EAST PALO ALTO CITY COUNCIL
REGULAR SESSION AMENDED AGENDA

Tuesday, October 20, 2026, 6:00 PM
EPA Government Center
2415 University Avenue, First Floor
East Palo Alto, CA 94303

NOTICE

This meeting will be held virtually and in- person at the Council Chambers located on 2415 University Ave, First Floor East Palo Alto, CA 94303. The virtual portion of this City Council meeting will be conducted in accordance with City of East Palo Alto Resolution adopted pursuant to Assembly Bill 361.

The public may participate in the City Council Meeting via Zoom Meeting or by attending in-person in the Council Chambers at 2415 University Ave, First Floor East Palo Alto, CA 94303. Community members may provide comments by emailing cityclerk@cityofepa.org, submitting a speaker card at the meeting, or using the **RAISE HAND** feature when the Mayor or City Clerk call for public comment. Emailed comments should include the specific agenda item on which you are commenting.

Please click this URL to join

https://us06web.zoom.us/j/87883753030

Or join by phone:
Dial (for higher quality, dial a number based on your current location):
US: +1 669 900 6833 or
+ 1 346 248 7799 or
+ 1 253 215 8782 or
+ 1 312 626 6799 or
+ 1 929 205 6099 or
+ 1 301 715 8592

Webinar ID: 878 8375 3030

International numbers available: https://zoom.us/u/aMWYF4KT

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1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE AGENDA

3. APPROVAL OF CONSENT CALENDAR

3.1 Award Contract for Street Sweeping Services

Recommendation: Adopt a resolution authorizing the City Manager to award to and negotiate and execute an agreement with SCA of CA, LLC (SCA), in a form approved by the City Attorney, for a term of three years, with the option for two (2), one-year extensions, in an amount not-to-exceed $417,982.75.

3.2 City Council Meeting Minutes

Recommendation: Adopt September 1, 2026, City Council Meeting minutes for the Regular and Special Meeting

3.3

Proclamation Of the City of East Palo Alto Joining America the Entrepreneurial and Celebrating East Palo Alto the Entrepreneurial

Recommendation: Accept the proclamation.

3.4 Award IT Consulting Agreements with Altioras Civic Consulting Corp. for City Website, Intranet and Consulting Assistance and with Apogee Global RMS for vCISO Support Services

Recommendation: Adopt a resolution:

1. Authorizing the City Manager to award, negotiate, and execute an agreement, in a form approved by the City Attorney, with Altioras Civic Consulting Corp. for City Website, Intranet and Consulting Assistance up to one hundred and twenty-nine thousand, five hundred dollars ($129,500) through June 30, 2028; and
2. Authorizing the City Manager to amend the City Website, Intranet and Consulting Assistance project contract after execution for any change orders needed up to ten percent over the contract amount, which in any case would not exceed one hundred and forty-two thousand, four hundred and fifty dollars ($142,450); and
3. Authorizing the City Manager to award, negotiate, and execute an agreement, in a form approved by the City Attorney, with Apogee Global RMS for vCISO Support Services up to three hundred fifty thousand dollars ($350,000) through December 31, 2031; and
4. Finding that the proposed actions do not constitute a “project” with the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

3.5 Response to the 2025–2026 San Mateo County Civil Grand Jury Report, "Is Our Flock of ALPR Cameras Properly Tended?"

Recommendation: Adopt a resolution:

1. Authorizing the Mayor to execute, and the City Manager to submit, the City's response to the 2025–2026 San Mateo County Civil Grand Jury report titled "Is Our Flock of ALPR Cameras Properly Tended?"; and
2. Finding that action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(5), in that it is a government administrative activity that will not result in direct or indirect changes in the environment.

4. CLOSED SESSION

5. PUBLIC COMMENT

6. ADJOURN CITY COUNCIL MEETING AND RECONVENE TO THE EAST PALO ALTO SANITARY DISTRICT MEETING

7. EPASD CONSENT CALENDAR 7.1

Cash Disbursement Report for August 2026

Recommendation:

Accept the cash disbursement report required pursuant to California Health and Safety Code Section 6794.

8. EPASD POLICY AND ACTION

8.1 Addendum 2 to Palo Alto RWQCP Partner Agreement

Recommendation: EPASD Board adopt a resolution to amend the partner agreement between EPASD and the Palo Alto RWQCP with the proposed Addendum 2 presented here within.

9. EPASD PUBLIC COMMENT

10. ADJOURN EAST PALO ALTO SANITARY DISTRICT BOARD MEETING AND RECONVENE TO THE CITY COUNCIL MEETING

11. INFORMATIONAL REPORTS

11.1 Measure JJ Anti-Displacement Program Utilization Report

Recommendation:

Receive special presentations from WeHOPE, Community Legal Services of East Palo Alto (CLSEPA) and Legal Aid Society of San Mateo County (Legal Aid SMC), Samaritan House, and East Palo Alto Community Alliance and Neighborhood Development Organization (EPACANDO) on the use of Measure JJ anti-displacement funds, launched in 2026.

12. SPECIAL PRESENTATIONS

12.1 Youth Commission Introductions

Recommendation: Introduce the inaugural members of the Youth

Commission **12.2 Reimagine Dumbarton Presentation**

Recommendation: Receive an update from Samtrans staff on the Reimagine Dumbarton project

13. POLICY AND ACTION

13.1 Rent Stabilization Board Appointments

Recommendation: Make board/committee appointments to the Rent Stabilization Board (RSB); and appoint applicants for Regular or Alternate Seats for the body using the selection process recommended by staff.

14. PUBLIC HEARINGS

14.1 Inclusionary Housing Alternative Compliance Option for West Bayshore-Newell Improvements at Woodland Park ("West Bayshore-Newell Improvements") Residential Project at 1-9 Newell Court, APNs 063-513-820, 063-513-880, and additional locations, described herein.

Recommendation: Adopt a resolution:

1) Finding and determining that the proposed alternative, as set forth in Attachment 2 of the staff report, for the West Bayshore-Newell Improvements residential development project at 1-9 Newell Court (APNs 063-513-820 and 063-513-880) and other locations described herein ("Project"), to provide 124 rental units, deed-restricted at 80 percent of Area Median Income ("AMI") meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons

offered by the applicant or other substantial evidence provided at the public hearing;

2) Providing direction on the replacement of rent-stabilized units that are or were occupied by households with incomes above lower income, as authorized by California Government Code Section 65915(c)(3)(C), by selecting one of the following options:

a. Require that each such unit be replaced with a unit of equivalent size that is made available at affordable rent to, and occupied by, low-income households, subject to a recorded regulatory agreement with a term of at least 55 years under Government Code Section 65915(c)(3)(C)(i), and in perpetuity to the extent required by EPAMC Section 18.48.220(D); or

b. Require that each such unit be replaced as a unit subject to the City's Rent Stabilization Ordinance ("RSO"), EPAMC Chapter 14.04, under a recorded regulatory agreement with the City as required by EPAMC Section 18.48.220(D), as described in the Analysis section of this report; and

3) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under state law and as such are not subject to local agency discretion; and

4) Finding that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

14.2 Inclusionary Housing Alternative Compliance Option for the O'Keefe-Manhattan Improvements at Woodland Park ("O'Keefe-Manhattan Improvements") Residential Project at 300 O'Keefe Street, APN 063-441-240, and additional locations, described herein.

Recommendation: Adopt a resolution:

1) Finding and determining that the proposed inclusionary housing alternative, as set forth in Attachment 2 of the staff report, for the O'Keefe-Manhattan Improvements residential development project at 300 O'Keefe Street, APN 063-441-240, and additional locations described herein ("Project"), to provide 172 rental units, deed-restricted at 80% of Area Median Income ("AMI"), meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing.

2) Providing direction on the replacement of rent-stabilized units that are or were occupied by households with incomes above lower income, as authorized by California Government Code Section 65915(c)(3)(C), by selecting one of the following options:

a. Require that each such unit be replaced with a unit of equivalent size that is made available at affordable rent to, and occupied by, low-income households, subject to a recorded regulatory agreement with a term of at least 55 years under Government Code Section 65915(c)(3)(C)(i), and in perpetuity to the extent required by EPAMC Section 18.48.220(D); or

b. Require that each such unit be replaced as a unit subject to the City's Rent Stabilization Ordinance ("RSO"), EPAMC Chapter 14.04, under a recorded regulatory agreement with the City as required by EPAMC Section 18.48.220(D), as described in the Analysis section of this report; and

3) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under state law and as such are not subject to local agency discretion; and

4) Finding that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

16. COUNCIL REPORTS

17. ADJOURNMENT

This AGENDA is posted in accordance with Government Code Section 54954.2(a)

This Notice of Availability of Public Records: All public records relating to an open session item which are not exempt from disclosure pursuant to the Public Records Act, that are distributed to the majority of the City Council will be available for public inspection at the City Clerk's Office, 2415 University Avenue, East Palo Alto, CA at the same time that the public records are distributed or made available to the City Council. Such documents may also be available on the East Palo Alto website www.cityofepa.org subject to staff's ability to post the documents prior to the meeting. Information may be obtained by calling (650) 853-3100.

The City Council meeting packet may be reviewed by the public in the Library or the City Clerk's Office. Any writings or documents pertaining to an open session item provided to a majority of the City Council less than 72 hours prior to the meeting, shall be made available for public inspection at the front counter at the City Clerk's Office, 2ND Floor, City Hall, 2415 University Avenue, East Palo Alto, California 94303 during normal business hours. Information distributed to the Council at the Council meeting becomes part of the public record. A copy of written material, pictures, etc. should be provided for this purpose.

East Palo Alto City Council Chambers is ADA compliant. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office at (650) 853-3127 no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

DECLARATION OF POSTING

This Notice is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website. Under penalty of perjury, this Agenda was posted to the public at least 72 hours prior to the meeting.

POSTED: October 9, 2026
AMENDED: October 15, 2026

ATTEST:

James Colin
City Clerk

Upcoming meetings:

Special Meeting	November 10, 2026	6:00 PM
Regular Meeting	November 17, 2026	6:00 PM
Regular Meeting	December 1, 2026	6:00 PM

CONSENT ITEM 3.1

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Humza Javed, Public Works Director
Diana Tran, Environmental Services Aide

SUBJECT: Award of Contract for Street Sweeping Services

Recommendation

1. Adopt a resolution authorizing the City Manager to award to and negotiate and execute an agreement with Sweeping Corporation of America of CA, LLC (SCA), in a form approved by the City Attorney, for a term of three years, with the options for two one-year extensions (with Council likewise delegating authority to the City Manager for such optional extensions), in an annual amount not-to-exceed $417,982.75 (plus possible requested CPI in future years); and
2. Find that the proposed action is categorically exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301(c)(1) and 15308

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Public Health, Safety, and Quality of Life
Priority: Public Infrastructure and Utilities

Background

Federal regulations outlined in the Clean Water Act (1972) and the ensuing National Pollution Discharge and Elimination System (NPDES) require municipalities to prevent pollution from entering U.S. waters. To keep streets clean of debris, prevent pollutants from entering storm drains and receiving waters, and meet federal, State, and regional stormwater regulatory requirements, the City of East Palo Alto began utilizing street sweeping services in 1992.

Sweeping Corporation of America of CA, LLC (SCA) is the current street sweeping contractor for the City of East Palo Alto and has had a contract with the City since January 2, 2017. The most recent contract with SCA was awarded on January 2, 2023, for an annual not-to-exceed amount of $361,750 and would have expired on December 31, 2025; however, an amendment was authorized by the City Council to extend the contract term to December 31, 2026.

The purpose of this staff report is to recommend the selection of SCA as the citywide street sweeping service contractor.

Analysis

Proposal Review

City staff released a request for proposals (RFP) in accordance with its purchasing policy through an advertisement on August 31, 2026, and shared the RFP link with the trade journals. The RFP closed on September 21, 2026, and the City received one proposal in response.

Public Works staff have worked with SCA during the current contract term. Although there are occasional complaints from residents regarding sweeping quality, the contractor tends to address the issues and respond to the complaints in a timely manner. Staff is generally satisfied with SCA's work for the following reasons:

- This contractor was able to complete the work within the allocated funds;
- Excellent responsiveness and consistent high-quality customer service;
- Experienced and licensed staff, with regular trainings for operators and drivers;
- Excellent equipment maintenance and noted responsiveness to replacement of equipment or driver exchange if issues arise;
- Verifiable quality assurance standards, including GPS-supported route accountability and daily route monitoring.

Summary of Contract Terms

City staff proposes, and the SCA representative agrees, to substantially the following terms which will be included in the final contract language:

- Service will begin on January 1, 2027 (following expiration of the prior contract extension);
    - Contract duration is for three years, with an option of two, one-year extensions at the City Manager's request and upon mutual agreement consistent with the attached resolution;
- Cost of service shall be $349,982.75 per year for routine street sweeping services (including debris disposal), and up to $417,982.75 per year with additional services such as unscheduled service, emergency service, and emergency debris removal. There is an option for the contractor to request an annual increase consistent with the current Consumer Price Index, upon fulfillment of the contract terms;

- The contract shall be subject to the payment of prevailing wages, per State law;
- Contractor shall sweep streets according to the schedule provided in the RFP which is located at the following link: <https://www.cityofepa.org/sites/default/files/fileattachments/public_works/page/25356/street_sweeping_rfp.pdf >;
- The sweeping schedule may be amended by the City by written agreement with a minimum two week advance notification to contractor;
- Street sweeping shall be verified by City audit and contractor quality assurance of 95% effectiveness and timeliness;
- Contractor shall dispose of all waste associated with fulfilling the terms of the contract;
- Contractor shall provide all water necessary to fulfill the terms of the contract without the need for potable water provided by the City of East Palo Alto;
- Contractor shall ensure adequate dust control by means of no visible airborne dust;
- Performance Measures shall be indicated in the following parameters:
    - All equipment used shall be in compliance with the Bay Area Air Quality Management District (BAAQMD) by providing the City with equipment that meets or exceeds air quality standards set forth in the Mobile Source Compliance Plan, upon final adoption;
    - All vehicles shall be equipped with Global Positioning Satellite (GPS) systems provided real-time data monitored by SCA dispatchers; tracks including time, date, and vehicle speed and location shall be provided to the City within 24 hours of request;
    - Back-up equipment and personnel shall be available at all normally scheduled sweeping times;
    - When the City has provided the Contractor with more than 5 complaints of a similar nature in a thirty-day period, Contractor shall provide the City with an assessment of complaint trends, and offer solutions for resolving the matter;
    - If the City indicates that there is a potential concern regarding equipment or personnel, Contractor shall seek to address the concern(s) in a meaningful way, such as replacement of equipment that does not provide excellent sweeping capability or replacement of a driver that is not fulfilling the duties as specified in the contract in a respectful and courteous manner;
    - Contractor shall provide the City with the following information regarding Supervisors and Street Sweeper Operators/Drivers, including back-ups:
        - Introduce all employees working in the City to the staff person(s) responsible for contract management prior to providing service in the City;
        - Inform City staff of training schedule and release to independent duty once training is completed;
        - Provide written notice to staff within 24 hours of an emergency staffing change, or 24 hours prior to a new or replacement driver working in the City;
        - Provide at least once-a-month meetings with the City staff person to assess performance and seek ways to improve service;
    - Provide monthly service reports indicating any late or missed routes, challenges identified during the sweeping route (such as illegal dumping, obstacles in the roadway, equipment failure, etc);

- Offer twenty-four hour telephone availability for emergency sweeping requests, along with immediate dispatch, as necessary;
- Monthly solid waste disposal tonnage reporting;
- Written response to complaints within 24 hours.

Fiscal Impact

The cost of this service is $349,982.75 in Calendar Year 2027 for base sweeping services, including debris disposal, and up to $417,982.75 in Calendar Year 2027 with additional services such as unscheduled service, emergency service, or emergency debris removal. This first half of this cost is included in the Public Works Environmental Division budget for FY 2026/2027.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The proposed action is categorically exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301(c)(1), as it involves "cleaning and other maintenance" of existing streets, sidewalks, gutters, and similar facilities. No improvements are proposed within the existing right of way and no expansion will occur of existing facilities. As a separate and independent basis, this action is exempt from CEQA pursuant to CEQA Guidelines section 15308 in that implementation of the agreement constitutes maintenance, restoration, enhancement or protection of natural resources and the environment.

Government Code § 84308

Applicability of Levine Act: No, as the contract was competitively bid.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO

AUTHORIZING THE CITY MANAGER TO AWARD, NEGOTIATE, AND EXECUTE A CONTRACT WITH SWEEPING CORPORATION OF AMERICA FOR CITY-WIDE STREET SWEEPING SERVICES FOR A TERM OF THREE YEARS WITH THE OPTION FOR TWO ONE-YEAR EXTENSIONS (AUTHORIZING THE CITY MANAGER SUCH OPTIONAL EXTENSION AUTHORITY AS WELL) AT A COMPENSATION RATE OF UP TO $417,982.75 PER YEAR

WHEREAS, the current street sweeping contract for the City of East Palo Alto expires on December 31, 2026; and

WHEREAS, the City of East Palo Alto issued a request for proposals (RFP) based on a scope of services necessary to clean the City streets and eliminate the potential of litter and debris from entering the City's storm drain system and the nations' waterways; and

WHEREAS, the City of East Palo Alto advertised the RFP on August 31, 2026, and received one proposal from Sweeping Corporation of America (SCA); and

WHEREAS, SCA is the current street sweeping provider for the City of East Palo Alto and has been effectively providing services to the City since 2017; and

WHEREAS, staff has negotiated the Calendar Year 2027 cost of this service up to an amount of $417,982.75, with possible requested CPI increases in future years.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action;

2. Authorizes the City Manager to execute a contract with SCA for citywide street sweeping services for a term of three years with the option for two one-year extensions (with Council likewise delegating authority to the City Manager for such optional extensions) at a Calendar Year 2027 compensation rate not –to exceed $417,982.75, allowing possible requested CPI increases in future years; and

3. Finds the proposed action is categorically exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301(c)(1), as it involves "cleaning and other maintenance" of existing streets, sidewalks, gutters, and similar facilities. No improvements are proposed within the existing right of way and no expansion will occur of existing facilities. As a separate and independent basis, this action is exempt from CEQA pursuant to CEQA Guidelines section 15308 in that implementation of the agreement constitutes maintenance, restoration, enhancement or protection of natural resources and the environment.

PASSED AND ADOPTED this 20th day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

James Colin, City Clerk

APPROVED AS TO FORM:

John Le, City Attorney

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: City Council Meeting Minutes

Recommendation

Adopt October 6, 2026, City Council Meeting Minutes.

Attachments

1. October 6, 2026, City Council Meeting Minutes.

EAST PALO ALTO CITY COUNCIL
REGULAR MEETING ACTION MINUTES

Tuesday, October 6, 2026, 6:00 PM
EPA Government Center
2415 University Avenue, First Floor
East Palo Alto, CA 94303

1. CALL TO ORDER AND ROLL CALL

Mayor Lincoln called the East Palo Alto City Council Regular Meeting to order at 6:07 PM. City Clerk James Colin read a written statement from Vice Mayor Abrica regarding his absence following the passing of his brother, Miguel “Mike” Acosta. City Clerk James Colin confirmed a quorum was present.

Attendee Name	Title	Status	Arrived
Webster Lincoln	Mayor	Present	
Ruben Abrica	Vice Mayor	Absent	
Carlos Romero	Councilmember	Present	
Mark Dinan	Councilmember	Present	
Martha Barragan	Councilmember	Absent	

2. APPROVAL OF THE AGENDA

Motion by Mayor Lincoln, seconded by Councilmember Dinan, to approve the agenda. Motion carried 3-0 by voice vote (Ayes: Lincoln, Dinan, Romero; Noes: None; Absent: Abrica, Barragan).

3. APPROVAL OF CONSENT CALENDAR

Items 3.9 and 3.11 were pulled for separate consideration. No public comment was received on the remaining items.

Motion by Councilmember Dinan, seconded by Councilmember Romero, to approve the Consent Calendar, excluding Items 3.9 and 3.11. Motion carried 3-0 by voice vote (Ayes: Lincoln, Dinan, Romero; Noes: None; Absent: Abrica, Barragan).

Consent Calendar Items:

3.1 Monthly Cash Treasury Report for August 2026

3.2 First Contract Amendment for the O'Connor Pump Station Phase I

3.3 On-Call Emergency Contract Services for storm response

3.4 FY 2026-27 Personnel Update

3.5 Breast Cancer Awareness Month Proclamation

3.6 Proclamation for Native American Day

3.7 Proclamation for Age Up Day

3.8 Authorize Contracts for On-call Temp Agency (22nd Century and Robert Half)

3.10 City Council Meeting Minutes

3.9 Proclamation for Domestic Violence Awareness Month

The proclamation declaring October 2026 Domestic Violence Awareness Month was read and presented to Robin Jensen, Manager of Prevention and Community Engagement, Communities Overcoming Relationship Abuse (CORA).

Public comment: Gail Dixon.

Motion by Councilmember Romero, seconded by Councilmember Dinan, to approve the proclamation. Motion carried 3-0 by voice vote (Ayes: Lincoln, Dinan, Romero; Noes: None; Absent: Abrica, Barragan).

3.11 Proclamation for the Day of Remembrance

Mayor Lincoln read the proclamation recognizing October 7, 2026, as a day of remembrance in East Palo Alto. Public comment was limited to one minute per speaker.

Public comment: Batool Zaro, Rami, Ravneel, Mia O'Brien, Luis Rosas, Elaine Elbizel, Syna Saberi, Elle, Anna Stepanenko, Adti, Robin, Igal, Yuval, Hagid, Mario, Gail Dixon, Liban Sheik, Hibah, L

In response to a question from Councilmember Romero, the City Attorney advised that Municipal Code Section 2.08.080 requires the concurrence of a majority of all Councilmembers, or three affirmative votes, for Council action.

Motion by Councilmember Dinan, seconded by Mayor Lincoln, to approve the proclamation. Motion failed 2-1 by voice vote (Ayes: Lincoln, Dinan; Noes: Romero; Absent: Abrica, Barragan). The City Clerk advised that the motion did not receive the three affirmative votes required under Municipal Code Section 2.08.080. The City Attorney noted the Council may reconsider the matter at a later date.

4. CLOSED SESSION

None.

5. PUBLIC COMMENT

Public comment was limited to two minutes per speaker. The following individuals addressed the Council: Gail Dixon, Luis Rosas, Mario, Ravneel, Raymond Goins, Isaac Stevenson,

Zaineb, Avram Finkelstein, James Aziz, Moran, David Reiber, Ayesha Raymond, Rebecca Eisenberg, Mojgan M., Taylor.

No action was taken.

6. ADJOURN CITY COUNCIL MEETING AND RECONVENE TO THE EAST PALO ALTO SANITARY DISTRICT MEETING

Not reached.

7. EPASD CONSENT CALENDAR

7.1 Cash Disbursement Report for August 2026

Continued to the October 20, 2026 regular meeting, if agendized.

8. EPASD POLICY AND ACTION

8.1 Addendum 2 to Palo Alto RWQCP Partner Agreement

Continued to the October 20, 2026 regular meeting, if agendized.

9. EPASD PUBLIC COMMENT

Not reached.

10. ADJOURN EAST PALO ALTO SANITARY DISTRICT BOARD MEETING AND RECONVENE TO THE CITY COUNCIL MEETING

Not reached.

11. SPECIAL PRESENTATIONS

11.1 Youth Commission Introductions

Continued to the October 20, 2026 regular meeting, if agendized.

12. POLICY AND ACTION

12.1 Rent Stabilization Board Appointments

Continued to the October 20, 2026 regular meeting, if agendized.

13. INFORMATIONAL REPORTS

13.1 Citywide Lighting Assessment Project

Continued to the October 20, 2026 regular meeting, if agendized.

13.2 Code Enforcement Update

Continued to the October 20, 2026 regular meeting, if agendized.

13.3 Update on the City's SAFER Bay Project

Continued to the October 20, 2026 regular meeting, if agendized.

14. PUBLIC HEARINGS

14.1 Inclusionary Housing Alternative Compliance Option for West Bayshore-Newell Improvements at Woodland Park ("West Bayshore-Newell Improvements") Residential Project at 1-9 Newell Court, APNs 063-513-820, 063-513-880, and additional locations, described herein

Continued to October 20, 2026, as noticed on the amended agenda.

14.2 Inclusionary Housing Alternative Compliance Option for the O'Keefe-Manhattan Improvements at Woodland Park ("O'Keefe-Manhattan Improvements") Residential Project at 300 O'Keefe Street, APN 063-441-240, and additional locations, described herein

Continued to October 20, 2026, as noticed on the amended agenda.

15. COUNCIL REPORTS

Not reached.

16. ADJOURNMENT

Due to a family emergency that would have left the Council without a quorum, Mayor Lincoln adjourned the meeting at 7:39 PM. Items not heard were continued to the October 20, 2026 regular meeting, if agendized, subject to confirmation by the Agenda Committee.

The next regular meeting is scheduled for Tuesday, October 20, 2026, at 6:00 PM.

CONSENT ITEM 3.3

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Proclamation Of the City of East Palo Alto Joining America the Entrepreneurial and Celebrating East Palo Alto the Entrepreneurial

Recommendation

Present the Proclamation for Joining America the Entrepreneurial and Celebrating East Palo Alto the Entrepreneurial

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO JOINING AMERICA THE ENTREPRENEURIAL AND CELEBRATING EAST PALO ALTO THE ENTREPRENEURIAL

WHEREAS, as America marks its 250th startup birthday in 2026, we must celebrate the entrepreneurial spirit that built our nation, states, and cities, forged by starters, makers, doers, and dreamers who pursued a better future; and

WHEREAS, the American Dream is at risk, and because America belongs to the living generation, it is our turn to renew the nation's entrepreneurial spirit; and

WHEREAS, entrepreneurs are essential to fostering economic prosperity, creating homegrown jobs, raising incomes, generating wealth, building stronger communities, diversifying goods and services, and reducing inequality and poverty; and

WHEREAS, each of us has the power to be a Founder of our nation's future, and we encourage every resident to take action that builds a more perfect union; and

WHEREAS, entrepreneurs have played a critical role in revitalizing East Palo Alto, and it is fitting to publicly recognize and celebrate the vital contributions of entrepreneurs to the prosperity and well-being of our community;

NOW, THEREFORE, BE IT RESOLVED that I, **Webster Lincoln, Mayor of the City of East Palo Alto**, together with the City Council, do hereby proclaim that the City of East Palo Alto will join **"America the Entrepreneurial"** and take actions to encourage more entrepreneurship across our city; and

BE IT FURTHER PROCLAIMED that the City of East Palo Alto shall celebrate its entrepreneurs and entrepreneurial spirit throughout 2026 as **"East Palo Alto the Entrepreneurial"** during our nation's 250th startup birthday year.

Date: October 20, 2026

Webster Lincoln, Mayor

CONSENT ITEM 3.4

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Regina Rubier, Assistant to the City Manager
Jimmie Tulabing, IT Manager
Shiri Klima, Assistant City Manager

SUBJECT: Award IT Consulting Agreements with Altioras Civic Consulting Corp. for City Website, Intranet and Consulting Assistance and with Apogee Global RMS for vCISO Support Services

Recommendation

Adopt a resolution:

1. Authorizing the City Manager to award, negotiate, and execute an agreement, in a form approved by the City Attorney, with Altioras Civic Consulting Corp. for City Website, Intranet and Consulting Assistance up to one hundred and twenty-nine thousand, five hundred dollars ($129,500) through June 30, 2028; and

2. Authorizing the City Manager to amend the City Website, Intranet and Consulting Assistance project contract after execution for any change orders needed up to ten percent over the contract amount, which in any case would not exceed one hundred and forty-two thousand, four hundred and fifty dollars ($142,450); and

3. Authorizing the City Manager to award, negotiate, and execute an agreement, in a form approved by the City Attorney, with Apogee Global RMS for vCISO Support Services up to three hundred fifty thousand dollars ($350,000) through December 31, 2031; and

4. Finding that the proposed actions do not constitute a “project” with the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority No. 3: Governance, Organizational Strength, and Fiscal Sustainability

Executive Summary

In the spring, the City Council approved the City's Five-Year Information Technology Strategic Plan, which included various Information Technology ("IT") projects mapped out over the coming five years to improve City services and increase cybersecurity. With existing IT staff focused primarily on essential day-to-day operations and technology needs, and with the need for some levels of expertise most small cities do not have in-house, staff prepared and posted two requests for proposals ("RFPs") listing projects being outsourced in year one in order to advance strategic initiatives without disrupting ongoing services. After reviewing proposals and holding interviews, staff recommends award of contracts for the City Website, Intranet and Consulting Assistance Project and for virtual Chief Information Security Officer ("vCISO") Support Services. Staff will return in the future to request award of the remaining year one outsourced projects.

Background

On April 7, 2026, the City Council approved the City's Five-Year Information Technology Strategic Plan ("IT Strategic Plan," available starting on page 93 of https://d3n9y02raazwpg.cloudfront.net/cityofepa/85398a9a-d23b-11f0-bb28-005056a89546-3408cd31-ecd7-4429-9d91-65986d552499-1775610342.pdf), establishing a framework for modernizing the City's technology infrastructure, increasing cybersecurity, and strengthening its internal operational systems. The IT Strategic Plan identifies several initiatives intended to improve the City's ability to manage data, support employees, and increase organizational efficiency, and most importantly, enhance public services.

Among the initiatives identified in the IT Strategic Plan is the need to modernize the City's website in anticipation of the State's 2028 accessibility requirements (A4), develop an internal intranet (A4.1), and address a variety of cybersecurity needs. The aforementioned projects are to commence in Year 1 of the IT Strategic Plan, which begins in Fiscal Year 2026-27. On June 16, 2026, the City Council adopted the Fiscal Year 2026-27 Annual Budget, which included funding and/or resources to advance these projects and a host of smaller cybersecurity fixes lumped together.

