero Waste at Your Business Guide. Electronic copies of these signage can be found on the Zero Waste Palo Alto's website, https://www.cityofpaloalto.org/Departments/Public-Works/Zero-Waste/What-Goes-Where/Toolkit#section-2 and hard copies can be requested from the waste hauler, Greenwaste of Palo Alto, (650) 493-4894.

URBAN FORESTRY

52. TREE REPLACEMENT IN-LIEU FEES. For the replacement value of 21 unplanted 24" box trees (where the replacement value is 28 and 7 are proposed for planting) $13,650 must be paid to the Palo Alto Urban Forestry fund prior to permit issuance. Invoice will be sent to applicant and fees applied, to make payment.

53. ARBORIST REPORT RECOMMENDATIONS AND MONITORING. The owner and contractor shall implement all protection and inspection schedule measures, design recommendations and construction scheduling as stated in the TPR and/or Sheet T-1, and is subject to code compliance action pursuant to PAMC 8.10.080. The required protective fencing shall remain in place until final landscaping and inspection of the project. If called for, project arborist approval must be obtained and documented in the monthly activity report sent to the City. When required, the Contractor and Arborist Monthly Tree Activity Report shall be sent monthly to the City (pwps@cityofpaloalto.org) beginning with the initial verification approval, using the template in the Tree Technical Manual, Addendum 11.

54. TREE DAMAGE, INJURY MITIGATION AND INSPECTIONS APPLY TO CONTRACTOR. Reporting, injury mitigation measures and arborist inspection schedule (1-5) apply pursuant to TTM, Section 2.20-2.30. Contractor shall be responsible for the repair or replacement of any publicly owned or protected trees that are damaged during construction, pursuant to Title 8 of the PAMC and city Tree Technical Manual,

Section 2.25. No storage of material, topsoil, vehicles or equipment shall be permitted within the tree enclosure area. The ground under and around the tree canopy area shall not be altered. Trees to be retained shall be irrigated, aerated and maintained as necessary to ensure survival.

55. TREE PROTECTION VERIFICATION INSPECTION REQUIRED. Prior to any site work, contractor must call Uriel Hernandez at 650-329-2450 to schedule an inspection of any required protective fencing. The fencing shall contain required warning sign and remain in place until final inspection of the project.

    During the permit phase of a project an applicant must provide the proposed square footage of the rehabilitated landscape to determine if the project requires a MWELO compliance review. Please see the document titled "Model Water Efficient Landscape Ordinance Compliance Submittals and Guidelines" (https://cityofpaloalto.org/civicax/filebank/documents/76159) to determine if the project qualifies for MWELO Review. If a MWELO review is required, please follow the instructions in the above document when submitting your permit application and plan set.

56. NO NET LOSS OF CANOPY. To comply with the city's no net loss of canopy policy (Urban Forest Master Plan: Goals 6.A, 6.B & 6.C & Comprehensive Plan Natural Environment Chapter: Goal N-2 and others) all trees 4" DBH and larger are subject to replacement to avoid a loss of canopy at the neighborhood level. Replacement ratios are determined by table 3-1 in the Tree Technical Manual (Section 3.20.C). New landscape tree plantings (24" box or larger) count towards the replacement total. Screening trees may also count toward the total depending on size and species selected. If unable to plant the required number of trees on site (our preferred solution) there is the option to pay in-lieu fees of $650 per each 24" box tree into the forestry fund.

57. T-1 SHEET. The final Plans submitted for building permit shall include the T1 Sheet and all additional TSheets regarding tree protection and mitigation.

PUBLIC WORKS WATERSHED PROTECTION

The following conditions are required to be part of any Planning application approval and shall be addressed prior to any future related permit application such as a Building Permit, Excavation and Grading Permit, Certificate of Compliance, Street Work Permit, Encroachment Permit, etc. as further described below.

58. Stormwater treatment measures:
    f. All Bay Area Municipal Regional Stormwater Permit requirements shall be followed. Refer to the Santa Clara Valley Urban Runoff Pollution Prevention Program C.3 Handbook (download here: http://scvurppp-w2k.com/c3_handbook.shtml) for details.

59. Stormwater quality protection
    g. Temporary and permanent waste, compost and recycling containers shall be covered to prohibit fly-away trash and having rainwater enter the containers.
    h. Drain downspouts to landscaping (outward from building as needed).
    i. Drain HVAC fluids from roofs and other areas to landscaping.

j. Offsite downgrade storm drain inlets shall also be identified on this plan set and protected. If City staff removes protection from an inlet in the ROW during a rain event, the contractor shall replace the inlet protection by the end of the following business day.

60. PAMC 16.09.165(h) Storm Drain Labeling
    k. Storm drain inlets shall be clearly marked with the words "No dumping - Flows to [Creek]," or equivalent.

WATER-GAS-WASTEWATER UTILITIES

61. The applicant shall submit a completed water-gas-wastewater service connection application - load sheet for the City of Palo Alto Utilities. The applicant must provide all the information requested for utility service demands (water in fixture units/g.p.m., and sewer in fixture units/g.p.d.). The applicant shall provide the existing (prior) loads, the new loads, and the combined/total loads (the new loads plus any existing loads to remain).

62. The applicant shall submit improvement plans for utility construction. The plans must show the size and location of all underground utilities within the development and the public right of way including meters, backflow preventers, fire service requirements, sewer mains, sewer cleanouts, sewer lift stations, and any other required utilities. Plans for new wastewater laterals and mains need to include new wastewater pipe profiles showing existing potentially conflicting utilities especially storm drain pipes, electric and communication duct banks. Existing duct banks need to be daylighted by potholing to the bottom of the duct bank to verify cross section prior to plan approval and starting lateral installation. Plans for new storm drain mains and laterals need to include profiles showing existing potential conflicts with sewer, water, and gas.

63. The applicant must show on the site plan the existence of any auxiliary water supply, (i.e. water well, gray water, recycled water, rain catchment, water storage tank, etc).

64. The applicant shall be responsible for installing and upgrading the existing utility mains and/or services, laterals as necessary to handle anticipated peak loads. This responsibility includes all costs associated with the design and construction for the installation/upgrade of the utility mains and/or services/laterals.

65. All backflow preventer devices shall be approved by the WGW engineering division. Inspection by the city inspector is required for the supply pipe between the meter and the assembly.

66. The applicant shall pay the capacity fees and connection fees associated with new WGW utilities required with the project. The approved relocation of services, meters, hydrants, or other facilities will be performed at the cost of the person/entity requesting the relocation.

67. The applicant shall provide to the engineering department a copy of the plans for fire system including all fire department's requirements.

68. The property shall have its own water meter for domestic and irrigation shown on the plans. Each parcel shall have its own water and sewer lateral connection shown on the plans.

69. A sewer lateral per lot is required. Show the location of the new sewer lateral on the plans. A profile of the sewer lateral is required showing any possible conflicts with storm, electric/communications ductbanks or other utilities.

70. All existing water, and gas. and wastewater services/laterals that will not be reused shall be abandoned at the main per the latest WGW utilities standards.

71. Utility vaults, transformers, utility cabinets, concrete bases, or other structures cannot be placed over existing water, gas, or wastewater mains/services. Maintain 2' horizontal clear separation from the vault/cabinet/concrete base to existing utilities as found in the field. If there is a conflict with existing utilities, Cabinets/vaults/bases shall be relocated from the plan location as needed to meet field conditions. Trees may not be planted within 10 feet of existing water, gas, and wastewater mains/laterals/water services/or meters. New water or wastewater services/laterals/meters may not be installed within 10' of existing trees. Maintain 10' between new trees and new water and wastewater services/laterals/meters.

72. All water system improvement necessary to accommodate the development shall be finalize per WGW requirements and approved by WGW prior to permit issuance.

SECTION 8. Term of Approval.

1. Effective Date. The approvals memorialized in this Record of Land Use Action shall be effective on the same date that the accompanying ordinance, Ordinance _____, rezoning the subject properties takes effect and construction shall occur in accordance with the development schedule as indicated in the ordinance. Notwithstanding the above, construction of the project shall commence within two years or the effective date of the ordinance.

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INTRODUCED AND PASSED:
AYES:
NOES:
ABSENT:
ABSTENTIONS:

ATTEST:

_____
City Clerk

APPROVED:

_____
Mayor

APPROVED AS TO FORM:

_____
Assistant City Attorney

APPROVED AS TO CONTENT:

_____
City Manager

_____
Director of Planning and Development Services

PLANS AND DRAWINGS REFERENCED:

1. Those plans prepared by the applicant titled Encina Housing, 70 Encina Avenue, Palo Alto, CA 94301, consisting of 56 pages, uploaded to Accela Citizen Access on February 19, 2025, except as modified to incorporate the conditions of approval in Section 7.

ATTACHMENT D
ZONING COMPARISON TABLE
70 Encina, 24PLN-00095

Table 1: COMPARISON WITH CHAPTER 18.16 (CC DISTRICT) Mixed Use and Residential Development Standards			
Regulation	**Required CC Residential Standards**	**Existing**	**Proposed PHZ**
Minimum Site Area, width and depth	No Requirement	100.0 feet x 121.19 feet 12,119 sf	100.0 feet x 121.19 feet 12,119 sf
Minimum Front Yard	0 feet	N/A	0 feet
Rear Yard	10 feet	N/A	**0 feet 3 inches**
Interior Side Yards	No Requirement	N/A	Varies, 0 feet 7 inches – 5 feet
Max. Site Coverage	6,059 sf 50%	N/A	**7,108 sf** **58.64%**
Min. Landscape/Open Space	3,630 sf 30%		**0%, no ground-level landscaping or qualifying open space**
Min. Useable Open Space	150 sf per unit 1500 sf total	N/A	**Unit terraces vary 79 sf – 155 sf** **952 sf total**
Max. Building Height	50 feet	N/A	37 feet 3 inches
Residential Density	No Requirement	N/A	10 units 28 du/acre
Max. Floor Area Ratio (FAR)	1.25 15,150 sf	N/A	**19,035 sf** **1.57:1** **100% residential**
Daylight Plane	None	N/A	N/A

Table 2: CONFORMANCE WITH CHAPTER 18.52 (Off-Street Parking and Loading) for Office*			
Type	**Required**	**Existing**	**Proposed**
Vehicle Parking	No parking required per AB 2097	Approximately 36 uncovered spaces	16 spaces
Bicycle Parking	1 LT space per unit	None	1 LT space in each unit garage

HAYES GROUP ARCHITECTS

Aug. 30th, 2024

Emily Kallas / Jodie Gerhardt
City of Palo Alto
Planning & Development Services Department
285 Hamilton St, 1st Floor
Palo Alto, CA 94301

PROJECT DESCRIPTION

RE: 70 ENCINA AVE – PLANNING REVIEW PROJECT DESCRIPTION

Dear Ms. Kallas,

On behalf of our client Stormland LLC., Hayes Group Architects submits this project description along with an application form, a set of design drawings and required documents to request planning review for entitlement.

The site is comprised of two parcels totaling 12,120 SF located in the CC zone along Encina Avenue, behind the Town & Country shopping center. The site was previously used as a surface parking lot for the shopping center.

Proposed Project

The proposed project consists of a new 3-story, 22,355 SF building (1.84 FAR), and full site improvements to replace the existing surface parking area. The proposed design organizes 10 new 3-story townhouse style residential units around a common central courtyard.

The front facade creates a strong edge along Encina Ave, with the building mass pulled back 3 feet at the ground floor behind raised planters. The building facades facing both interior side-yards are set back a minimum of 5 feet, with additional intermittent setbacks to break up the massing and accentuate the identity of each individual residential unit.

The primary building materials exposed to public view are brick veneer (at the ground floor), board and batten, linear rainscreen siding, vertical slat screens, pre-finished glazing frames, clear glass, and standing seam metal roof.

Project History

Back in May of 2022 we submitted an application for a PHZ 'Pre-Screening' hearing for a larger project on the same parcel(s). That hearing was held on Sept 12, 2022. While the project received a warm reception by Council members, there was objection from the neighboring shopping center, mostly regarding the size and height of the proposed project.

After reviewing the project with the neighbors and studying various alternative project configurations, we have determined to modify the project as follows:

1. Reduction in height from five (5) stories to three (3). This greatly reduces visibility of the project from within the neighboring Town & Country shopping center.

2. The reduction in height also results in a reduction in residential unit count from twenty units (20) to ten (10). The previous project configuration consisted of four (4) stories of residential area over one floor of parking and common area. The new configuration proposes two (2) stories of living area over individual private garages located at the ground level of each unit.

3. In an effort offset the financial impact of the reduced unit count, the project approach was changed from 'flat' (single story) units over a podium, to three-story town-house units, sometimes referred to as 'carriage units' since their ground floors consist of a private garage. This eliminates costly concrete construction at the ground level and minimizes interior common area. It also eliminates the need for common stairs and an elevator since all units are 'walk-up' units, accessed from grade level, and simplifies the configuration and cost of structural systems.

4. The now proposed ten (10) residential units are organized around a common access court that provides both vehicular and pedestrian access. This courtyard is 30 feet wide and roughly 80 feet long, mostly open to the sky, and is proposed to have pavers for the ground surface and include tall narrow trees to create a more natural and inviting environment with less focus on cars, and bollards to ensure protection of the pedestrian entry points to each unit. This concept is similar to the well-known and successful project: Fulton Grove, located at 421 to 457 Fulton Street in San Francisco, CA.

5. The proposed design incorporates numerous planting / green features throughout the building, contributing to enhancing the aesthetic appeal and softening the building façade.

On December 7th 2024 this revised project direction was presented in a Preliminary ARB hearing. While opinions of board members varies widely, there was general consensus around the need to loosen up the vehicular entrance, the desire to activate the Encina street frontage, the need to provide some setback at the rear façade, and feedback from the fire department about the need to provide additional roof access provisions.

We also attended a DRC meeting on January 17th 2024 and a formal PHZ application was submitted on March 17th 2024.

In the formal submittal package we addressed comments received from the DRC as summarized below:

1. **Vehicular Entry**: The vehicular entry gate has been widened from the 14' code minimum to 18 feet. The garage doors to the front units have also been pushed deeper into the site and the entry court width widened by 4 feet to create more maneuvering space.

2. **Activate Encina Frontage:** We have flipped the front unit layouts, so the stairways are on the front façade instead of being buried behind interior program. Locating a transitional semi-private space such stairs at the façade allows us to create more windows without concerns about visibility into more private spaces.

3. **Rear Setback:** The upper 2 stories have been set back 3'-9" from the rear property line. This breaks down the massing and allows us to introduce windows facing Town & Country, so the rear façade feels more open instead of closed.

4. **Roof Access:** We met several times with the Palo Alto Fire Department and established the need to provide ladder accessible paths to the roof at both the front and rear property lines. We also changed the side yards from private areas to common egress and access paths. Built-in roof access stairs have also been integrated into the architecture at both the front and rear facades. The front access is concealed behind the façade and connected to new front facing terraces. The rear access stairs are screened by a new vertical slat screen wall along the

property line that also provides privacy for the new rear facing windows. The slats are spaced far enough apart to allow the passage of light and filtered visibility.

Following additional coordination with several city departments we further revised our design as follows and submitted the revised package at the end of July 2024.

1. **Rear bedroom (Unit 'D') egress window:** after additional meetings with the fire dept., it was concluded that there should be 12ft of horizontal clearance for rescue ladders. We pushed the window inwards to obtain the clearance.
2. **Subsurface transformer in a planted island:** due to various constraints, we are proposing a planted utility island to also accommodate a subsurface transformer, please see the letter provided separately for a detailed discussion of this proposal.
3. **Expanded refuse room:** in order to satisfy the refuse room layout requested by the waste management dept., we expanded the room by approx.100 SF (from 144SF to 240SF) while relocating the fire backflow device on the front façade.
4. **To brighten up the façade:** we replaced the dark gray color rainscreen with a lighter (to match with the brick veneer on ground level) color to enhance the building façade appearance and also to address some comments/ concerns made from some of the board members during the preliminary ARB hearing.

PHZ Summary

As noted in the previous PHZ Program Statement, the use of a PHZ designation continues to be essential for the following reasons:

a. The underlying Zoning designation of CC would only allow for an FAR of 0.6:1. This limited development potential severely hinders the number of housing units that can be built. Coupled with the high price of land it also further challenges the inclusion of affordable housing. Under these regulations the site would be limited to a maximum of 4 residential units atop fully or semi-underground parking. Application of PHZ regulations would allow for a significant increase in unit count as illustrated in the attached plans. The proposed residential design is supported with the surroundings as there are adjacent planned community and hospital buildings of much greater heights.

b. The proposed uses in this project are limited to private residential condominiums, including support and amenity spaces related to residential use. Support and amenity spaces include usable open space, parking, shared circulation, utilities, and trash & recycling.

c. The nature of all proposed uses is that of residential living and associated activities. Each residential unit will contain its own private kitchen and bathing facilities, with all parking concealed in fully enclosed private garages.

Below is a schedule of unit types and sizes and anticipated sales prices. Please note that sales prices are based on an estimated sales price of $1,250 per occupied square foot, not including common areas such as parking and utilities etc.

unit description	BR#	unit size (avg)	quantity	sales price (avg)
3 BEDROOM (1 CAR PARKING)	3BR	1,572 SF	1	$1,896,250
3 BEDROOM (1 CAR PARKING)	3BR	1,632 SF	1	$1,998.500
3 BEDROOM (2 CAR PARKING)	3BR	1,555 SF	6	$1,937,500

2 BEDROOM (1 CAR PARKING)	2BR	1,369 SF	2	$1,788,750
TOTAL:			**10**	

Note: Sales prices shown above are for market rate units. Unit sizes represent livable area, not including ground floor garage and storage areas. 20% of units will be sold or rented as BMR units. Pricing for Below Market Rate units shall be established by the Director of Planning & Development Services in accordance with the City's website.

Expected Construction Timeline

Construction Phase:	Start Date	End Date
Overall Construction Schedule (start and completion date for entire project)	Oct. 2025	Dec. 2026
Demolition	10/1/2025	10/15/2025
Site Preparation	10/1/2025	10/15/2025
Grading	10/16/2025	11/5/2025
Building Construction	11/6/2025	6/1/2026
Asphalt Paving	9/1/2026	9/4/2026
Architectural Coating	4/1/2026	12/31/2026
Other (e.g., Groundwater Dewatering):		
Other (e.g., Trenching/Utilities):	10/16/2025	12/1/2025

If you have any questions regarding the contents of this letter or the accompanying plans, please feel free to contact me by phone or email.

