



CITY COUNCIL DRAFT ACTION MINUTES

Special Meeting
June 17, 2024

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 4:00 P.M.

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

Council Member Tanaka Arrived at 5:30 P.M.

Present Remotely:

Absent:

Special Orders of the Day

1. Proclamation June 2024 as LGBTQIA+ Pride Month

NO ACTION

2. Proclamations Recognizing Departing Boards and Commissions Commissioners

NO ACTION

3. Review List of Applications for Historic Resources Board Vacancies and Provide Direction for Interviews

The Council selected the following candidates to interview for the Historic Resources Board:

- **Barry Katz:** Burt, Kou, Lauing, Lythcott Haims, Stone, Tanaka, Veenker
- **Caroline Willis:** Kou, Lauing, Stone, Veenker
- **Geddes Ulinskas:** Burt, Kou, Lauing, Lythcott Haims, Stone, Tanaka, Veenker
- **Zachary Pozner:** Burt, Lythcott Haims, Tanaka

DRAFT ACTION MINUTES

Closed Session

4. CONFERENCE WITH CITY ATTORNEY- EXISTING LITIGATION
Subject: Eric Figueroa, et al. v. City of Palo Alto
Santa Clara County Superior Court Case No. 21-CV-383740 (One Case, as Defendant)
Authority: Government Code Section 54956.9(d)(1)

MOTION: Council Member Lythcott-Haims moved, seconded by Mayor Stone to go into Closed Session.

MOTION PASSED: 6-0-1, Tanaka absent

Council went into Closed Session at 4:35 P.M.

Council returned from Closed Session at 6:28 P.M.

Mayor Stone announced no reportable action.

Agenda Changes, Additions and Deletions

Public Comment

Council Member Questions, Comments and Announcements

Consent Calendar

Council Member Kou requested to pull Agenda Item Number 15.

Council Member Kou registered a no vote on Agenda Item Number 15.

Council Member Tanaka registered a no vote on Agenda Item Number 9, 11, 17, 19, 23, 24.

MOTION: Council Member Lythcott-Haims moved, seconded by Vice Mayor Lauing to approve Agenda Item Numbers 5-26, AA1.

MOTION PASSED ITEM 15: 6-1, Kou no

MOTION PASSED ITEMS 9, 11, 17, 19, 23, 24: 6-1, Tanaka no

MOTION PASSED ITEMS 5-8, 10, 12-14, 16, 18, 20-22, 25, 26, AA1: 7-0

DRAFT ACTION MINUTES

5. Adoption of Fiscal Year 2025 Investment Policy as Recommended by the Finance Committee
6. Utilities Advisory Commission Recommends Adoption of the 2024 Annual Water Shortage Assessment Report
7. CONSENT: Approval of a Record of Land Use Action to Upgrade the Property Located at 411 Kipling Street From a Category 4 Resource on the Local Historic Inventory to a Category 2 Resource.
8. CONSENT: Approval of a Record of Land Use Action to Upgrade the Property Located at 271 University Avenue From a Category 3 Resource on the Local Historic Inventory to a Category 2 Resource.
9. Approval of Construction Contract C24190748 with Ross Recreation Equipment Company Inc. in the Amount of \$305,600 and Authorization for the City Manager or Their Designee to Negotiate and Execute Change Orders up to a Not-to-Exceed Amount of \$30,600 for the Ramos Park Improvements, Capital Improvement Program Project PG-14000; CEQA Status—Exempt Under CEQA Guidelines Section 15301
10. QUASI-JUDICIAL. 420 Acacia: Final Map and Street Naming [24PLN-00027]: Request for a Final Map to Subdivide a 35,573 Square Foot Parcel Having Split Zoning Designations (R-1 and RM-30) for Condominium Purposes (16 Residential Units). Environmental Assessment: Exempt from the Provisions of the California Environmental Quality Act in Accordance with CEQA Guidelines Section 15332 (In-fill Development).
11. Approval of Contract Amendment Number 1 to Contract C24189570 with Downtown Streets Team in the Amount of \$548,958 to Combine Contracts to Increase Operational Efficiency for a Revised Total Not-to-Exceed Amount of \$1.1 Million Over Three Years ; CEQA Status: Not a Project
12. Approval of Construction Contract Number C24190081 with Marina Landscape, Inc. in the Amount Not-to-exceed \$338,459 for Dog Park Installation and Renovation Project PG-18001; and Authorization of Contract Contingency in an Amount Not-to-Exceed \$50,769 for Related, Additional but Unforeseen Work Which May Develop During the Project; and Amend the FY2024 Budget in the Capital Improvement Fund (2/3 vote required); CEQA status – categorically exempt.
13. Approval of Contract Amendment Number 1 to Contract Number S24189598 with Good City Company in the Amount of \$18,120 for a Stream Corridor Protection Ordinance Update; the Total not-to-exceed Amount of the Contract is \$92,293. CEQA Status: Exempt Pursuant to CEQA Guidelines 15061(b)(3).
14. Authorization for the Mayor to sign a 3-Year Friendship Cities Agreement with Narok, Kenya