Analysis

On July 28 and 29, 2026, staff published two RFPs listing a variety of IT projects as well as generally cybersecurity needs. The proposals for the projects were due on August 24, 2026, and the proposals for the cybersecurity consultant were due on August 26, 2026.

These services were competitively solicited under Article IV of the City's Purchasing Ordinance (East Palo Alto Municipal Code Chapter 2.84) and Resolution No. 11-2025. The City Website, Intranet and Consulting Assistance contract falls within the Tier 2 services range (over $75,000

and up to $220,000), and the vCISO contract, measured by its total value, falls within the Tier 3 services range (over $220,000); each therefore carries City Council award authority. Notice of each RFP was posted and published more than the minimum period before proposals were due (at least 10 days for Tier 2 and 15 days for Tier 3) as required by Municipal Code Sections 2.84.540 and 2.84.550.

Municipal Code Sections 2.84.540 and 2.84.550 also require staff to publish RFPs in relevant trade journals in order to get the message out to many possible proposers. In this case, staff instead published the projects RFP on the Municipal Information Systems Association of California (MISAC) website, which brought in many projects proposals, and some of these vendors also proposed regarding the vCISO RFP. Additionally, the City's IT Manager advised all vendors who separately inquired about the security initiatives in the City's IT Strategic Plan to monitor the City's website for updates on the vCISO RFP. Staff received a total of 69 timely proposals, 38 of which are for the City Website, Intranet and Consulting Assistance Project and for Virtual Chief Information Security Officer ("vCISO") Support Services.

A. The City Website, Intranet and Consulting Assistance Project

The City's website is outdated and currently bogged down with a lot of outdated information and links that no longer work. It does not make easily available the most commonly sought information, and it does not utilize modern technology to further simplify such searches. Additionally, the absence of a centralized intranet limits the City's ability to efficiently communicate internal information and provide employees with consistent access to policies, procedures, forms, templates, and other resources. A centralized intranet would provide a common location for internal information and help reduce the amount of time staff spend locating and sharing documents and information across departments. Thus, this project requires both updating our current website and creating an Intranet.

The City received eight proposals for the City Website, Intranet and Consulting Assistance Project (Project numbers A4 and A4.1 in the IT Strategic Plan). The IT Manager, City Clerk and Assistant City Manager, along with Daly City's Information Services Manager, read all proposals for this project and scored them on a rubric that allowed up to thirty points for the approach and work plan, thirty points for the firm and team members' qualifications, twenty points for cost and overall value, and twenty points for responsiveness and deliverables' quality. The final average scores ranged from 66 to 81, and staff then interviewed the top three proposers.

Staff now recommends that the City Council authorize the City Manager to award, negotiate, and execute an agreement with Altioras Civic Consulting Corp. for a not-to-exceed amount of one hundred and twenty-nine thousand, five hundred dollars ($129,500). In its proposal and interview, Altioras demonstrated a thorough plan to evaluate website platform options (plus critical experience with our currently preferred platform), to sort through the City's current website pages to determine relevance and use, and to remove all dead links. The team members have strong experience in website production and the use of AI to speed that process. The

proposal included a clear timeline on deliverables, and the company offered a competitive price for completing the project. For these reasons, staff recommends this consultant for the City Website, Intranet and Consulting Assistance project.

Furthermore, staff needs up to a ten percent contingency for the project in the amount of twelve thousand, nine hundred and fifty dollars ($12,950). Staff recommends that the City Council authorize the City Manager to amend the contract as necessary for any change orders needed up to this extra ten percent contingency. The City Manager's authority to amend this contract would not exceed one hundred and forty-two thousand, four hundred and fifty dollars ($142,450).

If the City Council takes the recommended action, staff expects this project to commence immediately after a contract is signed with the consultant and for the project to be completed by fall of 2027.

B. Virtual Chief Information Security Officer ("vCISO") Support Services

A virtual Chief Information Security Officer ("vCISO") is an independent consultant engagement that provides strategic security leadership and supports implementation of the cybersecurity projects in the IT Strategic Plan over the coming five years.

The City received thirty timely proposals for the vCISO Support Services (which does not have a Project Number in the IT Strategic Plan but rather oversees many cybersecurity projects listed in that plan). Menlo Park's IT Manager, Daly City's Information Services Manager, Pacifica's Information Systems and Technology Manager, and East Palo Alto's IT Manager read all proposals for this project and scored them on a rubric that allowed up to thirty points for the approach and work plan, thirty points for the firm and team members' qualifications, twenty points for cost and overall value, and twenty points for responsiveness and deliverables' quality. The final average scores ranged from 46.50 to 92.75, and staff then interviewed the top five proposers.

Staff now recommends that the City Council authorize the City Manager award, negotiate and execute a five-year agreement to Apogee Global RMS, LLC for a not-to-exceed amount of three hundred fifty thousand dollars ($350,000) through December 31, 2031. In its proposal and interview, Apogee Global RMS will deliver a highly customized, budget-aligned vCISO strategy specifically tailored to the City's municipal environment. Apogee's structured approach relies on a six-phase Cyber Risk Engagement Playbook V1 that provides clear management steps, work product controls, and a smooth 6- to 12-month operational handover to City staff. Designed to be able to be completed by a two-person IT team, the methodology batches stakeholder interactions and leverages pre-built templates to maximize operational efficiency. Furthermore, the firm establishes strong governance through regular Council presentations, vCISO-led status meetings, and annual tabletop exercises covering both technical and executive crisis response. Ultimately, this senior, public-sector-focused team offers a thoroughly detailed, action-ready delivery model that ensures long-term institutional resilience for the City. For these reasons, staff recommends this consultant for vCISO Support Services.

If the City Council takes the recommended action, staff expects this work to commence immediately after a contract is signed and for the work to continue for five years.

Fiscal Impact

In the FY 2026-27 Budget process, the City Council appropriated funds for all IT capital projects (including cybersecurity projects). This is sufficient for these two contracts. Additionally, in March, City staff applied to the California Office of Emergency Services (CalOES) for a cybersecurity grant up to $250,000; on August 4, 2026, the City was notified that it was awarded the full $250,000 grant. Thus, no additional appropriations are needed at this time.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The proposed action does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Attachment

1. Resolution regarding the City Website, Intranet and Consulting Assistance Project and vCISO Support Services
2. Altioras Proposal for City Website, Intranet and Consulting Assistance Project
3. Apogee Global RMS Proposal for vCISO Support Services
4. Scoring Rubric - City Website, Intranet and Consulting Assistance Project
5. Scoring Rubric - vCISO Support Services

RESOLUTION NO XX– 2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO

AUTHORIZING THE CITY MANAGER TO AWARD, NEGOTIATE AND EXECUTE AGREEMENTS FOR INFORMATION TECHNOLOGY ("IT") STRATEGIC PLAN PROJECTS, INCLUDING THE CITY WEBSITE, INTRANET AND CONSULTING ASSISTANCE PROJECT AS WELL AS FOR THE VIRTUAL CHIEF INFORMATION SECURITY OFFICER SUPPORT SERVICES; AND AUTHORIZING THE CITY MANAGER TO AMEND THE CITY WEBSITE, INTRANET AND CONSULTING ASSISTANCE PROJECT CONTRACT AFTER EXECUTION FOR ANY CHANGE ORDERS NEEDED UP TO 10% OVER THE CONTRACT AMOUNT

WHEREAS, on April 7, 2026, the City Council of the City of East Palo Alto ("City") approved the City's Five-Year Information Technology Strategic Plan ("IT Strategic Plan"), establishing a framework for modernizing the City's technology infrastructure, increasing cybersecurity, strengthening internal operational systems, improving data management, and enhancing public services; and

WHEREAS, the IT Strategic Plan identifies several priority technology initiatives for the first year, including modernization of the City's website, development of an internal intranet, and a variety of cybersecurity initiatives; and

WHEREAS, on June 16, 2026, the City Council adopted the Fiscal Year 2026-27 Annual Budget, which included funding and resources to advance the IT Strategic Plan projects described herein; and

WHEREAS, on July 28 and 29, 2026, City staff issued two requests for proposals ("RFPs") for the IT Strategic Plan projects and cybersecurity consulting services and received a total of 69 timely proposals; and

WHEREAS, City staff evaluated proposals based upon the proposers' approach and work plan, qualifications and experience, cost and overall value, responsiveness, and quality of deliverables, and interviewed the highest-scoring proposers for the applicable projects; and

WHEREAS, the City Website, Intranet and Consulting Assistance Project is intended to modernize the City's website, address federal website accessibility requirements under Title II of the Americans with Disabilities Act, improve the City's public-facing digital information, and establish a centralized internal intranet to improve employee access to policies, procedures, forms, templates, and other resources; and

WHEREAS, the virtual Chief Information Security Officer ("vCISO") Support Services will provide the City with contracted strategic cybersecurity leadership and

support implementation of cybersecurity initiatives identified in the IT Strategic Plan over a five-year period; and

WHEREAS, funding for the applicable IT capital and cybersecurity projects was included in the Fiscal Year 2026-27 adopted budget, plus the City was notified of award of a $250,000 cybersecurity grant on August 4, 2026, from the California Office of Emergency Services (CalOES), so no additional appropriation is required at this time.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

SECTION 1. City Website, Intranet and Consulting Assistance Project.

The City Council hereby authorizes the City Manager to award, negotiate, and execute an agreement, in a form approved by the City Attorney, with Altioras Civic Consulting Corp. for the City Website, Intranet and Consulting Assistance Project in an amount not to exceed One Hundred Twenty-Nine Thousand Five Hundred Dollars ($129,500) through June 30, 2028.

The City Manager is further authorized to amend the agreement, following execution, for change orders necessary to complete the project in an amount not to exceed ten percent (10%) of the contract amount, or Twelve Thousand Nine Hundred Fifty Dollars ($12,950), resulting in a maximum authorized contract amount of One Hundred Forty-Two Thousand Four Hundred and Fifty Dollars ($142,450).

SECTION 2. Virtual Chief Information Security Officer Support Services.

The City Council hereby authorizes the City Manager to award, negotiate, and execute an agreement, in a form approved by the City Attorney, with Apogee Global RMS for virtual Chief Information Security Officer Support Services in an amount not to exceed three hundred fifty thousand dollars ($350,000) through December 31, 2031.

SECTION 3. CEQA Determination.

The City Council finds and determines that the actions authorized by this Resolution do not constitute a “Project” within the meaning of the California Environmental Quality Act (“CEQA”), pursuant to CEQA Guidelines section 15378(b)(4) and (5), because they consist of governmental fiscal, organizational, or administrative activities that will not result in direct or indirect physical changes in the environment.

PASSED AND ADOPTED this 20th day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

James Colin, City Clerk

APPROVED AS TO FORM:

John D. Lê, City Attorney

ALTIORAS
CIVIC

Website, Intranet, and Strategic Consulting

EPA Year 1 IT Strategic Plan Implementation Support Services

Projects A4 and A4.1



Prepared for:
City of East Palo Alto

Date:
August 24, 2026

www.altiorascivic.com
7901 4th St N STE 300 St. Petersburg, FL 33702, USA

STRONGER COMMUNITIES.
SMARTER GOVERNMEN

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A. Cover Letter

August 24, 2026

Jimmie Tulabing
IT Manager
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303

Re: Projects A4 and A4.1 - Website, Intranet, and Strategic Consulting

Dear Mr. Tulabing:

East Palo Alto does not need another broad website study. The City's strategic plan and RFP already describe the problem: staff find the current publishing tools difficult, residents need a clearer route to services, and employees do not have a formal intranet. The August 17 answers also show the size of the job - approximately 5,526 public pages and 4,506 attachments - and confirm that the City wants A4.1 completed before A4 begins. What this proposal covers are that projects A4.1 and A4 are treated as one connected assignment, with separate scope, hours, pricing, and approval points.

Altioras Civic proposes one team for both parts. During A4.1, we will crawl the full public site, review accessibility and content health, talk with the people who publish and answer resident questions, design a service-based information structure, and confirm the platform and implementation plan. The same people will then configure the public website and intranet, move the content the City decides to keep, train staff, launch the sites, and remain through stabilization.

Our preferred planning baseline is CivicPlus Municipal Websites Central with CivicPlus Intelligence for the public site and SharePoint Online for the intranet. This is not a recommendation to leave the current site untouched. It is a move from the City's current publishing experience to CivicPlus's current Web Central product, with built-in AI support for editing and content review and an integrated resident Agent. That direction preserves the Municode connection and may avoid the migration and retraining cost of changing vendors. A4.1 will make it earn the decision against Granicus govAccess and a qualified managed Drupal or WordPress option. The selected product must document the required 99.9% service commitment, current SOC 2 report, support coverage, backup and recovery, accessibility commitments, open integration options, and a Year 1 price that fits the City's budget.

AI will be used as a working tool, not a sales feature. Codex and other controlled tools can scan the public website, group related pages, find duplicates and broken links, identify likely stale content, draft plain-language rewrites, prepare redirect and migration files, and rerun quality checks after every release. Nothing will publish automatically. City content owners approve the new structure, the pages that remain public, translations, chatbot answers, and final publication.

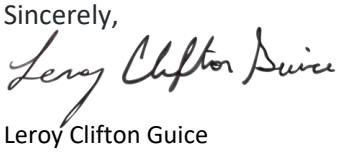
The fixed price is $29,500 for A4.1 and $100,000 for A4, a combined savings of $30,500 against the City's two Year 1 budgets. The A4 price includes an identified $40,000 allowance for the initial platform, hosting, chatbot, and site-quality tools. The lower price reflects a smaller delivery team and the practical use of automation for inventory, classification, migration preparation, and repeatable quality checks. It does not reduce the content coverage, City workshops, accessibility testing, training, or launch support described in this proposal. Years 2 and 3 are shown separately so the City can see the ongoing cost before it signs a platform agreement.

Independence and disclosure

Altioras Civic has no reseller, commission, referral, ownership, or other financial arrangement with CivicPlus, Microsoft, Granicus, or another website or intranet provider. The preferred baseline reflects the City's starting point and budget, not a payment to Altioras. CivicPlus, Granicus, and the managed open-source option will be scored before procurement proceeds.

Altioras Civic takes no exceptions to the RFP or the City's standard Contractor and Professional Services Agreement, subject to final confirmation of insurance certificates and endorsements before execution. We appreciate the opportunity to help East Palo Alto make its public website easier to use and give staff a reliable place to work from.

Sincerely,



Leroy Clifton Guice
CEO
Altioras Civic Consulting Corp.
Email: leroygc@altiorascivic.com | Tel. 407 619 1973

B. Firm Profile and Qualifications

Municipal technology work led by senior staff

Altioras Civic is a boutique consulting firm focused on municipalities and public agencies. Our work covers technology strategy, project management, cloud platforms, cybersecurity, data and integrations, business process improvement, managed operations, and organizational change. We keep the number of assignments manageable so the people introduced in the proposal remain involved after the contract is signed.

That operating model fits East Palo Alto. The City has approximately 126 permanent staff and two IT employees. A large delivery team would create more meetings and handoffs than the City needs. Our five-person team has one Project Manager, brings specialists into the work when their skills are needed, and leaves the City with working files, scripts, page inventories, governance rules, training, and maintenance instructions.

Firm information

Firm detail	Response
Legal name	Altioras Civic Consulting Corp.
Trade name	Altioras Civic
Primary office	7901 4th St N STE 300, St. Petersburg, Florida 33702
Years in business	Established officially 2026 with working business experience since 2022.
Municipal practice	Technology strategy, digital services, ERP, data, integrations, cybersecurity, project management, change, and managed operations
Website	www.altiorascivic.com

Why the work fits our practice

- **Municipal service design.** We start with the service a resident or employee is trying to complete, then decide what the page, form, search result, workflow, or platform must do.
- **Content with public consequences.** The content review addresses public records, meeting information, permits, payments, public safety, wastewater, development, employment, policies, forms, and other City-specific material.
- **Accessibility.** Automated scans are paired with keyboard, screen-reader, zoom, contrast, and task testing. Accessibility is a publishing practice, not a launch-day score.
- **Technical delivery.** SharePoint, Microsoft 365, identity, APIs, security, data handling, and support responsibilities are designed together rather than left for the final week.
- **Staff ownership.** Editors work in the configured site during training. Job aids use East Palo Alto pages and approval paths, not generic vendor demonstrations.
- **Responsible AI.** The public chatbot is grounded in approved City sources, shows the source behind an answer, and sends uncertain questions to the right City contact.

A smaller firm with useful capacity

Altioras Civic combines senior advisory work with hands-on production. The Project Manager runs meetings, decisions, budget, and vendor coordination. The platform lead configures Microsoft 365, integrations, and the AI-supported production tools. The accessibility and content lead owns the information structure, plain language, and accessibility checks. The analyst runs inventories, migration files, redirects, and repeatable QA. The Principal joins the decisions where cost, risk, contract terms, or scope need executive attention.

This keeps rates below those of large consulting firms while giving the City access to the people who can solve the problem. The proposed rates range from $90 to $150 per hour, and the fixed fees protect the City's Year 1 budgets.

No conflict of interest

Altioras Civic has no conflict of interest related to Projects A4 or A4.1. Platform providers receive no preference because of a commercial relationship. Product claims, prices, accessibility reports, security documents, service commitments, and references will be checked before the City commits. Any conflict identified later will be disclosed immediately.

Quality, continuity, and ownership

- **One accountable owner.** The Project Manager checks every deliverable against earlier City decisions and comments.
- **Second review.** A specialist checks platform, accessibility, security, content, or AI work in their area before it goes to the City.
- **Continuity.** Key personnel will not be replaced without City approval. The City is not charged to bring an Altioras replacement up to speed.
- **City-owned work.** Inventories, scripts, design decisions, page templates, redirect files, procedures, training, and reports belong to the City and are delivered in editable formats.

C. Project Understanding, Approach and Work Plan

What the City is trying to accomplish

The public website and staff intranet serve different audiences, but they share one management problem: information needs an owner, a place to live, an approval path, and a review date. A modern platform will not solve the problem if outdated pages are carried forward, departments do not know what they own, or the chatbot reads material no one trusts.

The work therefore begins with content and services, not colors and home-page layouts. Residents should be able to pay, apply, report, attend, find, contact, or understand without knowing which department owns the service. Employees should be able to find a policy, form, procedure, contact, template, announcement, or project resource without searching old email chains and shared drives.

Known starting point

- **Current platform.** The public website is hosted by CivicPlus, which acquired Municode.
- **Content volume.** The last reported inventory contained approximately 5,526 unique pages and 4,506 attachments.
- **Intranet.** The City does not have a formal, structured intranet today.
- **Choice.** The City is open to SharePoint, a co-hosted intranet, or a separate platform, judged on function, maintenance, security, and total cost.
- **Sequence.** A4.1 comes first. Its assessment, requirements, and information architecture become the approved plan for A4.
- **Budget.** The A4 Year 1 budget must cover implementation, platform costs, content migration, training, chatbot functionality, and current-year support.
- **Strategic-plan outcome.** The strategic plan calls for a unified digital front door: a clearer public route to City services and a dependable internal home base for staff.

Platform selection position

Preferred public-site baseline - CivicPlus Municipal Websites Central

Evaluate a move to CivicPlus Web Central with CivicPlus Intelligence, including the AI Editing Assistant, AI Content Advisor, and CivicPlus Agent. This may offer the lowest transition risk because the City already uses CivicPlus/Municode. A4.1 will confirm which Intelligence features are included in the City's proposed subscription and what each option costs. The platform still must meet the City's contract, security, accessibility, support, API, and usability tests.

Staff intranet - SharePoint Online

Create a SharePoint home site and hub in the City's Microsoft 365 tenant. Entra ID controls access. Standard department sites and libraries provide policies, forms, templates, HR and IT resources, announcements, leadership updates, staff recognition, directories, calendars, and project information. Metadata, ownership, versioning, audit history, and retention settings are aligned with City records rules. Power Automate supports review and publishing workflows where licensing permits.

AI - Codex for production, selected platform AI for residents and editors

Codex helps Altioras inventory, classify, draft, migrate, and test public content. If CivicPlus is selected, CivicPlus Intelligence supports editors and CivicPlus Agent answers resident questions from approved sources. A competing platform must provide equivalent controlled editing, content-health, and resident-answer capabilities or integrate a City-approved alternative. Any intranet agent waits until permissions and information ownership are ready.

Three public-site options evaluated in A4.1

Option	Why it is credible	Main question for East Palo Alto
CivicPlus Web Central + Intelligence	Purpose-built municipal CMS; Municode connection; built-in AI editing and content guidance; CivicPlus Agent	May reduce migration, retraining, and integration cost; incumbent terms still need scrutiny
Granicus govAccess	Purpose-built government CMS; drag-and-drop tools; forms, workflows, accessibility, and broad digital-service options	Clean vendor change and strong government features; likely larger migration and integration effort
Managed Drupal or WordPress	Open CMS on a qualified SOC 2 cloud host with a controlled AI search or chat service	May lower software fees and increase design flexibility; requires stronger support, security, update, and integration ownership

How the City will select the public platform

- Resident tasks, search, mobile use, forms, and municipal service delivery - 20%.
- Editor usability, approvals, content ownership, and ongoing maintenance - 15%.
- Accessibility tools, documented conformance, and document support - 15%.
- Built-in AI editing, content-health, search, and resident-answer capabilities - 10%.
- APIs and fit with payments, 311, permits, calendars, agendas, code, and other City services - 10%.
- Security, availability, backup, recovery, support, privacy, and data return - 10%.
- Implementation, migration, training, and launch effort within Year 1 - 10%.
- Five-year total cost, including subscriptions, add-ons, vendor services, City labor, and annual increases - 10%.

Conditions before platform commitment

- The selected provider supplies a current SOC 2 Type II report or acceptable equivalent for City review.
- The subscription contract includes at least 99.9% availability, encryption in transit and at rest, automated backup and recovery commitments, incident notification, data-return terms, and regular security and software updates.
- The provider names an implementation and escalation contact and provides 24/7 technical support for platform incidents, as required by the RFP.
- The platform supports WCAG 2.1 AA at launch and provides tools and training that help editors maintain accessible content; WCAG 2.2 is used where practical.
- The CMS provides intuitive editing, role-based permissions, approval workflows, mobile-responsive templates, search, redirects, forms or form integration, and supported APIs.

- The quoted Year 1 amount fits the $40,000 platform and tool allowance shown in Section F.
- The City confirms a lawful procurement path and approves the platform before configuration begins.

Part 1 - Project A4.1 Strategic Consulting

Fixed fee: $29,500 | City budget: $40,000 | Planned duration: eight weeks | Planned effort: 222 hours

A4.1 turns the existing strategic-plan recommendation into a buildable plan. The City receives the complete website and attachment inventory, an approved information architecture, platform requirements, content ownership, migration rules, accessibility priorities, an intranet design, and an implementation backlog that fits the A4 budget.

Step 1 - Start the project and scan what exists

Weeks 1 and 2 establish the project and replace guesswork with a complete inventory.

- **Kickoff.** Confirm participants, approvals, procurement questions, access, meeting dates, communication, file locations, and the definition of launch.
- **Public-site crawl.** Crawl every discoverable page and attachment and record URL, title, type, department, depth, inbound links, last-modified signals, file size, and status.
- **Automated checks.** Find broken links, redirect chains, duplicate titles, orphaned pages, missing headings, image-alt problems, unreadable files, mobile issues, and common WCAG failures.
- **AI-assisted classification.** Group related material by resident task and department; flag likely duplicates, stale pages, conflicting instructions, overly complex writing, and attachments that may be better as HTML.
- **Manual review.** Test representative templates and high-use tasks using keyboard navigation, screen-reader checks, zoom, contrast, form labels, focus order, and mobile devices. Automated scans do not replace this work.

What the City receives: project plan, stakeholder plan, full content and attachment inventory, current-state heat map, website and intranet maturity score, accessibility findings, and an early risk list.

Step 2 - Learn how residents and staff use the information

Weeks 2 through 5 focus on real tasks rather than asking departments for a wish list.

- **Department sessions.** Meet with content owners and service staff across the seven departments, including the people who answer calls, process forms, post notices, and maintain calendars.
- **Resident tasks.** Use analytics, search terms, 311 topics, front-desk questions, and staff input to identify the services people look for most often. Keep clear phone, in-person, and mail routes for residents who cannot or prefer not to complete a service online.
- **Short user tests.** Ask a small City-recruited group of residents and employees to complete common tasks on the current site and proposed navigation. Record where they hesitate, search, backtrack, or abandon the task.
- **Intranet needs.** Identify the policies, forms, directories, HR resources, IT help, templates, announcements, calendars, and department material employees need regularly.
- **Language and equity.** Identify high-use information that should be available in Spanish and establish a human-reviewed translation process. AI may prepare a first draft; a qualified reviewer approves public wording.

What the City receives: top-task list, service journey findings, stakeholder needs, intranet content inventory, and a prioritized content backlog.

Step 3 - Approve the structure, platform, and build plan

Weeks 5 through 8 turn the findings into decisions the implementation team can use.

- **Information architecture.** Design resident-first navigation around tasks such as pay, apply, report, request, attend, find, contact, and learn, while preserving clear department routes.
- **Page and content models.** Define standard service, department, project, notice, event, form, contact, and policy pages, including required fields and ownership.
- **Platform selection.** Run focused demonstrations and score CivicPlus Web Central, Granicus govAccess, and a qualified managed Drupal or WordPress option against the approved criteria. Obtain budgetary pricing and review security, accessibility, AI, support, and contract documents.
- **Migration rules.** Assign each item one action: keep, rewrite, combine, archive, remove, remediate, or replace with accessible HTML. City owners approve the action.
- **Governance.** Name page owners and publishers, set review dates, define emergency publishing, establish approval routes, and create a simple process for new content. Document current and future publishing workflows so departments understand who drafts, reviews, approves, posts, and maintains each type of information.
- **Implementation plan.** Set the build sequence, content batches, testing, training, cutover, rollback, support, City workload, and acceptance checks.

What the City receives: approved requirements, platform recommendation, information architecture, clickable wireframes, content models, current- and future-state publishing workflow diagrams, governance guide, migration plan, prioritization and remediation-sequencing matrix, procurement support material, implementation schedule, budget assumptions, and an executive presentation.

A4.1 approval gate

> **The City decides before A4 begins**
>
> The City approves the selected public platform, SharePoint intranet, information architecture, Year 1 price, migration rules, governance roles, implementation plan, and procurement action. CivicPlus is the planning baseline, but the City sees the scored comparison and five-year cost before it decides.

Part 2 - Project A4 Website and Enterprise Intranet

Fixed fee: $100,000 | City budget: $120,000 | Planned duration: approximately seven months after A4.1 | Altioras labor: 454 hours

A4 builds what the City approves in A4.1. Work proceeds in short content and configuration batches so staff can see the site take shape, correct problems early, and learn the new tools before launch.

Step 4 - Configure the platforms and design the working sites

Weeks 9 through 14 establish the public-site and intranet foundations.

- **Public site.** Configure templates, navigation, search, permissions, workflows, alerts, calendars, forms or form links, analytics, redirects, accessibility tools, AI editing features, and the approved visual design in the selected platform.

- **Intranet.** Configure the SharePoint home site, hub navigation, standard department sites and libraries, directory, news, leadership messages, staff recognition, calendars, HR and IT resources, forms, templates, metadata, versioning, retention settings, search, and publishing permissions.
- **Integrations.** Connect or clearly route residents to payments, 311/service requests, permits, agendas, calendars, forms, employment, public records, municipal code, and other confirmed systems.
- **Security.** Use least-privilege roles, multifactor authentication, named owners, audit logs, controlled administrative access, and separate public and staff content.
- **Design review.** Test desktop and mobile layouts with City staff and a small user group before full content migration begins.

Step 5 - Clean, rewrite, and move content

Weeks 11 through 24 are the main production period. The full inventory is processed, but not every item receives the same treatment.

- **Whole-site triage.** AI and scripted checks assign a recommended action to all discoverable pages and attachments. City content owners accept or change the recommendation in manageable department batches.
- **Priority rewrite.** Altioras provides hands-on review and plain-language rewriting for up to 350 high-use, high-risk, or cross-department public pages.
- **Standard migration.** Approved pages that fit the new content models are migrated using vendor tools or controlled scripts, then checked for title, owner, links, headings, images, attachments, and redirects.
- **Document accessibility.** The fixed fee includes review and remediation, HTML replacement, or accessible alternative treatment for up to 150 priority attachments. The remaining attachment inventory is ranked and scheduled; inaccessible material is not described as compliant merely because it was copied.
- **Archive and retention.** The City Clerk and content owners decide which historical material remains online, moves to an archive, or is retired under the City's records rules.
- **Delta migration.** A short content freeze and final-change log prevent updates made during the project from disappearing at cutover.
- **Redirects.** Create and test redirects for retained high-value URLs so bookmarks and search results continue to work.

Step 6 - Put the resident chatbot to work safely

The selected resident-answer tool will begin with a controlled set of approved public sources and common questions. CivicPlus Agent is the baseline if CivicPlus is selected; another platform must provide equivalent controls and source grounding.

- **Approved sources only.** Start with current service pages, contacts, calendars, municipal code, and other City-approved public content.
- **Useful answers.** Answers link back to the City source and include the department or service route when a person needs help.
- **Clear limits.** The chatbot does not make eligibility decisions, provide legal advice, collect sensitive personal information, or invent an answer when the source is unclear.
- **Human handoff.** Uncertain, urgent, safety-related, or account-specific questions route to the appropriate City channel.

- **Testing.** Test common questions, Spanish questions, misspellings, hostile prompts, prompt-injection attempts, outdated information, and questions the bot should refuse.
- **Ongoing improvement.** Monthly unanswered-question and low-confidence reports show where the website or the answer set needs work.