Sincerely,

Jeff Galbraith
Principal
Hayes Group Architects Inc.
(650) 223-4026
jgalbraith@thehayesgroup.com

Kallas, Emily

From: slevy@ccsce.com
Sent: Thursday, February 6, 2025 12:15 PM
To: Architectural Review Board
Cc: Kallas, Emily; Raybould, Claire
Subject: One of the finest public discussions I have ever heard

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Thank you Chair Rosenberg and board members and Emily and Claire.

It was a joy to see five adults work through a complicated challenge of approving the applicant's work and telling council that the entire site should have more housing.

I appreciate David's persistence of reminding us that the city's adopted housing goal will require bold action and that projects of 10 units will not make it happen.

I appreciate the board's approval of this project and the hard work (and expenses) that the applicant has put in.

I appreciate Peter's hard work to embrace both positions and I hope you reapply for the ARB. You are a powerful and thoughtful voice.

I look forward to attending future meetings.

Thank you again for the fine and, I thought, respectful discussion.

Steve

Outlook

February 6, 2025 ARB Meeting, Item #3:70 Encina Avenue [24PLN-00095]

From herb [redacted]
Date Wed 2/5/2025 5:49 PM
To Architectural Review Board <arb@cityofpaloalto.org>
Cc Council, City <city.council@cityofpaloalto.org>; Clerk, City <city.clerk@cityofpaloalto.org>

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FEBRUARY 6, 2025 ARCHITECTURAL REVIEW BOARD MEETING

AGEMDA ITEM #3: 70 ENCINA AVENUE [24PLN-00095]

I urge you to reject staff's recommendation, because (1) the approval of the proposed project is a segment of a larger project, and (2) because the City Council has not amended the Zoning Ordinance to create PHZ zone district regulations.

CEQA Project Segmenting

The California Environmental Quality Act (CEQA) defines "project" as the whole of an action and makes clear that each discretionary approval required is not a separate project that can be evaluated and approved separately from the other discretionary approvals.

The whole project includes the restriping of the adjacent Town & Country Village parking lot and the approval of valet parking that was applied for, withdrawn, and implemented anyway.

City of Palo Alto Zoning Regulations

Palo Alto Municipal Code (PAMC) Chapter 18.80 contains the provisions for amending zoning district regulations for the PC Zone District and for creating zoning district regulations for a new PHZ Zone District.

Nobody has ever initiated the process pursuant to PAMC Chapter 18.80 to either amend the PC Zone District regulations to add the PHZ regulations or to create a separate PHZ Zone District.

Therefore, you should (1) reject the inadequate environmental review, because the whole CEQA project has not been evaluated and because the PHZ Zone District does not exist; (2) take no action on the project; and (3) direct staff to continue this item until such time when the PHZ Zone District has been created pursuant to PAMC Chapter 18.80 and

the whole project including all its segments has been reviewed as a single project as required by CEQA.

Thank you for your consideration of these comments.

Herb Borock

ELLIS PARTNERS

January 30, 2025

Emily Kallas
Planner, City of Palo Alto
Emily.Kallas@CityofPaloAlto.com
(650) 617-3125

RE: Application No. 24PLN-00095

Dear Ms. Kallas,

We have reviewed the latest submittal from Storm Land LLC and The Hayes Group (Storm Development) for Application No. 24PLN-00095 (Plan Set Date 01/07/2025, Comment Response 3), which requests a Planned Home Zoning (PHZ) for the construction of a new 3-story residential condominium at 70 Encina. Our past review and commentary about the requested PHZ project are summarized below:

- a letter to the Palo Alto City Council dated September 8, 2022
- a letter to the Architectural Review Board (ARB) dated December 2, 2023
- a letter dated July 24, 2024
- a letter dated September 3, 2024
- a letter dated October 30, 2024

Additionally, we have voiced these concerns in person at the City Council hearing on September 12, 2022, at the ARB Study Session on December 7, 2023, the Planning and Transportation Commission (PTC) Hearing on September 11, 2024, and an ARB Hearing on November 7, 2024.

Feedback on Current Submittal

In the current submission, we find no meaningful changes have been made to address our previous feedback about the massing, layout and operational impacts of the proposed project on Town and Country Village (TCV).

Based on encouragement from ARB members before and at the November 7, 2024, ARB Hearing, we have reached out to each ARB member and discussed a possible path forward on a comprehensive development plan for the entire North parking lot at TCV, inclusive of TCV parking areas and the proposed 70 Encina development site (North Lot). During each of these discussions, ARB members expressed a desire to see a comprehensive proposal, creating a thoughtfully planned project resulting in a greater number of new housing units than the 10 isolated luxury condominium units proposed by the 70 Encina project.

Given this feedback, we have taken meaningful steps over the last 60 days to study residential development at the North Lot. To that end, the collective ownership of TCV has discussed possible deal structures that will bring housing to the North Lot, and the ownership is generally supportive of such a project. Additionally, we have retained an architect and have begun to evaluate the best approach for

the North Lot that balances architecture and the experience of our retail customers, operational considerations and the need to maximize housing development.

TCV reached out to Storm Development to solicit a collaboration for a possible joint comprehensive project for the North Lot. We look forward to further discussions with Storm Development in the coming weeks. Additionally, should a collaboration fail to materialize, we are also studying multifamily development for our portion of the North Lot. However, in our opinion, a comprehensive solution would result in the best design and greatest number of housing units for the City.

Given the need for housing in the City, we understand that the North Lot is a prime candidate for new residential development, and support such a project. As we have repeatedly expressed in our prior letters and comments, we continue to feel that the proposed development in the current application is poorly conceived, and in isolation would be detrimental to TCV and its customers who treasure this important community asset. Planned Home Zoning is intended for comprehensive planned developments, and the required findings cannot be made for a small isolated 10-unit project that is not compatible with existing uses, and may not be as compatible as possible with any future residential development of the North Lot. We, therefore, respectfully request that the ARB pause on a decision for this application until a cohesively planned and architecturally suitable residential development across the full North Lot can be studied, creating more meaningful new housing towards the City's RHNA goals.

We thank you for the chance to again be heard on this application, and value our partnership with the Palo Alto Planning Department. As we embark on our third decade as the stewards of TCV, we see a great future for this unique property and we hope to work with the ARB, City staff and potentially with Storm Development to create a better project that we can all be proud of in the future.

Sincerely,



Dean Rubinson
Director of Development
Ellis Partners LLC on behalf of CEP Town & Country Investors LLC

Cc: James F. Ellis, Ellis Partners
Melinda Ellis Evers, Ellis Partners
Mitchell Serrato, Ellis Partners
Architectural Review Board, Palo Alto
Claire Raybould, City of Palo Alto
Leigh Prince, Fox Rothschild

Outlook

70 Encina Place

From Susan Setterholm <susan.setterholm@gmail.com>
Date Sat 11/2/2024 12:48 AM
To Architectural Review Board <arb@cityofpaloalto.org>
Cc Palo Forward <palo.alto.fwd@gmail.com>

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Hello,

I urge you to approve 70 Encina Place.

Palo Alto needs more housing.

I worked in Palo Alto for years. I lived in Palo Alto until I was priced out.

Please approve the development with two below market units for others like me.

Thank you.

Susan Setterholm
1000 Sutter Street
San Francisco CA 94109

Outlook

70 Encina

From eileen menteer <ementeer@hotmail.com>
Date Sat 11/2/2024 7:23 PM
To Architectural Review Board <arb@cityofpaloalto.org>

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Tho not a beautiful building, it provides 2 units of affordable housing, which isn't nothing. It would be a much better place to call home than the Harry Potter cubby, the $800 Palo Alto version. I hope you will approve this project and many more which will help people live closer to their jobs.

Eileen Menteer

Outlook

SUPPORT - new homes at 70 Encina Street

From Adam Schwartz <adamdschwartz@yahoo.com>
Date Mon 11/4/2024 9:02 AM
To Architectural Review Board <arb@cityofpaloalto.org>

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Greetings:

I write in strong support for the construction of new homes at 70 Encina Street. I urge the Architectural Review Board, at its upcoming meeting on November 7, to approve the application to rezone this lot, to allow construction of ten new homes, including two at below market rate (BMR).

Palo Alto has a severe housing crisis. Our teachers, civil servants, and service workers cannot afford to live here, so they are driving super-commutes both ways, burning green-house gasses as they go. We need new homes at all price points -- including these proposed two new BMR homes and eight new market-rate homes.

I've lived in Palo Alto for nine years. My friends have been priced out. My kids, who went to junior high school and high school here, cannot afford to move back to be near me. My mother, who has increasing health problems, cannot afford to move here to be near me.

This is an excellent location for ten new homes: 70 Encina Street is next to transit, shopping, and other amenities. This project has already been under review for more than two years, and has already been significantly reduced in size to address various concerns. Now is the time to approve this project -- and build new homes.

Sincerely,

Adam Schwartz
523 Channing Ave.

Outlook

ARB Items #2 & #3 - 70 Encina & 3150 ECR

From Palo Alto Forward <palo.alto.fwd@gmail.com>
Date Tue 11/5/2024 4:28 PM
To Architectural Review Board <arb@cityofpaloalto.org>

2 attachments (316 KB)
3150 ECR Support Ltr (11.5.24).pdf; 70 Encina Support Ltr (11.5.24.pdf;

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Architectural Review Board & City Staff,

Please see our attached letters of support for agenda items #2 and #3 being heard on November 7th.

Thank you,

--
Amie Ashton
Executive Director, Palo Alto Forward
650-793-1585
****Want to be counted as a supporter of housing? Add your name here.****

PALO ALTO FORWARD

November 5, 2024

SUBJECT: Agenda Item #3 - 70 Encina Avenue Townhome Project

Dear Chair Rosenberg and Review Board Members,

We write in support of the project at 70 Encina Avenue. This modest 10-unit townhome project (including two affordable units) has been through a long, but sadly typical, PHZ process since 2022. It has undergone significant changes, including a decrease in the total number of units, in order to address neighboring property issues. The project is half its original size.

The project location is perfect for housing, with local schools, jobs, retail, and services within walking distance. The project is also close to Caltrain and there is abundant existing and planned active transportation infrastructure in the immediate vicinity, including the El Camino Real bike lanes and the Embarcadero Bike Path.

This is a constrained, infill site with limited opportunities for increased setbacks and landscaping without significantly compromising the feasibility of the project as a whole. However, our massive housing shortage requires us to recognize the tradeoffs that must be made to facilitate housing. For these larger, family-sized units in this location, the tradeoffs are worth making.

The project still faces a long approval process, with at least two more hearings before approval. We urge you not to delay this project further. Long delays often mean the end of housing projects due to continually increasing costs. **Please take substantive action at the hearing and recommend approval of the project to the Planning and Transportation Commission.**

Thank you for your thoughtful comments on the project and for your service to our community!

Amie Ashton
Executive Director, and on behalf of the Board of Palo Alto Forward

ELLIS PARTNERS

October 30, 2024

Emily Kallas
Senior Planner, City of Palo Alto
Emily.Kallas@CityofPaloAlto.com
(650) 617-3125

Dear Emily,

We have carefully reviewed the latest submittal from Storm Land LLC and The Hayes Group for Application No. 24PLN-00095, which requests a Planned Home Zoning (PHZ) for the construction of a new 3-story residential condominium at 70 Encina. Town & Country Village (TCV) has reviewed all iterations of this application and has participated in all related public hearings to voice our concerns about the design, density, and operational impact on TCV, its tenants, customers, and the community.

Our concerns have been communicated through the following documents:

- a letter to the Palo Alto City Council dated September 8, 2022
- a letter to the Architectural Review Board (ARB) dated December 2, 2023
- a letter to Planning staff dated July 22, 2024
- a letter to Planning staff dated September 3, 2024

Additionally, we have voiced these concerns in person at the City Council hearing on September 12, 2022, at the ARB Study Session on December 7, 2023, and the Planning and Transportation Commission (PTC) hearing on September 11, 2024.

Feedback on Current Submittal

We are not reiterating herein our specific concerns for the aesthetic and operational impacts that we foresee this proposed project imposing on our property, our tenants and the community. Please refer to our prior letters for that detail.

In the interest of simplicity and clarity, we are providing the attached matrix to highlight that the applicant has **not addressed** the overwhelming majority of the feedback that it has received at the last two hearings (ARB on December 7, 2023 and PTC on September 11, 2024). The feedback at these hearings was very clear and consistent and aligns with the concerns that we have continued to raise in our letters and at the prior hearings.

We understand and support the City's efforts to increase the local housing supply, however, given the limited time availability of City staff and the City's Boards and Commissions, it feels inappropriate for the applicant to request continued expenditure of the City's resources while largely ignoring the clear feedback they have received. Additionally, we feel that the most recent submittal makes no effort to

pursue the City Council's stated goal for, **"the applicant to collaborate with Town & Country to gain support for the project and to consider how the development might affect the vitality of Town & Country."**

Thank you for considering our concerns. We value our partnership with the Palo Alto Planning Department and appreciate the opportunity to be involved in the review process. We hope the proposal can be revised to better suit this important and sensitive location.

Sincerely,

Dean Rubinson
Director of Development
Ellis Partners LLC on behalf of CEP Town & Country Investors, LLC

Cc: Jim Ellis, Ellis Partners
Melinda Ellis Evers, Ellis Partners
Mitchell Serrato, Ellis Partners
Amy French, City of Palo Alto

Attachment

SUMMARY OF APPLICANT RESPONSES TO FEEDBACK FROM PTC & ARB
70 Encina - 24PLN-00095 - 10.4.24 Submittal

Feedback from PTC	Applicant Response
PTC Meeting - September 11, 2024	**Cycle 3 Plans - Plan date 10.4.24**
Bulb Outs beyond curb not supported	Bulb out removed. **Results in fewer trees since no trees have been added**
Concerns about sound and proximity of commercial services, recommends accoustic dampening added to design	**Concern not addressed in 10.4.24 plans**
Setbacks at property lines desired	**Concern not addressed in 10.4.24 plans**
Concerns about project being too dense for size of parcels	**Concern not addressed in 10.4.24 plans**
Insufficient greenspace and trees included	Applicant removed the only added greenspace (bulb out). **Project adds no new greenspace or added trees**
Gate at property line will be a traffic issue	**Concern not addressed in 10.4.24 plans**
Trash Pickup Room is too close to curb	**Concern not addressed in 10.4.24 plans**

Feedback from ARB	Applicant Response
ARB Study Session - December 7, 2024	**Cycle 1 Plans - Plan date 3.8.24**
Lack of setbacks at property lines raised as a concern	**Concern not addressed in 10.4.24 plans**
Trash room only accessible by leaving the property	Minor updates made, **still requires residents to leave property to access trash room.**
Windows facing each other in the courtyard is a privacy concern	Minor window adjustments made. **Submission still has a number of windows facing each other.**
Access to parking in northern two units is a problem, and would require multi-point turns to access	**Concern not addressed in 10.4.24 plans**
Gate at property line is a traffic and queuing issue	**Concern not addressed in 10.4.24 plans**

ELLIS PARTNERS

July 22, 2024

Emily Kallas
Planner, City of Palo Alto
Emily.Kallas@CityofPaloAlto.com
(650) 617-3125

Dear Emily,

As you proceed with your staff level review of application number 24PLN-00095, request for Planned Community Zone Change (PHZ) to allow construction of a new 3-story, 22,552 sf residential condominium building, we, as the owners and operators of Town & Country Village ("TCV") wish to raise our continued concerns with regards to the proposed 70 Encina development. Our concerns and objections were previously communicated in our September 8, 2022, letter to the Palo Alto City Council, in our letter from December 2, 2023 to the Architectural Review Board (both attached) and we addressed these concerns in person at the City Council hearing on September 12, 2022 and at the Architectural Review Board (ARB) Study Session on December 7, 2023.

We and our consultant architect, Randy Popp, have carefully reviewed the revised development plans, dated March 8, 2024. While we recognize that the applicant has made some minor changes to the proposal, our team and Mr. Popp believe that the vast majority of the concerns raised by the ARB on December 7, 2023 have gone completely ignored, notably the lack of a buffer between this zero lot line proposal and TCV and the lack of architectural compatibility for this sensitive setting. Furthermore, all the operational concerns that we have repeatedly raised about this problematic project remain unaddressed.

Background

We of course understand the critical need for new housing development in Palo Alto and throughout the region, but we request that you require the applicant to revise its proposal to address the concerns raised by the ARB as well as the aesthetic and operational impacts that we have continued to highlight over the last three years. We do not consider this ¼ acre site surrounded by our north parking lot to be a suitable housing site and feel that the ten luxury townhomes this project will create will do little to address the City's housing shortage. Furthermore, the addition of these ten units does not justify the degradation of TCV, a unique and treasured community asset and source of significant sales taxes for the City of Palo Alto.

As you may be aware, at the September 8, 2022, hearing, the City Council ***"asked the applicant to work with Town & Country to receive their support of the project and stated that consideration should be paid to how this development may affect the vitality of Town & Country. Council also wanted any project at 70 Encina to provide a better visual connection with Town & Country, such as through the use of materials."***

Ever since that hearing, we have reviewed the prior revisions from the applicant and provided clear and consistent feedback to the applicant and to City staff in the hopes that the design would evolve in a manner that we can support and that is more appropriate and consistent with TCV's architectural vocabulary, massing and operational considerations.

In terms of specific feedback on the most recent submittal, we are providing herein a summary of the impacts the proposed project would have on the operation of TCV and the potential areas of conflict it might create for our tenants and customers with the future occupants of the proposed development. Also attached is a letter from Randy Popp highlighting his concerns with the current design and the lack of architectural compatibility with TCV.

