

Dear Mayor and Council Members,

On behalf of City Manager Ed Shikada, please see staff responses below for questions from Council Member Tanaka on the [Monday, June 10 Council Meeting](#).

Item 6: Approval of Contract for Long-Range Facilities Plan Update at RWQCP

- 1. Given the substantial investment of \$2,742,774 for the Long Range Facilities Plan update, what specific, detailed contingency plans and risk mitigation strategies have been put in place to address potential implementation challenges? What metrics or historical data demonstrate the effectiveness of similar contingency plans in past projects of this scale and complexity? Additionally, how can we ensure that these plans are robust enough to handle unforeseen delays or cost overruns, and what are the projected impacts on the project timeline and budget if such issues arise?**

Staff response: Contingency planning for an advanced planning consultant contract was unnecessary, as significant implementation challenges are not anticipated. There was no need for contingency planning on the prior Long Range Facilities Plan completed in 2012. Standard tools for addressing implementation issues include the use of additional services funding, amendments to the contract for time extensions or additional fees, and so forth.

- 2. How does the current Long Range Facilities Plan update ensure that the new technologies and infrastructure will remain effective and compliant with future regulatory requirements and environmental standards? What detailed projections and scenarios consider potential increases in wastewater flow, changes in pollutant loads, and emerging contaminants? What specific strategies and investments are planned to adapt to these future challenges and to ensure the plant's operations are sustainable and resilient in the long term?**

Staff response: The Long Range Facilities Plan Update report will answer this question; the report will inform on the specific strategies and investments needed to meet future challenges. As part of advanced planning, the consulting firm, Carollo Engineers, will evaluate potential future regulatory requirements and advise the City with experienced engineering staff on the infrastructure options to meet those requirements. The Long Range Facilities Plan Update would be followed by additional planning and design analyses before committing to a particular pathway. The Long Range Facilities Plan Update is not the only planning and design study that will be used to ensure the City's infrastructure will have a useful life beyond the investment. The main projection components will be for population, per capita flow assumptions, and pollutant loading projections.

- 3. Given the significant financial commitment required for this project, what is the detailed cost-benefit analysis that justifies the expenditure of \$2,742,774, including specific**

metrics on the anticipated environmental, operational, and community benefits? How do these benefits compare to alternative, potentially less costly solutions? Additionally, what assurances can you provide that this investment will deliver the projected outcomes, and how will we measure and report on the project's success to ensure accountability to our constituents?

Staff response: The Wastewater Treatment Fund has a significant long-term capital program and is currently planning, designing, and constructing approximately \$350 million in capital work. The level of financial commitment for this project is in line with the size of the capital program and the complex nature of a 24/7 industrial wastewater treatment facility. The project itself has many benefits. It answers Council questions about whether the Wastewater Treatment Fund has a need to use the Measure E site and it provides a technical basis for the evaluation of the fixed and operating flow shares between partner agencies. It also provides needed space planning analysis and prioritizes needed capital improvements going forward. These benefits are worth the expense required. Specific metrics for environmental, operational, and community benefits were not developed, and it is unclear how such a metric would be determined.

Item 7: Approval of JJR Construction Contract for 2024 Sidewalk, Curb, and Gutter Repairs

- 1. Given the significant impact of the sidewalk repair project on local residents and businesses, what is the comprehensive breakdown of the methods used to solicit and incorporate stakeholder feedback? Specifically, what were the primary concerns raised by these stakeholders, and how have these concerns been addressed in the project plan? Without clear evidence of robust stakeholder engagement, how can we ensure that the community's needs and preferences are being adequately met?**

Staff response: The locations in this project were compiled through surveying, input from stakeholders via email and phone call, and 311 Requests submitted by the community. Primary concerns raised by stakeholders included tripping hazards, cracked sidewalks, and drainage issues. To address all these concerns, the project expanded its work area to go beyond sidewalk districts 1 and 2 (limits are from Palo Alto Avenue to Embarcadero Road and from Alma Street to Middlefield Road). The project also includes add-alternate bid items to support additional sidewalk repairs to address community requests received during construction that meet repair requirements, in addition to other locations that staff determine need to be repaired.