Step 7 - Test, train, launch, and stabilize

Weeks 21 through 34 cover acceptance, staff preparation, cutover, and early support.

- **Functional testing.** Check navigation, search, forms, calendars, integrations, permissions, approvals, notifications, links, downloads, redirects, and chatbot handoffs.
- **Accessibility testing.** Run automated scans across the staged site and manual checks on representative templates, top tasks, forms, navigation, and priority documents.
- **Performance and resilience.** Confirm page performance, mobile behavior, encryption, monitoring, backup, recovery, 24/7 vendor support, support contacts, incident handling, software updates, and service-level reporting.
- **Role-based training.** Train administrators, publishers, and department editors in separate working sessions using East Palo Alto pages. Provide recordings, job aids, and an editor checklist.
- **Launch.** Use an approved cutover and rollback plan, DNS and certificate checklist, content freeze, redirect test, communications plan, and launch-day support.
- **Stabilization.** For 30 days after launch, track defects, resident questions, failed searches, chatbot gaps, editor issues, accessibility findings, and vendor tickets through closure.

What the City receives: configured public website and intranet, migrated approved content, redirect file, accessibility results, testing records, chatbot configuration, editor and administrator training, job aids, publishing and support procedures, final executive presentation, and a 12-month maintenance calendar.

How AI Shortens the Work Without Taking Control

The City has too much content for a page-by-page manual review to fit the Year 1 budget. AI is useful here because it can perform the repetitive first pass quickly and consistently. Human reviewers remain responsible for meaning, legal or policy statements, accessibility acceptance, translation, and publication.

Use	What AI does	What people still do
Inventory	Codex reads the public crawl results and prepares a structured inventory of pages, files, links, titles, headings, owners, and likely content types.	A content lead reviews the classification rules and samples each batch.
Cleanup	AI flags duplicate, stale, conflicting, complex, or poorly structured material and proposes keep, combine, rewrite, archive, or remove.	Department owners decide what the City keeps and approve factual changes.
Writing	AI drafts plain-language page summaries, service steps, titles, metadata, FAQs, alt-text suggestions, and Spanish first drafts.	City owners and qualified language reviewers approve public wording.
Migration	Codex prepares migration manifests, file naming, redirect maps, link updates, and repeatable validation scripts.	Altioras checks samples and exceptions; City owners sign off on content batches.

Use	What AI does	What people still do
Testing	Automated routines rerun broken-link, metadata, accessibility, content-age, redirect, and page-comparison checks after each release.	Manual keyboard, screen-reader, mobile, workflow, and task testing remains required.
Maintenance	Monthly scans identify broken links, aging content, failed searches, unanswered chatbot questions, and pages without owners.	Editors correct the content; the AI does not publish on its own.

Rules for City information

- Only public website content is processed in Codex unless the City separately approves an enterprise environment and handling rules for nonpublic information.
- No police, personnel, legal, account, payment, protected, or other sensitive data is entered into a consumer AI service.
- AI output is labeled as a draft until a named person reviews it.
- No AI tool receives direct publishing rights to the website or intranet.
- The chatbot uses approved City sources, links to those sources, records questions for service improvement, and provides a human route when it cannot answer safely.
- SharePoint agents or Microsoft 365 Copilot are enabled only after site ownership, access, sharing, retention, and restricted content have been reviewed.
- The City receives the prompts, decision rules, inventories, scripts, and maintenance instructions needed to continue the work or move it to another provider.

Accessibility is part of the build

East Palo Alto's reported population is below 50,000. Current U.S. Department of Justice guidance gives public entities in that population group until April 26, 2028, to meet WCAG 2.1 Level AA for covered web content and mobile apps. Our proposed launch gives the City time to correct remaining legacy documents and establish ongoing publishing controls before that date. The City should obtain legal advice on specific exceptions and records; Altioras does not provide legal opinions.

- **No score-only acceptance.** A site can pass an automated scan and still be difficult or impossible to use. Manual checks are included.
- **Shared responsibility.** Templates, content, attachments, embedded services, forms, videos, and third-party links are tracked separately so responsibility is clear.
- **Ongoing practice.** Editors receive a pre-publication checklist, accessible-document guidance, and a route for help.
- **Maintenance.** Quarterly scans and annual manual sampling are included in the optional maintenance service.

Project Management

The Project Manager handles the schedule, meetings, document requests, platform vendors, decisions, budget, and review comments. The City's two-person IT team is not expected to run the consulting assignment.

- **Every-other-week meeting.** Meetings occur every other week. The City receives an agenda and written update before each meeting showing completed work, next steps, schedule, spending, decisions, and risks.
- **Working sessions.** A short working session may be added during design, migration, testing, or launch when a decision cannot wait for the next regular meeting.
- **Project controls.** Altioras maintains the project plan, content backlog, decision list, issue and risk list, platform action list, budget forecast, and City comment record.
- **Review and approval.** Deliverables are reviewed in working drafts, corrected while discussions are fresh, and approved by the City before the next major step begins.
- **Budget visibility.** Invoices show person, role, date, task, hours, rate, amount, remaining budget, and current estimate to finish.

Proposed schedule

Work	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May-Jun
A4.1 kickoff, crawl, and baseline	X	X						
A4.1 interviews, IA, and user testing	X	X						
Platform comparison, selection, and A4 approval		X						
Public site and intranet configuration			X	X				
Content decisions, rewrite, and migration			X	X	X	X		
Chatbot setup and testing					X	X		
Functional and accessibility testing						X	X	
Training and launch preparation							X	
Launch and 30-day stabilization								X

The schedule assumes notice to proceed in October 2026 and completion by June 2027. It will be confirmed at kickoff against procurement timing, platform availability, City calendars, and content-owner capacity.

Major City decisions

- Week 1: approve the project plan, participants, access, and working schedule.
- Week 4: confirm top resident and employee tasks and the content-priority rules.
- Week 6: approve the draft information architecture and page models.
- Week 8: approve the selected public platform, SharePoint intranet, Year 1 price, migration rules, and A4 implementation plan.
- Month 4: approve the working design and representative public and intranet pages.
- Month 6: accept priority content batches, chatbot answer set, and testing plan.
- Month 7: approve launch readiness, cutover, communications, and support.
- Month 8: accept stabilization results, maintenance calendar, and final handoff.

City participation

- **Executive sponsor.** Provide executive decisions, approve major scope and platform choices, and remove cross-department blockers.
- **City project lead and IT.** Coordinate access, participants, procurement, security documents, Microsoft 365 administration, and City review dates.
- **Department content owners.** Explain services, identify current material, approve keep/rewrite/archive decisions, review draft pages, and accept migrated content.
- **City Clerk and legal reviewers.** Advise on records, notices, public meetings, retention, archives, and the treatment of historical content.
- **Human Resources and department representatives.** Review employee information, access, policies, forms, and department resources for the intranet.
- **Residents and employees recruited by the City.** Participate in short task tests and provide practical feedback on navigation and wording.

Working assumptions and exclusions

- The City provides timely access to platform contracts, analytics, search reports, domain and DNS contacts, Microsoft 365 administrators, content owners, and available accessibility or security reports.
- The City confirms its exact CivicPlus product and Microsoft 365/SharePoint licensing during A4.1.
- A4.1 and A4 are awarded together or A4 begins promptly after A4.1 approval; a material delay may require schedule and price confirmation.
- The fixed fee includes full-site automated inventory and classification, hands-on review and rewriting of up to 350 priority public pages, and priority treatment for up to 150 attachments.
- City staff make final records, legal, policy, translation, and publication decisions.
- The platform allowance is based on budgetary planning, not a vendor quote. No vendor commitment is made until the City approves the quote and terms.
- Travel is not separately charged. Work is primarily remote, with up to two planned onsite visits included if requested by the City.
- Excluded unless added by written amendment: custom transactional applications, payment processing, replacement of 311 or permitting systems, full remediation of every legacy PDF, legal opinions, penetration testing, custom mobile apps, video captioning at scale, and licenses above the stated allowances.

Additional ideas available to the City

- **Website stewardship.** Quarterly content, accessibility, search, and chatbot review after launch.
- **Staff AI pilot.** A controlled Microsoft 365 Copilot or SharePoint agent pilot after intranet permissions and information ownership are ready.
- **Document accessibility.** Additional PDF remediation or conversion of document-heavy services into accessible HTML pages and digital forms.
- **Language access.** Additional professionally reviewed Spanish content beyond the agreed high-priority service pages.
- **Service automation.** Deeper integrations or workflow automation for 311, forms, permitting, payments, records requests, HR, and IT service requests.

D. Project Team

Five people with clear responsibilities

The same core team carries the work from the first crawl through launch. The staffing model avoids separate strategy and implementation teams and gives East Palo Alto one Project Manager throughout.

Proposed person	Role	Hours	Primary responsibility
Leroy Guice, M.S., ITIL	Principal-in-Charge / Digital Government Advisor	33	Executive decisions, platform and contract review, quality, escalation
A. Andaleon	Project Manager / Service Design Lead	182	Day-to-day delivery, stakeholder work, IA, governance, training
Cyrus R.	Platform, Integration, and AI Lead	200	CMS selection, SharePoint, integrations, security, Codex workflows, chatbot
Vince J.	Content Migration & Web Development	156	WCAG review, content models, plain language, migration acceptance
Jerome Z.	Content Migration Analyst	105	Inventory, migration files, redirects, QA, documentation

Leroy Guice, M.S., ITIL - Principal-in-Charge / Digital Government Advisor

Planned effort: 33 hours across A4.1 and A4.

Leroy provides executive oversight and joins the decisions that affect platform direction, procurement, cost, risk, or launch. He remains available to the City Manager, Assistant City Manager, and IT Manager throughout the engagement.

- **Relevant background.** More than 18 years leading public-sector technology strategy, procurement, cloud modernization, and vendor governance; MS and active PMP.
- **Work on this assignment.** Reviews the A4.1 findings, target architecture, vendor terms, Year 1 budget, major risks, launch recommendation, and final executive presentation.

A. Andaleon - Project Manager / Service Design Lead

Planned effort: 182 hours across A4.1 and A4.

A. Andaleon is East Palo Alto's day-to-day contact from kickoff through stabilization. He runs the interviews, user testing, information architecture, governance decisions, schedule, budget, vendor coordination, training plan, and City approvals.

- **Relevant background.** Web Designer and Digital Strategist with experience in project management, UI layout, front-end optimization, digital marketing, and development of user-centered websites. His portfolio includes GovGenie, a government-contracting platform for which he designed the web interface and user experience with emphasis on intuitive navigation and functional layout. His combination of project management, web design, UX, and digital strategy is directly relevant to EPA's need to improve the usability, organization, and effectiveness of its

public-facing digital services. His role would help ensure that website recommendations reflect both City business requirements and the needs of residents, businesses, and other community users.

- **Work on this assignment.** Assess the City's website platform and technical architecture; evaluate integration requirements and opportunities; support API, authentication, data exchange, security, and performance considerations; identify appropriate opportunities for AI-enabled search, content discovery, automation, or other digital-service enhancements; develop technical recommendations for a scalable and maintainable future-state platform.

Cyrus R. - Platform, Integration, and AI Lead

Planned effort: 200 hours across A4.1 and A4.

Cyrus R. translates the approved design into the selected public CMS and SharePoint environments. He also builds the controlled crawl, content-processing, migration, redirect, and QA routines used by the team.

- **Relevant background.** Senior Full-Stack Engineer with 7+ years of experience designing and deploying production systems, including cloud-based applications, APIs, microservices, databases, third-party integrations, and AI-enabled solutions. His recent work includes OpenAI, LangChain/RAG, AWS and Azure environments, bidirectional API integrations, RBAC, data synchronization, and technical leadership from discovery through production deployment. Cyrus provides the strongest technical architecture capability for EPA's website modernization effort. His background in integrations, cloud platforms, secure application architecture, and AI technologies supports the City's need to evaluate how its website can better connect with other systems, improve digital-service delivery, and accommodate future capabilities.
- **Work on this assignment.** Assess the City's website platform and technical architecture; evaluate integration requirements and opportunities; support API, authentication, data exchange, security, and performance considerations; identify appropriate opportunities for AI-enabled search, content discovery, automation, or other digital-service enhancements; develop technical recommendations

Vince J. - Content Migration & Web Development

Planned effort: 156 hours across A4.1 and A4.

Vince J. will provide implementation support for page development, responsive layouts, CMS updates, database-related activities, and website troubleshooting; assist with migrated-content formatting and validation; support testing across devices and browsers; identify usability or performance issues and support corrective actions. He will also own the parts of the project residents and editors experience directly: navigation, page models, plain language, accessibility, document treatment, mobile use, and content acceptance. He will assist with content inventory, collection, cleanup, categorization, and migration; verify migrated pages against source materials; identify missing, duplicate, outdated, or inconsistent information; support link, formatting, document, and metadata validation; document.

- **Relevant background.** Web Developer experienced in responsive website development, website maintenance, troubleshooting, UI/UX improvements, database integration, and website performance optimization. He has developed operational web applications involving records management, search and filtering, dashboards, analytics, and structured data. His exposure to local-government records and administrative information provides useful context for handling municipal website content. His technical and records-management background supports EPA's

need for accurate, organized, and quality-controlled migration of departmental and public-facing information.

- **Work on this assignment.** He strengthens the implementation and migration workstream by providing hands-on web development and troubleshooting capacity. His experience with responsive interfaces, structured records, search, and database-backed systems supports EPA's objective of delivering a reliable, user-friendly, and maintainable municipal website. Leads the accessibility audit and manual testing, writes content and document rules, reviews priority pages, leads user tests, checks migrated content, and trains publishers and editors.

Jerome Z. - Content Migration Analyst

Planned effort: 105 hours across A4.1 and A4.

Jerome Z. manages the detail that determines whether a migration works: page and file inventories, owners, actions, batches, links, redirects, exceptions, and final checks.

- **Relevant background.** Jerome's combination of WordPress, database, web development, and digital-record experience is directly applicable to the structured migration of EPA's existing website content. He can support both the technical and quality-assurance aspects of moving City information into a redesigned website environment. Full-stack developer with experience in WordPress, responsive web development, databases, API integration, content organization, authentication, and performance optimization. His project experience includes organizing business information into a WordPress website and developing a community information management system with centralized digital records and secure document processing.
- **Work on this assignment.** Support website content inventory and migration planning; map existing content to the future information architecture; assist with page creation and CMS configuration; migrate and validate content; identify formatting, metadata, broken-link, and content-quality issues; perform migration QA and support remediation prior to launch.

Availability and Continuity

The proposed team is planned for an October 2026 start and work through June 2027, subject to confirmation before submission. The Project Manager remains the primary contact. Key personnel will not be replaced without City approval, and the City will not be billed for transition time caused by an Altioras staffing change.

Specialist resources and subcontractors

The contracted specialists identified above report to the Altioras Project Manager and follow the same security and project controls. Altioras remains responsible for their work, confidentiality, insurance compliance, schedule, payment, and deliverables. No subcontracted work begins without the City Manager's written consent. Platform vendors are not Altioras subcontractors; the City may contract with them directly or approve a documented pass-through arrangement.

E. Relevant Experience and References

The references provided demonstrate experience directly relevant to the City of East Palo Alto's website consulting scope. Collectively, they reflect successful delivery of public-sector digital initiatives involving website strategy and modernization, stakeholder engagement, content and information architecture, accessibility, platform and technology advisory, content migration, and ongoing digital governance. These engagements demonstrate the team's ability to work effectively with government stakeholders and deliver practical, user-centered website solutions aligned with municipal operational needs and community expectations.

Reference Project 1 - govegenie.com

Client Reference Abraham Xiong - CEO

Email & Telephone abe@govvontractors.org | (404) 932-2111

Project Period June 2022 - October 2024

Work performed Architected a multi-service SaaS platform from scratch — Express.js REST API, React frontend, Next.js 14 auth service, and admin dashboard; rebuilt the company's SPA with Next.js and migrated backend services to a Serverless Framework architecture on AWS, deployed via Elastic Beanstalk and CodeBuild CI/CD.

Designed and maintained a 130+ table PostgreSQL database (Sequelize ORM) and engineered a serverless AWS data pipeline (S3 > SQS > Lambda > PostgreSQL) paired with a Puppeteer-based scraper to automate procurement data ingestion, keeping tens of thousands of records continuously current.

Integrated OpenSearch/Elasticsearch with a Logstash sync pipeline, enabling full-text search with keyword, NAICS code, agency, and date-range filtering — substantially reducing query times on large dataset tables.

Built a real-time bid management system featuring Kanban boards, threaded comments, task assignments, and S3 file attachments — enabling distributed teams to collaborate on government proposals end-to-end.

Implemented Firebase authentication (server-side token validation, HttpOnly sessions, RBAC, hCaptcha), integrated Stripe for tiered subscription billing, built an in-platform CRM module, and managed multi-environment Docker deployments with Mixpanel analytics and Chart.js dashboards.

Reference Project 2 – urbanhomeinteriordesign.com

Client Reference Jodi Mason - CEO

Email & Telephone info@urbanhomesinteriordesign.com | (519) 974-4663

Project Period Aug 2024 - December 2024

Work performed Rebuilt and modernized the existing website using the Elementor design framework, transitioning legacy page structures, layouts, and content into a more flexible, scalable, and maintainable WordPress/Elementor environment. The work included redesigning and standardizing page templates, improving content organization and visual consistency, refining navigation and page hierarchy, and configuring reusable design components to support more efficient ongoing website administration and content updates.

The engagement also included a comprehensive review of the website's search engine optimization configuration and overall technical readiness. SEO activities included assessment and recalibration of page titles, metadata, heading structures, internal linking, URL structure, indexing controls, image optimization, and other on-page SEO elements. Additional validation was performed to identify technical issues that could affect crawlability, search visibility, site performance, and user experience, with recommended adjustments implemented to strengthen overall website discoverability and maintainability.

The resulting website environment provided a more modern and user-friendly digital experience while giving administrators greater flexibility to manage content, maintain consistent page standards, and support future enhancements without extensive redevelopment. This experience is directly relevant to municipal website consulting engagements requiring platform modernization, content restructuring, SEO optimization, usability improvements, and sustainable website governance.

Reference Project 3 – urbanhomeinteriordesign.com

Client Reference Annette Corbin - CEO

Email & Telephone annettecorbin@gmail.com

Project Period January 2023 – March 2023

Work performed Designed and developed the website from the ground up using WordPress and the Elementor page-building framework, establishing the site architecture, page layouts, navigation structure, content hierarchy, and reusable design components. The implementation focused on creating a scalable, responsive, and user-friendly website environment that could be efficiently maintained and expanded as organizational needs evolved.

Performed comprehensive SEO review and optimization across the site, including assessment and configuration of page titles, metadata, heading structures, image attributes, internal linking, URL structure, indexing settings, and other on-page SEO elements. Technical checks were also conducted to identify opportunities to improve site crawlability, search visibility, page performance, and overall discoverability.

Configured and integrated Google Analytics to establish ongoing website performance measurement and reporting capabilities. Analytics tracking was implemented to support monitoring of key metrics such as website traffic, user behavior, page engagement, traffic sources, and content performance, providing stakeholders with actionable data to evaluate digital effectiveness and inform future website enhancements.

F. Cost Proposal

Year 1 price

Total not-to-exceed price - $129,500

Project A4.1 is fixed at $29,500. Project A4 is fixed at $100,000, including $60,000 of Altioras implementation labor and a $40,000 budgetary allowance for initial platform, hosting, chatbot, and site-quality costs. This is $30,500 below the City's combined Year 1 budgets.

Hourly rates

Labor category	Hourly rate
Principal-in-Charge / Digital Government Advisor	$130
Project Manager / Service Design Lead	$140
Platform, Integration, and AI Lead	$150
Accessibility and Content Lead	$130
Content Migration Analyst	$90

Project A4.1 - Strategic Consulting

Labor category	Hours	Rate	Amount
Principal-in-Charge / Digital Government Advisor	16	$130	$2,080
Project Manager / Service Design Lead	76	$140	$10,640
Platform, Integration, and AI Lead	54	$150	$8,100
Accessibility and Content Lead	46	$130	$5,980
Content Migration Analyst	30	$90	$2,700
A4.1 total	222		$29,500

Project A4 - Website and Enterprise Intranet

Labor category	Hours	Rate	Amount
Principal-in-Charge / Digital Government Advisor	17	$130	$2,210
Project Manager / Service Design Lead	106	$140	$14,840
Platform, Integration, and AI Lead	146	$150	$21,900
Accessibility and Content Lead	110	$130	$14,300
Content Migration Analyst	75	$90	$6,750
Altioras A4 labor total	454		$60,000

Item	Included purpose	Amount
Selected public website platform	Year 1 subscription, cloud hosting, support, and vendor onboarding allowance	$30,000
Selected resident AI assistant	Year 1 chatbot or digital-agent allowance	$7,500
Site-quality and accessibility tools	Year 1 scanning and monitoring allowance	$2,500
Platform and tool allowance total	Subject to City-approved vendor quote and terms	$40,000
A4 total	Altioras labor plus platform and tool allowance	$100,000

The platform amounts are budgetary allowances because the City had not supplied a current vendor quote. A4.1 obtains and checks actual pricing before the City commits. If a required first-year quote exceeds the allowance, Altioras will identify choices such as removing an optional module, negotiating terms, changing the procurement path, or comparing another qualified platform. Altioras will not exceed the A4 not-to-exceed price without written City authorization.

Estimated Years 2 and 3

Ongoing item	Year 2	Year 3	Pricing note
Website hosting, support, chatbot, and site-quality tools	$41,200	$42,436	Budgetary estimate; assumes 3% annual increase
SharePoint Online	$0 incremental	$0 incremental	Assumes current City Microsoft 365 licensing covers planned use
Optional Altioras website stewardship	$18,000	$18,540	Monthly scans, quarterly review, editor help, and chatbot/content report
Total with optional Altioras stewardship	$59,200	$60,976	Licenses or services outside the stated assumptions are additional

Optional services not included in the Year 1 total

Optional service	Price	What it adds
Website stewardship	$1,500 per month	Monthly scan; quarterly content, accessibility, search, and chatbot review; editor office hours
Microsoft 365 Copilot / SharePoint agent pilot	$12,000 plus Microsoft usage or licenses	Permission review, limited pilot, test plan, staff training, and decision report
Additional document remediation	$90 per hour or fixed fee by batch	PDF, Office file, caption, transcript, or HTML conversion beyond included priority volume
Additional Spanish content	$90 per hour plus professional language review	Drafting, page setup, and review beyond agreed priority services

Optional service	Price	What it adds
Custom integration or workflow	$140 per hour under a City-approved work order	Deeper API, form, 311, permitting, payment, HR, or service workflow

Commercial terms

- **Project budgets.** A4.1 and A4 are separate not-to-exceed amounts. Funds do not move between projects without written City approval.
- **Expenses.** No separate travel or ordinary reimbursable expense is charged. Up to two planned onsite visits are included.
- **Third-party costs.** Platform and tool costs are billed at actual approved cost up to the allowance, without Altioras markup. Unused allowance remains with the City.
- **Billing.** Invoices are monthly in arrears and include hours, rates, tasks, amount, remaining budget, and forecast to finish.
- **Changes.** Work outside the stated scope requires a written change approved by the City before the work begins.
- **Price period.** The fixed fees remain firm through the planned June 2027 completion if the project starts by October 2026 and the stated assumptions hold.

G. Exceptions

Altioras Civic takes no exceptions to the City's RFP or standard Contractor and Professional Services Agreement. Required insurance certificates, endorsements, W-9, business license, and corporate registration will be provided before contract execution.

Altioras will confirm registration and good standing with the California Secretary of State by the proposal deadline, as applicable, and will obtain the East Palo Alto business license before contract execution.

The selected website platform will carry its own subscription terms. Those terms are not an exception to the Altioras professional services agreement. The City will review and approve the platform agreement, security and accessibility documents, service commitments, data-return provisions, price, and procurement path before a subscription is executed.

Authorization

The undersigned is authorized to execute legal documents and negotiate on behalf of Altioras Civic Consulting Corp.

Authorized signature: 

LEROY CLIFTON GUICE
CEO
24 August 2026

APOGEE

GLOBAL RMS

Integrated Enterprise Risk Management

RESPONSE TO REQUEST FOR PROPOSAL

EPA vCISO Support Services

City of East Palo Alto · Information Technology Division

Submitted in response to the RFP issued July 29, 2026 by the City of East Palo Alto, in accordance with the requirements and timeline set forth by the City.

SUBMITTED TO

City of East Palo Alto
Information Technology Division
Jimmie Tulabing, IT Manager
jtulabing@cityofepa.org

SUBMITTED BY

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Federal SDVOSB · California DVBE (ID 2043568) · Maryland CSB & VSBE
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SECTION A · COVER LETTER

August 26, 2026

Jimmie Tulabing

Information Technology Manager

City of East Palo Alto — Information Technology Division

2415 University Avenue, East Palo Alto, CA 94303

jtulabing@cityofepa.org

Re: East Palo Alto vCISO Support Services Proposal from Apogee Global RMS, LLC

Dear Mr. Tulabing:

Apogee Global RMS, LLC submits this proposal as Prime Contractor for the City of East Palo Alto vCISO Support Services engagement. We have reviewed the RFP dated July 29, 2026, the Q&A released August 19, 2026, the City's IT Strategic Plan, and Attachment 2 (Contractor and Professional Services Agreement) in full. We propose without exception to the scope of services as written, and we confirm the ability to deliver against every element of the scope, schedule, and evaluation criteria.

The City has described the role precisely, and that precision is worth naming. East Palo Alto is not asking for a security assessment with a report at the end. It is asking for a security executive: one accountable person who owns the governance program, sets the biweekly agenda after the first meeting, sits in front of the City Council and explains what the risk actually is, holds the incident response plan and has tested it, and — for the first six to twelve months — does a meaningful amount of the hands-on work personally while training two IT staff to take it over. That last part is unusual to see stated so plainly in an RFP. It is the part most proposals will avoid. We answer it directly in Section C.

Three principles organize our response.

One named person, accountable — and, uniquely, the right one for a Police Department scope. Consistent with Q&A C.4, we name a single vCISO — M. K. Palmore, our Founder and Principal Advisor — as the primary point of contact for the Assistant City Manager and IT Manager. Mr. Palmore is a U.S. Naval Academy graduate, retired U.S. Marine Corps officer, and retired FBI senior executive who spent twenty-two years at the Bureau and led one of its largest cybersecurity investigative programs at the San Francisco Field Office. That background is not incidental to a City whose scope includes a Police Department with CJIS obligations: he is fluent in CJIS-regulated environments, in federal-local investigative coordination, and in the public-facing pressures a governing body feels after a cyber event. He subsequently served as VP & Field CISO (Americas) at Palo Alto Networks and cybersecurity executive at Google Cloud, is CISSP-credentialed, and completed the Carnegie Mellon CISO Executive Program. Behind him stands a Deputy vCISO who is the designated alternate, a dedicated Program Manager who runs the engagement cadence, and the Apogee firm-intelligence practice (RRAG) — described in Section D — so the City is buying continuity, delivery discipline, and a multi-domain enterprise risk view, not a solo practitioner.

Effort sized to the budget in the open. The City disclosed a $70,000 annual budget and asked proposers to recommend the level of effort that fits inside it (Q&A C.1, E.1). We show our arithmetic in Section F. The proposal sequences the full scope into a Year 1 build phase and a lighter, steady-state phase for Years 2–5, consistent with the operational-to-strategic transition the City described at Q&A B.2. We would rather tell the City honestly what $70,000 buys than promise the full scope at a number that does not cost the work.

Exit designed from Day 1. The City stated that procurement administration and daily operational management should shift to City IT staff within six to twelve months. A vCISO whose commercial interest runs against that transfer will not make it happen. Our program is built to hand those functions over on that timeline, with the

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SECTION B · FIRM PROFILE AND QUALIFICATIONS

B.1 Firm overview and years in business

Apogee Global RMS, LLC ("Apogee") is a practitioner-led, veteran-owned enterprise risk management firm headquartered in San Jose, California, roughly fifteen miles from East Palo Alto City Hall. The firm was organized in California on February 7, 2018 and has operated continuously for over eight years. Apogee is not a body shop; every engagement is delivered by senior practitioners who ran the discipline before they advised on it. Our Founder is a retired FBI cyber executive and former Field CISO at Palo Alto Networks and Google Cloud; our supporting bench is drawn from federal law enforcement, active fractional-CISO practice in state government, and California municipal policing. We are deliberately positioned as a credible operator alternative to the Big 4 for public-sector clients that need executive-grade counsel without enterprise-level overhead.

The firm's organizing thesis is the Nexus of Risk — that cyber, physical, and human-capital risk are three expressions of one underlying organizational vulnerability, grounded in COSO ERM and ISO 31000. For a City that has recently absorbed a sanitary district, runs a Police Department with CJIS obligations, and holds resident PII across seven departments with only two IT staff, that framing is not academic. The controls that fail in local government are rarely purely technical.

B.2 Relevant service areas

Apogee delivers through three integrated practice pillars, each aligned to the scope of this RFP:

- **Enterprise Risk Operations — Cyber.** Fractional CISO and vCISO services; NIST CSF 2.0, NIST SP 800-53, and CIS Controls maturity assessments and roadmaps; policy and standards drafting; cybersecurity governance and executive/Board reporting; incident response planning, tabletop exercises, and incident-command support; third-party and cloud provider risk assessments; procurement security requirements support; awareness and phishing program evaluation and enhancement.
- **Enterprise Risk Operations — Physical & OT.** Physical security risk playbook (available for optional scope) and OT/ICS/SCADA advisory (available for the future-phase inclusion referenced at Q&A A.2–A.3).
- **Strategy & Organizational Resilience.** Executive and Council-level briefings, cybersecurity budget planning and cost modeling, program governance rhythms, and structured knowledge transfer to internal IT staff — directly responsive to the knowledge-transfer element scored under Criterion 4.