TCV Operational Concerns

1. The Planning Department has expressed concern multiple times about parking at TCV, and while we comply with current code and issued approvals, our concern is that guest parking for the proposed residential development is going to spill into our adjacent lots and displace our customers. The proposed design includes no guest parking for ten residences and only provides an average of 1.4 spaces for these three-bedroom units. While we understand the desire to not build large parking facilities in Palo Alto, it is inevitable that future guests and residents will park on our property given its proximity. TCV will then be forced to police and tow guest parking for this development, and TCV will need to involve the City in repeated complaints about unauthorized use of our property.
2. This development will also result in an increase in vehicular traffic on our property. Given its design and orientation, residents and guests will likely use our property to drive through from Embarcadero, given Encina is sometimes hard to access by car via El Camino Real. As stated above, we believe the increase in traffic posed by the proposed development will create adverse impacts to our property and our patrons. TCV will be forced to involve the City in mitigation of neighbors using our property for path of travel.
3. Poke House, Asian Box, Antoine's Cookies, Jamba Juice, Douce France, and Horsefeather will all be operating food and beverage facilities adjacent to the new residents, whose homes will be along on our primary service alley. Our concern is that residents will complain and try to impose on our tenants' ability to operate. Each of these food service operations receive deliveries at early hours, and early morning businesses like Jamba Juice & Douce France will have employees and patrons arriving at the site early each day. Horsefeather will be utilizing a nearby outdoor patio until 10 PM at night, as allowed in their planning approval, which poses a potential conflict with residents who will likely complain to the City about the incompatibility of a these two nearly adjacent uses.
4. Since the proposed development abuts our rear service alleyway, we are concerned that residents will complain about off-hours deliveries, trash pickups, and other typical elements of commercial food operations. Employees occupy the service alleys adjacent to the residences at all hours of the day, and our concern is that residents will inevitably complain to the City about their presence, and the general operations of our tenants. The proposed development includes no buffer or setbacks to mitigate this and proposes high-end residential units directly adjacent to our active shopping center that has been operating for over 70 years in this location.

Zoning Violations

Beyond our concerns with the revised proposal, we would also like to remind you and others at the City of Palo Alto, that the owners of the subject site installed a chain link fence on or about November 2021, surrounding their portion of the parking lot. Based on conversations we had with planning staff in 2021, we were told that the installation of this fence was a clear zoning violation and that its installation would require an application by the 70 Encina property owners to modify prior planning approvals, factoring in changes in traffic flow and aesthetics. Since no such application has been filed, we have repeatedly reminded staff of this situation and now after nearly three years of weeds, pavement cracks and overall

blight, this situation remains unchanged, as a result of a lack of zoning enforcement (current condition photos attached). Given how meticulous City staff is in enforcing zoning codes and processes at TCV, it is quite surprising that the City is willing to process this new development application for a site that has a nearly three year old outstanding zoning violation that is blighting such an important community asset. Please see the recent photos of the site for reference. We respectfully request that you put this application on hold until the property in question is in full compliance with current zoning regulations and the blighted conditions are addressed.

Thank you for your consideration of our concerns. We truly appreciate being included in the review process for this application and are hopeful that it can be revised to result in a project that is more appropriate for this important and sensitive setting. We have been the careful stewards of TCV since 2005 and would be devastated if this project as proposed were to be built in such a dense and incompatible configuration.

Sincerely,

Dean Rubinson



Director of Development
Ellis Partners LLC of behalf of CEP Town & Country Investors, LLC

Cc: Jim Ellis, Ellis Partners
Melinda Ellis Evers, Ellis Partners
Mitchell Serrato, Ellis Partners
Amy French, City of Palo Alto

Attachments:
Design Review Letter, Randolph Popp Architects - July 3, 2024
Current Photos Exhibit – July 22, 2024
Letter to Palo Alto City Council – September 8, 2022
Letter to Palo Alto Architectural Review Board – December 2, 2022

Rudolph Popp ARCHITECT

3 July 2024

Dean J. Rubinson
Partner, Director of Development
Ellis Partners
111 Sutter Street, Suite 800
San Francisco, CA 94104

Re: Proposed Planned Home Zoning Project at 70 Encina Avenue

Dean:

I was excited to understand there was an updated package available for the proposal adjacent to Town & Country Village but after my review, I'm quite disappointed to find much of the constructive criticism the development team received when they presented to ARB on December 07, 2023 has not been addressed. In fact, in some areas, the impact has worsened.

First and foremost, it still feels like more units are being squeezed into this property than can reasonably be accommodated. Board Member Chen mentioned this concern, and while I typically advocate for more density, in this particular case, I tend to agree with her perspective. A number of critical constraints and limitations have not been resolved as outlined below, and the overall design just feels too strained.

The vehicular entry off of Encina has been widened. However, the interior courtyard space still seems to be too narrow, such that, as Board Member Hirsh pointed out, cars will have difficulty getting into and out of the garages. In particular, the first two stalls immediately adjacent to the entry will likely require multipoint turns to safely enter and exit. While this juggling is going on, other vehicles will not be able to enter or exit the property, potentially causing a queuing issue out on the street. At the opposite end of the drive aisle they have added an open weave CMU screen below a pair of outdoor terraces. Noise from the service drive, particularly in the early morning hours, will most certainly translate to the interior courtyard of the development, which will act like an echo chamber, creating an impact for all of the units, not just those adjacent to the service drive.

Accessory to the above is the concern raised by Board Member Chen that interior-facing bedroom windows are directly aligned. This too is a byproduct of the excessive density they are trying to achieve. The impact is a very challenging privacy conflict. It's unclear how this could be resolved without a significant retooling of the design.

Another issue which has not been addressed but would require some significant reorganization is that the trash room is still only accessible by doors fronting on Encina. It's difficult to understand how all of the townhomes will utilize this space efficiently and what the long-term impact of this will be for the most distant units. I personally can't imagine walking my trash, recycling, and compost that distance on a regular (daily) basis.

Both Board Members Rosenberg and Adcock raised valid concerns about the zero setback positioning of the massing at the 3 non-street frontage sides. Although there has been an attempt made to create some additional visual relief to the massing of the building, ultimately,

the concept remains essentially unchanged. In respect to the street-facing units, Board Member Baltay pointed out the potential for direct access via stoops on Encina. Rather than doing that, the design continues to exist as a 'wall' without addressing many of the objective design standards typically expected for the pedestrian-level street-facing portion of the building.

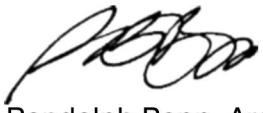
It appears from some added sheets that additional work has been done relative to fire access. The result of this is the addition of a very intrusive stair configuration and a heavy screening element. I know from earlier conversations that you and I both feel this elevation is a primary component of the building because so much of it is visually accessible from the interior of Town & Country Village. This add-on is yet another element indicative of a density and massing which is greater than what the site can reasonably accommodate. Contextually, it increases the problematic nature of the development, which we know will continue to exist for decades as a singular building amid a large parking area.

Turning to the elevations, materials, and color choices, Board Members Rosenberg and Baltay most vocally indicated they felt not enough deference was being paid to Town & Country Village. Board Member Chen suggested greater mass along Encina and a reduction in height closer to Town & Country Village. I'm ambivalent about the value of changing the massing to elevate height closer to Encina and feel that may not be productive on such a small site. In regards to architectural deference to Town & Country Village, the addition of a dark-colored rain screen is a positive step, but the beige sandstone-colored brick at the base of the building feels like an inappropriate approach regarding materials and color. I do not consider the current design to be successful concerning the important goal communicated by the ARB Members.

In summary, I don't believe this submittal addresses the concerns raised by the Board or in response to those identified by your team. I cannot see how, at this point, you might indicate your support for the proposal. I know that was the goal for the Council but we are just not there yet.

Sincerely,

Randy Popp



Randolph Popp, Architect







ELLIS PARTNERS

September 8, 2022

Palo Alto City Council

250 Hamilton Avenue

Palo Alto, CA 94301

Dear Honorable Mayor, Vice Mayor, and City Council Members:

Ellis Partners bought Town and Country Village in 2005 and immediately completed a complex and extensive renovation of what was then a struggling rundown property. For the past 17 years, our team has been the careful steward of this treasured community asset. At every stage, even during financial crises and a global pandemic, we have endeavored to make decisions with the architectural and historical legacy of Town and Country Village in mind. As is evident today, all our renovation work, as well as the development of the Trader Joes building, has been consistent with the scale and character of this primarily single-story Hacienda-style center.

Ellis Partners efforts at preserving and improving Town and Country Village have been guided by city policy. There is a specific land use policy for Town and Country Village within the Palo Alto Comprehensive Plan, which states:

> *Policy L-4.12 - Recognize and preserve Town and Country Village as an attractive retail center serving Palo Altans and residents of the wider region. Future development at this site should preserve its existing amenities, pedestrian scale and architectural character while also improving safe access for bicyclists and pedestrians and increasing the amount of bicycle parking.*

This policy has been the guidepost for all our efforts in operating, improving and tenanting this unique and treasured property. As such, it came to us as a shock that an application was submitted for a five-story, 55-foot high, stucco-clad development on a quarter acre site within the north parking area that has been ground leased to Town and Country Village since its development in the 1950s. This proposal is significantly different from the existing scale and architecture that Ellis Partners, based on city policy, has worked to preserve.

Our intent was to continue to ground lease the site and utilize it for parking for our tenants and customers for the foreseeable future. However, it appears that the site is now under contract with a developer who is interested in maximizing the development density on the site, in excess of the city-wide height limits and with no apparent regard for the architectural context of this important community gathering place.

We recognize the critical need for additional housing in the city, and we're supportive of appropriately scaled housing developments, but we believe the proposed development is too dense for this location and would negatively impact the character of Town and Country Village that we've worked so hard to enhance.

If residential development is to proceed on this site, despite being prohibited by Comprehensive Plan Policy L2.4.4, it should be carefully designed to a scale and character that is consistent with the existing *"pedestrian scale and architectural character"* of Town and Country Village. In fact, the development is proposed at approximately 80 dwelling units per acre, which far exceeds the maximum density of 50 units per acre that the city has identified in the Housing Element Site Inventory.

Ellis Partners has engaged Randolph Popp Architects to evaluate the proposed development and to create a set of accurate renderings of how the proposed development would appear to our customers and tenants, and to study alternatives to identify an appropriate scale of residential development for this location. As noted in Mr. Popp's findings, a two-story and potentially a three-story residential development appears to be the maximum height that might be suitable for this setting, creating an appropriate transition from the single-story buildings at Town and Country.

Furthermore, we have engaged our land use attorneys at Jorgensen, Siegel, McClure & Flegel to evaluate the zoning applicable to this proposed development. The project site is currently included in the Palo Alto Zoning Code definition of Town and Country Village Shopping Center, which includes all properties bounded by El Camino Real, Embarcadero Road, Encina Avenue, and the Southern Pacific right-of-way. We have also asked our attorneys to assess whether the Planned Home Zoning (PHZ) process, which was intended to provide the City Council with additional housing opportunities in general compliance with the City of Palo Alto's planning and design review standards, is a suitable path for this proposed development. The legal analysis is included with this letter.

In summary, we understand the critical need for housing in Palo Alto, and truly respect the commitment that the City Council has made to address this need, including the establishment of the PHZ process. While the current Comprehensive Plan clearly states that, *"Conversion to residential capacity should not be considered in Town and County Village,"* we can understand that the Council would re-evaluate this prohibition, given the housing crisis in the area. However, we hope that the Council will carefully evaluate any such residential proposals in light of the stated goal at Town and Country Village to, (per Policy L4.12), *"preserve the existing amenities, pedestrian scale and architectural character"*.

We feel that the 70 Encina proposal will set a precedent for future development at and adjacent to Town and Country Village. Furthermore, the city has spent significant time establishing Objective Design Standards. These standards establish crucial guardrails for urban planning and design that are there to protect property owners and maintain the community fabric. These standards require new projects to *"provide harmonious transitions between adjacent structures"*, which clearly is not the case with the current 70 Encina proposal. As such, we believe that the proposed development should be reduced to a two-story, or potentially a three-story structure, which would be appropriate for a structure adjacent to the low-rise, pedestrian scale of Town and Country Village.

In closing, our objection is not to housing. We would support a thoughtfully designed two or three story structure. Our objection is to the height and massing of this proposed development, that far exceeds what's permitted under the base zoning. The City of Palo Alto puts tremendous effort into their zoning, comprehensive plan, and overall land use policy. That effort has resulted in thoughtful design and urban planning throughout Palo Alto. Our hope is that those same standards will be applied when evaluating the proposal at 70 Encina.

Thank you for your time and please let us know if you have any questions.

Sincerely,

Melinda Ellis Evers, Co-Founder and Partner

James Ellis, Co-Founder and Partner

Dean Rubinson, Director of Development and Partner

Cc: Ed Shikada, Jonathan Lait, Amy French, Jodie Gerhardt, Emily Foley

dolph Popp
ARCHITECT

904 High Street
Palo Alto, CA 94301

8 September 2022

Sent via email: city.council@cityofpaloalto.org

City of Palo Alto City Council
Palo Alto City Hall
250 Hamilton Avenue
Palo Alto, CA 94301

Re: Proposed Planned Home Zoning Project at 70 Encina Avenue

Honorable Mayor, Vice Mayor, Council Members, and Staff:

In response to the proposal submitted for 70 Encina Avenue, Ellis Partners has retained my services to assist in their understanding of the project and its potential impact on Town & Country Village. Having practiced in this community for over 32 years including serving on the Architectural Review Board, I believe my insight and evaluation could be beneficial as a part of your review of the application. While I am typically a proponent of increasing the availability of housing, I do not feel the proposal offered for this particular site meets the standards our city has set in several critical areas.

I'll preface all of this by stating my general appreciation for the projects Hayes Architects has designed. I think they are a valuable local resource and have enhanced our environment through their work time and again. One notable example of their work was the thoughtful and compatible Trader Joe's addition to Town & Country Village. However, with this project, their client is not Ellis Partners, and the design is not compatible with Town & Country Village.

To support my evaluation of the proposal I have worked with a well-known and widely respected renderer who has developed additional dimensionally accurate views of the building using the information provided in the proposal package. I have attached those images to this letter and, without attempting to alter the building design, believe they represent a range of building heights to help illustrate how a more reasonable two- or three-story proposal might be viewed within the existing context.

As we all know, a new development in Palo Alto is generally obligated to conform to the review standards of the Architectural Review Board and as such, must satisfy findings to be deemed approved. This project falls short in almost every category.

Consistency with ARB Review Standards:

- *Promote orderly and harmonious development of the city*
  Our Comprehensive Plan, Municipal Code, and Zoning regulations clearly define what is appropriate regarding orderly and harmonious development within the city. The project is located in the Community Commercial Zoning District which is designed to encourage retail and some commercial uses. Notably, residential use in this area is highly restricted through both Zoning and Comprehensive Plan policy. As can be seen in the attached renderings, a five-story structure, placed in a parking lot, and adjacent to primarily single-story structures, is jarring and out-of-context.

- *Enhance the desirability of residence or investment in the city*

While there might be some convenience to living in this location, the proposed height and massing in this location is entirely inappropriate. While many would argue that we need housing in any format we can achieve it, I would argue that there are other more appropriate locations. Compromising to allow a PHZ project of this scale at this location sets precedent for ignoring development standards we have agreed are necessary to maintain aesthetic balance across Palo Alto. Indicating encouragement for this type of dramatic change here would result in far reaching impacts that will significantly alter our environment.

- *Encourage the attainment of the most desirable use of land and improvements*
  Approving a project of this scale and character at this location will result in unintended consequences for this street and Town & Country Village. The likelihood of other projects similar to this being developed in the near future is slim (Ellis Partners has a long-term ground lease) so this would remain an isolated anomaly for the foreseeable future. Based on current Zoning and Comprehensive Plan Policies, which indicate the most desirable use of the site is retail/commercial, the land use change necessary to achieve this type of development at this site would create a condition that is not in harmony with the existing surrounding development or what can be reasonably be anticipated for the future.

- *Enhance the desirability of living conditions upon the immediate site or in adjacent areas*
  It is challenging to understand how an isolated, purely residential project, could be considered compatible with the adjacent properties. If a coordinated effort here was able to allow a significant land area to be developed for residential use, there might be enough benefit to the nearby retail to balance the visual impact it would cause. At that scale, it could be large enough to allow for transitions to the adjacent context in a way this small parcel cannot. The dimensions of this project site within the context of the single-story and parking lot adjacent uses allows for no reasonable transition to a building at the height proposed. The limited number of units possible simply does not outweigh the negative aesthetic impact the proposal creates. Additionally, the limited setbacks proposed, and overall building layout, will make any future adjacent project even more difficult to accommodate.

- *Promote visual environments which are of high aesthetic quality and variety and which, at the same time, are considerate of each other.*
  As stated above, the scale of this project, exaggerated by the boxy massing, represents no acknowledgment of the adjacent environment and is inconsiderate of the low-slung Hacienda style. It is common practice for projects to terrace, or step back, from edges that border on parcels with lesser height. As this site is bordered by single-story and parking lot adjacent uses, the only possible approach would include a significant reduction in overall height. A more appropriate approach, as suggested in the attached images, might be a revised two- or three-story proposal that could transition from the adjacent single-story context and would then be more consistent with nearby 2-story structures.

Consistency with Findings for Approval

(1) The design is consistent with applicable provisions of the Palo Alto Comprehensive Plan, Zoning Code, coordinated area plans (including compatibility requirements), and any relevant design guides.

As outlined in the letter provided by Land Use Attorney Leigh Prince, this project is inconsistent with both the Comprehensive Plan and Zoning regulations. *This Finding cannot be made.*

(2) The project has a unified and coherent design, that:
(C) Is consistent with the context-based design criteria of the applicable zone district

The project is inconsistent with context-based design criteria for the district within which it is proposed. Notably, the FAR is significantly in excess of what would reasonably be anticipated. This Finding cannot be made.

(2) The project has a unified and coherent design, that:
(D) Provides harmonious transitions in scale, mass, and character to adjacent land uses and land use designations

The project does not provide a harmonious transition in scale, mass, or character to the adjacent land uses and land-use designations. The project proposes a 5-story 55-foot high square stucco building amidst parking and adjacent to Town & Country Village, which is primarily a single-story Hacienda style collection of structures. As the images I provided show, the contrast between the two is severe and there seems to be no attempt toward transition. This Finding cannot be made.