- 2. Given the scope of the sidewalk repair project, could you provide a detailed construction timeline that includes specific phases, key milestones, and expected completion dates? Additionally, what comprehensive measures are being implemented to minimize disruptions to residents and businesses, particularly in high-density areas? How will these**

measures be monitored and adjusted based on community feedback during the construction period?

Staff response: The project is organized into two phases, differentiating between improvements that are funded by the Community Development Block Grant (CDBG) program and improvements funded through the Capital Improvement Fund. Due to grant invoice deadlines, the project will address all locations funded by the CDBG program first, before moving on to repair other locations. It is expected that all of the work will be completed in about seven months. Staff understands the impact construction has to the community, especially in high-density areas. Work adjacent to food businesses will be paused during lunch hours from 11 am to 2 pm to help minimize the inconvenience, and access to businesses will be provided at all times.

Item 8: Approval of Funding Increase and Contract Extension for Local Advanced Water Purification System Project

- 1. In light of the proposed budget increase for the Local AWPS project, what detailed analysis has been conducted to ensure that this expenditure is prioritized over other critical infrastructure and service needs within the city? Could you elaborate on the criteria and metrics used to determine this project's precedence, and how this aligns with our long-term financial sustainability goals? Additionally, what are the potential opportunity costs associated with this allocation, and how will they impact other essential city services and projects?**

Staff response: The report does not propose an increase to the budget for the Local AWPS project. A financial plan for this project was approved unanimously by Council on October 16, 2023, including directions to proceed with securing the construction management services recommended in this report. This capital project's funding sources are entirely funded from outside agencies and it was therefore not necessary to compare against the City's long-term financial goals. Staff is working with Mountain View to provide adequate funding, including up-front cash, to ensure there are no cashflow impacts to the City of Palo Alto during construction.

- 2. The staff report mentions the current use of recycled water for irrigation and industrial purposes. What specific deficiencies were identified in these applications that necessitate the proposed quality improvements? What limitations are currently being faced with the 800 ppm TDS level, and how will reducing this to approximately 450 ppm address these issues? Please include detailed data or case studies illustrating these points.**

Staff response: The RWQCP recycled water TDS level of 800 mg/L significantly impacts salt sensitive plants. Mountain View has cut down many of their trees in the Shoreline area due to salt from the recycled water and has paused the expansion of their recycled water

system while waiting for the outcome of this project. These impacts were described in more detail in the October 16, 2023 Council report.

3. **What empirical evidence supports the assertion that reducing TDS levels in recycled water will have a significant, positive impact on the daily lives of Palo Alto residents? What were the findings in projections on how these changes will enhance community well-being or provide economic benefits, particularly in areas currently relying on potable water for applications that could utilize improved recycled water?**

Staff report: The report does not make such a claim about the impact on the daily lives of Palo Alto residents. The October 16, 2023 Council report states that the project benefits Palo Alto by providing higher quality recycled water for the Golf Course and Greer Park, reducing conversion of marsh near the RWQCP outfall, and reducing discharge to the Bay. The project also furthers our collaborative efforts with treatment plant partner agencies and sets up potential for future recycled water customers within Palo Alto.

4. **Have enhanced water conservation programs been considered as a more cost-effective alternative to the significant investment in the Local AWPS project? What detailed projections on the potential water savings and efficiency gains from these programs, supported by data from similar initiatives in other cities, can be provided? How do these projected benefits compare to the expected outcomes of the AWPS project, and what cost-benefit analysis has been conducted to evaluate these options?**

Staff report: Both Palo Alto and Mountain View have evaluated water conservation against other projects to reduce potable water consumption as part of citywide feasibility studies. Again, the October 16, 2023 Council report reviewed the history of the development of the project, and its recommendation to proceed with the project was approved unanimously by Council.

Item 10: Palo Alto Electric Grid Modernization Project Approval

1. **Considering the substantial investment of up to \$350 million in the grid modernization project, what detailed analysis can be provided on how the benefits will be distributed across different neighborhoods, particularly those that have historically been underserved? Specifically, what criteria are being used to prioritize areas for upgrades, and how will the project ensure equitable service improvements for all residents, not just corporate areas like Stanford Research Park?**

Staff response: The pilot serves as a testbed to refine engineering designs and construction methods, ensuring efficient resource deployment and minimizing community disruption. The grid modernization project includes major upgrades of the citywide distribution infrastructure and improvements at multiple substations, ensuring that

enhancements are spread across all residential areas of the city. Prioritization is based on factors such as current infrastructure conditions, projected load increases, and the need for enhanced reliability and resiliency.