Frameworks Apogee aligns to: NIST CSF 2.0 (primary, per Q&A D.1) · NIST SP 800-53 · CIS Controls v8 · CJIS Security Policy v6.0 · HIPAA Security Rule · PCI DSS 4.0 · NIST AI RMF 1.0 · CISA Zero Trust Maturity Model · ISO/IEC 27001 · MITRE ATT&CK.

B.3 Public sector and municipal experience

Apogee's proposal-ready references catalog contains eleven fact-panelled past-performance references across federal, state and local, U.S. military, healthcare, and international government work. Three are directly relevant to this engagement and are carried into Section E in full: (i) a Fractional CISO and federal compliance advisory engagement (NextStage.AI) covering NIST-baselined cybersecurity program work end-to-end — the closest scope analog to this RFP; (ii) an executive cybersecurity advisory engagement with SailPoint Technologies (publicly-traded enterprise identity security company) — evidence of Palmore's operating credibility with sitting CISO-level leadership; and (iii) a recurring executive-instruction engagement with the California Police Chiefs Association covering AI governance and public safety leadership — Palmore was Lead Faculty and Subject Matter Expert. The catalog also carries a Municipal Public Safety Leadership Transformation engagement for a city government, a NIST CSF 2.0 State Judiciary assessment, and international cybersecurity capacity-building delivered on behalf of the

U.S. Department of State. All three primary references are described with dates, scope, outcomes, and contact information in Section E.

B.4 California local government experience

California local government experience is preferred rather than required (§I; Q&A F.3). Apogee is a California-headquartered firm operating in the California public sector: our Principal Advisor's twenty-two-year FBI career culminated in leadership of the Bureau's San Francisco cybersecurity investigative program, serving Northern California local, state, and federal partners including municipal police departments across the Bay Area. He is currently retained as Lead Faculty and Subject Matter Expert for the California Police Chiefs Association's AI governance and public safety leadership curriculum. Our operating knowledge extends to the California Public Records Act, CJIS obligations as they apply to a municipal Police Department, California Government Code procurement practice, and the California DVBE program under which we are certified. Our physical proximity to City Hall is a practical asset: quarterly on-site presence, in-person Council briefings, and unscheduled incident touchpoints do not require air travel.

B.5 Relevant qualifications, certifications, and insurance

- **Certifications and credentials held by named personnel:** CISSP; Carnegie Mellon CISO Executive Program; MBA (Pepperdine); U.S. Naval Academy; retired FBI senior executive; FBI SWAT Operator; Federal Court–qualified expert witness (Palmore). Captain, U.S. Navy (Ret.); SES-level CIO for Navy Special Access Programs; CTO for a live 24/7 broadcast platform; MS Computer Science (Rensselaer); MS National Resource Strategy (National Defense University); Chief Information Security Officer Certificate (National Defense University); U.S. Naval Academy; qualified Naval Nuclear Engineer; Certified Ethical Hacker; CNSSI 4012, CNSSI 4016, NSTISSI 4011, NSTISSI 4015 (Torruella). A qualified and experienced Program Manager (PMP or equivalent) will be assigned from Apogee's PgM bench to run the engagement cadence and hold milestones and deliverables — identified by name upon contract award.
- **Firm certifications:** Federal SDVOSB · California DVBE (ID 2043568) · Maryland CSB & VSBE. UEI NFDUQKK8E6N3; CAGE 08WU4; SAM.gov active for all federal award types.
- **Insurance coverages carried:** Professional Liability (Errors & Omissions), Commercial General Liability, and Cyber Liability, at limits meeting or exceeding those expected under Attachment 2, Exhibit C; certificates and additional-insured endorsements will be produced prior to execution.
- **Registration and licensure:** California Secretary of State registration and City of East Palo Alto business license will be produced at contract approval, per Q&A E.7.

SECTION C · ENGAGEMENT UNDERSTANDING AND APPROACH

C.1 What the City is actually asking for

A five-year vCISO engagement covering all City departments, the Police Department, and the Sanitary District — a baseline of approximately 400 endpoints spanning workstations, servers, mobile, IoT, network infrastructure, external IPs, and physical locations (Q&A A.1). OT/ICS/SCADA environments associated with wastewater and traffic systems are out of core scope, with a stated possibility of inclusion in a future phase (Q&A A.2–A.3). The RFP's scope bullets obscure the actual shape of the work; naming that shape is the first job of this section. There are four distinct workstreams, and they do not run at the same tempo:

- **Governance and executive reporting — continuous.** Biweekly Security Governance Meetings (agenda, written status, emerging-risk disclosure, budget tracking); quarterly or semi-annual City Council and executive presentations with prior coordination and briefing rehearsals with the Assistant City Manager and IT Manager; and running risk-decision documentation.
- **Assessment, roadmap, and policy — front-loaded then annual.** Baseline NIST CSF 2.0 maturity assessment (with CIS Controls v8 secondary), risk scoring matrix, current-state and target-state diagrams (security controls, data flows, incident escalation paths), a prioritized sequencing roadmap keyed to the City's existing Security Projects List, and a policy/standards refresh mapped to CJIS, HIPAA, and PCI-DSS where applicable.
- **Incident response and tabletop exercises — sustained.** Enterprise IR Plan development and maintenance, tabletop exercises delivered at a frequency proposed under Q&A B.4 (recommended: two per year, alternating technical IR tabletop and executive/Council-level crisis exercise), and executive incident-command advisory during any active event (with the deeper 24/7 availability priced as an optional add-on per Q&A B.3).
- **Third-party risk, procurement security, and awareness program oversight — recurring.** Approximately five to ten third-party and cloud provider assessments annually (Q&A B.5), security requirements input to City IT procurements, and evaluation-and-enhancement of the existing awareness and phishing program (Q&A B.7).

C.2 The part of this engagement most proposals will avoid — and how we answer it

Q&A B.2 is the most consequential answer in the document: procurement administration and daily operational management fall to the vCISO initially, with those functions shifting to City IT staff within six to twelve months. Q&A B.1 adds that the engagement "may require a combination of both advisory guidance and hands-on operational support, configuration oversight, or control implementation." That is a request for a vCISO who will do operational work in Year 1 and then deliberately make themselves unnecessary for it. Two things follow, both reflected in our approach and cost proposal:

- **Two engagement phases, priced accordingly.** A heavier operational ramp in Months 1–12 (Year 1 build phase); a lighter, more strategic steady state from Month 13 across Years 2–5. A flat five-year fee either overprices Years 2–5 or underprices Year 1. Section F states both.
- **Two-tier rate structure.** Q&A B.1 explicitly asked whether fees differ by work type. They do. Strategic advisory hours (governance, policy, executive briefings) are billed at the Principal Advisor rate; hands-on operational hours (procurement administration, configuration oversight, control implementation, IR command) are billed at a separate operational rate. Both are shown in Section F.
- **Knowledge transfer as a named deliverable set.** Runbooks, policy templates, an assessment instrument the IT Manager can rerun without us, and structured training for the two-person IT team are dated deliverables — not aspirations. Criterion 4 scores this element explicitly.

C.3 Proposed methodology — the Apogee Cyber Risk Engagement Playbook

Apogee does not improvise methodology per engagement. Advisory and assessment work runs under the Cyber Risk Engagement Playbook V1 (v1.0, December 15, 2025) — a six-phase operational manual with defined role authorities and quality checkpoints. Mapped to a five-year fractional engagement beginning October 2026:

Phase	Duration	Core outputs
1. Diagnose	Months 1–3	NIST CSF 2.0 baseline maturity; risk scoring matrix; current-state diagrams (controls, data flows, escalation); asset and third-party inventory review.
2. Design	Months 3–4	Target-state architecture; prioritized sequencing roadmap; policy/standards refresh plan; IR Plan v1; awareness program evaluation report.
3. Deploy	Months 4–12	Policy and IRP adoption; two tabletop exercises; procurement security requirements input to Year 1 IT Strategic Plan procurements; hands-on operational ramp with training of City IT staff.
4. Defend & Develop	Year 2 onward	Steady-state governance rhythm; annual reassessment against the same instrument; ongoing third-party reviews; refreshed IR Plan and tabletops; continuous training.
5. Demonstrate	Ongoing / annual	Council-ready dashboards; annual maturity movement report; budget tracking; documented risk acceptance decisions; regulator-ready evidence set.
6. Handover checkpoint	Month 12	Formal readiness review with Assistant City Manager and IT Manager; documented shift of procurement administration and daily operational management to City IT staff.

C.4 Stakeholder engagement — designed for a two-person IT team

The City has 125.95 FTE across seven departments and exactly two IT staff, one of whom primarily runs the helpdesk (Q&A C.3). The City asked proposers to describe how they will minimize operational impact on City staff. That is a scored question. Our answer is a set of design choices, not a promise:

- **Batch the demands.** Discovery interviews are scheduled in consolidated blocks rather than drip-fed across weeks. The same conversation serves the baseline assessment, the policy gap analysis, and the continuity-documentation review — not three separate meetings.

- **Do the reading first.** The City holds substantial material — prior assessments, the Network and Security Plan Recommendations report, model policies, and the prioritized Security Projects List — released on contract execution (Q&A A.7, E.2). The vCISO reads before asking. Every question answered by an existing document is a question not put to a two-person IT team.
- **Route through one point of contact.** The IT Manager is the primary contact (Q&A C.3). Departmental access is coordinated through that one point rather than solicited directly. The IT Manager controls the load on the organization.
- **Bring the artifact, not the blank page.** Policies, runbooks, IRP structures, and assessment instruments arrive as tailored drafts built from Apogee templates — not as workshops that ask City staff to generate content.

C.5 Delivery model, on-site presence, and City staff participation

Delivery is remote-first, hybrid, consistent with Q&A C.2. On-site presence is scheduled for: (i) engagement kickoff and initial stakeholder meetings; (ii) formal City Council presentations, which are typically held in person; and (iii) up to four additional on-site touchpoints per year — quarterly by default, or as triggered by an incident or a major milestone (annual assessment, tabletop exercise, IR Plan revision). Because Apogee is headquartered in San Jose, we do not charge travel or per-diem for on-site presence at City Hall; the four-times-per-year cap stated in Q&A C.2 is our floor, not our ceiling.

City staff participation required (baseline estimate): Assistant City Manager — approximately two hours per month for governance meetings plus prep for quarterly/semi-annual Council briefings. IT Manager — approximately four to six hours per month for governance, discovery, and coordination in Year 1, decreasing in steady state. Department representatives (rotating) — approximately one hour per quarter for third-party review and continuity documentation input. Total City staff impact is designed to sit under ten hours per month organization-wide in steady state.

C.6 Assumptions, dependencies, and success factors

- **Assumption.** The City releases held-back material — asset inventories, architecture and data-flow diagrams, network segmentation state, prior assessments, the Network and Security Plan Recommendations report, model policies, Security Projects List, compliance artifacts, and awareness platform detail — within thirty days of contract execution (Q&A A.5–A.7, D.2). The 90–120 day deliverable set depends on it.
- **Assumption.** OT/ICS/SCADA environments are out of core scope; any future inclusion is separately scoped and funded (Q&A A.2–A.3). Priced under Optional Task 2 in Section F.
- **Assumption.** Approximately five to ten third-party and cloud provider assessments annually, with depth agreed at contract execution (Q&A B.5).
- **Dependency.** Availability of the Assistant City Manager and IT Manager for the biweekly cadence and Council briefing rehearsals. The governance cadence is the engagement's heartbeat; if it lapses, the program becomes a document set.
- **Dependency.** Written City decisions at defined points. A vCISO advises; the City owns the risk decisions. Documenting accepted risk is part of the service.
- **Success factor.** Measurable NIST CSF 2.0 maturity movement from a documented baseline, using the same assessment instrument each year so movement is real, not an artifact of a changed method.
- **Success factor.** The transfer of procurement administration and daily operational management to City IT staff on the six-to-twelve-month timeline the City set — evidenced by dated handovers, not asserted.

C.7 Optional tasks and ideas

Priced separately in Section F, consistent with §IV.F and Q&A E.5:

- Optional Task 1 — 24/7 emergency advisory availability with a defined response commitment for out-of-hours incident-command support (requested at Q&A B.3).

- Optional Task 2 — OT/ICS/SCADA cybersecurity assessment for the wastewater and traffic environments, scoped now and exercised when the City is ready (Q&A A.2–A.3).
- Optional Task 3 — Penetration testing and vulnerability scanning delivered on an as-needed authorized basis through a US-based partner under Apogee prime accountability.
- Optional Task 4 — Additional tabletop exercises beyond the core-included frequency, including an executive- or Council-level crisis exercise — a distinct exercise from a technical IR tabletop, rarely run in cities of this size.
- Optional Task 5 — Security requirements support for the concurrent Year 1 IT Strategic Plan procurements (ERP, website/intranet, GIS, records digitization, eBid). The City raised this connection at Q&A B.6. Each of those procurements will move City data; each needs security and data-residency requirements written before the RFP goes out, not after the contract is signed.

SECTION D · TEAM

The City prefers a single named vCISO as primary point of contact and continuity, supported by a team with a clearly identified lead, defined supporting roles, and a stated mechanism for continuity and accountability (Q&A C.4). Apogee proposes a small, senior bench organized around one accountable executive. All personnel are US-based; Apogee uses no offshore resources on this engagement. No subcontractors are proposed.

D.1 Proposed team, roles, and monthly-hour allocation

Name / Role	Function on this engagement	Key credentials	Yr 1 hrs/mo — Steady state
M. K. Palmore Proposed Project Manager, Named vCISO & Project Executive (§IV.D)	Primary point of contact for Assistant City Manager and IT Manager. Owns governance program; sets biweekly agenda after Meeting 1; leads Council presentations; direct CJIS interlocutor for the Police Department scope; final signoff on all deliverables. Holds the "Proposed Project Manager" designation §IV.D requires — with the assigned PgM below acting as day-to-day cadence lead reporting to him.	CISSP; CMU CISO Exec; MBA; USNA / USMC officer; retired FBI executive (San Francisco Cyber); ex–Palo Alto Networks Field CISO; ex–Google Cloud Cyber Exec.	12 — 10
Ramberto Torruella Deputy vCISO & Designated Alternate	Operational execution lead; primary continuity backup; attends all governance meetings; runs baseline NIST CSF 2.0 assessment; owns policy drafting, IR Plan development, and third-party reviews; hands-on operational ramp in Year 1.	Captain, USN (Ret.); former SES-level CIO, Navy Special Access Programs ($500M+, 6,000+ users); CTO (live 24/7 platform); MS Comp Sci (RPI); MS Nat'l Resource Strategy (NDU); CISO Certificate (NDU); CEH; CNSSI 4012/4016; NSTISSI 4011/4015.	10 — 8
Program Manager (PgM) (to be assigned from Apogee's PgM bench)	Engagement cadence and program governance: biweekly meeting agendas and formal written status reports; risk register and roadmap upkeep; deliverable scheduling against Playbook phase gates; evidence and citation discipline; City stakeholder logistics. Qualified and experienced Program Manager to be assigned to ensure milestones and deliverables are held; identified by name upon contract award.	PMP or equivalent program-management credentials; public-sector program delivery.	4 — 3
Apogee RRAG — Firm Intelligence & Multi-Domain Risk Practice	Continuous multi-domain risk monitoring feeding the biweekly status report and Council briefings: cyber threat intel calibrated to municipal exposure; physical-security and civil-unrest indicators; operational and supply-chain risk; AI governance developments; state and local regulatory movement. This is the enterprise-risk overlay a City cannot get from a single vCISO.	Rogue Risk Advisory Group — Apogee's proprietary multi-domain risk intelligence cell (cyber, physical, operational, geopolitical, AI, human capital); NIST/CIS/NIST AI RMF anchored.	Included — Included

Total blended monthly effort — Year 1: ~26 hours per month (governance-heavy build phase, per §F.2 arithmetic). *Steady-state Years 2–5:* ~21 hours per month. Both figures include the RRAG multi-domain risk-intelligence overlay at no incremental hourly charge — an enterprise-risk overlay that is priced separately in most vCISO proposals if it is offered at all.

D.2 Continuity and accountability — how the mechanism actually works

Q&A C.4 asked specifically how continuity and accountability are maintained. Our answer is a mechanism, not a reassurance:

- **Named alternate with real engagement.** Ramberto Torruella is designated as Deputy vCISO and alternate, and attends every biweekly governance meeting during Year 1 and every other meeting in steady state. The assigned Program Manager attends every meeting throughout the term. The relationship is not cold if the named vCISO is invoked.
- **Documented engagement record.** A running engagement journal — decisions, risk acceptances, action items, evidence links — is maintained in a shared record. Context does not live in one person's head.
- **Escalation path.** The Apogee Founder-Principal Advisor structure means the Assistant City Manager has a standing escalation path even when the named vCISO is unavailable.
- **Substitution controls.** Any substitution of the named vCISO requires thirty (30) days' written notice to the City and the City's written approval, with a resume of the proposed replacement provided in advance.

D.3 Resumes — key personnel (purpose-cut to vCISO scope)

M. K. Palmore — Named vCISO & Project Executive

Education & credentials. BS, Political Science, U.S. Naval Academy · MBA, Entrepreneurship, Pepperdine · CISSP, (ISC)² · CISO Executive Program, Carnegie Mellon University · FBI SWAT Operator (retired) · Federal court–qualified expert witness.

Relevant experience (last 5 years). Founder & Principal Advisor, Apogee Global RMS (2018–present) — fractional CISO / cybersecurity advisory to State Judiciary (3,000+ employees; NIST CSF 2.0 assessment and remediation roadmap), California Police Chiefs Association (recurring AI-governance and public safety leadership instruction), municipal public safety leadership transformation, and federal cybersecurity compliance advisory. Cybersecurity Executive, Google Cloud (Office of the CISO). Vice President & Field CISO (Americas), Palo Alto Networks — cybersecurity executive counsel to Fortune 500 and critical-infrastructure clients across the Americas. Assistant Special Agent in Charge, FBI Cybersecurity Division, San Francisco — led one of the Bureau's largest cybersecurity investigative teams covering Northern California local, state, and federal partners. Federal court testimony and hundreds of federal warrants executed as case agent and supervisor.

Ramberto Torruella — Deputy vCISO & Designated Alternate

Education & credentials. BS, Physics — U.S. Naval Academy · MS, Computer Science — Rensselaer Polytechnic Institute · MS, National Resource Strategy & International Relations — National Defense University (Eisenhower School) · Chief Information Security Officer Certificate — National Defense University · Qualified Naval Nuclear Engineer · Certified Ethical Hacker (EC-Council) · CNSSI 4012 (Senior System Managers), CNSSI 4016 (Risk Analysts), NSTISSI 4011 (INFOSEC Professionals), NSTISSI 4015 (System Certifiers) — NDU · CISSP (ISC² — 2013, credential lapsed 2025; disclosed for transparency).

Relevant experience (last five years). Captain, U.S. Navy (Ret.), with three decades leading mission-critical systems where downtime is not an option. Chief Technology Officer, KEXP (2023–2026) — modernized a live 24/7 broadcast and streaming platform, sequencing six simultaneous end-of-life/end-of-support forcing functions with no service-impacting outage during transition. Chief Information Officer for Navy Special Access Programs (2021–2023) at SES level — governed $500M+ in distributed platforms serving 6,000+ engineers; expanded network monitoring coverage from 16 to 157 metrics; converted 70% of contract tasks to firm-fixed-price; reduced requirements rework by 90%; conducted architecture and cybersecurity reviews for three- and four-star leaders. Assistant Professor at NDU's Eisenhower School (2019–2021), teaching National Security Strategy and leading the Cyberspace and Advanced Computing Industry Study. CIO / Director of Communications & Networks (N6), U.S. Naval Forces Europe–Africa / U.S. 6th Fleet (2016–2019). Currently a Fractional CTO/CISO advising mid-market and

government clients on cyber posture, platform modernization, and de-risked replacement of core systems under fixed deadlines — the exact discipline this five-year engagement requires. Joined Apogee as Risk Advisor in May 2026.

Program Manager (PgM) — to be assigned from Apogee's PgM bench

Assignment. A qualified and experienced Program Manager will be assigned to this engagement from Apogee's Program Management bench to ensure that milestones and deliverables are held throughout the five-year term. The assigned PgM will hold PMP or equivalent program-management credentials and have public-sector engagement delivery experience appropriate to a five-year municipal vCISO program. Apogee will identify the assigned PgM by name upon contract award, and any subsequent substitution will require thirty (30) days' written notice to the City and the City's written approval, on the same substitution controls that apply to the Named vCISO.

Function on this engagement. Owns the engagement cadence end-to-end: biweekly agendas, formal written status reports, risk register and roadmap upkeep, deliverable scheduling against the Cyber Risk Engagement Playbook phase gates, evidence and citation discipline for regulator-ready documentation, and City stakeholder logistics. Attends every biweekly governance meeting throughout the term. The role is what protects a two-person City IT team from becoming the program's coordinator.

Apogee RRAG — Firm Intelligence & Multi-Domain Risk Practice

What it is. The Rogue Risk Advisory Group is Apogee's proprietary multi-domain risk intelligence cell — the operational expression of the firm's Nexus of Risk thesis that cyber, physical, operational, geopolitical, AI, and human-capital risks are causally interconnected and should be advised as one connected system rather than in silos.

Why it matters for a City of 28,872 with two IT staff and a Police Department. A single vCISO can watch cyber threats. A City needs more than that. The Council will ask about AI adoption in policing before this contract's second year; the Police Department will face threat-actor targeting tied to case work; the Sanitary District subsidiary sits inside a national conversation about municipal water-system attacks; and the City itself is exposed to the geopolitical, supply-chain, and vendor-incident vectors that reach local government whether or not the local government is watching for them. RRAG provides that watch. It feeds the biweekly status report's emerging-risk disclosures, sources the Council briefings, and produces the calibrated intelligence that turns a vCISO into a genuine enterprise risk advisor. Included in the retainer at no incremental hourly charge — a differentiator most firms at this budget cannot offer at all.

D.4 Subcontractors

No subcontractors are proposed on the core scope of this engagement. Apogee delivers the vCISO scope entirely with directly-engaged, US-based personnel identified above. For Optional Tasks 2 and 3 (OT/ICS/SCADA assessment and penetration testing), we would engage US-based specialty partners under Apogee prime accountability, subject to City approval and full identification in advance, consistent with Q&A E.7. No offshore resources are used at any tier of the delivery stack, on core scope or optional tasks.

SECTION E · RELEVANT EXPERIENCE AND REFERENCES

Three engagements are presented, selected against the RFP's scope: fractional CISO plus federal compliance advisory (NextStage.AI); executive cybersecurity advisory to a Fortune-1000 identity-security company (SailPoint); and California public safety executive instruction (California Police Chiefs Association). Reference contacts have been notified they may be called. Non-California municipal experience is evaluated equally with California experience (Q&A F.3); the three references together evidence fractional-CISO delivery discipline, executive cybersecurity counsel to CISO-level leadership, and California public safety and CJIS operating credibility.

Reference 1 — Fractional CISO and Federal Compliance Advisory (NextStage.AI)

Client organization	NextStage.AI (technology company pursuing federal certification)
Engagement	Fractional Chief Information Security Officer plus federal compliance advisory: comprehensive compliance assessment against a federal baseline (FedRAMP Moderate), development and implementation of remediation strategies, security engineering support to compliance posture, and executive-level program governance under Apogee's Cyber Risk Engagement Playbook.
Dates	Six-month engagement completed 2024
Apogee personnel role	M. K. Palmore, Founder & Principal Advisor — engagement executive; Apogee delivered as Prime Contractor.
Outcomes	Closed all compliance gaps against the federal baseline; positioned the client to progress toward federal compliance certification and pursue federal contracts; established a repeatable governance cadence; delivered structured knowledge transfer to internal engineering leadership.
Reference contact	Josh Chu, Chief Technology Officer, NextStage.AI — direct phone and email provided to the City on written request coordinated through M. K. Palmore (rfp_team@apogeeglobalrms.com). Mr. Chu has been notified he may be contacted for reference.

Reference 2 — Executive Cybersecurity Advisory (SailPoint Technologies)

Client organization	SailPoint Technologies (publicly-traded enterprise identity security company)
Engagement	Executive cybersecurity advisory to SailPoint's information-security leadership: independent advisor engagement on security-program direction, board- and executive-level cybersecurity communication, cybersecurity leadership development, and risk-posture counsel across an enterprise environment materially larger than East Palo Alto's.
Dates	Advisory engagement across 2024 – 2025
Apogee personnel role	M. K. Palmore, Founder & Principal Advisor — engagement executive; Apogee delivered as Prime Contractor.
Outcomes	Delivered executive-level cybersecurity counsel used by SailPoint's information-security leadership on strategy, board communication, and leadership development. The engagement evidences Palmore's ability to hold trusted advisor status with a sitting CISO of a public identity-security company — the same executive-counsel discipline the City is procuring.

Reference contact	Sree Kancharla, SailPoint Technologies — email: sree.kancharla@sailpoint.com. Direct phone provided to the City on written request coordinated through M. K. Palmore (rfp_team@apogeeglobalrms.com). Ms. Kancharla has been notified she may be contacted for reference.

Reference 3 — California Police Chiefs Association — AI Governance and Public Safety Leadership Instruction

Client organization	California Police Chiefs Association (CPCA)
End beneficiary	California municipal police chiefs and command-level public safety executives
Engagement	Two-cohort executive instruction covering AI governance for public safety agencies and the leadership disciplines required to navigate accelerating technology change; anchored in the NIST AI Risk Management Framework and aligned to California POST executive development priorities.
Dates	Two cohorts delivered 2024 and 2025 (recurring instructional relationship)
Apogee personnel role	M. K. Palmore — Lead Faculty and Subject Matter Expert; Apogee delivered as Prime Contractor.
Outcomes	Delivered executive-level AI governance instruction to two cohorts of California police chiefs; sustained recurring instructional relationship with CPCA; translated NIST AI RMF into actionable guidance for California municipal law enforcement — evidence of Palmore's operating fluency with California public-safety leadership and CJIS-obligated environments.
Reference contact	Chief Max Bosel (Ret.), California Police Chiefs Association — email: mbosel@californiapolicechiefs.org. Direct phone provided to the City on written request coordinated through M. K. Palmore (rfp_team@apogeeglobalrms.com). Chief Bosel has been notified he may be contacted for reference.

SECTION F · COST PROPOSAL

F.1 Monthly retainer — two phases; escalator; travel

Budget-fit context (Q&A C.1, E.1): The City disclosed a $70,000 annual budget and asked for the level of effort within it. $70,000/yr = $5,833/mo. Section D.1 models ~26 blended hours/mo in Year 1 (operational build) and ~21 blended hours/mo in steady state (Years 2–5), across the entire named team plus the RRAG multi-domain risk-intelligence overlay. Travel and per-diem for on-site presence at City Hall or the Sanitary District are not charged; Apogee is headquartered in San Jose.

Line	Included / Description	Fee
Retainer — Year 1 (build)	Named vCISO (Palmore) + Deputy vCISO/Designated Alternate (Torruella) + a qualified and experienced Program Manager assigned from Apogee's PgM bench, plus the Apogee RRAG multi-domain risk-intelligence overlay; ~26 blended hrs/mo; biweekly governance meetings; all §III core deliverables; up to 4 on-site touchpoints/yr.	$5,833 / month ($69,996 / yr)
Retainer — Steady state (Yrs 2–5)	Same team plus RRAG overlay; ~21 blended hrs/mo; annual reassessment; ongoing third-party reviews; refreshed IR Plan & tabletops; sustained knowledge transfer to City IT staff.	$5,833 / month ($69,996 / yr)
Annual escalator (§IV.F)	CPI-U (San Francisco–Oakland–Hayward, prior 12 months), capped at 3.0%, applied on each contract anniversary starting Year 2. If CPI-U is <0 the rate holds flat; the cap applies only upward.	Per CPI-U, capped 3.0%
Travel & reimbursables	No travel or per-diem for on-site presence at City Hall or the Sanitary District. Any non-local travel authorized in advance, at cost, no markup.	$0 (Bay Area)

Value read — the "more for less" the City is actually being offered. At $70K/yr the City receives, inside one retainer: a named vCISO (Palmore — retired FBI San Francisco cyber executive who carries CJIS and public-safety fluency directly, former Field CISO at Palo Alto Networks, cybersecurity executive at Google Cloud); a Deputy vCISO who is the designated alternate and operational execution lead (Torruella — Captain, U.S. Navy, Ret., and former SES-level CIO for Navy Special Access Programs); a qualified and experienced Program Manager, assigned from Apogee's PgM bench, who runs the engagement cadence and holds milestones and deliverables so a two-person City IT team does not have to; and the Apogee RRAG multi-domain risk-intelligence overlay, which supplies the enterprise-risk view (cyber, physical, operational, geopolitical, AI, human capital) that a City with a Police Department, a Sanitary District subsidiary, and a public-facing Council actually needs. Most vCISO proposals at this budget deliver a single practitioner with an offshore analyst pool. Q&A C.4 prohibits the offshore construct; we do not use it.

F.2 Hourly rate table (required by §IV.F; two tiers per Q&A B.1)

Team member / role	Strategic advisory rate	Operational / hands-on rate
M. K. Palmore — Named vCISO & Project Executive	$395 / hr	$345 / hr
Ramberto Torruella — Deputy vCISO & Designated Alternate	$295 / hr	$255 / hr
Apogee RRAG — Firm Intelligence & Multi-Domain Risk Practice	$225 / hr	$195 / hr
Program Manager (PgM) — to be assigned from Apogee's PgM bench	$175 / hr	$175 / hr

Q&A B.1 answer: Yes — strategic advisory and hands-on operational hours carry different rates, as shown. Retainer hours cover the mix modeled in Section D.1; work beyond the retainer, or reclassified retainer hours at the City's option, are billed at the rates above.