(3) The design is of high aesthetic quality, using high quality, integrated materials and appropriate construction techniques, and incorporating textures, colors, and other details that are compatible with and enhance the surrounding area.

While acknowledging this is a preliminary proposal, my evaluation is that the current design does not suggest it will strive to be of the highest aesthetic quality, using high-quality integrated materials, or incorporating textures, colors, and other details that are compatible with and enhance the surrounding area. Although the immediate context is eclectic, the predominant style is the low-slung architecture of the Town & Country Village. Departing from that in the manner proposed will not unify or allow for a transition that could satisfy this requirement. This Finding cannot be made.

(5) The landscape design complements and enhances the building design and its surroundings, is appropriate to the site's functions, and utilizes to the extent practical, regional indigenous drought resistant plant material capable of providing desirable habitat that can be appropriately maintained.

Due in large part to the 86.5% site coverage proposed the minimal landscape design does not truly enhance the building or its surroundings. It appears to be only modestly appropriate to the site's function and does not appear to represent a desirable habitat. This Finding cannot be made.

Consistency with Objective Standards

When evaluated in the context of the adopted Objective Design Standards for the CC Zoning District, and consistent with other requirements listed above, it seems important to understand the direction outlined in Section 18.24.050 Building Massing (underlining added for emphasis):

(A) Intent
To create buildings that are compatible with and enhance the surrounding area through the consideration of building scale, massing, and bulk. Massing should create a human-scale environment that is of high aesthetic quality and accommodates a variety of uses and design features. Building massing should include elements that:

- *Are consistent in scale, mass and character to adjacent land uses and land use designations*
- *Provide harmonious transitions between adjacent properties*

The project as proposed does not reflect consideration of this Standard and significant modification would be needed in the form of step-back/terracing and height reduction to conform to the many requirements the Palo Alto regulations describe. Note that these are similar and related to the other obligations described above and as I have repeatedly stated, the 5-story box is in no way compatible or consistent with Town & Country Village.

Critique of the submitted documents

A further critique of the submitted documents yields other problematic concerns.

The lowest level of the building, which is primarily a parking garage, is an entirely solid wall for virtually all of the perimeter. While modestly appropriate along Encina, the remainder of the building, which is viewable from all sides, lacks articulation or character at the pedestrian level.

The rendered representation of the building provided by the applicant, both in elevation and perspective, fails to fully clarify the character of this building relative to its context. I think it is important to note that the 2-foot-tall parapet as shown would not be sufficient to screen typical roof-mounted equipment that would need to be placed there. A more common screen height would be closer to 5-7 feet, pushing the total visual height of the building to somewhere in the neighborhood of 60 feet. That height will be approximately 40 feet more than the Town & Country building it is most adjacent to and similarly in contrast to the single-story buildings on the opposite side of Encina. The multi-story buildings shown in the renderings are misleading in that they are far from the project site at a distance of roughly 300 feet (the length of a football field).

In closing, I believe there are many other housing opportunity sites that might be appropriate for this type of development but find the proposal presented for this site to be impossible to support based on established standards for review and approval.

Sincerely,

Randy Popp



Randolph Popp, Architect

70 Encina Avenue – Study Illustrations

View A

Key Plan



Five Level



Three Level



Two Level



70 Encina Avenue – Study Illustrations

View B

Key Plan



Five Level



Three Level



Two Level



70 Encina Avenue – Study Illustrations

View C

Key Plan



Five Level



Three Level



Two Level



70 Encina Avenue – Study Illustrations

View D

Key Plan



Five Level



Three Level



Two Level



70 Encina Avenue – Study Illustrations

View E

Key Plan



Five Level



Three Level



Two Level



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OF COUNSEL
KENT MITCHELL

RETIRED
JOHN D. JORGENSON
MARGARET A. SLOAN
DIANE S. GREENBERG

DECEASED
MARVIN S. SIEGEL
(1936 - 2012)
JOHN R.COSGROVE
(1932 - 2017)

September 7, 2022

Sent via email: City.Council@cityofpaloalto.org

City of Palo Alto City Council
Palo Alto City Hall
250 Hamilton Avenue
Palo Alto, CA 94301

Re: Proposed Planned Home Zoning Project at 70 Encina Avenue

Dear Honorable Mayor and City Council Members:

Town and Country Village ("Town and Country") is a specialty retail shopping center that was originally completed in the 1950s. Since acquiring Town and Country, Ellis Partners has been committed to retaining the original character of early western-style architecture with red tile roofs, heavy wood beam and column-supported covered walkways and stately oaks growing throughout. Over the years, Ellis Partners has completed renovations to Town and Country, including the construction of Trader Joe's. These renovations have preserved the low-slung character of Town and Country, while increasing its appeal as one of Palo Alto's primary retail destinations.

Recently, a Planned Home Zoning ("PHZ") project was proposed at 70 Encina Avenue ("project site"). The project site was previously used and permitted by the City of Palo Alto ("City") as a part of Town and Country for parking (although in recent months the owner has fenced off the project site without City approval). The current proposal would rezone the project site from Community Commercial ("CC") to PHZ to allow the development of a 55-foot high five-story condominium building. This proposed project is not only out of character with the adjacent Town and Country buildings, but it is also inconsistent with the City's Comprehensive Plan. Approving the proposed project, even at a more palatable height and scale, would require more than rezoning the project site to PHZ, it would require a Comprehensive Plan amendment and a zoning text amendment. As a result, Ellis Partners opposes the project because as proposed it would detract from this important and iconic pedestrian-oriented retail destination.

Town and Country Village Includes the Project Site

Town and Country is defined as all properties zoned CC and bounded by El Camino Real, Embarcadero Road, Encina Avenue and Southern Pacific right-of-way – this includes the project site. See Palo Alto Municipal Code Section 18.16.030. Town and Country was originally constructed in phases between 1952 and 1958 including one and two-story buildings, an extensive parking lot, trees and landscaping. From the 1950s to the present (approx. 70 years), the City has considered Town and Country by these boundaries. A recent Planning Commission staff report dated February 10, 2021, included figures showing Town and Country. These figures illustrate how the City and the community at large understand Town and Country – as including the project site.

Figures Showing Town and Country






Residential is Inconsistent with the City's Comprehensive Plan

Palo Alto's Comprehensive Plan does not support the rezoning of the project site, which has historically been part of Town and Country, from its current CC zoning to PHZ zoning. Comprehensive Plan Policy B-6.6 provides that Town and County should be retained as an attractive, local-serving retail center. Most importantly, Comprehensive Plan Policy L2.4.4 provides that "Conversion to residential capacity should not be considered in Town and Country Village." Rezoning the project site to allow a residential condominium building would violate these Comprehensive Plan policies. As a result, the finding needed to approve the proposed project and rezone to PHZ – that the proposed use would be consistent with the Comprehensive Plan – cannot be made. Palo Alto Municipal Code Section 18.36.060.

If there is a strong desire to alter the long-standing policy regarding preserving Town and Country for low-density retail, approving a PHZ rezoning to allow housing, even at a more palatable height and scale, would require approving a Comprehensive Plan amendment to change the language that housing should not be considered at Town and Country. In addition, a zoning text amendment would be needed to carve out the project site from the definition of Town and Country in Palo Alto Municipal Code Section 18.16.030. Such a significant policy shift should not be undertaken lightly as it may have lasting and precedent setting impacts on Town and Country, potentially undermining this iconic retail center and further eroding the City's dwindling retail uses.

It is Ellis Partners' firm belief that the City Council cannot make the required finding to rezone, absent a Comprehensive Plan amendment and a zoning text amendment. As it currently stands, the Comprehensive Plan provides that residential capacity should not be considered at this location and Town and Country should be retrained as a local serving retail center.

Neither Consistent with Nor a Reasonable Modification to Existing Zoning

The existing CC zoning for the proposed project site would not allow the development of the proposed project. Palo Alto Municipal Code Section 18.16.040 provides that in the CC zone residential is permitted, but only as part of a mixed-use development or on sites designated as housing inventory sites. The proposed project site is not listed as a housing inventory site (in fact it was administratively removed from the list of potential sites in this Housing Element cycle). In addition, while adding housing would make Town and Country mixed-use as a whole, the premise of the applicant's proposal is founded on separating itself from Town and Country. Therefore, to be permitted the project itself would have to be mixed-use and it is not.

Further, the City Council's policy direction regarding the PHZ has been to look for reasonable modifications to the existing zoning. This project proposes a significant departure from the existing zoning. It proposes a project that is substantially different from and not compatible with Town and Country. See Palo Alto Municipal Code Section 18.38.060 requiring the Council to find the project would be compatible with existing and potential uses on adjoining sites or within the general vicinity.

1. Floor Area Ratio - The maximum allowable floor area ratio ("FAR") is 0.35 for Town and Country. The maximum FAR for mixed-use development for Town and Country is limited to 0.50 provided that no more than 0.15 shall be residential. The project has proposed a FAR of 2.4 for residential only, far in excess of both the underlying zoning and the existing surrounding retail center. To put it into perspective, the proposed FAR is 6.8 times larger than the allowable FAR for retail and 16 times larger than the allowable FAR for residential in a mixed-use project.
2. Site Coverage – The maximum site coverage is 50 percent. The project proposes a site coverage of 86.5% or 36.5% percent more than allowable under the existing zoning or allowed for any of the surrounding Town and Country uses.
3. Height – Although the maximum allowable height is 50 feet in the CC zoning district, the majority of buildings in Town and Country are a blend of one and two stories approximately 18 to 24 feet in height. Thus, 55-feet and five stories is a significant departure from the low-slung character of the retail center.

The proposed project would be the first and likely only building of this type and magnitude for the foreseeable future at Town and Country making it incompatible with the surrounding uses. Given the established retail uses, existing zoning regulations and long-term ground lease, Ellis Partners does not anticipate any significant change to Town and Country, and certainly nothing that would be compatible with the height and scale of the proposed project. Furthermore, the City's Comprehensive Plan programs and policies speak to transitions in scale between developments (Policy L-1.3) and discouraging abrupt changes in scale and density (Policy L-6.7 and Program L6.7.1). The proposed project provides no transition and is an abrupt change in scale from Town and Country buildings and parking which would surround it.

Conclusion

Ellis Partners appreciates the significant amount of time and resources these pre-screening applications consume and thanks City staff and the Council for their time and attention to this matter. Ellis Partners understands the City's need to plan for housing; however, housing development of this height and scale is not appropriate at Town and Country and if approved as

proposed would undermine the look and feel of this iconic retail center. Thus, Ellis Partners respectfully requests that the City Council not to support moving this project forward as proposed.

Sincerely,

Leigh F. Prince

Leigh F. Prince

cc: Jonathan Lait, Planning Director (Jonathan.Lait@cityofpaloalto.org)

December 2, 2023

Sent via email: arb@cityofpaloalto.org

City of Palo Alto City Architectural Review Board
Palo Alto City Hall
250 Hamilton Avenue
Palo Alto, CA 94301

Re: Proposed Planned Home Zoning Project at 70 Encina Avenue

Dear Chair Baltay, Vice-Chair Rosenberg, and Members of the Palo Alto Architectural Review Board:

Town & Country Village is appreciative of the reduced scale and concept modifications represented in the submitted design but continues to be concerned about the proposed project at 70 Encina Avenue. We have been the thoughtful stewards of Town & Country Village as an important community asset for nearly 20 years and throughout our ownership we have been focused on preserving and protecting this unique neighborhood treasure in a manner that is entirely consistent with the Comprehensive Plan and all the City's design guidelines.

The proposed project, however, does not preserve and protect this community treasure and is wholly inconsistent with the Comprehensive Plan. Comprehensive Plan Policy L-2.4, Program L2.4.4, states explicitly ***"Conversion to residential capacity should <u>not</u> be considered in Town and Country Village."*** Although the 70 Encina parcels have no buildings on them and have existed for 70 years as parking for the center, this site is clearly listed under the Municipal Code as within the boundary of Town & Country Village. As such, when considering this project, we hope you will focus your attention on weighing the relative value of the zoning code concessions you are being asked to evaluate and the impact of the project on the Town & Country Village as a whole.

We clearly understand there is a housing crisis and appreciate the City's efforts to mitigate the deficit in Palo Alto by identifying locations for 6,086 potential new housing units (plus an additional 780 units to act as a "buffer") within the city per the 6th Cycle Housing Element, with the majority (3465) being at moderate or below moderate-income levels. However, it seems inconsistent with the City's housing goals to allow 10 luxury condominiums to take precedence over the continued preservation of a valued, historical neighborhood center at a location where the Comprehensive Plan **<u>specifically prohibits housing</u>**.

As a reminder, the Comprehensive Plan, when speaking about the future of Town & Country Village in Policy L-4.12, states that proposed developments should, ***"recognize and preserve Town and Country Village as an attractive retail center serving Palo Altans and residents of the wider region. Future development at this site should preserve its existing amenities, pedestrian scale, and architectural character."*** While we appreciate the applicant's decision to reduce the scale of the project, which previously towered over the primarily single-story Town & Country Village, we continue to believe that the latest iteration is still lacking consistency within this important and sensitive setting and as proposed, would most certainly not contribute to the preservation of "***its existing amenities, pedestrian scale, and architectural character***.

While we understand that the application is proposed as a PHZ/PC, which allows the City some leeway to depart from current zoning standards established for these parcels, it is essential to remember, as stated in the staff report, that "***a planned community district is particularly intended for unified, comprehensively planned developments that are of substantial public benefit and which conform with and enhance the policies and programs of the Palo Alto Comprehensive Plan."*** The proposed project, even though scaled down, is not a unified, comprehensively planned development – it will exist as a small one-off residential development within the Town & Country Village shopping center parking lot. It does not provide substantial public benefit – likely providing a mere two affordable units amongst eight condos likely costing over $1.5 million each. It does not enhance the policies and programs of the Palo Alto Comprehensive Plan but rather, stands in direct opposition to those policies and programs.

We consider this proposal to be inappropriate in its attempt to use the PHZ/PC process. As proposed it will certainly result in a dramatic degradation of the community treasure that has been carefully protected for decades and that we have been working to preserve since 2005. The City Council, at the September 12, 2022 hearing clearly recognized the risk of this project adversely impacting Town & Country Village. As stated in the Staff Report, ***"they asked the applicant to work with Town & Country to receive their support of the project, and stated that consideration should be paid to how this development may affect the vitality of Town & County. Council also wanted any project at 70 Encina to provide a better visual connection with Town & Country, such as through the use of materials."***

We encourage you to respond to this application in a manner that aligns with the City Council's direction to achieve Town & Country support, limits conflict with the Comprehensive Plan, and aligns fully with the intent of the PHZ/PC process. As the proposed project does not yet achieve any of these, we respectfully request that you provide the applicant with such feedback. The proposal you are being asked to evaluate will have a lasting adverse impact if approved in its current form. We appreciate your partnership in maintaining Town & Country's unique character, scale, and architectural charm for the future.

Below is a more detailed evaluation provided in consultation with Randy Popp, an Architect and former Chair of the ARB, who we have asked to advise us in evaluating this design proposal, its consistency with City design guidelines, and the impact it would have on Town & Country Village. Also provided below is a list of significant operational concerns this proposal raises.

Thank you for your careful consideration,

Dean Rubinson
Director of Development
Ellis Partners LLC

Architectural Review Findings:

Regardless of the concessions granted through the PHZ regulations, the role of ARB is to ensure that all required Architectural Findings (PAMC 18.76.020(d)) must be met by the applicant. We find that it is inconsistent with the following criteria:

1. The design is consistent with applicable provisions of the Palo Alto Comprehensive Plan, Zoning Code, coordinated area plans (including compatibility requirements), and any relevant design guides.

   This project site was not intended to be developed as residential. While current changes in policy may make this project seem desirable, any departure from established plans or codes should provide significant community benefit, far beyond the enrichment of the development team. Furthermore, the proposal should seek to achieve the greatest possible alignment with all other established aspects of zoning regulations and policy.

2. The project has a unified and coherent design, that:
   a. Creates an internal sense of order and desirable environment for occupants, visitors, and the general community.

      A sense of order and desirability of the environment for the general community is not accomplished through the proposed design. The current proposal does not support or enhance the requirements for a desirable retail environment, as further explained in the operational section below.

   b. Preserves, respects and integrates existing natural features that contribute positively to the site and the historic character including historic resources of the area when relevant.

      The proposed project does not integrate into the existing historic character of Town & Country Village. Due to its proximity, the proposed project should seek to achieve greater compatibility in its design, massing, and use of materials. The submitted design stands in stark contrast to the historic character of Town & Country and must be substantially modified to meet this Finding.

   c. Is consistent with the context-based design criteria of the applicable zone district.

      N/A - we are not aware of any context-based design criteria for this site.

   d. Provides harmonious transitions in scale, mass and character to adjacent land uses and land use designations.

      While the applicant has reduced the scale, the proposed project is still inconsistent with adjacent architectural character and land use. Town & Country Village has a distinct scale and design vocabulary, (roof slope, materials, deep overhangs at comfortable pedestrian walkways, etc.) and we feel the current proposal is incompatible with the historic nature of the center.

   e. Enhances living conditions on the site (if it includes residential uses) and in adjacent residential areas.

      The design does not enhance living conditions on the site.
      The intensive operational needs of a thriving neighborhood center include receiving deliveries, handling trash, well-lit customer parking, and the like. We believe that residents would find these necessary operational demands to be

unpalatable. Until the proposal can achieve mitigation of these existing necessary constraints, the application should be returned for modification.

3. The design is of high aesthetic quality, using high quality, integrated materials, and appropriate construction techniques, and incorporating textures, colors, and other details that are compatible with and enhance the surrounding area.

   As stated before, we do not find the current design to be compatible with the current historic design, massing, or character of Town & Country Village.

4. The design is functional, allowing for ease and safety of pedestrian and bicycle traffic and providing for elements that support the building's necessary operations (e.g., convenient vehicle access to property and utilities, appropriate arrangement and amount of open space and integrated signage, if applicable, etc.).

   We feel the proposed development will result in a net-negative to the safety and ease of access for pedestrians and bicycle traffic. The added vehicular traffic, loss of parking for retail use, and minimal setbacks combine to create an unmitigated series of impacts. Additionally, given the tight constraints of the site and the density of the proposed development, there is serious concern for the impact to retail vehicular access at an already constrained site, and certainly represents reduced access for operational needs.