DRAFT ACTION MINUTES

15. Approval of a Funding Agreement with Federal Railroad Administration to Receive \$6 Million for the Preliminary Engineering and Environmental Documentation Phase for the Grade Separation Projects at Churchill Avenue, Meadow Drive, and Charleston Road crossings. CEQA status – statutorily exempt per CEQA section 15262; this funding agreement will partially fund CEQA/NEPA review of the grade separation projects.
16. Adopt a Resolution to Allow Consumption of Alcohol under PAMC section 9.04.010 on California Avenue in Conjunction with the 3rd Thursday Event
17. Approval of 1) Increase of Construction Contingency for Contract No. C21178123B with Swinerton Builders in the Amount of \$1,000,000; 2) Contract Amendment No. 4 for Contract No. S20176170 with Romig Engineers, Inc. in the Amount of \$21,786 and to Extend the Contract Term; 3) Increase of Contingency for Purchase Order with Pivot Interiors Inc. in the Amount of \$23,440; and 4) Authorization for the City Manager to Execute a General Services Contract for Moving Services in an Amount of up to \$250,000 for the New Public Safety Building Capital Project (PE-15001); CEQA - Environmental Impact Report for the New Public Safety Building and New California Avenue Area Parking Garage (Resolution No. 9772)
18. Approval of Contracts with US Bank and its Wholly Owned Subsidiary Elavon for General Banking, Safekeeping (Custodial), and Merchant Services for a Period of Five Years; and Approval of Contract with Wells Fargo for Lockbox Services for a Period of One Year; CEQA Status: Not a Project.
19. Authorization for the City Manager or Designee to Negotiate and Execute a Line of Credit totaling \$31 Million to Address Regional Wastewater Treatment Fund Cashflow as Recommended by the Finance Committee; CEQA Status – Not a Project
20. Resolution to Vacate Portions of Three Public Service Easements at 1700 Embarcadero Road
21. Approval of an Extension to Building Permit 18000-00536 for 429 University Ave; CEQA status – Mitigated Negative Declaration (ENV20718).
22. SECOND READING: Adoption of an Ordinance extending the Term of Ordinance No. 5517 by an Additional 12 Months from June 16, 2024 to June 30, 2025. Ordinance 5517 Amends Title 18 (Zoning) of the Palo Alto Municipal Code to Update Definitions, Broaden Permitted Uses and Provide Limits on Certain Uses through Updates to the Conditional Use Permit Thresholds. Environmental Review: CEQA Exemption 15061(b)(3) (FIRST READING: June 3, 2024 PASSED 7-0)
23. SECOND READING: Ordinance Amending Chapter 16.14 (California Green Building Standards, California Code of Regulations, Title 24, Part 11) of the Palo Alto Municipal Code to Adopt the 2022 Green Building Standards Code, Along With Local Modifications Related to Electrical Vehicle Charging Infrastructure Requirements and Building

DRAFT ACTION MINUTES

Electrification Requirements and an Ordinance Amending Chapter 16.17 (California Energy Code, California Code of Regulations, Title 24, Part 6) of the Palo Alto Municipal Code to Adopt the 2022 California Energy Code, Along with Local Modifications to Increase Energy Efficiency Standards for Buildings, Mandate Electric-Ready Requirements and Incentivize All-Electric New Construction. CEQA Status: Exempt under CEQA Guidelines Sections 15308 and 15061(b)(3) (FIRST READING: June 3, 2024 PASSED 6-1, Tanaka no and 7-0)