F.3 Optional tasks — priced separately (§IV.F, Q&A E.5)

Optional task	Description	Fee
1. 24/7 Emergency Advisory	Named response (Palmore or Torruella, primary answer within 30 min) for out-of-hours incident-command support. Standby + incident hours at Strategic Advisory rate.	$2,500/mo standby + incident hrs
2. OT/ICS/SCADA Assessment	Scoped assessment for wastewater and traffic environments (Q&A A.2–A.3 future phase); IEC 62443 anchored; delivery via US-based partner under Apogee prime accountability.	$18,500 fixed (assessment)
3. Penetration Testing	External and/or internal pen-test on authorized basis; US-based partner under Apogee prime accountability.	From $9,500 / engagement
4. Additional Tabletops	Additional technical IR tabletop or executive/Council-level crisis exercise (distinct from technical IR tabletop).	$4,500 / exercise
5. Year 1 IT Strategic Plan Procurement Security	Security requirements input to concurrent ERP, website/intranet, GIS, records digitization, and eBid procurements — written before the RFP goes out, not after the contract is signed (Q&A B.6).	$12,000 / procurement flat, or $195/hr T&M

SECTION G · EXCEPTIONS

§IV.G is a forfeiture clause: "If not identified in RFP but identified later, the City has the option to move to the next best proposer, regardless of where we are in the process." We treat this section accordingly. The exceptions below are stated in this proposal, not reserved for negotiation.

G.1 Intellectual property — deliverables vs. underlying methodology

§III of the RFP states that all final deliverables produced under this RFP shall become the property of the City. Apogee agrees that all client-specific final deliverables produced for the City — the NIST CSF 2.0 baseline assessment report, the risk register, the current-state and target-state diagrams, City-adopted policies and standards, the Incident Response Plan, tabletop after-action reports, and Council-facing briefings — become the property of the City, with a royalty-free perpetual license back to Apogee to retain a copy for its own records.

Exception: Apogee's pre-existing, generally applicable methodologies, frameworks, playbook structures, assessment instruments, policy templates, and know-how — including the Cyber Risk Engagement Playbook V1, the Physical Security Risk Playbook, the RRAG advisory framework, and any templates Apogee brings to the engagement — remain the intellectual property of Apogee. The City receives a royalty-free, perpetual, non-exclusive license to use, copy, and adapt those methodologies and templates in their City-tailored form for the City's own internal use. Apogee retains the right to use its own underlying methodology on other engagements. This carve-out is standard for practitioner-led advisory work and is necessary to make knowledge transfer (scored under Criterion 4) meaningful without transferring the firm's practice.

G.2 Limitation of liability

Exception: Apogee's aggregate liability under any resulting agreement is capped at the fees actually paid to Apogee in the twelve (12) months preceding the claim. Consequential, incidental, special, exemplary, and punitive damages are excluded on both sides. Claims must be brought within twenty-four (24) months of the event giving rise to them. Standard carve-outs — willful misconduct, gross negligence, breach of confidentiality, indemnification obligations, and IP infringement — apply.

G.3 Indemnification

Exception: Apogee's indemnification is limited to third-party claims arising out of Apogee's negligent acts or omissions or willful misconduct in the performance of the services, subject to the liability cap in G.2. Apogee does not accept uncapped or first-party indemnity, or indemnification for claims arising out of the City's use of deliverables outside Apogee's written scope, or for the City's independent acts or omissions.

G.4 Insurance

No exception to Exhibit C's limits is taken at this time; Apogee carries Professional Liability (E&O), Commercial General Liability, and Cyber Liability at limits meeting or exceeding those expected under Exhibit C, and will produce certificates of insurance and additional-insured / waiver-of-subrogation endorsements to the extent commercially available in the market prior to execution. Any endorsement Apogee's carrier will not issue in the form specified will be identified and negotiated to a commercially reasonable equivalent prior to contract execution.

G.5 Generative AI use — proactive disclosure

This RFP does not require disclosure of generative-AI use in delivery. We disclose it proactively as a matter of professional posture. Apogee uses generative-AI tools selectively in delivery for drafting, summarization, and research assistance, under a firm-level AI Governance Policy modeled on the NIST AI Risk Management Framework. City data is never used to train third-party models. Any AI-produced content used in a City deliverable

is reviewed and adopted by the responsible Apogee practitioner before delivery; the practitioner, not the tool, holds accountability. A vCISO advising a City on its own AI governance while silently using AI tools on City data would be a position that ages badly; we disclose ours.

G.6 No other exceptions

Apogee takes no exception to the scope of services as written in §III, to the submittal and evaluation processes in §V–§VIII, to the protest procedures in §X, or to the general terms and conditions in §XI. We understand and accept that public-records treatment under §XI applies to information submitted with this proposal, and we have not marked any portion as confidential or proprietary.

RFP Scoring Rubric – Project A4 and A4.1. City Website, Intranet, and Consulting Assistance

Proposer: _____ *Evaluator:* _____ *Date:* _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
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3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

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RFP Scoring Rubric – Project A4 and A4.1. City Website, Intranet, and Consulting Assistance

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RFP Scoring Rubric – Project A4 and A4.1. City Website, Intranet, and Consulting Assistance

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RFP Scoring Rubric – vCISO Support Services

Proposer: 22nd Century Technologies, Inc Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: Apogee Global_ Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: ArtifexIT Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: BITDIRECT Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: CDW_ Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: CISO Operator_ Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer:Concourse Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: Consultadd Evaluator: _____ Date: _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

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1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

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1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

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1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

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RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

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2	Firm and Team Qualifications	**30**	0–5: Little or no comparable public-sector/municipal experience; proposed staff not qualified.	6–15: Some relevant experience and qualifications, but limited comparable projects, technical depth, or capacity.	16–25: Strong municipal/public-sector experience; qualified named team; credible references and availability.	26–30: Extensive comparable experience; exceptional named team, specialized expertise, successful outcomes, strong references, and continuity.	____	
3	Cost Proposal and Overall Value	**20**	0–5: Cost is incomplete, unclear, internally inconsistent, or significantly unreasonable.	6–10: Pricing is understandable but high, lightly supported, or misaligned with the proposed effort and deliverables.	11–15: Reasonable, transparent pricing with labor rates/hours and a generally appropriate staffing mix.	16–20: Competitive and well-supported not-to-exceed cost; clear assumptions; strong alignment of price, effort, deliverables, and City value.	____	
4	Responsiveness and Deliverables Quality	**20**	0–5: Materially non-responsive; required information or meaningful deliverables are absent.	6–12: Addresses most requirements but has gaps in completeness, clarity, documentation, or deliverable definition.	13–17: Fully responsive; clear, practical, decision-ready deliverables, reporting, and implementation support.	18–20: Fully responsive and exceptionally usable; concrete deliverables, knowledge transfer, templates/training, and executive-ready communication.	____	
	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

RFP Scoring Rubric – vCISO Support Services

Proposer: _____ *Evaluator:* _____ *Date:* _____

#	Evaluation Criterion	Points Possible	Insufficient	Basic / Acceptable	Strong / Competent	Excellent / Comprehensive	Points Awarded	Evaluator Notes / Evidence
1	Approach and Work Plan	**30**	0–5: No coherent or feasible work plan; weak understanding of City needs; major omissions.	6–15: General approach but limited detail, sequencing, tailoring, or project controls.	16–25: Clear, logical methodology; realistic milestones, roles, reporting, and deliverables.	26–30: Thorough, City-tailored, implementation-ready plan with strong risk, dependency, stakeholder, and change-management approach.	____	
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	TOTAL WRITTEN PROPOSAL SCORE	**100**				**TOTAL POINTS EARNED:**	**____**	

Evaluator guidance: Score independently using the ranges above. Consider the specific project scope, named team, comparable California/local-government experience, implementation feasibility, cost transparency, and usable City deliverables. Record concise evidence for each score.

EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: October 20, 2026

TO: Honorable Members of the City of East Palo Alto City Council, Governing Board to the East Palo Sanitary District, a Subsidiary of the City of East Palo Alto

VIA: Melvin E. Gaines, General Manager

BY: Tomohito Oku, District Treasurer
Jessica Y Caballero, Financial Services Manager

SUBJECT: Cash Disbursement Report for August 2026

Recommendation

Accept the cash disbursement report required pursuant to California Health and Safety Code Section 6794.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability
Priority: Public Health, Safety, and Quality of Life

Background

On November 15, 2023, the San Mateo Local Area Formation Commission ("LAFCo") unanimously approved the City of East Palo Alto's application requesting that the East Palo Alto Sanitary District ("District" or "EPASD") be made a subsidiary of the City of East Palo Alto.

On October 1, 2024, the reorganization of the District as a subsidiary of the City of East Palo Alto (City), and the City Council its governing board, became effective. Prior to and since that time, staff has worked diligently toward a peaceful and smooth transition. To that end, one aspect of that transition has required staff to review local rules and regulations of EPASD that may require amendment in light of the reorganization.

California Health and Safety Code (H&S) Section 6794 allows the Board to adopt a procedure

that provides for checks or warrants to pay claims and demands without approval by the Board of Directors before payment if the District Treasurer determines that the demands are payable within the District's approved budget.

On December 3, 2024, the Board adopted an ordinance amending various provisions of the Sanitary District Code including Section 303 Appointed Positions, which authorizes District Treasurers to perform duties including the deposit and withdrawal of funds of the District, issuance of checks or warrants to pay claims and demands without approval by the Board before payment if the District Treasurer determines that the demands are payable within the District's approved budget.

Furthermore, H&S Section 6794 requires staff to present cash disbursements to the Board at the next regular Board meeting and seek Board approval if demands exceed the District's approved budget.

This staff report is provided for informational purposes and details all cash disbursements for the month ending August 2026, as approved by the District Treasurer. As of August 31, 2026, actual expenses remain within the District's approved budget. Year-to-date expenditures total $0.8 million, compared to the adopted budget of $9.8 million, representing 9% of the budget spent to date.

Analysis

The following cash disbursements have been approved by the District Treasurer pursuant to the District Code Section 303, and are hereby reported to the Board:

EPASD Cash Disbursement Reports
For Period Ending August 31, 2026

Vendor Name	Invoice Number	Description	Check Amount	Check Issue Date
AppleOne, Inc	01-72558 94	Staffing Services	$ 4.00	8/7/2026
AppleOne, Inc	01-72642 11	Staffing Services	$ 4.00	8/7/2026
AppleOne, Inc	01-73071 20	Staffing Services	$ 416.91	8/7/2026
AppleOne, Inc	01-7332828	Staffing Services	$ 1,925.60	8/3/2026
AppleOne, Inc	01-7336679	Staffing Services	$ 1,925.60	8/7/2026
AppleOne, Inc	01-7342316	Staffing Services	$ 1,913.57	8/7/2026
AppleOne, Inc	01-7348573	Staffing Services	$ 1,925.60	8/14/2026
AppleOne, Inc	01-7350470	Staffing Services	$ 1,925.60	8/21/2026
CALIF PUBLIC EMPLOYEES'	H911	EPASD HEALTH PREMIUM	$ 9,634.12	8/31/2026
CITY OF PALO ALTO	7800007745	1st Qtr FY26-27 Primary Sedimentaiton Tank & Electrical Upgrade SR	$ 677,640.28	8/14/2026
Degree HVAC, Inc	43897	Quarterly Maintenance	$ 250.00	8/14/2026
Islas Maintenance Cleaning, LLC	2983	EPASD Janitorial Services	$ 2,050.00	8/7/2026
MacLeod Watts Inc	070726EPASD	Actuarial Valuation of Other Post-Employment Benefit Programs as of June 30,2025	$ 7,300.00	8/14/2026
PACIFIC GAS & ELECTRIC	2205881930-5 07/2026	PACIFIC GAS & ELECTRIC EPASD 2205881930-5 FOR 6/13/26-7/14/26	$ 20.21	8/7/2026
SAN MATEO DAILY JOURNAL	17944	Notice of Public Hearing 6/15/2026	$ 1,008.00	8/28/2026
			$ 707,943.49	

Fiscal Impact

There is no budget impact by this action as the year-to-date cash disbursements did not exceed the District's approved budget.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The proposed action is not a "project" under California Environmental Quality Act (CEQA) pursuant to CEQA Guideline section 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Government Code § 84308

Applicability of Levine Act: No, as the proposed action involves no entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments: None.

EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: October 20, 2026

TO: East Palo Alto Sanitary District Board

VIA: Melvin E. Gaines, General Manager

BY: Matt Vining, Utility Manager

SUBJECT: Palo Alto RWQCP Addendum 2 to the partner agreement with EPASD

Recommendation

1. Adopt a resolution approving Addendum 2 to the partner agreement between the Palo Alto Regional Water Quality Control Plant (RWQCP) and EPASD and authorizing Palo Alto to utilize an interim line of credit to finance EPASD's allocated share of the Addendum 2 project costs, following review and comment on the proposal by the EPASD Advisory Committee.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Priority: Governance, Organizational Strength, and Fiscal Sustainability
- Priority: Public Infrastructure and Utilities

Background

The Palo Alto Regional Water Quality Control Plant (RWQCP) is currently implementing over $460 million in capital improvements identified in its 2012 Long Range Facilities Plan (LRFP), including major projects such as the Secondary Treasury Upgrades (WQ-190001), Advanced Water Purification System (WQ-19003), and Headworks Facility Replacement (WQ-16002). These projects are in various stages of design and construction and are funded through a combination of State Revolving Fund (SRF) loans, grants, and debt financing.

The 2012 Long Range Facilities Plan established a comprehensive pathway for modernizing the

RWQCP to meet future regulatory requirements, accommodate partner agency flows, and replace aging infrastructure. Many early-phase projects have been completed using SRF loans, which provided favorable interest rates and stable long-term funding.

Several remaining projects, including major process upgrades and facility replacements, do not currently have SRF commitments. In addition, updated cost estimates reflect inflation, increased construction costs, and newly identified facility needs. To ensure continuity of construction and design work, the RWQCP partners authorized a line of credit mechanism through amendments to existing partnership agreements.

The amendments enable the line of credit mechanism, currently anticipated to run approximately five years, though Addendum Two does not itself fix a maximum term and instead authorizes Palo Alto to negotiate repayment terms directly, enabling the facility to proceed with critical interim financing while staff continue working with state agencies to secure SRF or other long-term funding sources.

City of Palo Alto Staff initiated a comprehensive update to the LRFP in 2024. The LRFP Update, currently underway, will reassess and reprioritize capital improvement needs over the next 50 years, incorporating consideration of updated regulatory requirements, emerging contaminants, and the current condition and performance of existing RWQCP infrastructure. The update will refine project scopes and cost estimates for remaining projects from the 2012 LRFP and identify additional capital improvements necessary to maintain reliable and compliant plant operations. The LRFP Update is expected to significantly increase RWQCP's overall capital needs, highlighting the importance of flexible financing tools such as the proposed LOC.

On November 4, 2025, the City of Palo Alto Finance Committee received an update of the capital improvement program, LRFP Update, capital and O&M cost allocations, program funding strategies and reserve policy. Staff's funding strategies include the following sources:

- State Revolving Fund (SRF) loans administered by the State Water Resources Control Board
- U.S. Environmental Protection Agency Water Infrastructure Finance and Innovation Act (WIFIA) loans
- Utility revenue bonds issued through capital markets
- Line of Credit (LOC)
- Capital budget for smaller or shorter-term projects.

Analysis

The purpose of this staff report is to seek the EPASD Board's approval of Addendum Two to the existing partner agreement, which is required before the City of Palo Alto may utilize the line of credit (LOC) for the authorized RWQCP projects. Palo Alto is seeking similar approval from the governing bodies of the participating RWQCP partner agencies.

The LOC is intended to serve as an interim financing mechanism to provide funding for near-term capital needs while Palo Alto continues to pursue longer-term financing. The LOC will allow the RWQCP to advance necessary capital projects without delaying design or construction while

permanent financing is being secured. Project costs financed through the LOC are expected to ultimately be refinanced through a utility revenue bond. A subsequent amendment to the partner agreement is anticipated at some future date to establish the methodology and requirements for each partner's applicable share of the long-term debt service.

Addendum Two primarily addresses partner agency cost-sharing responsibilities and authorizes Palo Alto to utilize the LOC for planned capital improvements. Amendments with the participating agencies maintain the proportional cost allocation methodology established in the respective partner agreements. The interim financing capacity will be used to:

- Complete smaller capital improvement projects currently in construction or ready to bid;
- Advance the design of larger projects requiring additional time to secure long-term financing; and
- Maintain progress on the RWQCP modernization program without delays that could increase future costs or risk regulatory non-compliance.

Addendum Two authorizes up to $31 million in total project costs, consisting of:

- $18 million for Headworks Project improvements;
- $1 million for Outfall Project improvements;
- $12 million for deferred minor capital projects; and
- Emergency projects, as needed, within the overall $31 million authorization to maintain continuous, compliant, and safe plant operations.

Approval of Addendum Two by the EPASD Board would authorize Palo Alto to utilize the LOC to finance EPASD's allocated share of these project costs. During the interim financing period, EPASD will be responsible for its proportionate share of interest costs associated with applicable LOC draws, as further described in the Fiscal Impact section.

Palo Alto staff will return to the Palo Alto City Council and partner agencies, as applicable, at key milestones for budget appropriations, project awards, and approval of future long-term financing instruments.

EPASD Advisory Committee Input

The EPASD Advisory Committee received a presentation and provided feedback on this proposed Addendum at a September 24, 2026 Special Meeting. The EPASD AC passed a unanimous vote to recommend that the EPASD Board accept the terms of Addendum 2 to the RWQCP Partners Agreement, with the comment that the Advisory Committee and Board look further into how EPASD's allocation and capacity maximum are calculated and determined by the RWQCP and City of Palo Alto Finance Committee.

Fiscal Impact

Addendum Two authorizes up to $31 million in total project costs. Under the Agreement, each partner is responsible for its proportional share of project costs based on the capacity allocation established in Exhibit H. EPASD's capacity allocation is 7.64%. Accordingly, if the full $31 million authorization is utilized, EPASD's allocated share of the project costs would be approximately $2.37 million ($31 million × 7.64%).

Palo Alto intends to use the line of credit (LOC) as an interim financing mechanism for the authorized project costs. During the LOC period, EPASD will be responsible for its proportionate share of interest costs incurred on amounts drawn from the LOC for project costs. These LOC interest costs will be included in Palo Alto's quarterly partner billings. Assuming an interest rate of approximately 4% to 5%, the actual interest cost to EPASD will depend on the amount and timing of LOC draws and the period that each amount remains outstanding.

The project costs financed through the LOC, including the outstanding LOC principal, are expected to be subsequently refinanced through a utility revenue bond. Addendum Two does not establish EPASD's long-term debt-service payment requirements for that financing. A subsequent addendum will establish the methodology and requirements for EPASD's payment of its applicable share of the utility revenue bond debt service, including principal and interest.

EPASD currently funds its RWQCP obligations through sewer service charges. The additional capital and financing obligations resulting from Addendum Two will need to be incorporated into EPASD's long-range financial planning and future sewer rate requirements. Current sewer service charges are not expected to fully absorb these additional costs. The precise rate impact is not yet known and will be evaluated through an upcoming rate study, which will determine the timing and level of future rate adjustments needed to support EPASD's share of RWQCP costs over the next 5–10 years.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378 (b)(5), in that it is a government administrative activity that will not result in direct or indirect changes in the environment.

Government Code § 84308

Applicability of Levine Act: No, as the proposed does not involve an entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution
2. RWQCP Proposed Addendum 2 Draft
3. RWQCP Amended Agreement with EPASD
4. Partner's Meeting Slides September 2, 2026

RESOLUTION NO. XX– 2026

A RESOLUTION OF THE BOARD OF THE EAST PALO ALTO SANITARY DISTRICT

APPROVING ADDENDUM TWO TO THE PARTNER AGREEMENT WITH THE PALO ALTO REGIONAL WATER QUALITY CONTROL PLANT (RWQCP) AUTHORIZING THE USE OF AN INTERIM LINE OF CREDIT FOR CAPITAL IMPROVEMENTS

WHEREAS, the East Palo Alto Sanitary District (EPASD) is a partner agency utilizing the Palo Alto Regional Water Quality Control Plant (RWQCP) for wastewater treatment services; and

WHEREAS, the RWQCP is currently implementing over $460 million in critical capital improvements identified in its Long Range Facilities Plan (LRFP) to modernize infrastructure, replace aging facilities, and ensure regulatory compliance; and

WHEREAS, several remaining process upgrades and facility replacements do not currently have State Revolving Fund (SRF) loan commitments, and updated cost estimates reflect increased construction costs and inflation; and

WHEREAS, the RWQCP has proposed "Addendum Two" to the existing partner agreement, which authorizes a Line of Credit (LOC) mechanism, currently anticipated to run approximately five (5) years though Addendum Two does not itself fix a maximum term and instead gives Palo Alto authority to negotiate repayment terms, to serve as an interim financing tool to maintain project momentum while long-term permanent financing is secured; and

WHEREAS, under the established proportional cost allocation methodology (Exhibit H), EPASD's capacity allocation is 7.64%, making its estimated maximum share of the authorized project costs approximately $2.37 million; and

WHEREAS, EPASD will be responsible for its proportionate share of interim interest costs incurred on amounts drawn from the LOC, which will be billed quarterly and subsequently refinanced through a long-term utility revenue bond under a future separate addendum; and

WHEREAS, the EPASD Advisory Committee has reviewed the proposal and provided its comments and recommendations regarding the adoption of Addendum Two; and

WHEREAS, this action is a government administrative activity that does not constitute a "Project" under the California Environmental Quality Act (CEQA) pursuant to CEQA Guideline section 15378(b)(5).

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF THE EAST PALO ALTO SANITARY DISTRICT HEREBY:

1. **Approval of Addendum Two:** The Board of Directors hereby approves Addendum Two to the partner agreement with the Palo Alto Regional Water Quality Control Plant (RWQCP).

2. **Authorization of Interim Financing:** The Board authorizes the City of Palo Alto to utilize the Line of Credit (LOC) mechanism to finance EPASD's allocated 7.64% share of the authorized capital project costs, up to a maximum total project authorization of $31 million.

3. **Execution of Documents:** The Board authorizes the General Manager, or their designee, to execute Addendum Two and take all necessary administrative actions to implement the terms of the agreement.

4. **Financial Integration:** Staff is directed to incorporate these additional capital and interim financing obligations into the District's long-range financial planning and the upcoming sewer rate study.

PASSED AND ADOPTED this 6th Day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ruben Abrica, Board President

ATTEST:

James Colin, Secretary

APPROVED AS TO FORM:

John D. Lê, District Counsel

ADDENDUM TWO TO THE SECOND RESTATED AND AMENDED AGREEMENT BETWEEN THE CITY OF PALO ALTO AND THE EAST PALO SANITARY DISTRICT FOR WASTEWATER TREATMENT AND DISTRICT OUTFALL

This Addendum Two to the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall is made and entered into on [DATE], by and among the CITY OF PALO ALTO ("Palo Alto"), a municipal corporation under the laws of the State of California, and the East Palo Alto Sanitary District ("District"), a special district formed under the Sanitary District Act of 1923, individually a "Party" and collectively the "Parties".

RECITALS

A. On May 17, 2021, the Parties entered into an agreement entitled the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall ("Second Restated and Amendment Agreement Agreement" or "Agreement").
B. That agreement affirmed the Parties' respective rights and obligations regarding treatment of wastewater conveyed from the District's sanitary sewer system at the City's Regional Water Quality Control Plant, payment of treatment costs, ongoing debt service for major capital improvement projects (as that term is defined therein) to the Regional Water Quality Control Plan, the District's sanitary sewer outfall line, and pretreatment programs.
C. Section 6 of the agreement established the Parties' approval of funding and cost sharing for various major capital improvement projects identified and described therein.
D. On December 5, 2022, approved Addendum One to the Agreement to provide for the Parties' respective funding and cost-sharing obligations for the planning and design and construction phases of the Secondary Treatment Upgrades Project.
E. Palo Alto owns and operates the regional sewage treatment plant that is part of a sewerage system owned and operated by Palo Alto. Palo Alto is responsible for making capital additions to the system. Under the Agreement, any major capital additions for the replacement of obsolete or worn-out units require an agreement by the Parties amending the Basic Agreement.
F. The Parties now desire to amend the Agreement to approve the construction of certain capital additions and authorize Palo Alto to pursue and obtain financing to fund the costs of the capital additions described herein.

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Addendum No. Two, the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall (the "Agreement") is hereby amended, as follows:

AGREEMENT

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Addendum Three, to the Second Restated and Amendment Agreement is hereby amended, as follows:

SECTION 1. Section 8, Paragraph (a) is added to read as follows:

"a. DESIGN, CONSTRUCTION, AND IMPLEMENTATION OF THE HEADWORKS PROJECT, OUTFALL PROJECT, AND MINOR CAPITAL, AND EMERGENCY PROJECTS.

1. Projects covered by this Addendum. Palo Alto and East Palo Alto Sanitary District hereby approve the following projects (the "Projects"):

   A. Headworks Project: Design services for the Headworks Facility Replacement Project, including preparation of bid-ready construction documents, coordination and approvals from applicable regulatory and permitting agencies, and engineer's opinions of probable construction cost (OPCC) at major project milestones.
   B. Outfall Project: Design services and potential construction for the Parallel Outfall Project and Existing Outfall Rehabilitation Project, including preparation of bid-ready construction documents, coordination and approvals from applicable regulatory and permitting agencies, and engineer's opinions of probably construction cost at major project milestones, and related construction activities.
   C. Deferred minor capital projects including, but not limited to:
      i. Sludge Thickener Rehabilitation design services and construction services, including preparation of bid-ready construction documents, coordination and approvals from applicable regulatory and permitting agencies, and engineer's opinions of probably construction cost at major project milestones, replacement of the instrumentation and controls, and repair of tank surfaces for the three in-service and for the one out-of-service sludge thickeners.
      ii. Ventilation Improvements construction, including improvements to the loadout bay mechanical ventilation equipment at the Sludge Dewatering and Loadout Facility.
      iii. Plant Records Modernization Projects, including digitizing and rectifying the Plant's process and instrumentation diagram drawings, creating a digital interactive operation and maintenance manual, and GIS mapping of plant facilities.
   D. Emergency projects: In response to, or to prevent, an infrastructure failure, the use of on-call engineering services, construction, and construction management services contracts required to maintain continuous, compliant, and safe operation of the plant at the discretion of the Plant Manager.

2. Project Costs authorized by this Addendum. The total Project Costs authorized by addendum is $31 million. Each Party shall pay its share of the Project Costs in proportion to the capacity it owns in the Joint System or portion thereof as shown in Exhibit "H" to Second Restated and Amendment Agreement Agreement. As used in this Paragraph, the term "Project Costs" means all costs incurred in connection with the design, bidding, construction, and implementation of the Projects and shall include, but not be limited to:

engineering and other consultants' fees and costs; deposits, applicable permit fees; construction costs; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check and inspection fees; startup, commissioning and initial maintenance; insurance; costs associated with financing costs, including issuance costs and interest; and legal and administrative expenses. The estimated amount of Project Costs for each of the projects is as follows:

A. Headworks Project: $18 million
B. Outfall Project: $1 million
C. Deferred minor capital projects: $12 million
    i. Sludge Thickener Rehabilitation: $10 million
    ii. Other minor capital projects: $2 million

Emergency Projects are not assigned a separate estimated amount and may be undertaken as needed, with costs included within the total Project Costs authorized amount of $31 million.

3. The Parties further agree that Palo Alto shall have the authority to manage project expenditures within the approved total amount of $31 million, including the authority to authorize individual expenditures consistent within each project's budget; reappropriate funds among the project budgets; establish and adjust contingency reserves; approve additional expenditures funded from contingency reserves. Palo Alto will provide the Parties with quarterly updates on Project expenditures.

4. Financing and Payment of Project Costs by the Parties. The Parties authorize Palo Alto to obtain and administer a line of credit to fund the costs of the Projects. Palo Alto shall have full authority to negotiate the terms of the line of credit, including interest rate (fixed or variable), draw procedures, repayment terms, collateral requirements, covenants, and fees. Palo Alto's payment obligations with respect to the line of credit will be evidenced by one or more notes. The Parties acknowledge that Palo Alto may obtain the line of credit in its own name, and the Parties agree to cooperate with Palo Alto's financing efforts, including by providing financial information and executing supporting resolutions as reasonably requested. Palo Alto shall maintain records of all financing costs attributable to each draw on the Line of Credit.

   District will pay its respective shares of any Project Costs within thirty (30) business days of receipt of the quarterly billing statement sent by Palo Alto. Palo Alto shall not send more than once invoice in any thirty day period. If a Party disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with Paragraph 19 of the Basic Agreement and shall not offset any payment due.

5. Tax Covenants.
   A. Definitions. The following definitions relate to the covenants set forth in Section 8(a)(5)(B):

i. “Bonds” mean obligations the interest on which is intended to be excluded from gross income under the Code, including bonds, notes, leases, credit agreements and other evidences of indebtedness.

ii. "Code" means the Internal Revenue Code of 1986 as it may be amended from time to time, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

B. Tax Covenants

i. Private Activity Bond Limitation. The parties will assure that any portion of the Joint System financed by Bonds will not be so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

ii. Federal Guarantee Prohibition. The parties will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

iii. Maintenance of Tax-Exemption. The parties will take all actions necessary to assure the exclusion of interest on the Bonds from gross income under the Code.

iv. Record Retention. The parties will retain their records related to the use of any portion of the Joint System financed by Bonds for least 3 years after the Bonds (including any refunding bonds) mature or are redeemed (whichever is earlier).

v. Certificates. In connection with the issuance of Bonds, the parties will execute documentation requested by Palo Alto's bond counsel as support for its opinion as to the exclusion of interest on the Bonds from gross income under the Code.