5. The landscape design complements and enhances the building design and its surroundings, is appropriate to the site's functions, and utilizes to the extent practical, regional indigenous drought resistant plant material capable of providing desirable habitat that can be appropriately maintained.

   The current proposal has the property fully developed leaving little to no room for the required landscaping necessary to achieve compliance with this Finding. The project landscape design does not provide the necessary transition to the adjacent Center design. In addition, please note that the proposed development represents a net loss to the existing tree canopy. Currently, the canopy coverage on the site is approximately 2170 square feet across 8 existing trees, while the proposed development includes 7 replacement trees with limited growth potential for a proposed approximate canopy of 550 square feet.

6. The project incorporates design principles that achieve sustainability in areas related to energy efficiency, water conservation, building materials, landscaping, and site planning.

   We have yet to fully understand how this proposal achieves compliance with this Finding. As stated previously, the bar for approval should be set high due to the concessions being requested for approval of this proposal at this site.

Operational Review Findings:

Given that the proposed project stands in contrast to the City's planning documents, it is not surprising that if approved it will likely create several significant impacts on the pedestrian, vehicular and other operational aspects of Town & Country Village:

1) It is incompatible to locate residences within the parking lot of a busy commercial shopping center. Our shopping center receives tenants' deliveries throughout the day and frequently these are more intense in the early morning hours before the center opens to customers. Additionally, certain dining tenants operate into the late evening hours which might impact potential new residences within the vicinity. Lastly, we have trash and recycling serviced daily, immediately proximate to the proposed development. While these operations are consistent with City codes and existing approvals, residents will almost certainly find them incompatible with their residential use. We would ask that you carefully consider these concerns in your evaluation of the project to avoid creating a cycle of complaints that cannot be resolved.

2) Given the density of the proposed development, we foresee constraints on parking and pedestrian access. The current proposal allows for no space for potential residents' visitors, service vendors, or deliveries. With Encina Avenue already fully parked during the day, and with all our parking stalls restricted for our retail and restaurant uses at the Center, we feel the added traffic and parking load on Encina Avenue and the surrounding area would be untenable. The project should be designed in anticipation of all these needs, as would be required of any other proposal brought forward.

Project Plans

In order to reduce paper consumption, a limited number of hard copy project plans are provided to commissioners for their review. The same plans are available to the public, at all hours of the day, via the following online resources.

Directions to review Project plans and environmental documents online:

1. Go to: bit.ly/PApendingprojects
2. Scroll down to find "70 Encina" and click the address link
3. On this project-specific webpage you will find a link to the project plans and other important information

Direct Link to Project Webpage:

https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Current-Planning/Projects/70-Encina-Ave

If you need assistance reviewing the above documents, please contact the Project Planner or call the Planner-on-Duty at 650-617-3117 or email planner@cityofpaloalto.org

CITY OF PALO ALTO

City Council Staff Report

From: City Manager
Report Type: ACTION ITEMS
Lead Department: Planning and Development Services

Meeting Date: April 14, 2025
Report #:2403-2796

TITLE
FIRST READING: Adoption of an Ordinance Adding New Chapter 9.75 (Fair Chance in Housing) to Title 9 (Public Peace, Morals, and Safety) of the Palo Alto Municipal Code to Limit the Use of Criminal History Information in Rental Housing Decisions. CEQA Status - Exempt Under CEQA Guidelines Section 15061(b)(3).

RECOMMENDATION
1. Staff recommends that the City Council hold a public hearing to discuss and adopt an ordinance to add Chapter 9.75 (Fair Chance in Housing) to the Palo Alto Municipal Code to limit the use of criminal history information in rental housing decisions.

EXECUTIVE SUMMARY
Fair Chance Housing policies are intended to address issues related to fair housing, anti-discrimination, and renter's rights by clarifying how may be used in rental housing decisions. Local governments in California and elsewhere in the US employ Fair Chance Housing Ordinances to offer some local protections from housing discrimination to renters with criminal history. Fair Chance Housing policies could also benefit other renters that might have inaccurate information in commercial criminal history databases.

On November 29, 2021, City Council directed staff to study or implement a package of rental protection policies to add more certainty, stability, and fairness in the Palo Alto rental market for both renters and landlords.[1] This included the evaluation of a potential Fair Chance Housing Ordinance including any consequences, both intended and unintended.

In response to the City Council's November 29, 2021 request, staff received policy approach feedback from the Human Relations Commission (HRC) and prepared a draft Fair Chance Housing Ordinance (Attachment A) that specifies how and when criminal history information

[1] City Council Meeting Minutes, November 29, 2021: https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=42829 .
City Council City Manager Report ID # 13786, November 29, 2021: https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=81654

may be used in rental housing decisions. This report also includes the Council requested analysis of potential implementation consequences, with identification of potential modifications for discussion.

Staff has included an ordinance to enable the Council to act on fair chance housing policy options at the subject meeting. However, staff also notes it has been several years since the City Council as a legislative body has weighed in on the topic and there may be a need for further policy refinement or direction to staff. In this case, decision on the ordinance could be deferred.

BACKGROUND

Palo Alto has held discussions on Fair Chance Housing policy as part of renter protections discussions since 2021, with the HRC continuing to advocate for its consideration in 2023[2, 3] The City's 2023-2031 Housing Element and City Council's 2024 priorities also emphasized the timeliness of this work.[4] In August 2024, the City Council Housing Ad Hoc Committee members discussed topics such as policy approach options, the establishment of lookback periods for convictions that could be considered as directly related to housing, and underscored Fair Chance Housing as a City Council topic of priority to review.[5] The Housing Ad Hoc Committee recommended that the HRC consider Fair Chance Housing policy approaches prior to Council consideration.

HRC Recommendation

The HRC held a public hearing on Fair Chance Housing policy on October 10, 2024.[6] The staff report presented the legal context for Fair Chance Housing policy and debuted two policy approach options. The report and ensuing discussion also covered local information, basic challenges with existing commercially available background check databases, information from

[2] See past meetings, staff reports, and minutes on the City's Renter Protection Policy Development Webpage: https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Housing-Policies-Projects/Renter-Protection-Policy-Development.

[3] HRC Meeting Video, February 9, 2023: https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=11159.

[4] City of Palo Alto City Council Priorities 2024: https://www.cityofpaloalto.org/files/assets/public/v/1/2024-council-priorities-objectives-4-30_final.pdf.
City of Palo alto City Council Priorities Webpage: https://www.cityofpaloalto.org/Departments/City-Clerk/City-Council/City-Council-Priorities#:~:text=(show%20below)-,2024%20Council%20Priorities,Economic%20Development%20%26%20Transition.

[5] Although the original City Council motion called for reviewing the draft Fair Chance Housing Ordinance with the Policy & Services Committee, the City later formed the Housing Ad Hoc Committee for housing policy matters. As a result, staff brought the policy to the Ad Hoc Committee before returning to the Human Relations Commission.

[6] HRC Meeting Minutes, October 10, 2024: https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=39927

social science research, and other policy initiatives that could inform how Palo Alto might design a local Fair Chance Housing Ordinance.[7]

Members of the public and the HRC provided policy feedback for staff consideration. The HRC supported City Council consideration of Fair Chance Housing polices and limiting the use of criminal history information in Palo Alto rental housing decisions, coupled with providing renters with procedural protections, as outlined in the October 10, 2024 HRC staff report. HRC also considered, but did not recommend, an alternate approach of implementing a blanket prohibition on using criminal history in housing decisions except where required by law. Neither HRC nor staff recommend this approach, for the reasons identified in the HRC staff report, including that it leaves landlords without the option to consider even the most relevant or serious offenses and would be more difficult to enforce than the recommended approach.

HRC's policy recommendations include the following provisions:

- Consistency with State law that already prohibits landlords from considering criminal history other than "directly related convictions;"
- Limitations on the criminal history information that may be considered, including establishment of a two (2) year "lookback period," which would allow landlords to consider only offenses for which the renter was sentenced within the last two years; and
- Specific procedural steps that a landlord must implement before taking an adverse action against a renter based on their reviewable criminal history, including:

    - Giving an otherwise qualified renter a conditional housing offer before checking the renter's criminal history;
    - Allowing a renter to present evidence of inaccuracy, rehabilitation, or other mitigating factors regarding their criminal history;
    - Providing the renter with a copy of their background check and written statement of the reasons for taking adverse action, such as denial of their rental application, based on the renter's criminal history; and
    - Other landlord notice and recordkeeping protocols.

Legal Context

Federal and State fair housing laws prohibit discrimination in housing decisions based on various protected characteristics, such as race, national origin, and disability.[8] While having a history of one or more criminal convictions is not a protected characteristic under State or Federal law, landlords may not adopt criminal conviction history review practices that have a

[7] HRC staff report, October 10, 2024: https://www.cityofpaloalto.org/files/assets/public/v/1/community-services/human-relations-commission/agendas/2024/10-10-24/10-10-24-hrc-agenda-item-2-attachment.pdf. HRC Meeting Packet, October 10, 2024: https://recordsportal.paloalto.gov/Weblink/DocView.aspx?id=6917

[8] *See, e.g.*, Fair Housing Act, 42 U.S.C. §§ 3601 et seq.; Unruh Civil Rights Act, Cal. Civ. Code § 51; California Fair Employment and Housing Act, Cal. Gov. Code §§ 12900 et seq.

discriminatory effect on members of a protected class unless the practice is necessary to achieve a substantial, legitimate, nondiscriminatory purpose, the practice effectively carries out the identified purpose, and there is no feasible equally effective alternative practice that would have a less discriminatory effect.[9]

Existing State regulations implementing California's Fair Employment and Housing Act (FEHA) provide requirements for the use of criminal history information in housing decisions to avoid unlawful discrimination.[10] Most notably, a landlord may only consider a "directly related conviction," meaning a criminal conviction that has a direct and specific negative bearing on a substantial, legitimate, and nondiscriminatory purpose of the landlord, such as the safety of other residents, the housing provider's employees, or the property.[11] For example, a misdemeanor conviction for a driving offense would not likely be directly related to an identified interest of the landlord. In contrast, a recent criminal conviction for residential arson could be directly related to the risk that an individual may injure other residents or property.

Further, landlords may not consider other criminal history information, like arrests that did not lead to a conviction, or convictions that have been sealed, dismissed, or expunged.[12] However, State law provides that in order to protect persons at risk, a landlord may consider whether a potential renter is listed on the State Registry of Lifetime Sex Offenders operated by the California Department of Justice.[13] A local Fair Chance Ordinance would not alter this provision.

State law also encourages (but does not require) landlords who consider criminal history information to adopt certain procedural protections for renters, including:

- Providing written notice of the policy and an opportunity for the renter to present mitigating information;
- Considering the factual accuracy of the criminal history information; and
- Delaying seeking out criminal history information until after an individual's other qualifications are verified.[14]

Local jurisdictions may adopt Fair Chance Housing policies that are more protective of the rights of renters than existing State requirements, as long as these local regulations do not conflict with State or Federal law.[15]

Since Palo Alto began discussing a Fair Chance Ordinance, the U.S. Court of Appeals for the Ninth Circuit has held that a Fair Chance Housing Ordinance that banned all inquiry into a

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[9] 2 CCR § 12266. In addition to prohibiting actions with a discriminatory effect without a legally sufficient justification, state law prohibits intentional discrimination and other types of discriminatory statements and actions. 2 CCR § 12265.
[10] 2 CCR §§ 12264-12271.
[11] 2 CCR § 12266.
[12] 2 CCR § 12269.
[13] Cal. Penal Code § 290.46(j)(1).
[14] 2 CCR § 12266.
[15] *See* 2 CCR § 12271.

prospective renter's criminal history was an unconstitutional restriction of landlords' right to free speech under the First Amendment.[16] The court reasoned that Seattle's ordinance, which included a blanket ban on inquiring about a renter's criminal history information except where required by law, was not "narrowly drawn" to serve the City's stated interests. Though it did not rule on the constitutionality of any other local ordinance, the court cited with approval local ordinances from around the country that allow landlords to consider some criminal history information under some circumstances.

Commercially Available Criminal History Databases and AI Renter Screening Technology

There are some data accuracy challenges with commercially available criminal history databases, as discussed in the October 10, 2024 HRC staff report.[17] In summary, commercially available criminal history databases used for renter screening often include inaccurate or incomplete information.[18] Further, the HRC meeting discussion also referenced how State criminal codes vary in how they classify crimes; this results in the potential for similar facts and circumstances being classified and recorded differently in criminal history records.[19] Staff subsequently identified research indicating that it is becoming more common in general for landlords to use artificial intelligence (AI) in renter screening, including potentially exacerbating the effects of inaccuracies in criminal history background check databases.[20]

ANALYSIS

Fair Chance Housing Policy Considerations and Purpose

Persons with a criminal history face barriers to securing stable housing. Persons with criminal history are significantly more likely to be unhoused than the general public.[21] [22] [23] According to

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[16] *Yim v. City of Seattle*, 63 F.4th 783 (9th Cir. 2023), *cert. denied sub nom. Yim v. City of Seattle, Washington*, 144 S. Ct. 693 (2024).

[17] HRC staff report, October 10, 2024: https://www.cityofpaloalto.org/files/assets/public/v/1/community-services/human-relations-commission/agendas/2024/10-10-24/10-10-24-hrc-agenda-item-2-attachment.pdf.

[18] Sarah Lageson and Robert Stewart, Criminology, The Problem with Criminal Records: Discrepancies between State Reports and Private-Sector Background Checks, February 11, 2024, Accessed March 18, 2025: https://onlinelibrary.wiley.com/doi/10.1111/1745-9125.12359; https://nij.ojp.gov/library/publications/problemcriminal-records-discrepancies-between-state-reports-and-private. Funding was provided by the U.S. Department of Justice, Office of Justice Programs, National Institute of Justice, under Award 2017-IJ-CX-0036.

[19] Bergman, NOLO Press, Felonies, Misdemeanors, and Infractions: Classifying Crimes, February 28, 2024, Accessed March 18, 2025: https://www.nolo.com/legal-encyclopedia/crimes-felonies-misdemeanors-infractions-classification-33814.html.

[20] TechEquity & Wonyoung So, Screened out of Housing, July 2024, Accessed March 11, 2025: https://techequity.us/wp-content/uploads/2025/03/Screened-out-of-housing-paper-2025-updates.pdf.

[21] Center for American Progress, Strengthening Access to Housing for People With Criminal Records Is Key to Successful Reentry, April 17, 2023, Accessed March 12, 2025: https://www.americanprogress.org/article/strengthening-access-to-housing-for-people-with-criminal-records-is-key-to-successful-reentry/.

[22] California Health Policy Strategies, LLC, Criminal Justice System Involvement and Mental Illness among Unsheltered Homeless in California, November 2018, Accessed March 12, 2025: https://calhps.com/wp-content/uploads/2023/03/policy-brief-unsheltered-homelessness-11.20.2018.pdf.

[23] Prison Policy Initiative, Nowhere to Go: Homelessness among formerly incarcerated people; August 2018, Accessed March 12, 2025: https://www.prisonpolicy.org/reports/housing.html.

the last published Santa Clara County Point in Time Count from 2023, 9,903 persons were unhoused in Santa Clara County, including 206 people in Palo Alto.[24] Results from the 2024 Santa Clara County Point in Time Count are not yet published as of the date of release of this report. An estimated eight million Californians, or nearly one in five, are living with a past criminal conviction.[25, 26]

Research has shown that the risk of recidivism tends to decline over time.[27] A recent analysis of Californians released from prison in fiscal year 2018-19 showed that a majority of the cohort had no convictions within three years of their release from prison, and that most convictions occurred during the first and second year of the three-year follow-up period.[28] In a recent proposed rule, the Federal Department of Housing and Urban Development (HUD) noted that recidivism rates drop significantly after three years for all types of offenses.[29]

[24] Santa Clara County 2023 PIT Report, Accessed March 18, 2025: https://public.tableau.com/views/PIT2023v2/Exec?:showVizHome=no&embed=true&amp.

[25] Californians for Safety and Justice, Repairing the Road to Redemption in California, May 2018, Accessed March 17, 2025: https://safeandjust.org/interactivereport/repairing-the-road-to-redemption-in-california/#:~:text=1%20in%205%20Californians%20(an,with%20an%20old%20criminal%20conviction; https://safeandjust.org/wp-content/uploads/CSJ_SecondChances-ONLINE-May14.pdf.

[26] Skog, Castellanos, Lacoe, and Pickard, California Policy Lab, Who Benefits from Automatic Record Relief in California?, October 2024, Accessed March 12, 2025: https://cdn.prod.website-files.com/6706c50505f0ff8dbeaf5682/67ca5375a6982860d5f1e809_Automatic-Record-Relief-in-California.pdf.

[27] *See* Federal Register, Reducing Barriers to HUD-Assisted Housing A Proposed Rule by the Housing and Urban Development Department, April 10, 2024, Accessed March 11, 2025: https://www.federalregister.gov/documents/2024/04/10/2024-06218/reducing-barriers-to-hud-assisted-housing.

[28] California Department of Corrections and Rehabilitation, Division of Correctional Policy Research and Internal Oversight, Office of Research, Recidivism Report for Individuals Released from the California Department of Corrections and Rehabilitation in Fiscal Year 2018-19, February 2024, Accessed March 10, 2025: https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2024/02/Statewide-Recidivism-Report-for-Individuals-Released-in-Fiscal-Year-2018-19.pdf.

[29] Federal Register, Reducing Barriers to HUD-Assisted Housing A Proposed Rule by the Housing and Urban Development Department, *supra*, citing Bureau of Justice Statistics. "*Recidivism and Reentry* " available at *https://bjs.ojp.gov/topics/recidivism-and-reentry*. On January 16, 2025, HUD published [Docket No. FR–6362–N–02] in the Federal Register, noting that HUD had determined not to pursue the proposed rule. However, this report continues to reference the significant research and analysis done in preparing the proposed rule.