- 2. Given the projected timeline of 2024 to 2032 for the grid modernization project, what specific technological advancements are anticipated during this period, and how does the project plan to integrate these advancements without causing significant disruptions or additional costs? Can you provide scenarios or case studies where similar long-term projects successfully adapted to technological changes?**

Staff response: Grid modernization allows the City to advance technological assets and improve grid functionality over time. Specifically, Palo Alto intends to utilize “smart grid” automation by installing two-way communication and enhanced control systems, allowing enhancements to demand reduction efforts. There will be new capabilities, such as providing nearly real time data on energy consumption and voltage information through advanced metering. Additional benefits from real time data includes improving fault detection and isolation, thus improving response time for restoration, and overall reliability. In future stages of the Grid Mod project Utilities will evaluate and implement viable tested technologies that are introduced to the market. The City will also be tracking the progress and technological advancements of the [Grid Resilience and Innovation Partnerships \(GRIP\) Program recipients](#).

- 3. What specific contingency plans does the city have to ensure project continuity in the event of unforeseen external factors, such as economic downturns or changes in regulatory requirements? How will these plans be activated, and what metrics will be used to evaluate their effectiveness?**

Staff response: The project’s phased approach allows for adjustments in response to economic or regulatory changes. By issuing new solicitations for subsequent phases, the City can adapt to budget constraints or new compliance requirements. The City can also reallocate resources, adjust project scope, and modify timelines depending on the situation. The City has implemented contingency plans and risk mitigation strategies to navigate global supply chain challenges for the Grid Modernization Project. These include prequalifying and diversifying suppliers, adding new procurement resources, and leveraging local utilities if needed. In addition, strategic vendor partnerships and regular communication with suppliers help anticipate and address potential disruptions. Project success and effectiveness of contingency plans can be measured by adherence to project timeline and budget, successful integration of new technologies, and conversion rate to fully electrification.

Item 11: Approval of Contract Amendment for Integrated Design 360, LLC: Additional \$100,000 Funding and Six-Month Extension for Sustainability Services

- 1. Considering the proposed additional expenditure of \$100,000 for the contract amendment with Integrated Design 360, LLC, provide a comprehensive financial breakdown detailing how these funds will be allocated across various activities and services? Specifically, what are the anticipated costs for each segment of their work, such as policy development, training, and program administration? Moreover, what safeguards are in place to ensure that this additional funding is utilized efficiently and without leading to cost overruns?**

Staff response: A significant portion of the associated contract capacity is associated with providing applicants and design professionals technical support on the enhanced green building and energy compliance standards. The secondary priority will be policy development, more specifically, the upcoming building code outreach and development cycle, expected to begin later this year. Funding for this program will be allocated as part of the FY2025 Operating Budget approved by Council, and no additional budget will be allocated without Council consideration and approval.

- 2. Regarding the performance metrics and key performance indicators (KPIs) for Integrated Design 360, LLC, detail the specific metrics used to assess their effectiveness in delivering sustainability services? How frequently are these metrics reviewed, and what have the evaluations revealed about their performance to date? Furthermore, are there any independent audit reports or comprehensive performance reviews available that could substantiate the contractor's contributions towards our sustainability goals?**

Staff response: Integrated Design 360, LLC's services augment in-house staff knowledge of green building services and the majority of the work is associated with policy development, code updates, and compliance. Due to the collaborative effort and type of service provided, there are no direct metrics associated solely with this firm. However, some of their contributions can be reflected in general permit activity, such as the increase in electrification permits over the last few years.

- 3. What contingency plans have been developed to address potential failures or underperformance by Integrated Design 360, LLC? Outline the specific risk management strategies that will be implemented to mitigate any adverse impacts arising from this contract extension? Additionally, could you provide historical examples of how similar risk management approaches have been effectively applied to past contracts?**

Staff response: The Department does not expect any adverse impacts arising from this minor contract extension. Staff will be pursuing a request for proposal (RFP) this summer associated with green building support at the Development Center, and the procurement

process is one of the risk management approaches to evaluate and deploy the most appropriate and cost-effective consultant for ongoing services.