SECTION 2. Except as modified herein, the Second Restated and Amended Agreement shall remain unchanged, and is hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

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SECOND RESTATED AND AMENDED AGREEMENT BETWEEN THE CITY OF PALO ALTO AND THE EAST PALO SANITARY DISTRICT FOR WASTEWATER TREATMENT AND DISTRICT OUTFALL

This Second Amended and Restated Agreement ("Agreement") is made and entered into on May 17, 2021, by and between the CITY OF PALO ALTO, a chartered municipal corporation of the State of California (the "City") and the East Palo Alto Sanitary District, a public corporation under the laws of the State of California (the "District") (individually, a "Party", collectively, the "Parties"), restates and amends that certain agreement, Contract No. C237, first entered into March 11, 1940 and first restated as amended on March 16, 1989, including subsequent amendments thereto.

RECITALS

A. On March 11, 1940, the Parties entered into a contract, "Contract Restatement and Amendment No. C237," whereby the City agreed to provide treatment of the District's wastewater, which contract was subsequently amended by amendments dated September 10, 1963, June 25, 1964, and May 1971 (the "Original Agreement").

B. On October 10, 1968, the City joined with the cities of Mountain View and Los Altos to fund the construction, operation, and maintenance of the regional sewage treatment plant (the "Treatment Plant") that is part of a sewerage system ("System") owned and operated by the City.

C. In May 1971, the City and District agreed that the District's share of the primary/secondary design capacity of the Treatment Plant would be 2.25 million gallons per day (mgd) average dry weather flow (ADWF). The Treatment Plant was subsequently modified to include tertiary treatment, and the District's share of tertiary capacity was established at 1.9 mgd (ADWF).

D. On March 16, 1989, the Parties restated and amended the Original Agreement (the "1989 Agreement") to provide for the District's participation in financing and expansion of the Treatment Plant's capacity from 35.0 primary/secondary capacity to 38.0 mgd (ADWF) (and 40.0 mgd average annual flow (AAF)) and from a tertiary capacity of 30.6 mgd to 38.0 mgd ADWF (and 40.0 mgd AAF).

E. On May 30, 1989, the Parties amended the 1989 Agreement to revise the billing and payment provisions in Paragraph 6.b of the 1989 Agreement ("Amendment No. 1").

F. On December 18, 1989, the Parties amended the 1989 Agreement to provide specific measures and procedures for complying with federal and state laws and regulations regarding wastewater collection, transmission, treatment and disposal in Paragraph 9 of the 1989 Agreement ("Amendment No. 2").

G. On December 7, 1998, the Parties amended the 1989 Agreement to add Paragraph 26 to permit the rehabilitation of the City's incinerators ("Amendment No. 3").

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H. On November 19, 2003, the Parties executed an agreement entitled "Settlement and Release Agreement" and amended Paragraphs 6.a and 8 of the 1989 Agreement on June 2, 2005 to be consistent with the Settlement and Release Agreement ("Amendment No. 4").

I. On March 19, 2009, the Parties amended the 1989 Agreement to add Paragraph 28, which provided for the funding, design, and construction of an ultraviolet disinfection treatment system at the Treatment Plant ("Amendment No. 5").

J. On October 17, 2016, the Parties amended the 1989 Agreement to provide for the cost sharing for certain Treatment Plant renovations (collectively, the "Projects"), and to clarify the indemnity provision ("Amendment No. 6"). The Projects include, but are not limited to, up to $6.75 million for planning and design of the rehabilitation of:

- the primary sedimentation tanks;
- secondary treatment upgrades; and
- a new lab/environmental services building.

The Projects included up to $28 million for design and construction of the Sludge Dewatering and Truck Loadout Facility. The State Revolving Fund ("SRF") loans from the State Water Resources Control Board ("SWRCB") were the anticipated and authorized funding instruments in Amendment No. 6. The SRF loan has been granted for up to $28 million for the costs of the Sludge Dewatering and Truck Load-out Facility design and construction. An SRF loan has not yet been authorized for the $6.75 million planning and design expenses. However, SRF funding is anticipated to cover a portion of this amount.

The 1989 Agreement and Amendment Nos. 1-6 are referred to collectively, hereinafter as the "1989 Agreement."

K. City has developed and continues to implement an industrial pretreatment program ("Pretreatment Program"), pursuant to conditions contained in its National Pollutant Discharge Elimination System ("NPDES") Permit number CA0037834 issued by the San Francisco Bay Regional Water Quality Control Board ("Water Board"), implementing the requirements and policies of State law and the Federal Clean Water Act.

L. The District, who is a partner to the Treatment Plant (also referred to as the "Palo Alto Regional Water Quality Control Plant" or "RWQCP"), desires to continue to utilize the System and recognizes its industrial waste control obligations under the Federal Pretreatment Regulations at Title 40 of the Code of Federal Regulations, Part 403, ("40 CFR 403") as the same may be amended from time to time.

M. The Parties desire to restate and amend the Agreement to consolidate the terms added through multiple amendments into one document, to clarify certain provisions, to expand project financing instruments for the Projects described in Recital J beyond the SWRCB's SRF loan program, and to approve the construction of and cost-sharing for two additional RWQCP projects: (1) a new outfall and improvements to existing discharge infrastructure, and (2) rehabilitation of the primary sedimentation tanks including electrical upgrades.

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N. District Staff raised the issue of whether a Joint Powers Authority should be formed to manage the Treatment Plant. City staff are not taking steps to implement this idea at this time, as it has not been suggested by any of the other Partners to the Treatment Plant. City Staff have reported that neighboring Joint Power Authority treatment plants have higher sewer rates than the Partners of the Palo Alto Treatment Plant.

AGREEMENT

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings herein set forth:

   a. "Capacity" means a stated amount of wastewater flow through the Treatment Plant (whether total, or a portion assigned to any contributor to the Treatment Plant), variously expressed in terms of Average Annual Flow (AAF) or Average Dry Weather Flow (ADWF).

   b. "Average Annual Flow (AAF)" means the daily average discharge of wastewater during a calendar year period, expressed as a rate of flow in million gallons per day, and shall be computed by dividing the total gallons discharged during such year by the number of days within such year.

   c. "Average Dry Weather Flow (ADWF)" means the daily average discharge of wastewater from May 1 to October 31, expressed as a rate of flow in millions gallons per day, and shall be computed by dividing the total gallons discharged during such period by the number of days within such period.

   d. "Recycled Water" means wastewater which has been treated beyond that required for San Francisco Bay discharge and which meets any water recycling criteria set forth in Title 22, Division 4, Chapter 3 of the California Code of Regulations.

   e. "Wastewater" means the water-carried wastes of the community derived from public, residential, commercial, or industrial sources.

2. TREATMENT PLANT CAPACITY AND ALLOCATION.

   a. Treatment Plant Capacity and Allocation. The Treatment Plant's primary, secondary, and tertiary capacity is 38.0 mgd (ADWF). The City shall have the right to utilize a total of 20.0 mgd of both the primary, secondary, and tertiary capacities, and shall make available a total of 2.9 mgd (ADWF) of such capacities to the District for the District's utilization. The District's capacity is 3.06 mgd (AAF) and is detailed in Exhibit "H" attached hereto and incorporated herein.

   b. Use of Capacity. Neither the District nor the City shall use the Treatment Plant or any part thereof to a greater percentage of its capacity, specified above, except with the approval and agreement of the other Party, as hereinafter provided. If either the City or the District hereafter desires to use additional capacity in the Treatment Plant or any unit thereof in

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excess of such amounts, and the Treatment Plant or any unit thereof is not then being used by the other Party to the full extent to which the other Party is entitled, the Party desiring such additional capacity may rent such additional capacity rights, at a rate of $400.00 per million gallons of primary and secondary capacity and $200.00 per million gallons of advanced waste treatment facility capacity. The District may audit the City's use of any capacity rented from the District, and the City may not sell the rented capacity to others. Likewise, the City may audit the District's use of rented capacity and the District may not sell rented capacity.

3. PAYMENT FOR COST OF TREATMENT. The District shall bear a proportionate share of the costs, determined in accordance with the City's standard accounting practices, of operating and maintaining the Treatment Plant, as follows:

a. Use of Allocation Formula. Attached to this Agreement and incorporated herein as Exhibit "C" is a description of the cost-allocation formula to be used to allocate operating and maintenance costs among the participants in the Treatment Plant. The District shall bear its share (as determined according to such formula) of all costs of operating and maintaining the Treatment Plant.

b. Industrial User Charges. Notwithstanding the foregoing and except as provided in Paragraph 11.n, the City shall charge the District an added amount to cover the cost of the Industrial Waste Pretreatment Program (IWPP). The IWPP charge shall be calculated as follows: 67% of the Palo Alto Utility Quantity Rate (Utility Rate Schedule S-2, Section C.2, excluding special notes) as of July 1 each year, multiplied by the volume of process wastewater discharged to the sewer system from any and all District "Significant Industrial Users," as defined by the U.S. Environmental Protection Agency. The Palo Alto Utility Rate S-2 will change from time to time as the City changes its rates.

c. Billing and Payment. The City shall bill the District as follows:

Prior to the commencement of its fiscal year on July 1, the City shall prepare an estimate of the annual cost of operating and maintaining the Treatment Plant for the forthcoming fiscal year and allocate such costs by user consistent with this Agreement. The City will provide a copy of said proposed budget to the District at least 30 days before it is scheduled for adoption. The District may comment on the proposed budget and review the City's records supporting its final budget, including the City's actual costs. Not later than thirty (30) days after July 1, October 1, January 1, and April 1, of each year, the City will bill the District an amount, payable not later than forty-five (45) days after July 1, October 1, January 1, and April 1, of each fiscal year, or twenty-five (25) days after the District receives said bill, whichever date is later, equal to one-fourth the amount of the adopted budget for the Treatment Plant allocated to the District. Such amount will be subject to the following adjustments:

i. All October 1 billings will be adjusted, subject to the City's annual audit, by the amount necessary to reflect the actual costs and expenses for operation and maintenance of the Treatment Plant during the immediately prior fiscal year. The City

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will review any audit performed by the District and may adjust the billings upon such review.

ii. With the April 1 billing, the City will make an adjustment for the then estimated remaining operation and maintenance expenses to be incurred between the period of April 1 and July 1, adjusted by the City's actual expenditures, if known, for the first three quarters of the fiscal year prior to April 1.

iii. In the event that the amount billed to and collected from the District for operation and maintenance associated with the District are less than or greater than the actual amounts expended when determined in conformity with subparagraph (a) by an amount more than ten percent (10%) greater or more than ten percent (10%) less than the amount billed and collected, the District's bill for the October 1 payment will be adjusted by an amount necessary to compensate for interest earned by or interest lost to the City on the amount of the overage or underage based on an imputed interest rate equal to the City's latest average rate of return on investments published by the Director of Finance of the City and applied to the average amount over ten percent (10%) or under ten percent (10%) from the date of payment.

iv. The District hereby agrees to set and collect fees and rates within its service area sufficient to pay its share of operating, maintenance, and capital expenses.

d. Supporting Information to be Made Available. The City shall supply the District with all existing information requested by the District which supports the City's determinations regarding the cost of operating and maintaining the Treatment Plant, including information relating to the computation of the relative shares of the individual participants in such costs. The City shall make available all such information relative to the costs of operating and maintaining the Treatment Plant (historical as well as current) to the District's auditors, upon request.

e. Delinquent Payments. In the event any amounts to be paid under this Agreement are not paid in full to the City within thirty (30) days of the due date, interest shall accrue on the unpaid balance at a rate and in an amount equal to seventy-five one hundredths percent (0.75%) per month of the unpaid balance.

4. RIGHTS OF PARTIES TO USE OF WASTEWATER PRODUCTS. Notwithstanding Water Code section 1210, either party to this Agreement shall have the right to have and to convey, at its own expense, all available wastewater by-products, including treated wastewater and Recycled Water, for reuse that the party requires. In the event the total of the Partner requests exceeds the available supply, each party shall be entitled to have wastewater by-products, including treated wastewater and Recycled Water, in proportion to the party's percentage of actual wastewater input flow to the total plant flow over the relevant period of time. In the future, should the District receive Recycled Water, City may bill the District for the incremental operation and maintenance (O&M) cost of producing Recycled Water (at a rate adopted by the City after review with the District), over and above the O&M cost of producing treated the same amount of wastewater that would otherwise be discharged to the Bay.

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5. PAYMENT FOR PAST PROJECTS WITH ONGOING OBLIGATIONS. As part of the 1989 Agreement, the Parties agreed on financing through bonds and/or loans and cost-sharing for certain projects including the Capacity Expansion Project, the Incinerator Rehabilitation Project, the Ultraviolet (UV) Disinfection Facility Project, and the Sludge Dewatering and Truck Loadout Facility Project. Debt schedules with remaining principal and interest payments are detailed in Exhibits "D," "E," "F," and "G" all attached hereto and incorporated herein. The District and City shall continue to pay their share of principal and interest on the following past projects listed below, and consistent with the Exhibits D, E, F, and G:

Project	Loan Principal Palo Alto/District	District Share	Debt Schedule Exhibit
1999 Refunding of 1990 Bonds for 1989 Capacity Expansion Project	$3,946,176 $986,544/$469,595	11.9% share	"D"*
1999 Bonds for Incinerator Rehabilitation Project	$7,500,000 $2,862,000/$573,000	7.64% share, Exhibit H	"E"**
SRF Loan for Ultraviolet Disinfection Facility Project	$8,595,665 $3,280,106/$656,709	7.64% share, Exhibit H	"F"
SRF Loan for Sludge Dewatering and Truck Load Facility Project	$25,197.407.73 $9,615,330.79/$1,925,081.95	7.64% share, Exhibit H	"G"
* The bill shall include an annual amortization of issuance costs and bond discount of $490.34 due in Q4 of each fiscal year (2020, 2021, 2022, and 2023) and $449.48 (2024). ** The bill shall include an annual amortization of issuance costs and bond discount of $664.06 due in Q4 of each fiscal year (2020, 2021, 2022, and 2023) and $$608.72 (2024).			

a. 1989 Capacity Expansion Project: 1999 Refunding of 1990 Bonds.

i. Payment for the District's Additional Capacity. The District hereby agrees to pay its proportionate share (11.9%) of the annual debt service and bond issuance requirements for the 1999 refunding of the 1990 bonds according to the schedule set forth in Exhibit "D" attached to this Agreement. The 1990 bonds are for the 1989 Capacity Expansion Project, which was refunded in 1999. The City shall bill the District one-quarter of such annual payment with each quarterly billing, as set forth in Paragraph 3.c of this Agreement. The bill shall include an annual amortization of issuance costs and bond discount.

b. 1999 Incinerator Rehabilitation Project: 1999 Bonds.

i. Payment for Incinerator Rehabilitation. The District hereby agrees to pay its proportionate share (7.64%) of the annual debt service and bond issuance requirements for the 1999 bonds according to the schedule set forth in Exhibit "E" attached to this

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Agreement. The 1999 bonds are for the Incinerator Rehabilitation project. The City shall bill the District one-quarter of such annual payment with each quarterly billing, as set forth in Paragraph 3.c of this Agreement. The bill shall include an annual amortization of issuance costs and bond discount.

c. Ultraviolet Disinfection Facility Project and SRF Loan

i. For purposes of this subparagraph, "Project Costs" means all costs incurred in connection with the planning, design, construction and implementation of the project. Without limiting the generality of the foregoing, Project Costs shall include, but not to be limited to, design, engineering, and other consultants' fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; environmental analysis and approval, including compliance with the California Environmental Quality Act; deposits; ordinarily applicable permit fees, plan check fees, and inspection fees; initial maintenance; attorney's fees and costs; insurance; and interest from the date of payment on any contracts.

ii. The Parties authorized the City to pursue State Revolving Fund (SRF) loan from the State Water Resources Control Board (SWRCB) to fund the costs of the Ultraviolet Disinfection Project. The loan was authorized. The SRF loan shall be repaid in the same proportionate share as shown on Exhibit "H." The Parties further agree that if necessary, each Party shall raise their sewer use rates for the repayment of past SRF loans, operations, and/or maintenance of the Project, following any appropriate process under California Constitution article XIII C and D (Proposition 218).

iii. If the SWRCB terminates its loan commitment unexpectedly following execution of the construction contract for the Project, the City shall notify the District promptly. Following notification of the termination of the SRF, the Parties shall meet in a timely manner to discuss alternative funding sources and strategies.

iv. The Parties shall remain responsible for the Ultraviolet Disinfection Facility Project costs, bonds, and loans incurred, whether before or after termination of the Project, in connection with the termination of the Project construction contract, in the same proportion to each organization's share as shown in Exhibits "F" and "H". Unless earlier terminated, the obligations and responsibilities of the Parties shall commence with the execution of this Agreement and be in force for the life of the SRF loan.

v. The District shall pay its share of any Project Costs within ten (10) business days of receipt of the quarterly billing statement sent by the City. If District disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with the Agreement, and shall not offset against any payment due.

6. DESIGN OF PRIMARY SEDIMENTATION TANK REHABILITATION, SECONDARY TREATMENT UPGRADE, LABORATORY SERVICES BUILDING; DESIGN AND CONSTRUCTION OF SLUDGE DEWATERING AND TRUCK LOADOUT FACILITY; AND CONSTRUCTION OF OUTFALL AND PRIMARY SEDIMENTATION TANK REHABILITATION.

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a. Implementation of the "Projects"

i. City and District hereby approve the planning and design of the Primary Sedimentation Tanks, Secondary Treatment Upgrades, Laboratory/Environmental Services Building, and design and construction of a Sludge Dewatering and Truck Loadout Facility. Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit "H." For purposes of this subparagraph, "Project Costs" means all costs incurred in connection with the planning, design, construction and implementation of the Projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: design, engineering, and other consultants' fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; environmental analysis and approval costs, including cost of compliance with the California Environmental Quality Act; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies, plan check fees, and inspection fees; construction costs; initial maintenance; attorneys' fees and costs; insurance; interest from the date of payment on any contracts.

ii. City and District hereby approve the construction of a new outfall and related improvements to existing discharge infrastructure (the "Outfall Project") and the rehabilitation of the primary sedimentation tanks including electrical upgrades (the "Primary Sedimentation Tank Rehabilitation Project"). Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit "H." For purposes of this subparagraph, "Project Costs" means all costs incurred in connection with the construction and implementation of these two projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: engineering and other consultants' fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check fees, and inspection fees; construction costs; initial maintenance; attorneys' fees and costs; insurance; interest from the date of payment on any contracts.

iii. The projects described in subparagraphs (i) and (ii) immediately above are referred to individually as a "Project" and collectively as the "Projects".

b. Financing for the Projects. The District authorizes the City to pursue and receive State Revolving Fund ("SRF") loans from the State Water Resources Control Board ("SWRCB") or pursue other project financing (i.e. utility revenue bonds) to fund the costs of the Projects. The maximum amount of the financing sought for each Project is:

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- Planning/design of the primary sedimentation tanks, secondary treatment upgrades, and a new Laboratory/Environmental Services Building - $6.75 million
- Design and construction of a sludge dewatering and truck load-out facility - $28 million
- Construction of Outfall Project - $12 million
- Construction of Primary Sedimentation Tank Rehabilitation - $17 million

c. The SRF loans will have a thirty year repayment term. The SRF loans shall be repaid in the same proportionate share, as shown on Exhibit "H." The Parties further agree that, if necessary each Party shall raise their sewer use rates for the repayment of the SRF loan or other financing, operations, and/or maintenance of the Project, following any appropriate process under California Constitution article XIII C and D (Proposition 218).

d. If the SWRCB terminates its loan commitment unexpectedly following execution of the planning and/or construction contract(s) for a Project or the Projects, the City shall notify the District promptly. Following notification of the termination of the SRF loan commitment, the Parties shall meet in a timely manner to discuss alternative funding sources and strategies for completion of the Projects. If the Parties are unable to agree on new funding sources in a timely manner, then the City shall have the right to terminate the Project or the Projects immediately.

e. The Parties shall remain responsible for Project Costs and loans incurred, whether before or after termination of the Project, in connection with the termination of the Project construction contract, in the same proportion to each organization's share, as shown on Exhibit "H." Unless earlier terminated, the obligations and responsibilities of the Parties shall commence with the execution of this Agreement and be in force for the life of the SRF loan or other financing.

f. Pursuant to Paragraph 3.c of the Agreement, the City will supply the District with all information supporting the City's determinations regarding the Project Costs, including but not limited to, information relating to the computation of the relative shares of each organization. The City will make available all such information (historical and current) to the District's auditors, on request.

g. District shall pay its share of any Project Costs within thirty (30) business days of receipt of the quarterly billing statement sent by the City. If District disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with the Agreement, and shall not offset against any payment due. The Parties shall undertake any dispute resolution in accordance with Paragraph 15 of the Agreement.

7. FUNDING FOR MINOR CAPITAL IMPROVEMENT PROJECTS (CIPs).

a. Relatively small capital projects for the replacement of obsolete, broken or worn-out equipment, shall be referred to as "Minor Capital Projects". The total annual expenditure

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on Minor Capital Projects shall not exceed the amount specified for the base year (1982-1984) , as set forth below, adjusted annually, in accordance with the Consumer Price Index [Urban Wage Earners and Clerical Workers] (base year 1982-1984 = 100) for the San Francisco-Oakland-San Jose CSMA ("CPI"), published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), most immediately preceding the twelve-month period beginning the July of each following fiscal year ("Extension Index"), and which shall be compared with the Index published most immediately preceding the twelve-month period beginning the July of each preceding fiscal year ("Beginning Index"). The Minor Capital Projects total maximum amount for the base year is set at 1.9 million dollars ($1,900,000.00).

b. Minor Capital Project expenses are included as part of operating expenses. Therefore, the District's share is calculated using Exhibit C, as it is for all operating expenses. Major CIPs are those which are too large to be implemented with the annual funds available in 7.a above. The District's share for Major CIPs is contained in Exhibit H.

8. PAYMENTS FOR MAJOR CAPITAL IMPROVEMENT PROJECTS (CIPS). Each Party shall pay for the cost of major CIPs in an amount equal to its proportional share of capacity in the Treatment Plant or portion thereof, as more fully described in Exhibit "H," attached hereto and incorporated herein by reference. If the District will pay for its share of the costs of CIPs through its voluntary participation in the City's issuance of debt securities, if any, to finance the work, then the District shall pay to the City for its share of the City's debt service in an amount equal to its proportional share of capacity in the Treatment Plant, unless the Parties agree in a separate writing to a different share. Major CIPs means those projects, which are not covered by Paragraph 7.

9. ALTERNATE FUNDING MECHANISM FOR THE PLANNING AND DESIGN OF THE PRIMARY SEDIMENTATION TANK REHABILITATON, SECONDARY TREATMENT UPGRADE, AND LAB/ENVIRONMENTAL SERVICES BUILDING PROJECTS. The City utilized the annual minor capital budget funded by the Parties (detailed in Paragraph 6) to fund the Sludge Dewatering and Load-out Facility project planning and design, with the intent to reimburse the annual minor capital budget once the SRF loan for that project phase was received. The Parties agree that the City will use the SRF loan reimbursement funds from the Sludge Dewatering and Loadout Facility project design (soft costs only of approximately $3.4 million, referred to as the "Reimbursement Funds") to finance the initial planning and design costs of the following three projects: (1) primary sedimentation tanks, (2) secondary treatment upgrades, and (3) a new Laboratory/Environmental Services Building. After the Reimbursement Funds are exhausted, any additional planning and design expenses for the three projects shall be paid by the Parties in quarterly payments in the same proportionate shares as shown on Exhibit "H". Once construction financing for these three projects is secured, the City may roll any remaining, yet unbilled, planning and design expenses into the debt financing instrument.

10. THE DISTRICT'S OUTFALL. The City hereby confirms that by an Amendment to the Original Agreement dated September 10, 1963 ("September 1963 Amendment"), it granted to the District the right to construct and maintain a sanitary sewer outfall line (subsequently sized at

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twenty-four (24) inches) over a route across City property as shown on a map attached to this Agreement as Exhibit "A" and "B."

a. The District shall have an irrevocable license coextensive in term with the existence of said outfall or until the license is replaced with an easement as set forth in subparagraph f, for ingress and egress across City property necessary to maintain or repair said outfall, in the event that the Parties do not agree on another method of such repair and maintenance.

b. District shall operate such facilities without trespassing on any fairways or greens of City's golf course and shall exercise due diligence in the protection of all natural plant material, wetlands (if any), environmental habitat, and piping, to the greatest extent feasible.

c. In addition, for the portion of the District's facilities within the City's airport, the District shall exercise due diligence and coordinate any maintenance work with the City's airport and the Federal Aviation Administration (FAA) as required.

d. If any regulatory permits are required, the District shall be responsible for obtaining them and following the requirements of any applicable regulatory permit.

e. District's operation of its facilities shall not interfere with City's use or development of any City property.

f. In 2017, as part of the San Francisquito Creek Flood Reduction, Ecosystem, Restoration, and Recreation Project San Francisco Bay to Highway 101, District relocated a portion of the sanitary sewer outfall line pursuant to a Right of Entry Agreement by and between City and District dated October 5, 2017 ("ROE"). The Parties agree to enter into an easement agreement to govern the rights and obligations of the Parties with respect to both the new portion of the line and the preexisting portion first contemplated by the September 1963 Amendment, which easement agreement upon recording shall supersede and replace the preceding provisions regarding the license. The Parties shall cooperate in the preparation and recording of the easement. At City's request, District shall cause the preparation of the following documents necessary for the easement, and submit them to City:

- A set of as-built plans and profiles (hard copy and AutoCAD) for District's entire sanitary sewer outfall line on City property, including the preexisting portion and that portion installed under the ROE. The plan shall be prepared based on the surveyed information obtained by the District's consultant.
- The set of as-built plans and profiles shall include the segment of pipe that was slip-lined and left in place for future use.
- Where feasible, surveyed markers, steel pipe, monuments or equivalent shall be set in the field by a licensed surveyor to identify the location of the existing facilities.

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g. In accordance with the September 1963 Amendment, and without creating any precedent for any future connections, the District shall provide and reserve capacity for sanitary facilities at the City's golf course in order to accommodate the sewage from the two (2) existing restroom facilities at the golf course ("Fixture Units") in operation as of the date of this Agreement. The flow value of each of the two (2) Fixture Units is approximately 5,000 gallons per year. The In preparing fourth quarter bills for each fiscal year, the City shall deduct 5,000 gallons per fiscal year from the total flow of the District beginning in Fiscal Year 2020-2021.

h. The two connections to the District's trunk line from the Palo Alto Airport which predate November 19, 2003 may also continue to be utilized by the City without compensation to the District. One connection is from the airport tower and wash pad, and the other connection is from Building 1903B.

i. The flow from the four connections described in subsections (g) and (h) above shall not count toward the District's capacity allocation contained in Exhibit "H."

j. The Parties agree that the value of the license and easement to the District offsets any incremental cost to the District from Fixture Units and the City Airport trunk line connections.

k. Regarding future connections or flow increases to the District outfall from Palo Alto, fees and expenses for both use and connection to the District outfall shall be negotiated and approved in a future amendment to this agreement.