Studies of participants in supportive housing programs suggest that criminal history is not predictive of problematic tenancy.[30, 31] Conversely, housing stability is associated with a reduced risk of recidivism for persons with criminal history.[32, 33]

Research has also found that patterns in crime, policing, and sentencing correlate with persons of some demographic groups being overrepresented in the criminal justice system.[34,35,36,37,38,39]

As discussed with the HRC, the purpose of a Fair Chance Housing Ordinance limitation on the use of criminal history information in renter selection is to give previously incarcerated persons or other persons with a criminal conviction history a fair opportunity to compete for rental housing, which may support reintegration into the community and improve access to employment, housing stability and services for some individuals.[40] The purpose is also to seek

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[30] Ehman and Reosti, "Tenant Screening in an Era of Mass Incarceration: A Criminal Record is No Crystal Ball", *N. Y. U. Journal of Legislation and Public Policy Quorum,* 19, March 2015, Accessed March 19, 2025: https://nyujlpp.org/wp-content/uploads/2013/03/Ehman-Reosti-2015-nyujlpp-quorum-1.pdf.

[31] Malone, Psychiatric Services, Assessing Criminal History as a Predictor of Future Housing Success for Homeless Adults With Behavioral Health Disorders, 2009 Feb;60(2):224-30. doi: 10.1176/ps.2009.60.2.224, Accessed March 19, 2025: https://psychiatryonline.org/doi/epdf/10.1176/ps.2009.60.2.224.

[32] Jacobs LA, Gottlieb A. THE EFFECT OF HOUSING CIRCUMSTANCES ON RECIDIVISM: Evidence From a Sample of People on Probation in San Francisco. Crim Justice Behav. 2020 Sep;47(9):1097-1115. doi: 10.1177/0093854820942285. Epub 2020 Aug 6. PMID: 34629568; PMCID: PMC8496894.Published Online August 6, 2020, Accessed March 12, 2025: https://pmc.ncbi.nlm.nih.gov/articles/PMC8496894/.

[33] Ehman and Reosti, "Tenant Screening in an Era of Mass Incarceration: A Criminal Record is No Crystal Ball", *N. Y. U. Journal of Legislation and Public Policy Quorum,* March 2015, Accessed March 19, 2025: https://roominate.com/blogg/fair_chance_housing/crystal_ball.pdf.

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[34] Ghandnoosh and Barry, The Sentencing Project, November 2, 2023, Accessed March 18, 2025: https://www.sentencingproject.org/reports/one-in-five-disparities-in-crime-and-policing/.

[35] Lofstrom, Hayes, Martin, Premkumar, and Gumbs, Public Policy Institute of California (PPIC), Racial Disparities in Law Enforcement Stops, October 2021, Accessed March 18, 2025: https://www.ppic.org/publication/racial-disparities-in-law-enforcement-stops/.

[36] Lofstrom, Martin, and Raphael, Public Policy Institute of California (PPIC), Proposition 47's Impact on Racial Disparity in Criminal Justice Outcomes, June 2020, Accessed March 18, 2025: https://www.ppic.org/publication/proposition-47s-impact-on-racial-disparity-in-criminal-justice-outcomes/.

[37] Starr and Rehavi, Racial Disparity in Federal Criminal Sentences, Journal of Political Economy. 122, no. 6 (2014): 1320-54. Accessed March 18, 2025 via the Michigan Law Scholarship Repository: https://repository.law.umich.edu/articles/1414.

[38] Judicial Council of California, Criminal Cases According to the Race and Ethnicity of the Defendant, 2018 Report to the California Legislature as Required by Penal Code Section 1170.45, February 14, 2019, Accessed March 18, 2025: https://courts.ca.gov/sites/default/files/courts/default/2024-12/lr-2019-jc-disposition-of-criminal-cases-race-ethnicity-pc1170_45.pdf.

[39] Judicial Council of California, Criminal Cases According to the Race and Ethnicity of the Defendant, 2024 Report to the California Legislature as Required by Penal Code Section 1170.45, November 15,2024, Accessed March 18, 2025: https://courts.ca.gov/system/files/file/lr-2024-criminal-dispositions-race-ethnicity-117045.pdf.

[40] Center for American Progress, Strengthening Access to Housing for People With Criminal Records Is Key to Successful Reentry, April 17, 2023, Accessed March 12, 2025: https://www.americanprogress.org/article/strengthening-access-to-housing-for-people-with-criminal-records-is-key-to-successful-reentry/.

to reduce the incidence of homelessness for persons with a criminal history and reduce the risk of recidivism through housing stability.[41,42, 43]

Fair Chance Housing Ordinance Components

The HRC recommended policy approach, as outlined in the Background section of this report, is incorporated into a draft Fair Chance Housing Ordinance (Attachment A) for public input and City Council consideration. The draft Ordinance contains several standard components — Definitions, Applicability and Exemptions, Exceptions, Remedies, and Waiver — as discussed in the October 10, 2024 HRC staff report.[44] As a helpful reference, Table 1 demonstrates how the HRC recommended policy approach and other components in the draft Ordinance relates to existing State law.

Table 1: Comparison of State Law with Draft Fair Chance Housing Ordinance

State Law	Proposed Fair Chance Ordinance
Regulates use of criminal history as a proxy for discrimination based on protected characteristics (e.g., race)	Regulates discrimination based on criminal history as its own harm
Landlords may only consider only "directly related convictions"	Landlords may consider only "directly related convictions"
Does not prescribe a lookback period	Prohibits consideration of convictions that occurred outside a designated lookback period
Procedural protections for renters (e.g., conditional offer pre-background check, opportunity to present mitigating information) are encouraged, but not required	Procedural protections for renters are required and outlined in the ordinance

During the October 10, 2024, HRC meeting discussion, additional topics in Table 2 were mentioned for staff and Council consideration.

Table 2: Human Relation Commission Mentioned Additional Topics for Consideration

[41] California Health Policy Strategies, LLC, Criminal Justice System Involvement and Mental Illness among Unsheltered Homeless in California, November 2018, Accessed March 12, 2025: https://calhps.com/wp-content/uploads/2023/03/policy-brief-unsheltered-homelessness-11.20.2018.pdf.

[42] Prison Policy Initiative, Nowhere to Go: Homelessness among formerly incarcerated people; August 2018, Accessed March 12, 2025: https://www.prisonpolicy.org/reports/housing.html.

[43] Jacobs LA, Gottlieb A. THE EFFECT OF HOUSING CIRCUMSTANCES ON RECIDIVISM: Evidence From a Sample of People on Probation in San Francisco. Crim Justice Behav. 2020 Sep;47(9):1097-1115. doi: 10.1177/0093854820942285. Epub 2020 Aug 6. PMID: 34629568; PMCID: PMC8496894.Published Online August 6, 2020, Accessed March 12, 2025: https://pmc.ncbi.nlm.nih.gov/articles/PMC8496894/.

[44] HRC staff report, October 10, 2024: https://www.cityofpaloalto.org/files/assets/public/v/1/community-services/human-relations-commission/agendas/2024/10-10-24/10-10-24-hrc-agenda-item-2-attachment.pdf.

Topic	Notes
Ways to make it easier for renters to identify if they are an aggrieved party under Fair Chance Housing policies.	Staff proposes to include examples of what could be considered an "aggrieved party" and "adverse actions" in the draft Ordinance.
Potential explicit addition of drug and other offense categories with a history of discriminatory enforcement to the list of convictions that cannot be considered in housing decisions.	Staff does not recommend that the Ordinance call out specific offenses due to the infeasibility of determining at a local level which offenses have a history of discriminatory enforcement.
Inclusion of enforcement provisions or remedies beyond the proposed enforcement by a private right of action; or ways to reduce the burden or lower the barrier for renters to pursue remedies.	Staff proposes including the remedy of a private right of action in the draft Ordinance. Each of the procedural steps recommended by the HRC in the draft Ordinance is designed to establish a clear, written communication trail, helping preserve a record that could support a potential lawsuit. Introducing an additional enforcement or remedy mechanism, such as a local administrative grievance procedure, would require additional resources from the City. These resources could involve staffing and other support necessary to develop, administer, and sustain an ongoing enforcement and remedy program, or to manage a program contract. Note that when State law is violated, renters may also pursue all available remedies under State law, in addition to those provided by the local ordinance.
Penalties, such as fines, if it was found that landlords violated the code repeatedly.	Staff does not recommend specifying damages under a remedies section because remedies would be decided by a court.

Lookback Periods

Staff supports the HRC recommendation that allows landlords to consider "directly related convictions" for both misdemeanors and felonies for which the renter was sentenced within the last two years when making housing decisions. This HRC-recommended two-year lookback period is consistent with staff research that more recent Clean Slate and Fair Chance Housing policy efforts recommend use of shorter lookback periods than the lookback periods that might have been implemented previously, such as a seven-year lookback period. HUD issued a Proposed Rule in 2024 that would require HUD-assisted housing providers to establish lookback periods, noting that proposing a longer than three-year lookback period would be

presumptively unreasonable.[45] For reference, Attachment B provides a list of recent Fair Chance Housing-related lookback periods by jurisdiction with citations. Note that the October 10, 2024 HRC staff report presented the topic of lookback periods, including mention of an example of utilizing records of misdemeanors or felonies no older than three years for a lookback period. However, HRC specifically included the two year lookback period within their motion.

Analysis of Potential Fair Chance Housing Policy Consequences

City Council requested an analysis of potential Fair Chance Housing implementation consequences, both intended and unintended. A detailed analysis is presented in Attachment C and presents how the draft Ordinance (Attachment A) responds.

As outlined in Attachment C and throughout this report, the draft Fair Chance Housing Ordinance aims to provide individuals with criminal histories a fair opportunity to compete for rental housing, while reducing the potential for discrimination by permitting criminal history checks only after a conditional offer has been made. The Ordinance seeks to promote fairness and address the challenges posed by criminal history databases. However, it could also lead to some unintended consequences. For instance, public perceptions of safety may shift, even in the absence of data to support these concerns. Additionally, staff have identified potential issues, including landlord concerns over reduced autonomy in making housing decisions, possible delays in filling vacancies if landlords are not currently following similar procedures, and increased complexity due to the overlap of state and local regulations. In response, the City plans to provide educational resources, clear notifications, and ongoing support through programs like those offered by Project Sentinel. Staff has prepared a draft ordinance based on HRC recommendations and prior direction for City Council consideration. Ultimately, staff recommends adoption of a draft Fair Chance Housing Ordinance based on HRC's recommended policy approach, staff recommendations, public input, and City Council feedback.

Fair Chance Housing Policy Alternative Policy Considerations

City Council might want to consider providing further direction on the following topics.

Criminal History Lookback Period Length

Consistent with the HRC recommendation, the draft Ordinance (Attachment A) proposes a two-year lookback period from the date of application for "directly related convictions" (which includes convictions of both misdemeanors and felonies). This two-year lookback period strikes a balance by allowing criminal history to be considered and providing landlords the opportunity to determine and explain in writing how a "directly related conviction" pertains to a specific renter's application for housing or renewal while also addressing concerns regarding the accuracy of commercially available criminal history databases, such as through creation of a process by which renters can present mitigating information if needed or applicable to address any information in a criminal history check. While staff supports the HRC recommendation, it

[45] Federal Register, Reducing Barriers to HUD-Assisted Housing A Proposed Rule by the Housing and Urban Development Department, April 10, 2024, Accessed March 11, 2025: https://www.federalregister.gov/documents/2024/04/10/2024-06218/reducing-barriers-to-hud-assisted-housing.

may be that after review of this report (including research cited on recidivism rates over time), Attachment B regarding lookback periods, public input, and discussion, the City Council might arrive at a different lookback period length, such as three years. Council should adopt a lookback period that does not burden landlords' rights significantly more than is necessary to accomplish its goals.

Property Applicability and Exemptions
City Council might choose to adjust the following applicability exemptions in the draft Ordinance (Attachment A):

- For renters looking for a roommate;
- For properties with three (3) or fewer units (including dwellings with accessory dwelling units) only when one or more units is occupied by the owner or property manager.

Implementation
The draft Ordinance (Attachment A) includes an implementation requirement for the City Manager to publish a notice of the Fair Chance Housing requirements and procedures, which landlords would need to make available to renters, such as in application and/or leasing materials. City Council might choose to modify or add more implementation requirements.

Remedies
Consistent with existing rental policies in the Palo Alto Municipal Code (PAMC), the draft Ordinance (Attachment A) would be enforceable through a private right of action, meaning that a person aggrieved by a violation of the Ordinance may sue the alleged violator in civil court. Currently there are insufficient resources for staff to take on enforcement, but City Council might still suggest the addition of other remedy or enforcement provisions.

ALTERNATIVES
There are actions that City Council could take alternative to those recommended by staff. These alternatives include:

1. City Council could continue the discussion to a future City Council meeting with specific direction; or
2. City Council could vote to not adopt a Fair Chance Housing Ordinance.

TIMELINE
One of City Council's stated 2024 objectives was to discuss a possible Fair Chance Housing Ordinance. Following staff analysis and engagement with the HRC, the matter is agendized for policy discussion and possible action. If the ordinance is adopted on first reading on April 14, 2025, a second reading could be scheduled for May 2025 with the ordinance becoming effective 30 days after the second reading.

If policy feedback is received that requires additional staff analysis, staff anticipates conducting this analysis mid-2025.

FISCAL/RESOURCE IMPACT

The policy recommendation in this report does not have a significant fiscal or budgetary impact.

If the City Council takes an alternative action other than the recommended action, staff would need to evaluate the potential fiscal and resources impacts.

POLICY IMPLICATIONS

The City of Palo Alto is making significant efforts to address homelessness and promote fair access to housing. Pursuing renter protection policy work is consistent with the goals in the City's 2030 Comprehensive Plan to provide adequate housing for all. Fair Chance Housing policy and other rental policy topics are considered a means to affirmatively further fair housing within Palo Alto, as well as a means by which to promote certainty, stability, and fairness in the rental market. Fair Chance Housing policy work is consistent with Program 6.6: Fair Housing in the Council adopted 2023-2031 Housing Element.[46]

As part of the implementation of Housing Element Program 3.2: Monitor Constraints to Housing, the City is required to prepare an analysis in staff reports for initiatives proposing new regulations. This analysis should detail how the regulations may impact housing production, if at all, and recommend solutions to address any adverse impacts.

A Fair Chance Housing Ordinance does not contain any land use regulatory constraints that would influence the cost of construction, reduce housing opportunity sites, or introduce any new development standards or other parameters that could negatively influence the production of housing in the City. Instead, a Fair Chance Housing Ordinance would be applicable to the operational side of rental housing in order to reduce the potential for housing discrimination.

The establishment of rental housing policies may lead to concerns from some apartment home builders regarding regulatory complexity and management flexibility. However, rental housing operational policies and renter protections are commonly discussed or adopted in other jurisdictions within the region. The adoption of similar policies in Palo Alto would align with

[46] Program 6.6 Fair Housing outlines Palo Alto's commitment to providing equitable opportunities to all residents in Palo Alto in order to expand access to housing and increase housing mobility. Program 6.6 commits the City to take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, facilitate environmental health place based revitalization of neighborhoods, and foster inclusive communities. The action items in Program 6.6 assist the City in reducing barriers to housing, including but not limited to racial inequities, high housing costs, and public awareness of existing resources. Program 6.6 directs pursuit of affirmatively furthering fair housing in Palo Alto and pursuit of renter protections to prevent anti-displacement, including a proposed Fair Chance Housing Ordinance. City of Palo Alto 2023-2031 Housing Element, Accessed March 18, 2025: https://paloaltohousingelement.com/wp-content/uploads/2024/08/Palo-Alto-Housing-Element.pdf.

regional practices and may not materially impact how developers assess the city's competitiveness in the housing market.

STAKEHOLDER ENGAGEMENT

While preparing this report, staff sent email notifications to identified stakeholders informing them of Council's scheduled April 14, 2025 Fair Chance Housing policy discussion and encouraged participation. Staff placed an ad in the Daily Post newspaper on April 4, 2025, 10 days in advance of the hearing.

Public comments were received at the October 10, 2024 HRC meeting. Staff also conducted interviews with Project Sentinel, PAForward, SV@HOME, and the California Apartment Association (CAA). Thus far, feedback from stakeholders and community members has focused on the themes and points listed in Attachment D. Staff anticipates significant public comment at the April 14, 2025 City Council meeting and agendized this meeting to solicit additional feedback and points of view.

ENVIRONMENTAL REVIEW

Policy discussion and adoption of a Fair Chance Housing Ordinance is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that adopting an ordinance limiting landlords' consideration of criminal history will have a significant effect on the environment.

ATTACHMENTS

Attachment A: Draft Fair Chance Housing Ordinance
Attachment B: Comparison of Example Criminal History Lookback Periods
Attachment C: Analysis of Potential Fair Chance Policy Consequences
Attachment D: Initial Fair Chance Housing Policy Stakeholder and Community Member Feedback Themes

APPROVED BY:

Jonathan Lait, Planning and Development Services Director

NOT YET APPROVED

Ordinance No. _____

Ordinance of the Council of the City of Palo Alto Adopting Chapter 9.75 (Fair Chance in Housing) to Limit the Use of Criminal History Information in Rental Housing Decisions

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

A. The City of Palo Alto is making significant efforts to address homelessness and promote fair access to housing.
B. On November 29, 2021, City Council directed staff to study or implement a package of rental protection policies to add more certainty, stability, and fairness in the Palo Alto rental market for both renters and landlords. This direction included the evaluation of a potential Fair Chance Housing Ordinance including any consequences, both intended and unintended.
C. On April 15, 2024, City Council adopted the City's 2023-2031 Housing Element, including Program 6.6: Fair Housing. Program 6.6 directs the pursuit of renter protections, including a proposed Fair Chance Housing Ordinance.[1]
D. On October 10, 2024, the Human Relations Commission held a public hearing on Fair Chance Housing policy considerations, components, and approach options regarding the use of criminal history information in rental housing decisions and recommended support of City Council consideration of a draft Ordinance for Palo Alto.
E. State law currently includes some restrictions on the use of criminal history in decisions about rental housing. However, local jurisdictions may adopt Fair Chance Housing policies that are more protective than existing State requirements, including by further restricting the criminal history information a landlord and/or housing provider may consider, as long as these local regulations do not conflict with State or Federal law.[2]
F. According to the last published Santa Clara County Point in Time Count from 2023, 9,903 persons were unhoused in Santa Clara County, including 206 people in Palo Alto.[3]
G. As of 2018, an estimated eight million Californians, or nearly one in five Californians, were living with a past criminal conviction.[4]

[1] City of Palo Alto 2023-2031 Housing Element, Accessed March 18, 2025: https://paloaltohousingelement.com/wp-content/uploads/2024/08/Palo-Alto-Housing-Element.pdf.
[2] *See* 2 CCR § 12271.
[3] Santa Clara County 2023 PIT Report, Accessed March 18, 2025: https://public.tableau.com/views/PIT2023v2/Exec?:showVizHome=no&embed=true&amp.
[4] Californians for Safety and Justice, Repairing the Road to Redemption in California, May 2018, Accessed March 17, 2025: https://safeandjust.org/interactivereport/repairing-the-road-to-redemption-in-california/#:~:text=1%20in%205%20Californians%20(an,with%20an%20old%20criminal%20conviction; https://safeandjust.org/wp-content/uploads/CSJ_SecondChances-ONLINE-May14.pdf.