24. Adoption of a Resolution Approving an Initial Study/Mitigated Negative Declaration for Citywide Implementation of Fiber-to-the-Premises Project (FTTP), Including the Mitigation, Monitoring and Reporting Program; Approval of Purchase Order No. 4524000496 With Thermo Bond Buildings in an Amount Not to Exceed of \$339,076 for the Design, Build and Delivery of a Modular Building “Fiber Hut”; Authorization for the City Manager or Their Designee to Negotiate and Execute Change Orders in the Amount Not-to-Exceed of \$31,384 for Related Additional but Unforeseen Work That may Develop During the Project, for a Total Not-to-Exceed Amount of \$370,460 with Thermo Bond Buildings.
25. Approval of a Professional Services Contract Number C24188127 with Telecommunications Engineering Associates (TEA) in an Amount Not to Exceed \$834,882 for Public Safety Radio Network Maintenance and Construction for a Period of Five (5) Years; CEQA Status: Not a Project
26. Approval of Assignment and Assumption Agreement to transfer Baker Tilly US LLP’s contract to Baker Tilly Advisory Group, LP; CEQA – Not a Project
27. ~~Approval of: (1) Contract No. C24187724 with LensLock, Inc (Lenslock) for replacement of the police public contact audio/video system for a five (5) year term in an amount not to exceed \$1,128,225; and (2) Police Audio/Video Technology Surveillance Use Policy; CEQA status – categorically exempt. Item Removed Off Agenda and Placed on June 18, 2024 City Council Meeting.~~
- AA1. Adopt an Ordinance and Resolution Extending the Interim Parklet Program to the Car-Free Portion of Ramona Street through March 2025; CEQA status - categorically exempt
New Item added

City Manager Comments

Ed Shikada, City Manager

DRAFT ACTION MINUTES

Action Items

28. PUBLIC HEARING: Adoption of Budget Ordinance for Fiscal Year 2025, Including the Operating and Capital Budgets and Municipal Fee Schedule; Adoption of a Resolution determining the Appropriations Limit for Fiscal Year 2025; Acceptance of Updates to the Retiree Healthcare Actuarial Report; and Approval of Contributions for Retiree Healthcare Benefits

Council Member Veenker recused herself from certain Stanford-related elements of the budget, outlined in Attachment C of the report.

MOTION: Council Member Lythcott-Haims moved, seconded by Vice Mayor Lauing to approve the Stanford related items of the FY 2025 Budget as outlined in Attachment C of the Staff Report.

MOTION PASSED: 5-1-1, Tanaka no, Veenker recused

MOTION: Vice Mayor Lauing moved, seconded by Mayor Stone to call the question.

MOTION PASSED: 6-1, Tanaka no

MOTION: Council Member Veenker moved, seconded by Mayor Stone to:

1. Adopt the Fiscal Year 2025 Budget Ordinance (Attachment A), which includes:
 - a. City Manager's Fiscal Year 2025 Proposed Operating and Capital Budgets, previously distributed at the May 6 City Council Meeting (Attachment A, Exhibit 1)
 - i. Amend the Fiscal Year 2025 Budget Appropriation for the General Fund (requires a 2/3 vote) by:
 - A. Increasing expense appropriation for Human Services Resource Allocation Process (HSRAP) in the Community Services Department in the amount of \$58,000; and
 - B. Decreasing the Uncertainty Reserve by \$58,000.
 - b. Amendments to the City Manager's Fiscal Year 2025 Proposed Operating Budget (Attachment A, Exhibit 2)
 - c. Amendments to the City Manager's Fiscal Year 2025 Proposed Capital Budget (Attachment A, Exhibit 3)

DRAFT ACTION MINUTES

- d. Fiscal Year 2025 City Table of Organization (Attachment A, Exhibit 4); and
 - e. Fiscal Year 2025 Municipal Fee Changes (Attachment A, Exhibit 5) including Impact and In-Lieu Fees (Exhibit 6)
- 2. Accept the Fiscal Year 2025 – 2029 Capital Improvement Plan
 - 3. Adopt a Resolution determining the Appropriations Limit for Fiscal Year 2025 (Attachment B)
 - 4. Accept the June 30, 2023 biennial actuarial valuation of Palo Alto's Retiree Healthcare Plan and approve funding of the Actuarial Determined Calculation (ADC) for Fiscal Year 2025 and Fiscal Year 2026 with a two-year phase-in of the adjusted assumptions using the staff recommended funding level of \$19.4 million and affirm the continued practice of transmitting amounts at a lower 5.75 percent discount rate as an additional discretionary payment to the City's California Employers' Retiree Benefit Trust (CERBT) Fund (Attachment D)