11. PRETREATMENT PROGRAM

a. District will adopt the City's Sewer Use Ordinance (currently codified in Chapter 16.09 of Title 16 of the Palo Alto Municipal Code), as it may be amended from time to time. Alternatively, the District may adopt its own Pretreatment Ordinance which is at least as stringent as federal, state, and City requirements, and is rapidly updated when new requirements are issued by any of these entities.

b. Whenever City makes revisions or additions to its Sewer Use Ordinance, City will forward to District a copy of such revisions or additions within ninety (90) days of enactment thereof. District will take all necessary steps to ensure that the ordinance as applicable in the District's jurisdiction is consistent with and reflects the most current version of the City's Sewer Use Ordinance in effect.

c. District designates City as an agent of District for the purposes of implementation and enforcement of District's ordinances against industrial users located in District. City may, but shall not be obligated to, take any action under District's ordinances which could have been taken by District, including the enforcement of the ordinance in courts of law.

d. City, on behalf of and as agent for District, will perform technical and administrative duties to implement and enforce District ordinances and regulations. City will: (1) Prepare

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industrial waste discharge permits for District to issue to industrial users located within its boundary; (2) Conduct inspections, sampling, surveillance, and analysis; (3) Take all appropriate enforcement action, save litigation (except as specified in 11.i below), required to enforce District's ordinances, regulations, and industrial waste discharge permit provisions, as outlined in City's enforcement response plan and provided for in District's ordinances and regulations; (4) Notify industrial users of new requirements; (5) Prepare documentation necessary to support enforcement actions to be taken by District; (6) Process from industrial users all reports, including compliance reports, self-monitoring reports, base-line reports, records of violations and actions taken, and any other monitoring or reporting requirements imposed by federal, state, or local regulations. These records and other relevant information shall be maintained for at least three (3) years by City. City shall forward copies of any inspection reports, sampling results, and informal administrative enforcement actions which it generates to District upon request; and (7) Perform any other technical or administrative duties the Parties deem appropriate. In addition, City may, as an agent of District, take emergency action to stop or prevent any discharge which presents or may present an imminent danger to the health or welfare of humans, which reasonably appears to threaten the environment, or which threatens to cause interference, pass through, or sludge contamination.

e. Any authorized officer or employee of City may enter and inspect at any reasonable time any part of District's wastewater system; provided, however, at or before the time this right of inspection is exercised, City shall notify District by at least telephonic means of the date, time, place and nature of the intended inspection, and upon conclusion of the inspection shall upon request provide District with a written report of the inspection activities undertaken by City and the information obtained. The right of entry and inspection shall extend to public streets, easements, and property within which the system is located. Additionally, District hereby grants authorized officers or employees of City to enter onto private property, in compliance with the law, to inspect industrial users within the jurisdiction of District. Authorized officers or employees of City shall have the same legal authority afforded District staff. The right of inspection shall include on-site inspection of entire facilities including pretreatment and sewer facilities and includes observation, measurement, sampling, testing, and access to (with the right to copy) all pertinent compliance reports and documents required to be maintained by federal, state, or local regulations and applicable discharge permits.

f. District will be responsible for:

i. Updating the industrial waste survey and providing such update annually to City;

ii. Issuing industrial waste discharge permits;

iii. Initiating litigation required to enforce District's ordinances, regulations, and industrial waste discharge permit provisions. The District and the City may each or both seek injunctive relief when an imminent danger exists , as described in 11.i below and

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iv. Controlling by written contract, with terms and conditions equivalent to the requirements of District's ordinances and regulations, any discharger outside District's territorial limits which is connected to District's wastewater system.

g. District shall file with City certified copies of its ordinances and regulations and any amendments thereto, any discharge permits which District issues, including any contracts entered into by District for the purpose of controlling industrial waste.

h. If City determines that District has failed or has refused to fulfill any Pretreatment Program obligations, City will allow District thirty (30) days to identify the cause of the violation(s) and remedy them. If the District is unable to remedy the violation within thirty (30) days, City shall develop, in consultation with District if possible, and issue a remedial plan containing a description of the nature of the Pretreatment Program deficiencies, and an enumeration of the steps to be taken by District, and a time schedule for attaining compliance with all Pretreatment Program obligations. Where District fails or declines to satisfy the conditions of the remedial plan on schedule, City may seek review of the remedial plan and enforcement thereof, via seeking injunctive relief or any other legally available remedy, in a court of competent jurisdiction. Where District fails to satisfy any such conditions on schedule, other than those imposed or required by formal administrative or judicial enforcement actions, City may conduct those tasks. District shall reimburse City for any and all costs associated with performing these tasks. In the event District has failed to satisfy the terms of any remedial plan, City may, upon thirty (30) days' written notice, refuse to accept industrial waste emanating from industrial users within District's jurisdiction and enforce such prohibition in any court of competent jurisdiction.

i. Where a discharge to the wastewater system reasonably appears to present an imminent danger to the public health, safety, and welfare, or presents or may present, an imminent danger to the environment, or threatens to interfere with either Party's wastewater system, either Party may immediately initiate steps to identify the source of the discharge, and to halt or prevent said discharge. Either Party may seek injunctive relief against any industrial user or other person contributing to the emergency conditions and may pursue self-help remedies if available.

j. District will prohibit the discharge of surface and storm water into its sanitary sewers if such discharge is or would be excessive under any federal, state, or local regulation, and shall otherwise comply with such regulations in permitting any such discharge therein.

k. District shall defend, indemnify and hold harmless the City, its agents, officers and employees, of, from and for all damages, fines and costs incurred as a result of industrial waste discharge from District (including industrial dischargers connected to District's system) or incurred as a result of the failure of District to comply with Paragraph 11 (Pretreatment Program) of this Agreement. District shall reimburse City for fines or costs stemming from damages to City facilities or the System, disruption of treatment processes or operations, degradation of sludge quality, NPDES permit violations arising in the jurisdiction of District, and other air, water and sludge quality violations attributable to District, or its industrial dischargers, and any enforcement actions of regulatory agencies including the state

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and regional water boards and federal and state environmental protection agencies. In the event that any suit based on such a claim, demand, suit, action, fine, penalty or liability is brought against either Party, each Party retains the right to participate in said suit.

l. If the authority of City to act as an agent for District under this Agreement is questioned by an industrial user, court of law, or otherwise, District will take whatever action is necessary to ensure the implementation and enforcement of District ordinances and regulations against its industrial users, including, but not limited to, implementing and enforcing District ordinances and regulations on its own behalf and/or amending this Agreement to clarify City authority. Any such actions shall be at no cost to City.

m. The Parties will review and revise this Agreement to ensure compliance with the Federal Clean Water Act (33 U.S.C. 1251 et seq.) and rules and regulations (see 40 CFR Part 403) issued thereunder, as necessary.

n. District shall reimburse City for administrative costs of permitting, implementing and enforcing the Pretreatment Program. District agrees that City may seek such reimbursement by directly charging facilities regulated under the Pretreatment Program within the jurisdiction of District for said costs and/or recovering said costs through permit or annual fees.

12. INDEMNIFICATION. Each of the Parties shall defend, indemnify and hold the other party harmless of and from all claims, liabilities, actions, causes of action, proceedings, damages, fines, penalties, costs, expenses, attorneys' fees or any other forms of pecuniary or non-pecuniary relief which result from:

a. That party's violation of laws and regulations governing the collection, transmission, treatment and disposal of wastewater or wastewater byproducts, including, without limitation, laws and regulations governing disruption of treatment processes or operations, degradation of sludge quality, and NPDES permit violations attributable to the conduct of that party or other persons, including industrial waste dischargers for whom that party exercises regulatory responsibility.

b. That party's failure to exercise reasonable care in the operation and maintenance of its wastewater facilities.

13. TERMINATION.

a. Termination Rights. Except as otherwise provided herein, this Agreement shall continue indefinitely; provided the District may withdraw herefrom if it decides to construct and operate a treatment plant of its own, join in the use of some plant, or execute another alternative; in which case the District shall give the City at least six months written notice in advance of its intention to withdraw. Upon the consummation of such withdrawal, this Agreement shall be deemed to have terminated, except as to obligations already incurred and not yet satisfied.

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b. Disposition of Property and Funds Upon Termination. Upon termination of this Agreement, all property of either Party then in the custody of the other or a third party shall be distributed pursuant to an agreement reached by the City and the District at that time.

14. BREACH OF AGREEMENT. In the case of a breach by either Party of any of its respective obligations to be performed hereunder, notice in writing of such breach may be given by the aggrieved one to the other, who shall have a reasonable time not exceeding sixty (60) days, in which to cure such breach.

15. DISPUTE RESOLUTION. The Parties acknowledge that there are a number of informal dispute resolution procedures (such as arbitration, mediation, informal conferences, etc.) which could be used to resolve any controversy or claim arising out of or relating to this Agreement, or the alleged breach thereof. The Parties agree in principle that one or more such mechanisms should be utilized prior to proceeding in a judicial forum. Should any such controversy or claim arise, any Party wishing to utilize an informal dispute resolution procedure may request in writing that such procedure should be utilized, stating in general terms the nature of the proposed procedure. The other Party shall then have a period of two (2) weeks in which to either accept or reject such request. If such request is denied, or if no answer to such request is given within such period, then the requesting Party shall be free to pursue any legal remedy which may be available to it. If such request is accepted, then the procedures outlined in such request shall first be followed prior to either Party resorting to a judicial procedure.

16. NOTICES AND OTHER COMMUNICATIONS. Every notice or other communication required or contemplated by this Agreement by either Party shall be delivered either by (a) personal delivery or (b) postage prepaid return receipt requested certified mail addressed to the Party for whom intended at the following address:

a. If to District, to:

General Manager
East Palo Alto Sanitary District
901 Weeks Street
East Palo Alto, CA 94303

Separate copies to:

President of Board of Directors
Secretary of Board of Directors
East Palo Alto Sanitary District
901 Weeks Street
East Palo Alto, CA 94303

b. If to City, to:

City of Palo Alto
City Manager's Office

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Post Office Box 10250
Palo Alto, CA 94301
Attn: Director of Public Works

Copy to:

Palo Alto Regional Water Quality Control Plant
Attn: Manager, Water Quality Control Plant
2501 Embarcadero Way
Palo Alto, CA 94303

or at such other address as the intended recipient previously shall have designated by written notice to the other party. Notice by certified mail shall be effective on the date it is officially recorded as delivered to the intended party by return receipt or the equivalent. Notice not given in writing shall be effective only if acknowledged in writing by a duly authorized representative of the party to whom it was given.

17. CONSENT TO JURISDICTION, SERVICE, AND VENUE. Should either party submit matters of dispute to a court for the purpose of enforcing obligations hereunder or otherwise in connection herewith, both parties hereby consent to the jurisdiction and venue of the state or federal courts in the County of San Mateo or the County of Santa Clara, California.

18. NO WAIVER OF RIGHTS. All waivers hereunder must be in writing, and failure at any time to require the other party's performance of any obligation under this Agreement shall not affect the right subsequently to require performance of that obligation. Any waiver of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision or a waiver or modification of the provision.

19. COUNTERPARTS. This Agreement may be executed in any number of counterparts, and each counterpart shall constitute an original instrument, but all such separate counterparts shall constitute only one and the same instrument.

20. WRITTEN AGREEMENT TO GOVERN. This Agreement sets forth the entire understanding and prospectively supersedes all prior and contemporaneous agreements between the parties relating to the subject matter contained herein and merges all prior and contemporaneous discussions between them, and neither party shall be bound by any definition, condition, representation, warranty, covenant, or provision other than as expressly stated in or contemplated by this Agreement or as subsequently shall be set forth in writing and executed by a duly authorized representative of the party to be bound. Except as expressly set forth in the Agreement, all rights, claims, and obligations of the parties shall be preserved.

21. SEVERABILITY. If any provision of this Agreement shall be held invalid under any applicable law, such invalidity shall not affect any other provision of this Agreement that can be given an effect without the invalid provision, and, to this end, the provisions hereof are severable. If any provision of this Agreement shall be held invalid because of its scope or

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duration, the court making such determination shall have the power to limit the scope and/or duration of such provision and, in its limited form; such provision shall then be enforceable.

22. SUCCESSORS. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties.

23. REVISION OF AGREEMENT. This Agreement may, from time to time, be amended, revised, or supplemented by and with the consent of the parties hereto and subject to the approval and ratification of their respective governing bodies.

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IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Agreement which restates and amends that certain Agreement (Palo Alto No. 237) dated March 16, 1989, as amended, between the City of Palo Alto and East Palo Alto Sanitary District as of the date first written above.

ATTEST:

DocuSigned by:
Beth Minor
275231170A804D7...
City Clerk

CITY OF PALO ALTO

DocuSigned by:
By: T Dubois
DD53585CA6CB4E9...
Mayor

APPROVED AS TO FORM:

DocuSigned by:
Aylin Bilir
D0E86E7C83E64AD...
City Attorney or Designee

APPROVED AS TO CONTENT:

DocuSigned by:
Ed Shikada
F2DCA19CCC8D4F9...
City Manager or Designee

EAST PALO ALTO SANITARY DISTRICT

ATTEST:

Betsy Yañez, Secretary

Joan Sykes-Miessi, ~~Vice President~~ Acting President

APPROVED AS TO FORM:

Mala Subramanian, General Counsel

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ATTEST:

DocuSigned by:
Beth Minor
27523117DA804D7...
City Clerk

CITY OF PALO ALTO

By: DocuSigned by:
DD53585CA6CB4E9...
Mayor

APPROVED AS TO FORM:

DocuSigned by:
Aylin Bilir
D0E80E7C83E04AD...
City Attorney or Designee

APPROVED AS TO CONTENT:

DocuSigned by:
Ed Shikada
F2DCA19CCC8D4F9...
City Manager or Designee

EAST PALO ALTO SANITARY DISTRICT

ATTEST:

B. Yañez
Betsy Yañez, Secretary

Joan Sykes-Miessi, Vice President

APPROVED AS TO FORM:

Mala Subramanian, General Counsel

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EXHIBIT "A"

LEGAL DESCRIPTION

EASEMENT "A"

All that real property situated in the City of East Palo Alto, County of San Mateo, State of California, described as follows:

Being a portion of that parcel as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said county and also being a strip of land 20.00 feet in width, lying 10.00 feet on each side of the following described line:

COMMENCING at an iron pipe monument at the intersection of the centerlines of Daisy Lane and Hibiscus Court, as shown on that map entitled "Tract No. 805 Palo Alto Gardens No.7" filed August 16, 1962 in Book 56 of Maps at Page 38 at said office of said recorder; thence along said centerline North 01°24'00" West 258.73 feet to an iron pipe monument, thence continuing along said centerline northwesterly North 01°24'00" West 34.43 feet to the southerly line of that parcel of East Palo Alto Sanitary District as described in that certain Grant Deed recorded December 18, 1984 as Instrument No. 85031440 of Official Records in said office of said recorder; thence along said southerly line North 83°45'00" East 266.28 feet to the southeasterly corner of said parcel of East Palo Alto Sanitary District, said point also being the northeasterly corner of the PG&E Right-of-Way (60 feet wide) as described in that certain Tax Deed recorded September 4, 2015 as Instrument No. 2015-095214 of Official Records in said office of said recorder; thence along the easterly line of said PG&E Right-of-Way for the following two course: South 06°08'45" East 214.02 feet and South 24°43'43" East 372.92 feet; thence leaving said easterly line North 87°05'56"East 127.45 feet to the **TRUE POINT OF BEGINNING**; thence North 87°05'56"East 56.00 feet to its point of termination, said point hereinafter referred to as **POINT "A"**.

The sidelines of said strip shall be prolonged or shortened so as to begin at said easterly line of said PG&E Right-of-Way and shall terminate at the westerly line of Easement "B" described herein.

Containing 1,120 square feet (0.03 acres) more or less.

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EASEMENT "B"

All that real property situated in the City of East Palo Alto, County of San Mateo, State of California, described as follows:

Being a portion of that parcel as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said county, described as follows:

BEGINNING at said **POINT "A"** hereinbefore described; thence for the following courses and distances: North 00°00'00" East 60.00 feet, thence North 90°00'00" East 10.00 feet to a point hereinafter referred to as **POINT "B"**; thence North 90°00'00" East 34.00 feet; South 00°00'00" West 35.00 feet to a point hereinafter referred to as **POINT "C"**; thence South 00°00'00" West 35.00 feet; thence South 90°00'00" West 44.00 feet, thence North 00°00'00" East 10.00 feet to the **POINT OF BEGINNING**.

Containing 3,080 square feet (0.07 acres) more or less.

EASEMENT "C"

All that real property situated in the City of East Palo Alto, County of San Mateo, State of California, described as follows:

Being a portion of that parcel as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said county and also being a strip of land 20.00 feet in width, lying 10.00 feet on each side of the following described line:

BEGINNING at said **POINT "B"** hereinbefore described; thence North 14°58'25" West 460.75 feet to its point of termination.

The sidelines of said strip shall be prolonged or shortened so as to begin at the northerly line of Easement "B" described herein.

Containing 9,215 square feet (0.21 acres) more or less.

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EASEMENT "D"

All those real properties situated in the City of East Palo Alto, County of San Mateo and the City of Palo Alto, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel in said City of East Palo Also as described in that certain Grant Deed recorded March 27, 1946 as Book 1244 Page 439 of Official Records of said County of San Mateo and a portion of that parcel in said City of Palo Alto as described in that certain Quitclaim Deed recorded January 23, 1974 as Instrument No. 4690974 of Official Records of said County of Santa Clara and also being a strip of land 65.00 feet in width, lying 32.50 feet on each side of the following described line:

BEGINNING at said **POINT "C"** hereinbefore described; thence South 81°53'09" East 524.27 feet to its point of termination, said point hereinafter referred to as **POINT "D"**.

The sidelines of said strip shall be prolonged or shortened so as to begin at the easterly line of Easement "B" described herein and shall terminate at the southwesterly line of Easement "E" described herein.

Containing 34,075 square feet (0.78 acres) more or less.

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EASEMENT "E"

All that real property situated in the City of Palo Alto, County of Santa Clara, State of California, described as follows:

Being a portion of that parcel as described in that certain Quitclaim Deed January 23, 1974 as Instrument No. 4690974 of Official Records of said county and also being a strip of land 20.00 feet in width, lying 10.00 feet on each side of the following described line:

BEGINNING at said **POINT "D"** hereinbefore described; thence the following courses and distances: North 21°40'53" East 160.73 feet, thence North 36°30'37" East 302.34 feet, thence North 50°27'24" East 365.63 feet, thence North 51°14'34" East 481.56 feet, thence North 76°57'29" East 327.01 feet, thence South 37°54'43" East 2,660.98 feet, thence South 05°42'51" West 1,490.68 feet to its point of termination.

The sidelines of said strip shall be prolonged or shortened so as to begin at the southeasterly line of Easement "D" described herein.

Containing 115,754 square feet (2.66 acres) more or less.

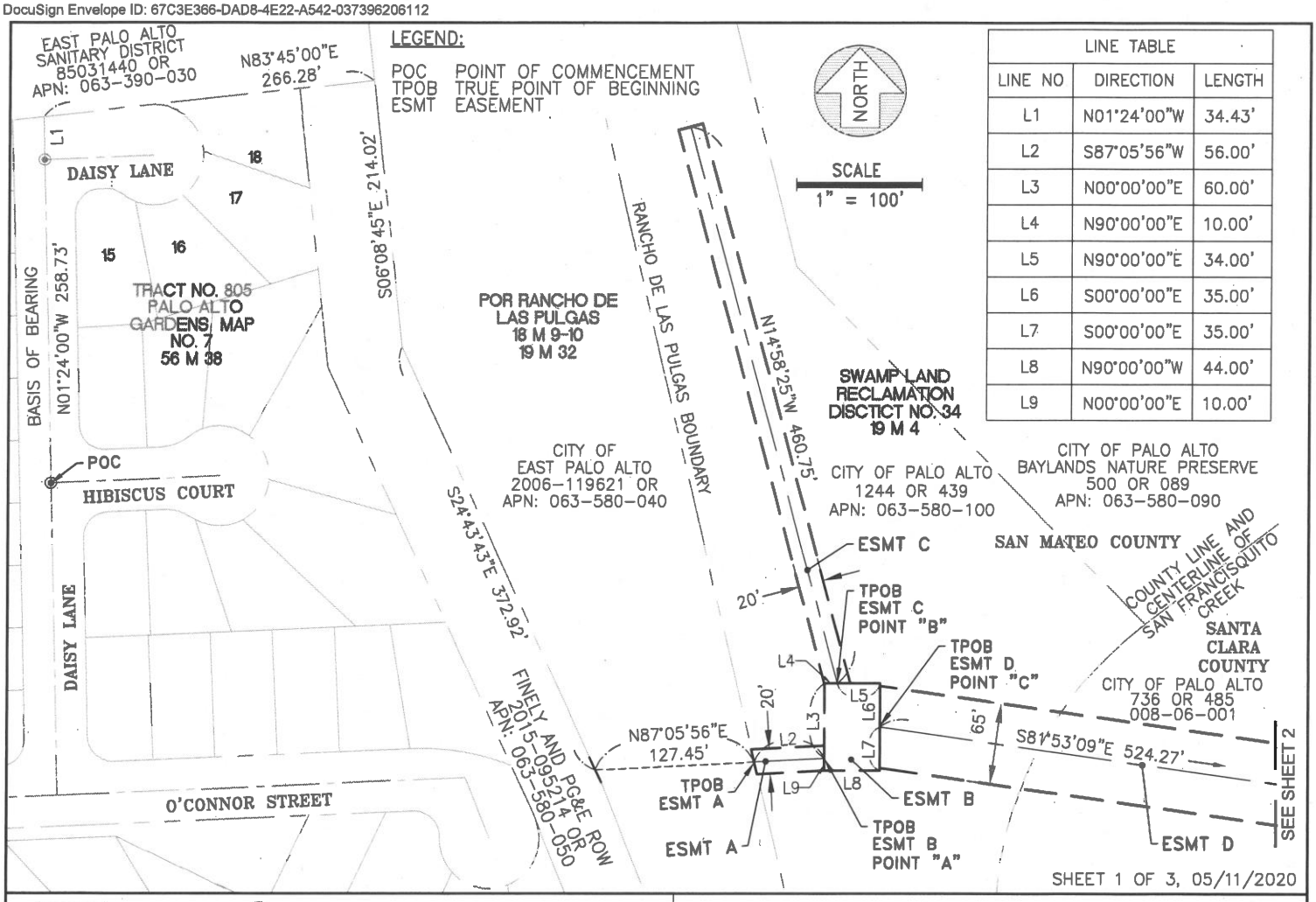
Exhibit 'B" is attached hereto and as such, made a part hereof.

This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale or for the sale of the lands described herein.



May 11, 2020

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LINE TABLE		
LINE NO	DIRECTION	LENGTH
L1	N01°24'00"W	34.43'
L2	S87°05'56"W	56.00'
L3	N00°00'00"E	60.00'
L4	N90°00'00"E	10.00'
L5	N90°00'00"E	34.00'
L6	S00°00'00"E	35.00'
L7	S00°00'00"E	35.00'
L8	N90°00'00"W	44.00'
L9	N00°00'00"E	10.00'

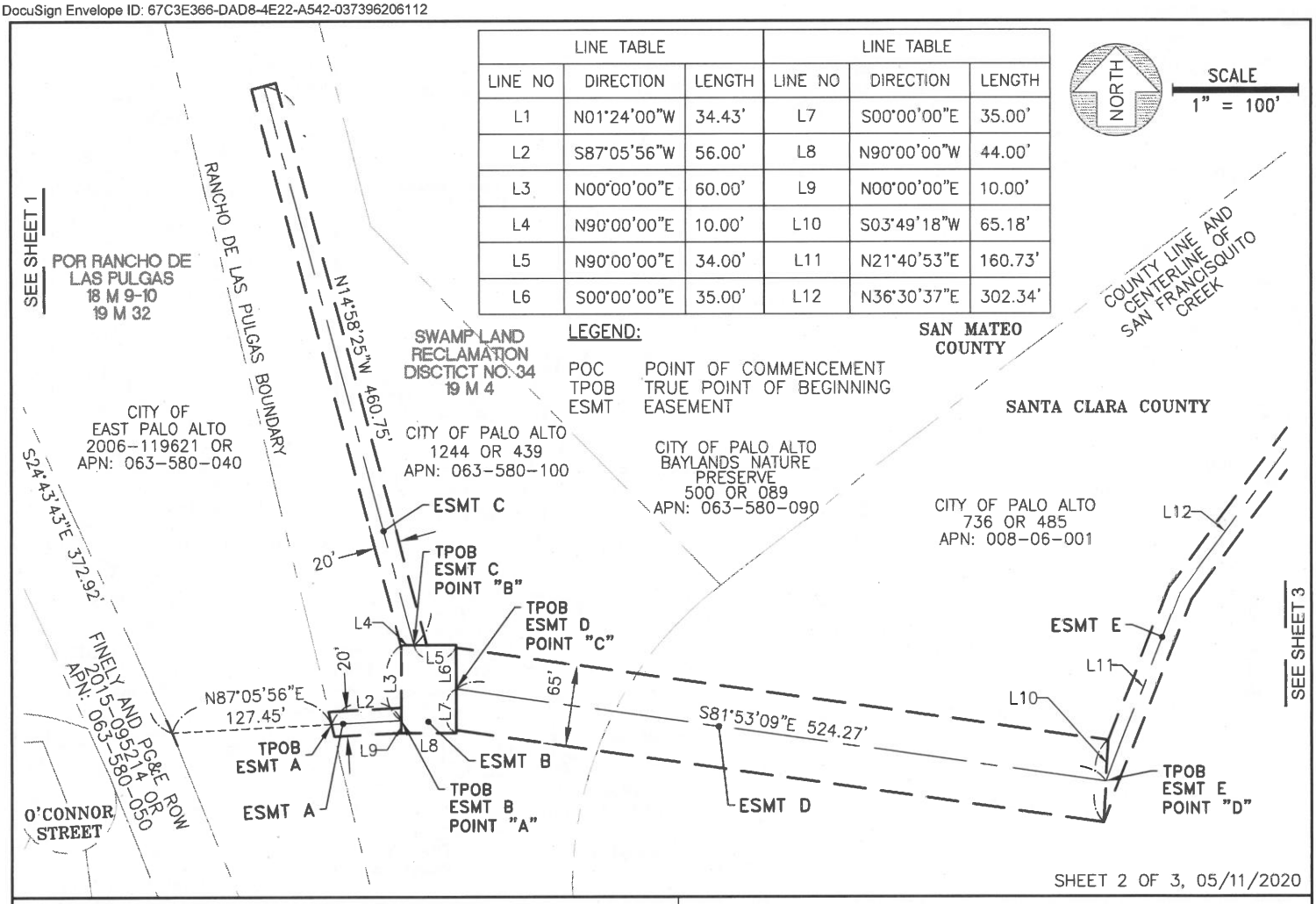
SHEET 1 OF 3, 05/11/2020

FREYER & LAURETA, INC.
CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS
144 North San Mateo Drive • San Mateo, CA 94401
(650)344-9901 • Fax (650)344-9920
www.freyerlaureta.com

EXHIBIT B

PLAT TO ACCOMPANY LEGAL DESCRIPTION

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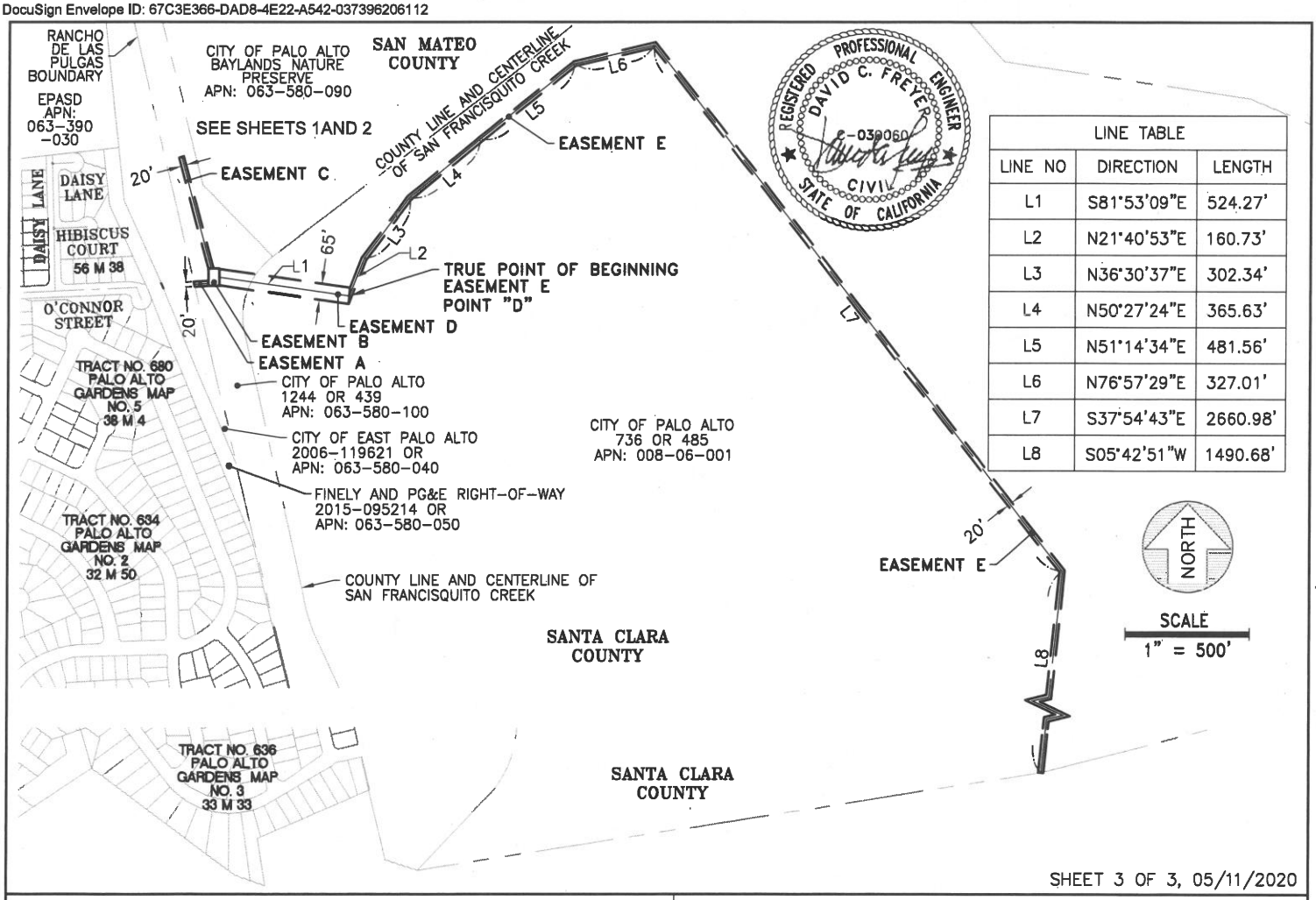
SHEET 2 OF 3, 05/11/2020

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LINE TABLE		
LINE NO	DIRECTION	LENGTH
L1	S81°53'09"E	524.27'
L2	N21°40'53"E	160.73'
L3	N36°30'37"E	302.34'
L4	N50°27'24"E	365.63'
L5	N51°14'34"E	481.56'
L6	N76°57'29"E	327.01'
L7	S37°54'43"E	2660.98'
L8	S05°42'51"W	1490.68'

SHEET 3 OF 3, 05/11/2020

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EXHIBIT C

ALLOCATION, BILLING, AND PAYMENT OF PALO ALTO REGIONAL WATER QUALITY CONTROL PLANT OPERATION AND MAINTENANCE EXPENSES

Operation and maintenance expenses shall be allocated to the below-listed expense categories in the proportions shown:

Expense Category	Proportion
Volume of sewage	34%
Chemical oxygen demand (COD)	22%
Suspended solids (SS)	22%
Ammonia (NH_3)	22%

In subsequent years, the above percentage allocations may be altered based upon cost data derived in accordance with generally accepted accounting principles and upon agreement of all parties hereto. The volume of sewage received and the concentration of chemical oxygen demand, suspended solids, and ammonia contained therein shall be determined for each party in accordance with the criteria set forth in this Exhibit.