H. Persons with a criminal history face barriers to securing stable housing. Persons with criminal history are significantly more likely to be unhoused than the general public.[5] [6] [7]

I. Commercially available criminal history databases used for renter screening often include inaccurate or incomplete information.[8]

J. Research has shown that the risk of recidivism tends to decline over time.[9] A recent analysis of Californians released from prison in fiscal year 2018-19 showed that a majority of the cohort had no convictions within three years of their release from prison, and that most convictions occurred during the first and second year of the three-year follow-up period.[10]

K. Studies of participants in supportive housing programs suggest that criminal history is not predictive of problematic tenancy.[11, 12] Conversely, housing stability is associated with a reduced risk of recidivism for persons with criminal history.[13, 14]

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[5] Center for American Progress, Strengthening Access to Housing for People With Criminal Records Is Key to Successful Reentry, April 17, 2024, Accessed March 12, 2025: https://www.americanprogress.org/article/strengthening-access-to-housing-for-people-with-criminal-records-is-key-to-successful-reentry/.

[6] California Health Policy Strategies, LLC, Criminal Justice System Involvement and Mental Illness among Unsheltered Homeless in California, November 2018, Accessed March 12, 2025: https://calhps.com/wp-content/uploads/2023/03/policy-brief-unsheltered-homelessness-11.20.2018.pdf.

[7] Prison Policy Initiative, Nowhere to Go: Homelessness among formerly incarcerated people; August 2018, Accessed March 12, 2025: https://www.prisonpolicy.org/reports/housing.html.

[8] Sarah Lageson and Robert Stewart, Criminology, The Problem with Criminal Records: Discrepancies between State Reports and Private-Sector Background Checks, February 11, 2024, Accessed March 18, 2025: https://onlinelibrary.wiley.com/doi/10.1111/1745-9125.12359; https://nij.ojp.gov/library/publications/problemcriminal-records-discrepancies-between-state-reports-and-private. Funding was provided by the U.S. Department of Justice, Office of Justice Programs, National Institute of Justice, under Award 2017-IJ-CX-0036.

[9] Federal Register, Reducing Barriers to HUD-Assisted Housing A Proposed Rule by the Housing and Urban Development Department, April 10, 2023, Accessed March 11, 2025: https://www.federalregister.gov/documents/2024/04/10/2024-06218/reducing-barriers-to-hud-assisted-housing.

[10] California Department of Corrections and Rehabilitation, Division of Correctional Policy Research and Internal Oversight, Office of Research, Recidivism Report for Individuals Released from the California Department of Corrections and Rehabilitation in Fiscal Year 2018-19, February 2024, Accessed March 10, 2025: https://www.cdcr.ca.gov/research/wp-content/uploads/sites/174/2024/02/Statewide-Recidivism-Report-for-Individuals-Released-in-Fiscal-Year-2018-19.pdf.

[11] Ehman and Reosti,"Tenant Screening in an Era of Mass Incarceration: A Criminal Record is No Crystal Ball", *N. Y. U. Journal of Legislation and Public Policy Quorum,* 19, March 2015, Accessed March 19, 2025: https://nyujlpp.org/wp-content/uploads/2013/03/Ehman-Reosti-2015-nyujlpp-quorum-1.pdf.

[12] Malone, Psychiatric Services, Assessing Criminal History as a Predictor of Future Housing Success for Homeless Adults With Behavioral Health Disorders, 2009 Feb;60(2):224-30. doi: 10.1176/ps.2009.60.2.224, Accessed March 19, 2025: https://psychiatryonline.org/doi/epdf/10.1176/ps.2009.60.2.224.

[13] Jacobs LA, Gottlieb A. THE EFFECT OF HOUSING CIRCUMSTANCES ON RECIDIVISM: Evidence From a Sample of People on Probation in San Francisco. Crim Justice Behav. 2020 Sep;47(9):1097-1115. doi: 10.1177/0093854820942285. Epub 2020 Aug 6. PMID: 34629568; PMCID: PMC8496894.Published Online August 6, 2020, Accessed March 12, 2025: https://pmc.ncbi.nlm.nih.gov/articles/PMC8496894/.

[14] Ehman and Reosti,"Tenant Screening in an Era of Mass Incarceration: A Criminal Record is No Crystal Ball", *N. Y. U. Journal of Legislation and Public Policy Quorum,* March 2015, Accessed March 19, 2025: https://roominate.com/blogg/fair_chance_housing/crystal_ball.pdf.

L. Structural barriers to accessing stable housing for persons with a history of criminal convictions are detrimental to the health, welfare, and public safety of the City's residents.

M. Limiting the use of criminal history information in rental housing decisions will give previously incarcerated persons and other persons with a history of criminal convictions a fair opportunity to compete for rental housing, thus putting them in a better position to reintegrate into the community, obtain gainful employment, and access health and other services.[15]

SECTION 2. Chapter 9.75 (Fair Chance in Housing) of Title 9 (Public Peace, Morals and Safety) is hereby adopted as follows:

9.75.010 Purpose.

The purpose of this Chapter is to reduce the potential for discrimination on the basis of criminal history in rental housing decisions. The City desires to limit the use of criminal history information in decisions regarding rental housing in order to give previously incarcerated persons or other persons with criminal convictions a fair opportunity to compete for rental housing, thus putting them in a better position to reintegrate into the community, obtain gainful employment, and access health and other services. Such housing opportunities should also reduce the incidence of homelessness for persons with a criminal history and reduce the risk of recidivism through housing stability. Further, the findings and declarations set forth in the adopted form of this Ordinance are incorporated into this Chapter as if fully set forth herein. This Ordinance is intended to be at least as protective as state law, as amended from time to time. Where this Ordinance differs from state law, the provision more protective of renter rights shall prevail to the extent allowed by law.

9.75.020 Definitions.

For the purpose of this chapter only, the following terms are defined as follows:

(a) "Adverse Action" means an action related to the rental of a Residential Rental Unit that has negative effect, including but not limited to the following actions:

(1) Failing or refusing to rent or lease housing to a person;

(2) Failing or refusing to continue to rent or lease housing to a person;

(3) Reducing the amount or term of any person's subsidy for housing;

(4) Treating an Applicant or Renter differently from other Applicants or Renters, including but not limited to requiring higher security deposit or rent, or not

[15] Center for American Progress, Strengthening Access to Housing for People With Criminal Records Is Key to Successful Reentry, April 17, 2023, Accessed March 12, 2025: https://www.americanprogress.org/article/strengthening-access-to-housing-for-people-with-criminal-records-is-key-to-successful-reentry/.

accepting certain sources of income or rent payment, such as vouchers or third-party checks;

(5) Treating a person as ineligible for a renter-based rental assistance program; or

(6) Failing to permit a Renter's Close Family Member to occupy a rental unit while the occupying Renter remains in occupancy.

(b) "Aggrieved Person" means any person who believes they have been injured by a housing practice prohibited under this Chapter. This definition could include, but is not limited to, an Applicant or Renter who believes they were subject to an Adverse Action based on their own Criminal History; or a Renter who seeks to have another person reside in the renter's Residential Rental Unit (to replace an existing Renter, to add a new Renter, or sublet to a subtenant) when the Landlord takes Adverse Action based on the prospective new Renter's Criminal History.

(c) "Applicant" means a person who seeks information about, visits, or applies to rent or lease a Residential Rental Unit; who applies for a renter-based rental assistance program; who seeks to be added as a household member to an existing lease for a Residential Rental Unit; or, with respect to any Criminal History that occurred prior to the beginning of the person's tenancy, who currently rents or has a lease for a Residential Rental Unit.

(d) "Arrest" means a record from any jurisdiction that does not result in a Conviction and includes information indicating that a person has been questioned, apprehended, taken into custody or detained, or held for investigation by a law enforcement, police, or prosecutorial agency and/or charged with, indicted, or tried and acquitted for any felony, misdemeanor, or other criminal offense.

(e) "Background Check Report" means any report regarding an Applicant's Criminal History, including but not limited to those produced by the California Department of Justice, the Federal Bureau of Investigation, other law enforcement agencies, courts, or any consumer reporting or Renter screening agency.

(f) "Close Family Member" means a spouse, registered domestic partner, child, sibling, parent, grandparent, or grandchild.

(g) "Conviction" means a record from any jurisdiction that includes information indicating that a person has been convicted of a felony or misdemeanor or other criminal offense and for which the person was placed on probation, fined, imprisoned, and/or paroled.

(h) "Criminal History" means information transmitted orally or in writing or by any other means, and obtained from any source, including but not limited to the person to whom the information pertains, a government agency, or a Background Check Report, regarding one or more Convictions or Arrests.

(i) "Directly Related Conviction" means a criminal conviction whose underlying conduct has a direct and specific negative bearing on a substantial, legitimate, and nondiscriminatory purpose of the landlord, such as protecting the safety of other residents, the landlord's employees, or the property. In determining whether a Conviction is directly related to the Landlord's purpose, the Landlord shall consider whether the housing offers the opportunity for the same or similar offense to occur, whether circumstances leading to

the conduct for which the person was convicted will recur in the housing, and whether supportive services that might reduce the likelihood of a recurrence of such conduct are available on-site. Those matters identified in section 9.75.060 may not qualify as Directly Related Convictions.

(j) "Evidence of Rehabilitation or Other Mitigating Factors" means credible information about the individual that suggests that the individual is not likely to pose a demonstrable risk to the achievement of the Landlord's identified interest. Credible information is information that a reasonable person would believe is true based on the source and content of the information. Mitigating information includes:

(1) Whether the individual was a minor or young adult at the time of the conduct upon which the criminal conviction is based;

(2) The amount of time that has passed since the date of conviction;

(3) Evidence that the individual has maintained a good tenant history before and/or after the conviction;

(4) Evidence of rehabilitation efforts, including a person's satisfactory compliance with all terms and conditions of parole and/or probation; successful completion of parole, probation, mandatory supervision, or Post Release Community Supervision; a Certificate of Rehabilitation under Penal Code section 4852.01; or other conduct demonstrating rehabilitation, such as maintenance of steady employment;

(5) Whether the conduct arose from the individual's status as a survivor of domestic violence, sexual assault, dating violence, stalking, or comparable offenses against the individual;

(6) Whether the conduct arose from untreated substance abuse or mental illness;

(7) Whether the conduct arose from the individual's disability, or any risks related to such conduct, which could be sufficiently mitigated or eliminated by a reasonable accommodation; or

(8) Other relevant facts or circumstances surrounding the criminal conduct and/or conduct after the conviction.

(k) "Landlord" means the owner or property manager exercising effective control over the terms and conditions of the tenancy of a residential rental unit, including a person with such control delegated through a durable power of attorney.

(l) "Inquire" means any direct or indirect conduct intended to gather information from or about an Applicant, or a potential Applicant or candidate, using any mode of communication, including, but not limited to, application forms, interviews, and Background Check Reports.

(m) "Renter" means a person or entity entitled by written or oral agreement to occupy a residential rental unit to the exclusion of others.

(n) "Residential Rental Unit" means any housing structure occupied as a dwelling or offered for rent or lease as a dwelling, whether attached, detached, single- or multiple-family. The term "Residential Rental Unit" shall not include an attached bedroom of a landlord-occupied dwelling where the landlord and renter(s) share living facilities.

9.75.030 Applicability.

This Chapter applies to any Residential Rental Unit in the City of Palo Alto, except:

(a) Single-family dwellings, including those with accessory dwelling units, where either the main or an accessory dwelling unit is occupied by one or more Landlords as their principal residence;

(b) Duplexes or triplexes where one of the units is occupied by one or more Landlords as their principal residence; and

(c) Renter-occupied units where an occupying Renter seeks to replace an existing co-Renter, add an additional co-Renter, or sublet the unit, provided that the occupying Renter remains in occupancy.

9.75.040 Prohibition.

A Landlord may not take adverse action against an Applicant or a Renter based on Criminal History except as allowed by this Chapter.

9.75.050 Conditional Offer Required.

Except when State or Federal law requires otherwise, a Landlord shall not inquire about or require an Applicant to disclose any Criminal History until the Landlord:

(a) Has determined the Applicant is qualified to rent the Residential Rental Unit under all of the Landlord's criteria not related to Criminal History; and

(b) Has provided to the Applicant a conditional lease agreement that commits the unit to the Applicant as long as the Applicant passes the Criminal History review.

9.75.060 Basis for Adverse Action.

Except as provided in section 9.75.080, a Landlord shall not base an Adverse Action against an Applicant or a Renter in whole or in part:

(a) On any arrest that has not resulted in a criminal conviction, or based on information indicating that an individual has been questioned, apprehended, taken into custody or detained, or held for investigation by a law enforcement, police, military, or prosecutorial agency;

(b) On referral to, participation in or completion of a diversion or a deferral of judgment program;

(c) On a Conviction that has been sealed, dismissed, vacated, expunged, voided, invalidated, or otherwise rendered inoperative by judicial action or by statute (for example, under California Penal Code Sections 1203.1 or 1203.4) or by executive pardon, or for which a certificate of rehabilitation has been granted pursuant to Penal Code section 4852.01 et seq.;

(d) On a Conviction or any other determination or adjudication in the juvenile justice system, or information regarding a matter considered in or processed through the juvenile justice system;

(e) On a misdemeanor Conviction that is more than two years old, calculated from the date of sentencing;

(f) On a felony Conviction that is more than two years old, calculated from the date of sentencing; or

(g) On information pertaining to an offense or violation other than a felony or misdemeanor, such as an infraction.

9.75.070 Procedures for use of criminal history information.

(a) If a Landlord chooses to Inquire about or require Renters or Applicants to disclose Criminal History as part of a screening or other process relating to a Residential Rental Unit, the Landlord must first:

(1) Inform the Applicant or a Renter in advance that the Landlord will check for certain types of Criminal History;

(2) Offer the Applicant or a Renter a reasonable opportunity to present evidence of inaccuracy or Evidence of Rehabilitation or Other Mitigating Factors; and

(3) Request and obtain written consent to check their Criminal History, or if the Applicant or Renter objects, provides the Applicant the opportunity to withdraw their application. If an Applicant or a Renter does not object within three (3) calendar days, the applicant will be deemed to have consented.

(b) In reviewing an Applicant or Renter's Criminal History and making a decision related to eligible housing based on such history, a Landlord shall conduct an individualized assessment, considering only:

(1) Directly Related Convictions, as defined in Section 9.75.020 of this Code;

(2) Time that has elapsed since the Conviction; and

(3) Any evidence of inaccuracy or Evidence of Rehabilitation or Other Mitigating Factors presented by the Applicant or Renter.

(c) If a Landlord intends to base an Adverse Action related to eligible housing on an item or items in the Applicant or Renter's Criminal History, prior to taking any Adverse Action the Landlord shall (1) provide the Applicant or Renter with a copy of the Background Check Report, and (2) shall notify the Applicant or Renter of the prospective Adverse Action, the specific items forming the basis for the prospective Adverse Action, and the Applicant or Renter's right to present evidence of inaccuracy or Evidence of Rehabilitation or Other Mitigating Factors.

(d) If, within seven calendar days of the date that the notice described in Subsection (c) of this section is provided by the Landlord to the Applicant or Renter, the Applicant or Renter gives the Landlord notice in writing of:

(1) Evidence of the inaccuracy of the item or items of Criminal History,

(2) Evidence of Rehabilitation or Other Mitigating Factors set forth in this section, or

(3) A request for additional time to respond,

the Landlord shall delay any Adverse Action for a reasonable period of time that is not less than seven calendar days after receipt of the information. During that time the Landlord shall reconsider the prospective Adverse Action in light of the information provided by the Applicant or Renter.

(e) If a Landlord takes any Adverse Action based in whole or in part on the Applicant or Renter's Criminal History, the Landlord shall within seven calendar days provide a written notice to the Applicant regarding the Adverse Action that includes, at a minimum:

(1) A written statement of the reason(s) for such adverse action, specifically describing:

a. How the individual's Criminal History qualifies as a Directly Related Conviction; and

b. How any Evidence of Rehabilitation or Other Mitigating Factors or other information submitted in support of such individual's tenancy was taken into account.

(2) A list of local legal services providers including contact information; and

(3) A copy of any Criminal History, Background Check Report, or other information related to the Applicant's Criminal History that served as a basis for the Adverse Action. The Landlord shall not require reimbursement or payment from the Applicant or Renter for providing any Criminal History or criminal Background Check Report.

9.75.080 Exceptions to prohibition.

(a) A just cause eviction pursuant to Palo Alto Municipal Code 9.68.020(a)(1)(F) shall not constitute a violation of this Chapter.

(b) It shall not be a violation of this Chapter for a Landlord to comply with Federal or State laws that require the Landlord to automatically exclude Applicants or Renters based on certain types of Criminal History (e.g. Ineligibility of Dangerous Sex Offenders for Admission to Public Housing (42 U.S.C. Section 13663(a); Ineligibility of Individuals Convicted for Manufacturing Methamphetamine on Premises of Federally Assisted Housing for Admission to Public Housing and Housing Choice Voucher Programs (24 C.F.R. Section 982.553)). However, if such a requirement applies, the Landlord shall not inquire about, require disclosure of, or, if such information is received, review an Applicant's criminal history until the Landlord first does the following: (1) informs the Applicant in advance that the Landlord will check for certain types of Criminal History; and (2) requests written consent, or if the Applicant objects, provides the Applicant the opportunity to withdraw the rental application. If any Adverse Action is based in whole or in part on the Applicant's Criminal History, the Landlord shall provide a written notice to the Applicant regarding the Adverse Action that includes, at a minimum, the reason(s) for the Adverse Action; a copy of any Criminal History, Background Check Report, or other information related to the Applicant's Criminal History that served as a basis for the Adverse Action, and an opportunity to respond with rebutting or mitigating information prior to the denial of Applicant's housing application.