MOTION PASSED: 6-1, Tanaka no

- 29. PUBLIC HEARING & PROPOSITION 218 HEARING: Finance Committee Recommends Adoption of Six Resolutions: 1) Approving the Fiscal Year 2025 Wastewater Collection Utility Financial Plan, Including Approval of a Short-Term Loan From the Fiber Optics Fund Reserve to the Wastewater Collection Fund Operations Reserve for Fiscal Year 2024, and Amending Wastewater Collection Rate Schedules S-1, S-2, S-6 and S-7; 2) Approving the Fiscal Year 2025 Water Utility Financial Plan, and Amending Water Rate Schedules W-1, W-2, W-3, W-4, and W-7; 3) Approving the Fiscal Year 2025 Gas Utility Financial Plan, and Amending Gas Rate Schedules G-1, G-2, G-3 and G-10; 4) Approving the Fiscal Year 2025 Electric Utility Financial Plan and Accepting the 2024 City of Palo Alto Electric Cost of Service and Rate Study, and Amending Electric Rate Schedules E-1, E-2, E-4, E-4 TOU, E-7, E-7 TOU, E-14, E-EEC-1, E-NSE-1, E-2-G, E-4-G and E-7-G; 5) Amending Utility Rate Schedules EDF-1 and EDF-2 to Increase Dark Fiber Rates 2.6 Percent; 6) Amending Utility Rate Schedule D-1 Increasing the Storm Water Management Fee by 2.6 Percent per Month per Equivalent Residential Unit for FY 2025; CEQA Status: Not a project under CEQA Guidelines Sections 15378(b)(4) and (5) and Exempt Under Section 15273(a)

MOTION: Vice Mayor Lauing moved, seconded by Council Member Burt to adopt the following:

- 1. For the Wastewater Collection Utility, a Resolution (Attachment A):
 - a. Approving the Wastewater Collection Utility Financial Plan for Fiscal Year (FY) 2025, including approval of a short-term loan from the Fiber Optics Fund Reserve to the Wastewater Collection Fund Operations Reserve not to exceed \$3,000,000

DRAFT ACTION MINUTES

for FY 2024; Amend the Fiscal Year 2024 Budget Appropriation Ordinance: In the Wastewater Collection Fund:

- i. Increase the Transfer In from the Fiber Optics Fund by \$3.0 million
 - ii. Increase the Ending Fund Balance by \$3.0 million; and
 - b. Amending the following Wastewater Collection Utility Rate Schedules to reflect increases effective July 1, 2024 (FY 2025):
 - i. S-1 (Residential Wastewater Collection and Disposal),
 - ii. S-2 (Commercial Wastewater Collection and Disposal),
 - iii. S-6 (Restaurant Wastewater Collection and Disposal), and
 - iv. S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger);
2. For the Water Utility, a Resolution (Attachment B):
 - a. Approving the FY 2025 Water Utility Financial Plan; and
 - b. Amending the following Water Rate Schedules to reflect increases effective July 1, 2024 (FY 2025):
 - i. W-1 (General Residential Water service),
 - ii. W-2 (Water Service from Fire Hydrants),
 - iii. W- 3 (Fire Service Connections),
 - iv. W-4 (Residential Master-Metered and General Non- Residential Water Service), and
 - v. W-7 (Non-Residential Irrigation Water Service);
3. For the Gas Utility, a Resolution (Attachment C):
 - a. Approving the Gas Utility Financial Plan FY 2025, which includes amending the Gas Utility Reserve Management Practices; and
 - b. Amending Gas Utility Rate Schedules FY 2025 to reflect increases effective July 1, 2024 (FY 2025):
 - i. G-1 Residential Gas Service,
 - ii. G-2 Residential Master-Metered and Commercial Gas Service,
 - iii. G-3 Large Commercial Gas Service, and G-10 Compressed Natural Gas Service); and
 - c. Transferring up to 14.5% of gas utility gross revenues received during FY 2023 to the General Fund in FY 2025.
4. For the Electric Utility, a Resolution (Attachment D):
 - a. Accepting the 2024 City of Palo Alto Electric Cost of Service and Rate Study;
 - b. Approving the Electric Utility Financial Plan FY 2025, which includes the following actions:
 - i. Amending the Electric Utility Reserves Management Practices, to direct staff to transfer to the CIP reserve, at the end of each fiscal year, any budgeted capital investment that remains unspent, uncommitted, and which is not proposed for reappropriation to the following fiscal year and to clarify how the Cap and Trade Program Reserve is adjusted each year.
 - ii. Approving the following transfers at the end of FY 2024:

DRAFT ACTION MINUTES

1. Up to \$20 million from the Electric Special Projects Reserve to the Supply Operations Reserve;
 2. Up to \$17 million from the Supply Operations Reserve to the Hydroelectric Stabilization Reserve;
 3. Up to \$58 million from the Supply Operations Reserve to the Distribution Operations Reserve; and
 - iii. Approving the following transfers in FY 2025:
 1. Up to \$26 million from the Distribution Operations Reserve to the Supply Operations Reserve;
 2. Up to \$30 million from the Supply Operations Reserve to the Electric Special Projects Reserve; and
 3. Up to \$5 million from the Distribution Operations Reserve to the CIP Reserve;
- c. Amending the following Electric Utility Rate Schedules effective July 1, 2024 (FY 2025):
 - i. E-1 (Residential Electric Service), E-2 (Small Non-Residential Electric Service), E-4 (Medium Non-Residential Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E-7 (Large Non-Residential Electric Service), E-7 TOU (Large Non-Residential Time of Use Electric Service) and E-14 (Street Lights), each by varying percentages depending on rate schedule and consumption with an overall revenue increase of 0.5% effective July 1, 2024;
 - ii. Decreasing the Net Surplus Electricity Compensation (E-NSE-1) rate to reflect 2023 avoided cost, effective July 1, 2024; and
 - iii. Decreasing the Export Electricity Compensation (E-EEC-1) rate to reflect current projections of FY 2025 avoided cost, effective July 1, 2024;
 - iv. Updating the Residential Master-Metered and Small Non-Residential Green Power Electric Service (E-2-G), the Medium Non-Residential Green Power Electric Service (E-4-G), and the Large Non-Residential Green Power Electric Service (E 7 G) rate schedules to reflect modified distribution and commodity components, effective July 1, 2024.
5. A Resolution (Attachment E) Amend the Fiscal Year 2024 Budget Appropriation Ordinance: In the Fiber Optics Fund:
 - i. Increase the Transfer Out to the Wastewater Collection Fund by 3.0 million
 - ii. Decrease the Ending Fund Balance by \$3.0 million; and amending Fiber Optic Utility Rate Schedules EDF-1 and EDF-2 to increase Dark Fiber Rates 2.6 percent effective July 1, 2024, consistent with the applicable Consumer Price Index;
6. A Resolution (Attachment F) amending Storm Water Management Fee Rate Schedule D-1 to increase the Storm Water Management Fee by 2.6 percent effective July 1, 2024, consistent with the applicable Consumer Price Index.

MOTION PASSED: 6-1, Tanaka no

DRAFT ACTION MINUTES

30. Approve Retention of the Current Western Area Power Administration (WAPA) Hydroelectricity Base Resource Contract Allocation From 2025-2030; CEQA Status: Not a Project.

MOTION: Council Member Burt moved, seconded by Council Member Veenker to keep the City of Palo Alto's full share of its allocated hydroelectric resource under the current hydroelectricity supply contract, the 2025 Base Resource Contract from Sierra Nevada Region of the Western Area Power Administration (2025 WAPA Contract), as approved by Council in February of 2021 ([Staff Report #116791](#)).

Note: No action from City Council is required to remain in the contract at the current resource allocation percentage (12.06299%). Staff will revisit project financial impact in 2029 and make a recommendation for the period of 2030 through 2034. The decision to reduce the contract allocation or terminate the contract will be revisited every five years until the last termination opportunity in 2049.

MOTION PASSED: 7-0

31. Discussion Regarding Caltrans' Repaving Project on El Camino Real Replacing Existing Parking with Bicycle Lanes, Authority for Staff to Make Adjustments to the Residential Preferential Parking Permit Programs and Return to Council on Consent if Needed, Authority for Staff to Enter into Agreements As Needed to Provide Temporary Safe Parking Along the Corridor in Palo Alto, and Approval of a Resolution Supporting the Removal of On-Street Parking for this Project; CEQA status – categorically exempt.

Item continued to June 18, 2024 Special City Council Meeting.

Adjournment: The meeting was adjourned at 11:18 P.M.

DRAFT ACTION MINUTES

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with [Ordinance No. 5423](#), the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City's website.