(c) In compliance with California Penal Code Section 290.46(j)(1), in order to protect persons at risk, the Landlord may review the State registry of lifetime sex offenders operated by the State of California Department of Justice; and may take an Adverse Action against an Applicant based on a Conviction that leads to the Applicant becoming a lifetime registered sex offender provided the Landlord first:

(1) Determines that the Applicant is qualified to rent the Residential Rental Unit under all of the Landlord criteria for assessing Applicants except for any criteria related to Criminal History;

(2) Provides to the Applicant a conditional rental agreement that commits the Housing to the Applicant as long as the Applicant meets the Landlord’s Criminal History and other qualifying criteria; and

(3) Informs the Applicant in advance that the Landlord will be checking the sex offender registry and obtains the written consent of the Applicant to obtain such information or gives the Applicant the opportunity to withdraw the application.

(d) If any Adverse Action is based in whole or in part on the Applicant's Criminal History, the landlord shall provide a written notice to the Applicant that includes, at a minimum, the reason(s) for the Adverse Action; a copy of any Criminal History, Background Check Report, or other information related to the Applicant's Criminal History that served as a basis for the Adverse Action, and an opportunity to respond with rebutting or mitigating information prior to the denial of Applicant's application.

9.75.090 Advertising and notice requirements for Landlords.

(a) Advertising

(1) It shall be unlawful for any Landlord to engage in any communication, including the production or dissemination of advertisements, related to eligible housing, which expresses, directly or indirectly, that any person with an Arrest or Conviction record will not be considered for the rental or lease of real property or may not apply for the rental or lease of real property, except as required by local, State, or Federal law. For purposes of this subsection, engaging in a communication includes, but is not limited to, making a verbal statement or producing or disseminating any solicitation, advertisement, or signage.

(b) Notice requirements

(1) The City Manager shall publish and make available to Landlords, in English, Spanish, and all languages spoken by more than five percent (5%) of the City's population, a notice that informs Applicants for housing of their rights under this Chapter. The notice shall contain the following information:

a. A description of the restrictions and requirements of this Chapter; and

b. Information about community resources available to assist an Applicant in connection with a violation of this Chapter.

(2) Landlords subject to the requirements of this Chapter shall include the notice made available pursuant to this Section in their advertisements, application materials and leases.

9.75.100 Retaliation prohibited.

It shall be a violation of this Chapter to interfere with, restrain, or deny the exercise of, or the attempt to exercise, any right protected under this Chapter, or to take any Adverse Action against any person because the person exercised or attempted in good faith to exercise any right protected under this Chapter.

9.75.110 Recordkeeping and confidentiality.

Landlords shall maintain a record of any Criminal History obtained for any Applicant for housing for a period of at least three years. To the maximum extent permitted by law, any information obtained regarding an Applicant's Criminal History shall remain confidential.

9.75.120 Landlord's employees and agents.

It is the responsibility of a Landlord to ensure that its employees and agents comply with this chapter.

9.75.130 Implementation.

The City Manager or their designee is authorized to take all necessary steps to implement this Chapter, including but not limited to the following:

(a) Developing any notice required for purposes of implementing the requirements of this Chapter, and other implementation documents, including written materials for Landlords and potential Applicants; and

(b) Adopting any regulations necessary to implement the requirements of this Chapter.

9.75.140 Request for Waiver.

A Landlord may request a waiver or adjustment of the requirements of this Chapter upon a showing that strict application of its requirements would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the Landlord, or that a waiver is necessary to avoid a reasonably foreseeable harm to the Landlord, Landlord's agents, or other Renters. Requests for waiver or adjustment must be submitted in writing to the Director of Planning and Development Services or their designee together with supporting documentation, and must include a citation to this Chapter. Requests shall be acted on by the Director of Planning and Development Services or their designee within 30 days.

9.75.150 Remedies.

(a) Any Aggrieved Person who believes that the provisions of this Chapter have been violated shall have a private right of action for injunctive relief, and may institute a civil proceeding for injunctive relief, actual damages, and other relief deemed appropriate by the court. Nothing in this Chapter is intended to limit the damages recoverable by any party through a private action. In any action brought under this Chapter, the court may award reasonable attorneys' fees and cost of action pursuant to Code of Civil Procedure Section 1021.5.

(b) An attorney who represents an Applicant in litigation against a Landlord brought under this Chapter shall provide notice to the City within ten (10) days of filing court action against the Landlord, and inform the City of the outcome of the court action within ten days of any final judgment.

9.75.160 No conflict with state or federal law.

This Chapter is not intended to conflict with state or federal law. If there is a conflict between the provisions of Federal or State law and this Article, federal or state law shall control.

SECTION 3. If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it would have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 4. The Council finds that this project is exempt from the provisions of the California Environmental Quality Act ("CEQA"), pursuant to Section 15061(b)(3) of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

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SECTION 5. This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

_____
City Clerk

_____
Mayor

APPROVED AS TO FORM:

_____
City Attorney or Designee

APPROVED:

_____
City Manager

_____
Director of Planning and Development Services

Attachment B

Comparison of Example Criminal History Lookback Periods

For City Council use in comparison, the following table presents a few examples of lookback periods.

Jurisdiction	Lookback Period	Notes
HUD Proposed Rule [1]	**3 years** (longer lookback period presumed unreasonable)	Would have required HUD-assisted housing providers to establish lookback periods, with anything longer than 3-years deemed presumptively unreasonable. A longer period could be justified with empirical evidence for certain crimes.
Illinois (Public Housing Access Bill) [2]	**6 months** for criminal activity prior to a rental housing application	Lookback period of 6 months for criminal activity prior to application, with exceptions for federal requirements.
New Jersey (Fair Chance Housing Act) [3]	**1 year** for 4th degree indictable offenses, **4 years** for 2nd or 3rd degree offenses, **6 years** for 1st degree offenses	Shorter or longer lookback periods for convictions based on offense severity.
Colorado (Rental Application Fairness Act) [5]	**5 years**	Landlords cannot consider convictions older than 5 years, with exceptions for serious crimes (e.g., meth-related offenses, sex offender registry, homicides).
Berkeley, CA [6]	-	Does not have a lookback period, as the Ordinance does not allow inquiries about criminal history unless required by State or Federal law.
Oakland, CA [7]	-	Does not have a lookback period, as the Ordinance does not allow inquiries about criminal history unless required by State or Federal law.

Richmond, CA [8]	**2 years**	Landlords of affordable housing cannot consider convictions older than 2 years from the date of sentencing.
San Francisco, CA [9]	**7 years**	Applicable to affordable housing in San Francisco. Affordable housing providers cannot consider convictions older than 7 years old.
Cook County, IL [10]	**3 years**	Applicable to persons engaged in "real estate transactions." Real estate transactions include the sale, rental, lease, and sublease renewal of residential properties. Requires an individualized assessment if criminal history within the past 3 years is considered.
New York City, NY [11]	**3 years** for misdemeanors; **5 years** for felonies	The 3 or 5 years is measured from release or sentencing date, regardless of probation or parole status. Applicable to all brokers, licensed salespeople, housing owners, property managers, and all individuals with the authority to approve or deny the rental or sale of housing, as well as their agents and employees apart from narrow exceptions.
Additional California Context for Reference:		
California Investigative Consumer Reporting Agencies Act (ICRAA) [12]	**7 years**	Prohibits consumer reporting agencies from reporting arrest, indictment, or conviction records older than 7 years, with exceptions for certain crimes (e.g., serious offenses).
California Clean Slate Act (SB 731) [13]	Sealing after completion of sentence	Seals certain non-violent criminal records automatically after sentence completion and meeting rehabilitation criteria (usually 1–5 years post-sentence, depending on the offense).

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Attachment C

Analysis of Potential Fair Chance Housing Policy Consequences

Note: As requested by City Council, staff prepared this Attachment containing staff analysis of potential Fair Chance Housing Ordinance implementation consequences, both intended and unintended. Accordingly, this Attachment reflects staff analysis to date with the acknowledgement that more information is forthcoming from public input and City Council discussion.

An intended consequence of adopting the draft Fair Chance Housing Ordinance (Attachment A) would be to have a codified, consistent, and clear policy regarding the use of criminal history information in housing decisions for all housing providers in Palo Alto. While it could not be directly measured, another intended consequence would be to reduce the potential for housing discrimination against renters with a criminal history. Pursuing renter protection policy work is consistent with the goals in the City's 2030 Comprehensive Plan to provide adequate housing for all. Fair Chance Housing policy and other rental policy topics are considered a means to affirmatively further fair housing within Palo Alto, as well as a means by which to promote certainty, stability, and fairness in the rental market. Fair Chance Housing policy work is consistent with Program 6.6: Fair Housing in the 2023-2031 Housing Element.

Given the widespread accessibility of criminal history databases and AI renter screening tools, it is not possible to prevent landlords, or any person, from running a check on another person at any time. However, an intended consequence of adopting the draft Fair Chance Housing Ordinance (Attachment A) is to establish procedural protections, including those involving written communication, that would give applicants and existing renters the opportunity to pursue a private right of action if they believed they were an aggrieved person under the Ordinance.

One of the purposes of local Fair Chance Housing policies is to give persons with criminal history a fair opportunity to compete for rental housing, thus putting them in a better position to reintegrate into the community, obtain gainful employment, and access health and other services. Therefore, an intended consequence of adopting the draft Fair Chance Housing Ordinance (Attachment A) would be that local landlords would no longer be able to initially use criminal history checks as part of making a conditional housing offer. However, a criminal history check could be conducted after an offer is made in accordance with the procedures outlined in the Ordinance. Also, notably, the draft Ordinance would not require or prevent a landlord from running credit checks, income verification, or other standard procedures as part of initial applicant vetting.

From stakeholder interviews, staff learned that Palo Alto landlords often receive numerous applications for rental units. Both landlords and renters are motivated to secure rentals, which could lead to an expedited process. Under the draft Fair Chance Housing Ordinance (Attachment A), the Ordinance would not interfere with a landlord's ability to collect applications. However,

it would establish a code violation if a landlord ran a criminal history check before making a conditional offer to an applicant and receiving their consent. Under the draft Ordinance (Attachment A), landlords would still have the ability to decide who to make a conditional offer to amongst applicants. However, if that person had a criminal history, the draft Ordinance might add to the time it takes to rent individual rental units so that the landlord could follow the renter procedural protections. This also gives an applicant or renter with inaccuracies in their record the opportunity to present mitigating information. It is likely that some landlords already implement procedures as encouraged by California's FEHA, so it is not anticipated that a local Ordinance would significantly increase the time it takes for those landlords to fill vacancies.

Currently, Palo Alto landlords and housing providers utilize their own policies regarding the use of criminal history information in rental housing decisions. The California Apartment Association (CAA) noted from their preliminary inquiries that some Palo Alto landlords decide not to run criminal history checks, whereas others do and generally tend to consider lookback periods between three (3) and five (5) years with others looking at longer time periods. Under the draft Fair Chance Housing Ordinance (Attachment A), a consequence could be the need for adjustments among landlords who currently use criminal history checks as part of their rental procedures, particularly regarding the length of lookback periods. There would be no adjustments needed for landlords that do not currently utilize criminal history checks or for landlords for which the draft Ordinance (Attachment A) would exempt.

Regarding the prevalence of persons with criminal history, the National Conference of State Legislatures (NCSL) states that approximately 77 million Americans, or one in every three adults, have a criminal record (which could be an arrest record, criminal charges, or a conviction).[1] As a point of comparison, the Brennan Center for Justice cites a similar prevalence noting that the number of Americans with arrest records is similar to the number of persons that have a Bachelor's Degree.[2] In their May 2018 report, Californians for Safety and Justice estimated that eight million Californians, or nearly one in five Californians, were living with a past criminal conviction.[3] California Policy Lab also used the estimate of eight (8) million Californians with criminal history in October 2024 as background in their report on automatic record relief in California, which over time could assist with reducing the number of people with records in

[1] National Conference of State Legislatures (NCSL), Criminal Records and Reentry Toolkit, March 31, 2023, Accessed March 11, 2025: https://www.ncsl.org/civil-and-criminal-justice/criminal-records-and-reentry-toolkit#:~:text=Approximately%2077%20million%20Americans%2C%20or,housing%2C%20and%20higher%20education%20opportunities.

[2] Friedman, M., Brennan Center for Justice, Just Facts: As Many Americans Have Criminal Records as College Diplomas,
November 17, 2015, Accessed March 11, 2025: https://www.brennancenter.org/our-work/analysis-opinion/just-facts-many-americans-have-criminal-records-college-diplomas.

[3] Californians for Safety and Justice, Repairing the Road to Redemption in California, May 2018, Accessed March 17, 2025: https://safeandjust.org/interactivereport/repairing-the-road-to-redemption-in-california/#:~:text=1%20in%205%20Californians%20(an,with%20an%20old%20criminal%20conviction; https://safeandjust.org/wp-content/uploads/CSJ_SecondChances-ONLINE-May14.pdf.

criminal history databases.[4] An unintended consequence of adopting a Fair Chance Housing Ordinance could be a shift in perceptions of public safety, whether or not a shift is justified, given the already widespread prevalence of persons with criminal histories. While Ordinance consideration and potential adoption might bring attention to this topic, the draft Fair Chance Housing Ordinance (Attachment A) would include recordkeeping and confidentiality provisions to ensure that landlords maintain the confidentiality of obtained criminal history information to the maximum extent permitted by law.

Since Palo Alto began establishing policy regarding rental housing, some landlords have expressed concerns about maintaining the autonomy to make decisions they believe are best for their property and business. In the context of Fair Chance Housing policy, CAA noted from their preliminary inquiries that the ability to run criminal history checks served as indirect mitigation against potential future unit turnover at rental properties, particularly if other residents felt uncomfortable with a new renter. CAA framed this concern within the context of just cause eviction regulations, which limit the ability to terminate occupancy in the event of such issue. A potential unintended consequence of adopting the draft Fair Chance Housing Ordinance (Attachment A), could be the perception that landlords have less autonomy to make decisions affecting the stability of their property and business. However, the draft Ordinance provides a process by which all prospective renters would have a fair chance to compete for housing. Instead of prohibiting landlord consideration of criminal history altogether unless required by State or Federal law, the approach in the draft Ordinance would allow landlords to consider criminal history information with specific procedural protections for renters. This approach gives landlords the opportunity to decide if a directly related conviction warranted revoking of a conditional housing offer, balancing the interests of landlords while also reducing the potential for renter discrimination.

Landlords encounter a wide variety of regulations applicable to rental units. CAA highlighted that new local policies could complicate compliance for rental property owners and property managers, given the overall complexity of regulations at the State and local level. This complexity could also make it challenging for renters and/or their legal representatives to fully understand their rights. In response, the draft Fair Chance Housing Ordinance (Attachment A) includes a requirement for the City to publish and distribute a notice that informs renters of their rights under the Ordinance. That notice would be required to be provided alongside application materials and with leases. Additionally, the City contracts with Project Sentinel to provide renter and landlord education in fair housing, preparation of a renter's rights guide, and a mediation program; Fair Chance Housing policy would be incorporated into these ongoing efforts.

[4] Skog, Castellanos, Lacoe, and Pickard, California Policy Lab, Who Benefits from Automatic Record Relief in California?, October 2024, Accessed March 12, 2025: https://cdn.prod.website-files.com/6706c50505f0ff8dbeaf5682/67ca5375a6982860d5f1e809_Automatic-Record-Relief-in-California.pdf.

Initial Fair Chance Housing Policy Stakeholder and Community Member Feedback Themes

Public comments were received at the October 10, 2024 HRC meeting. Staff also conducted interviews with Project Sentinel, PAForward, SV@HOME, and the California Apartment Association. Thus far, feedback from stakeholders and community members have included the themes and points listed in this Attachment.

Theme: Establishment of Local Fair Chance Housing Policies:

- General feedback:
  - Establishment should combine the interests of landlords and renters for public safety as well as the desire to prevent discrimination; and
  - Initial implementation could inform if any policy adjustments would be warranted later.
- Support:
  - Establishment could help address the history of racial discrimination in policing; and
  - Establishment could support efforts to provide housing for all;
- Concerns:
  - Establishment seems like government overreach, generally;
  - Establishment might not be necessary to do at the local level;
  - Establishment influences landlords' ability to make their own decisions about how to rent or lease their own property; and
  - Establishment could cause confusion and a patchwork of rights, given the existence of and some overlap with State law.

Theme: Fair Chance Housing Policy-Making Process:

- General feedback:
  - Policy discussions would benefit from learning more from advocates and people who have lived experience of the barriers to accessing housing due to having criminal history;
  - Policy discussions would benefit from learning more about landlord current background procedures and potential implementation concerns, consider sending a voluntary survey to existing Palo Alto landlords;
  - Policy discussions would benefit from learning more from advocates, service providers, renters, and landlords about the logistics of providing and reviewing evidence of inaccuracy, rehabilitation, or other mitigating factors; and
  - Policy discussions should consider the current just cause eviction landscape whereby it is difficult to evict a renter later if a public safety issue emerges.

Theme: Fair Chance Housing Policy Components and Implementation:

- General feedback:
  - An Ordinance could be more understandable regarding renter's rights and landlord policy procedures when examples are provided, such as providing examples in the definition of "adverse action;"
  - If an Ordinance is clear and reasonable, it is more likely to achieve compliance.
  - Rather than a blanket ban unless required by State or Federal law, there is more of a preference for a policy approach that limits the use of criminal history information coupled with renter procedural protections;
  - Fair chance policy components should use an approach that reduces the burden for renters to pursue their rights;
  - It could be helpful if there was dedicated City staff that could help advise on rental policy questions;
  - It could be helpful if any Ordinance included details about how it would be implemented and enforced; and
  - It could be helpful for any Ordinance to have clear enforcement parameters.