Treatment expense rates (per million gallons of wastewater volume and per thousand pounds of each of the other expense categories above) shall be established for each fiscal year. Each party shall pay its portion of the operation and maintenance expenses based on these rates (and the volume and quality of its wastewater).

EVALUATING EXPENSE CATEGORY ITEMS

Wastewater Volume

The wastewater volume for each party shall be measured by a flow meter or flow meters in its outfall or outfalls or such other method as agreed upon between parties. Sewage meters and their locations shall be as approved by the Manager of the Treatment Plant.

Sewage Quality

The characteristic values of COD, SS, and NH_3 shall be determined by sampling and analyzing wastewater from each party's outfall according to good laboratory and sampling practices. The best equipment and techniques reasonably available to the Regional Water Quality Control Plant personnel shall be utilized in determining these characteristic values.

All samples shall be analyzed at the laboratory of the Regional Water Quality Control Plant. If any party to the Agreement disputes the findings of the foregoing sampling programs, the disputing party may collect samples at the same monitoring points and submit them for analysis by a laboratory approved by the superintendent of Palo Alto Water Quality Control Plant at the disputing party's own expense.

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C237 Exhibit D: City of Palo Alto
1999 Refunding of 1990 Utility Revenue Bonds

DEBT SERVICE SCHEDULE FOR WASTEWATER TREATMENT
For Palo Alto, East Palo Alto Sanitary District, Stanford, and Los Altos Hills

	25.00% PALO ALTO			11.90% EAST PALO ALTO			4.10% STANFORD			0.20% LOS ALTOS HILLS			
FISCAL YEAR ENDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTALS
6/30/00	$ 25,691.25	$ 47,891.70	$ 73,582.95	$ 12,229.04	$ 22,796.45	$ 35,025.49	$ 4,213.37	$ 7,854.24	$ 12,067.61	$ 205.53	$ 383.13	$ 588.66	$ 121,264.71
6/30/01	$ 23,122.13	$ 47,056.74	$ 70,178.87	$ 11,006.13	$ 22,399.01	$ 33,405.14	$ 3,792.03	$ 7,717.30	$ 11,509.33	$ 184.98	$ 376.45	$ 561.43	$ 115,654.77
6/30/02	$ 23,978.50	$ 46,189.66	$ 70,168.16	$ 11,413.77	$ 21,986.28	$ 33,400.05	$ 3,932.47	$ 7,575.10	$ 11,507.57	$ 191.83	$ 369.52	$ 561.35	$ 115,637.13
6/30/03	$ 24,834.87	$ 45,230.52	$ 70,065.39	$ 11,821.40	$ 21,529.73	$ 33,351.13	$ 4,072.92	$ 7,417.80	$ 11,490.72	$ 198.68	$ 361.84	$ 560.52	$ 115,467.76
6/30/04	$ 25,691.24	$ 44,237.12	$ 69,928.36	$ 12,229.04	$ 21,056.87	$ 33,285.91	$ 4,213.37	$ 7,254.89	$ 11,468.26	$ 205.53	$ 353.90	$ 559.43	$ 115,241.96
6/30/05	$ 26,547.62	$ 43,183.78	$ 69,731.40	$ 12,636.67	$ 20,555.48	$ 33,192.15	$ 4,353.81	$ 7,082.14	$ 11,435.95	$ 212.38	$ 345.47	$ 557.85	$ 114,917.35
6/30/06	$ 28,260.37	$ 42,068.78	$ 70,329.15	$ 13,451.94	$ 20,024.74	$ 33,476.68	$ 4,634.70	$ 6,899.28	$ 11,533.98	$ 226.08	$ 336.55	$ 562.63	$ 115,902.44
6/30/07	$ 29,116.74	$ 40,853.59	$ 69,970.33	$ 13,859.57	$ 19,446.31	$ 33,305.88	$ 4,775.15	$ 6,699.99	$ 11,475.14	$ 232.93	$ 326.83	$ 559.76	$ 115,311.11
6/30/08	$ 29,973.11	$ 39,572.45	$ 69,545.56	$ 14,267.21	$ 18,836.49	$ 33,103.70	$ 4,915.59	$ 6,489.88	$ 11,405.47	$ 239.79	$ 316.58	$ 556.37	$ 114,611.10
6/30/09	$ 31,685.87	$ 38,223.66	$ 69,909.53	$ 15,082.48	$ 18,194.46	$ 33,276.94	$ 5,196.48	$ 6,268.68	$ 11,465.16	$ 253.49	$ 305.79	$ 559.28	$ 115,210.91
6/30/10	$ 33,398.61	$ 36,766.11	$ 70,164.72	$ 15,897.75	$ 17,500.67	$ 33,398.42	$ 5,477.37	$ 6,029.64	$ 11,507.01	$ 267.19	$ 294.13	$ 561.32	$ 115,631.47
6/30/11	$ 35,111.37	$ 35,196.37	$ 70,307.74	$ 16,713.01	$ 16,753.47	$ 33,466.48	$ 5,758.27	$ 5,772.21	$ 11,530.48	$ 280.89	$ 281.57	$ 562.46	$ 115,867.16
6/30/12	$ 36,824.11	$ 33,511.03	$ 70,335.14	$ 17,528.28	$ 15,951.25	$ 33,479.53	$ 6,039.16	$ 5,495.81	$ 11,534.97	$ 294.59	$ 268.09	$ 562.68	$ 115,912.32
6/30/13	$ 38,536.87	$ 31,669.82	$ 70,206.69	$ 18,343.55	$ 15,074.83	$ 33,418.38	$ 6,320.05	$ 5,193.85	$ 11,513.90	$ 308.30	$ 253.36	$ 561.66	$ 115,700.63
6/30/14	$ 40,249.61	$ 29,742.98	$ 69,992.59	$ 19,158.82	$ 14,157.66	$ 33,316.48	$ 6,600.94	$ 4,877.85	$ 11,478.79	$ 322.00	$ 237.94	$ 559.94	$ 115,347.80
6/30/15	$ 41,962.37	$ 27,730.50	$ 69,692.86	$ 19,974.09	$ 13,199.72	$ 33,173.81	$ 6,881.83	$ 4,547.80	$ 11,429.63	$ 335.70	$ 221.84	$ 557.54	$ 114,853.85
6/30/16	$ 44,531.49	$ 25,632.38	$ 70,163.87	$ 21,196.99	$ 12,201.01	$ 33,398.00	$ 7,303.17	$ 4,203.71	$ 11,506.88	$ 356.25	$ 205.06	$ 561.31	$ 115,630.06
6/30/17	$ 46,244.25	$ 23,350.14	$ 69,594.39	$ 22,012.26	$ 11,114.67	$ 33,126.93	$ 7,584.06	$ 3,829.42	$ 11,413.48	$ 369.95	$ 186.80	$ 556.75	$ 114,691.55
6/30/18	$ 48,813.36	$ 20,980.12	$ 69,793.48	$ 23,235.17	$ 9,986.54	$ 33,221.71	$ 8,005.39	$ 3,440.74	$ 11,446.13	$ 390.51	$ 167.84	$ 558.35	$ 115,019.67
6/30/19	$ 51,382.50	$ 18,478.43	$ 69,860.93	$ 24,458.07	$ 8,795.74	$ 33,253.81	$ 8,426.73	$ 3,030.46	$ 11,457.19	$ 411.06	$ 147.83	$ 558.89	$ 115,130.82
6/30/20	$ 53,951.62	$ 15,780.85	$ 69,732.47	$ 25,680.97	$ 7,511.68	$ 33,192.65	$ 8,848.07	$ 2,588.06	$ 11,436.13	$ 431.61	$ 126.25	$ 557.86	$ 114,919.11
6/30/21	$ 56,520.75	$ 12,948.39	$ 69,469.14	$ 26,903.87	$ 6,163.43	$ 33,067.30	$ 9,269.40	$ 2,123.54	$ 11,392.94	$ 452.17	$ 103.59	$ 555.76	$ 114,485.14
6/30/22	$ 59,946.24	$ 9,981.05	$ 69,927.29	$ 28,534.42	$ 4,750.98	$ 33,285.40	$ 9,831.19	$ 1,636.89	$ 11,468.08	$ 479.57	$ 79.85	$ 559.42	$ 115,240.19
6/30/23	$ 63,371.75	$ 6,833.87	$ 70,205.62	$ 30,164.95	$ 3,252.92	$ 33,417.87	$ 10,392.97	$ 1,120.76	$ 11,513.73	$ 506.97	$ 54.67	$ 561.64	$ 115,698.86
6/30/24	$ 66,797.40	$ 3,507.26	$ 70,304.66	$ 31,795.55	$ 1,669.26	$ 33,464.81	$ 10,954.51	$ 575.12	$ 11,529.63	$ 534.02	$ 28.05	$ 562.07	$ 115,861.17
TOTALS	$ 986,544.00	$ 766,617.30	$ 1,753,161.30	$ 469,595.00	$ 364,909.65	$ 834,504.65	$ 161,793.00	$ 125,725.16	$ 287,518.16	$ 7,892.00	$ 6,132.93	$ 14,024.93	$ 2,889,209.04

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C237 Exhibit E - City of Palo Alto
1999 Bond - New Money for Incinerator Rehabilitation Utility Revenue Bonds

DEBT SERVICE SCHEDULE FOR WASTEWATER TREATMENT
For Palo Alto, East Palo Alto Sanitary District, Stanford, and Los Altos Hills

	38.16% PALO ALTO			7.64% EAST PALO ALTO			5.26% STANFORD			1.58% LOS ALTOS HILLS		
FISCAL YEAR ENDING	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE
6/30/00	$ 74,412.00	$ 138,972.52	$ 213,384.52	$ 14,898.00	$ 27,823.63	$ 42,721.63	$ 10,257.00	$ 19,156.07	$ 29,413.07	$ 3,081.00	$ 5,754.10	$ 8,835.10
6/30/01	$ 64,872.00	$ 136,554.13	$ 201,426.13	$ 12,988.00	$ 27,339.45	$ 40,327.45	$ 8,942.00	$ 18,822.71	$ 27,764.71	$ 2,686.00	$ 5,653.97	$ 8,339.97
6/30/02	$ 68,688.00	$ 134,121.43	$ 202,809.43	$ 13,752.00	$ 26,852.40	$ 40,604.40	$ 9,468.00	$ 18,487.39	$ 27,955.39	$ 2,844.00	$ 5,553.25	$ 8,397.25
6/30/03	$ 70,596.00	$ 131,373.91	$ 201,969.91	$ 14,134.00	$ 26,302.32	$ 40,436.32	$ 9,731.00	$ 18,108.67	$ 27,839.67	$ 2,923.00	$ 5,439.49	$ 8,362.49
6/30/04	$ 74,412.00	$ 128,550.07	$ 202,962.07	$ 14,898.00	$ 25,736.96	$ 40,634.96	$ 10,257.00	$ 17,719.43	$ 27,976.43	$ 3,081.00	$ 5,322.57	$ 8,403.57
6/30/05	$ 80,136.00	$ 125,499.18	$ 205,635.18	$ 16,044.00	$ 25,126.15	$ 41,170.15	$ 11,046.00	$ 17,298.89	$ 28,344.89	$ 3,318.00	$ 5,196.24	$ 8,514.24
6/30/06	$ 80,136.00	$ 122,133.47	$ 202,269.47	$ 16,044.00	$ 24,452.30	$ 40,496.30	$ 11,046.00	$ 16,834.96	$ 27,880.96	$ 3,318.00	$ 5,056.89	$ 8,374.89
6/30/07	$ 85,860.00	$ 118,687.62	$ 204,547.62	$ 17,190.00	$ 23,762.41	$ 40,952.41	$ 11,835.00	$ 16,359.98	$ 28,194.98	$ 3,555.00	$ 4,914.21	$ 8,469.21
6/30/08	$ 89,676.00	$ 114,909.78	$ 204,585.78	$ 17,954.00	$ 23,006.05	$ 40,960.05	$ 12,361.00	$ 15,839.24	$ 28,200.24	$ 3,713.00	$ 4,757.79	$ 8,470.79
6/30/09	$ 91,584.00	$ 110,874.36	$ 202,458.36	$ 18,336.00	$ 22,198.12	$ 40,534.12	$ 12,624.00	$ 15,283.00	$ 27,907.00	$ 3,792.00	$ 4,590.71	$ 8,382.71
6/30/10	$ 95,400.00	$ 106,661.50	$ 202,061.50	$ 19,100.00	$ 21,354.66	$ 40,454.66	$ 13,150.00	$ 14,702.29	$ 27,852.29	$ 3,950.00	$ 4,416.28	$ 8,366.28
6/30/11	$ 99,216.00	$ 102,177.70	$ 201,393.70	$ 19,864.00	$ 20,456.96	$ 40,320.96	$ 13,676.00	$ 14,084.24	$ 27,760.24	$ 4,108.00	$ 4,230.63	$ 8,338.63
6/30/12	$ 104,940.00	$ 97,415.33	$ 202,355.33	$ 21,010.00	$ 19,503.49	$ 40,513.49	$ 14,465.00	$ 13,427.79	$ 27,892.79	$ 4,345.00	$ 4,033.44	$ 8,378.44
6/30/13	$ 112,572.00	$ 92,168.33	$ 204,740.33	$ 22,538.00	$ 18,452.99	$ 40,990.99	$ 15,517.00	$ 12,704.54	$ 28,221.54	$ 4,661.00	$ 3,816.19	$ 8,477.19
6/30/14	$ 116,388.00	$ 86,539.73	$ 202,927.73	$ 23,302.00	$ 17,326.09	$ 40,628.09	$ 16,043.00	$ 11,928.69	$ 27,971.69	$ 4,819.00	$ 3,583.14	$ 8,402.14
6/30/15	$ 124,020.00	$ 80,720.33	$ 204,740.33	$ 24,830.00	$ 16,160.99	$ 40,990.99	$ 17,095.00	$ 11,126.54	$ 28,221.54	$ 5,135.00	$ 3,342.19	$ 8,477.19
6/30/16	$ 127,836.00	$ 74,519.33	$ 202,355.33	$ 25,594.00	$ 14,919.49	$ 40,513.49	$ 17,621.00	$ 10,271.79	$ 27,892.79	$ 5,293.00	$ 3,085.44	$ 8,378.44
6/30/17	$ 135,468.00	$ 67,967.73	$ 203,435.73	$ 27,122.00	$ 13,607.80	$ 40,729.80	$ 18,673.00	$ 9,368.72	$ 28,041.72	$ 5,609.00	$ 2,814.18	$ 8,423.18
6/30/18	$ 143,100.00	$ 61,025.00	$ 204,125.00	$ 28,650.00	$ 12,217.79	$ 40,867.79	$ 19,725.00	$ 8,411.73	$ 28,136.73	$ 5,925.00	$ 2,526.72	$ 8,451.72
6/30/19	$ 150,732.00	$ 53,691.12	$ 204,423.12	$ 30,178.00	$ 10,749.48	$ 40,927.48	$ 20,777.00	$ 7,400.82	$ 28,177.82	$ 6,241.00	$ 2,223.06	$ 8,464.06
6/30/20	$ 156,456.00	$ 45,777.69	$ 202,233.69	$ 31,324.00	$ 9,165.14	$ 40,489.14	$ 21,566.00	$ 6,310.03	$ 27,876.03	$ 6,478.00	$ 1,895.41	$ 8,373.41
6/30/21	$ 165,996.00	$ 37,563.75	$ 203,559.75	$ 33,234.00	$ 7,520.63	$ 40,754.63	$ 22,881.00	$ 5,177.81	$ 28,058.81	$ 6,873.00	$ 1,555.31	$ 8,428.31
6/30/22	$ 173,628.00	$ 28,848.96	$ 202,476.96	$ 34,762.00	$ 5,775.84	$ 40,537.84	$ 23,933.00	$ 3,976.56	$ 27,909.56	$ 7,189.00	$ 1,194.48	$ 8,383.48
6/30/23	$ 183,168.00	$ 19,733.49	$ 202,901.49	$ 36,672.00	$ 3,950.84	$ 40,622.84	$ 25,248.00	$ 2,720.08	$ 27,968.08	$ 7,584.00	$ 817.06	$ 8,401.06
6/30/24	$ 192,708.00	$ 10,117.17	$ 202,825.17	$ 38,582.00	$ 2,025.56	$ 40,607.56	$ 26,563.00	$ 1,394.56	$ 27,957.56	$ 7,979.00	$ 418.90	$ 8,397.90
TOTALS	$ 2,862,000.00	$ 2,226,603.63	$ 5,088,603.63	$ 573,000.00	$ 445,787.54	$ 1,018,787.54	$ 394,500.00	$ 306,916.53	$ 701,416.53	$ 118,500.00	$ 92,191.65	$ 210,691.65

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Loan C-06-5044-110, Contract C-09-814-555-0
SWRCB SRF Loan (federally funded)
Loan Payment Schedule

		Due to State of California			Due From Mountain View 37.89%			Due From EPASD 7.64%			Due From Los Altos 9.47%		
Pmt#	Date	Principal	Interest	Repayment	Prin	Int	TOTAL	Prin	Int	TOTAL	Prin	Int	TOTAL
1	11/30/2011	$346,228.14	$209,498.11	$555,726.25	$131,185.84	$79,378.83	$210,564.68	$26,451.83	$16,005.66	$42,457.49	$32,787.80	$19,839.47	$52,627.28
2	11/30/2012	$341,240.88	$214,485.37	$555,726.25	$129,296.17	$81,268.51	$210,564.68	$26,070.80	$16,386.68	$42,457.49	$32,315.51	$20,311.76	$52,627.28
3	11/30/2013	$350,113.15	$205,613.10	$555,726.25	$132,657.87	$77,906.80	$210,564.68	$26,748.64	$15,708.84	$42,457.49	$33,155.72	$19,471.56	$52,627.28
4	11/30/2014	$359,216.09	$196,510.16	$555,726.25	$136,106.98	$74,457.70	$210,564.68	$27,444.11	$15,013.38	$42,457.49	$34,017.76	$18,609.51	$52,627.28
5	11/30/2015	$368,555.71	$187,170.54	$555,726.25	$139,645.76	$70,918.92	$210,564.68	$28,157.66	$14,299.83	$42,457.49	$34,902.23	$17,725.05	$52,627.28
6	11/30/2016	$378,138.16	$177,588.09	$555,726.25	$143,276.55	$67,288.13	$210,564.68	$28,889.76	$13,567.73	$42,457.49	$35,809.68	$16,817.59	$52,627.28
7	11/30/2017	$387,969.75	$167,756.50	$555,726.25	$147,001.74	$63,562.94	$210,564.68	$29,640.89	$12,816.60	$42,457.49	$36,740.74	$15,886.54	$52,627.28
8	11/30/2018	$398,056.96	$157,669.29	$555,726.25	$150,823.78	$59,740.89	$210,564.68	$30,411.55	$12,045.93	$42,457.49	$37,695.99	$14,931.28	$52,627.28
9	11/30/2019	$408,406.44	$147,319.81	$555,726.25	$154,745.20	$55,819.48	$210,564.68	$31,202.25	$11,255.23	$42,457.49	$38,676.09	$13,951.19	$52,627.28
10	11/30/2020	$419,025.01	$136,701.24	$555,726.25	$158,768.58	$51,796.10	$210,564.68	$32,013.51	$10,443.97	$42,457.49	$39,681.67	$12,945.61	$52,627.28
11	11/30/2021	$429,919.66	$125,806.59	$555,726.25	$162,896.56	$47,668.12	$210,564.68	$32,845.86	$9,611.62	$42,457.49	$40,713.39	$11,913.88	$52,627.28
12	11/30/2022	$441,097.57	$114,628.68	$555,726.25	$167,131.87	$43,432.81	$210,564.68	$33,699.85	$8,757.63	$42,457.49	$41,771.94	$10,855.34	$52,627.28
13	11/30/2023	$452,566.11	$103,160.14	$555,726.25	$171,477.30	$39,087.38	$210,564.68	$34,576.05	$7,881.43	$42,457.49	$42,858.01	$9,769.27	$52,627.28
14	11/30/2024	$464,332.83	$91,393.42	$555,726.25	$175,935.71	$34,628.97	$210,564.68	$35,475.03	$6,982.46	$42,457.49	$43,972.32	$8,654.96	$52,627.28
15	11/30/2025	$476,405.48	$79,320.77	$555,726.25	$180,510.04	$30,054.64	$210,564.68	$36,397.38	$6,060.11	$42,457.49	$45,115.60	$7,511.68	$52,627.28
16	11/30/2026	$488,792.02	$66,934.23	$555,726.25	$185,203.30	$25,361.38	$210,564.68	$37,343.71	$5,113.78	$42,457.49	$46,288.60	$6,338.67	$52,627.28
17	11/30/2027	$501,500.62	$54,225.63	$555,726.25	$190,018.58	$20,546.09	$210,564.68	$38,314.65	$4,142.84	$42,457.49	$47,492.11	$5,135.17	$52,627.28
18	11/30/2028	$514,539.63	$41,186.62	$555,726.25	$194,959.07	$15,605.61	$210,564.68	$39,310.83	$3,146.66	$42,457.49	$48,726.90	$3,900.37	$52,627.28
19	11/30/2029	$527,917.66	$27,808.59	$555,726.25	$200,028.00	$10,536.67	$210,564.68	$40,332.91	$2,124.58	$42,457.49	$49,993.80	$2,633.47	$52,627.28
20	11/30/2030	$541,643.40	$14,082.73	$555,726.13	$205,228.68	$5,335.95	$210,564.63	$41,381.56	$1,075.92	$42,457.48	$51,293.63	$1,333.63	$52,627.26
		$8,595,665	$2,518,860	$11,114,525	$3,256,898	$954,396	$4,211,293	$656,709	$192,441	$849,150	$814,010	$238,536	$1,052,546

		Due to State of California			Due From Stanford 5.26%			Due From Los Altos Hills 1.58%			Due From Palo Alto 38.16%		
Pmt#	Date	Principal	Interest	Repayment	Prin	Int	TOTAL	Prin	Int	TOTAL	Prin	Int	TOTAL
1	11/30/2011	$346,228.14	$209,498.11	$555,726.25	$18,211.60	$11,019.60	$29,231.20	$5,470.40	$3,310.07	$8,780.47	$132,120.66	$79,944.48	$212,065.14
2	11/30/2012	$341,240.88	$214,485.37	$555,726.25	$17,949.27	$11,281.93	$29,231.20	$5,391.61	$3,388.87	$8,780.47	$130,217.52	$81,847.62	$212,065.14
3	11/30/2013	$350,113.15	$205,613.10	$555,726.25	$18,415.95	$10,815.25	$29,231.20	$5,531.79	$3,248.69	$8,780.47	$133,603.18	$78,461.96	$212,065.14
4	11/30/2014	$359,216.09	$196,510.16	$555,726.25	$18,894.77	$10,336.43	$29,231.20	$5,675.61	$3,104.86	$8,780.47	$137,076.86	$74,988.28	$212,065.14
5	11/30/2015	$368,555.71	$187,170.54	$555,726.25	$19,386.03	$9,845.17	$29,231.20	$5,823.18	$2,957.29	$8,780.47	$140,640.86	$71,424.28	$212,065.14
6	11/30/2016	$378,138.16	$177,588.09	$555,726.25	$19,890.07	$9,341.13	$29,231.20	$5,974.58	$2,805.89	$8,780.47	$144,297.52	$67,767.62	$212,065.14
7	11/30/2017	$387,969.75	$167,756.50	$555,726.25	$20,407.21	$8,823.99	$29,231.20	$6,129.92	$2,650.55	$8,780.47	$148,049.26	$64,015.88	$212,065.14
8	11/30/2018	$398,056.96	$157,669.29	$555,726.25	$20,937.80	$8,293.40	$29,231.20	$6,289.30	$2,491.17	$8,780.47	$151,898.54	$60,166.60	$212,065.14
9	11/30/2019	$408,406.44	$147,319.81	$555,726.25	$21,482.18	$7,749.02	$29,231.20	$6,452.82	$2,327.65	$8,780.47	$155,847.90	$56,217.24	$212,065.14
10	11/30/2020	$419,025.01	$136,701.24	$555,726.25	$22,040.72	$7,190.49	$29,231.20	$6,620.60	$2,159.88	$8,780.47	$159,899.94	$52,165.19	$212,065.14
11	11/30/2021	$429,919.66	$125,806.59	$555,726.25	$22,613.77	$6,617.43	$29,231.20	$6,792.73	$1,987.74	$8,780.47	$164,057.34	$48,007.79	$212,065.14
12	11/30/2022	$441,097.57	$114,628.68	$555,726.25	$23,201.73	$6,029.47	$29,231.20	$6,969.34	$1,811.13	$8,780.47	$168,322.83	$43,742.30	$212,065.14
13	11/30/2023	$452,566.11	$103,160.14	$555,726.25	$23,804.98	$5,426.22	$29,231.20	$7,150.54	$1,629.93	$8,780.47	$172,699.23	$39,365.91	$212,065.14
14	11/30/2024	$464,332.83	$91,393.42	$555,726.25	$24,423.91	$4,807.29	$29,231.20	$7,336.46	$1,444.02	$8,780.47	$177,189.41	$34,875.73	$212,065.14
15	11/30/2025	$476,405.48	$79,320.77	$555,726.25	$25,058.93	$4,172.27	$29,231.20	$7,527.21	$1,253.27	$8,780.47	$181,796.33	$30,268.81	$212,065.14
16	11/30/2026	$488,792.02	$66,934.23	$555,726.25	$25,710.46	$3,520.74	$29,231.20	$7,722.91	$1,057.56	$8,780.47	$186,523.03	$25,542.10	$212,065.14
17	11/30/2027	$501,500.62	$54,225.63	$555,726.25	$26,378.93	$2,852.27	$29,231.20	$7,923.71	$856.76	$8,780.47	$191,372.64	$20,692.50	$212,065.14
18	11/30/2028	$514,539.63	$41,186.62	$555,726.25	$27,064.78	$2,166.42	$29,231.20	$8,129.73	$650.75	$8,780.47	$196,348.32	$15,716.81	$212,065.14
19	11/30/2029	$527,917.66	$27,808.59	$555,726.25	$27,768.47	$1,462.73	$29,231.20	$8,341.10	$439.38	$8,780.47	$201,453.38	$10,611.76	$212,065.14
20	11/30/2030	$541,643.40	$14,082.73	$555,726.13	$28,490.44	$740.75	$29,231.19	$8,557.97	$222.51	$8,780.47	$206,691.12	$5,373.97	$212,065.09
		$8,595,665	$2,518,860	$11,114,525	$452,132	$132,492	$584,624	$135,812	$39,798	$175,609	$3,280,106	$961,197	$4,241,303

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C237 Exhibit G: Loan Payment Schedule

Sludge Dewatering and Loadout Facility Project (Project No.: C-06-8190-110; Agreement No.: D1601034-550-0)

SWRCB SRF Loan (Federally Funded), Principal is Paid Over 30 Years with 1.800% Interest Rate

		Due to State of California			Due From Mountain View 37.89%			Due From EPASD 7.64%			Due From Los Altos 9.47%		
Payment #	Date	Principal	Interest	Repayment	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
1	5/31/2020	$696,854.46	$395,007.24	$1,091,861.70	$264,038.15	$149,668.24	$413,706.40	$53,239.68	$30,178.55	$83,418.23	$65,992.12	$37,407.19	$103,399.30
2	5/31/2021	$650,851.74	$441,009.96	$1,091,861.70	$246,607.72	$167,098.67	$413,706.40	$49,725.07	$33,693.16	$83,418.23	$61,635.66	$41,763.64	$103,399.30
3	5/31/2022	$662,567.07	$429,294.63	$1,091,861.70	$251,046.66	$162,659.74	$413,706.40	$50,620.12	$32,798.11	$83,418.23	$62,745.10	$40,654.20	$103,399.30
4	5/31/2023	$674,493.28	$417,368.42	$1,091,861.70	$255,565.50	$158,140.89	$413,706.40	$51,531.29	$31,886.95	$83,418.23	$63,874.51	$39,524.79	$103,399.30
5	5/31/2024	$686,634.16	$405,227.54	$1,091,861.70	$260,165.68	$153,540.71	$413,706.40	$52,458.85	$30,959.38	$83,418.23	$65,024.25	$38,375.05	$103,399.30
6	5/31/2025	$698,993.57	$392,868.13	$1,091,861.70	$264,848.66	$148,857.73	$413,706.40	$53,403.11	$30,015.13	$83,418.23	$66,194.69	$37,204.61	$103,399.30
7	5/31/2026	$711,575.46	$380,286.24	$1,091,861.70	$269,615.94	$144,090.46	$413,706.40	$54,364.37	$29,053.87	$83,418.23	$67,386.20	$36,013.11	$103,399.30
8	5/31/2027	$724,383.82	$367,477.88	$1,091,861.70	$274,469.03	$139,237.37	$413,706.40	$55,342.92	$28,075.31	$83,418.23	$68,599.15	$34,800.16	$103,399.30
9	5/31/2028	$737,422.72	$354,438.98	$1,091,861.70	$279,409.47	$134,296.93	$413,706.40	$56,339.10	$27,079.14	$83,418.23	$69,833.93	$33,565.37	$103,399.30
10	5/31/2029	$750,696.33	$341,165.37	$1,091,861.70	$284,438.84	$129,267.56	$413,706.40	$57,353.20	$26,065.03	$83,418.23	$71,090.94	$32,308.36	$103,399.30
11	5/31/2030	$764,208.87	$327,652.83	$1,091,861.70	$289,558.74	$124,147.66	$413,706.40	$58,385.56	$25,032.68	$83,418.23	$72,370.58	$31,028.72	$103,399.30
12	5/31/2031	$777,964.63	$313,897.07	$1,091,861.70	$294,770.80	$118,935.60	$413,706.40	$59,436.50	$23,981.74	$83,418.23	$73,673.25	$29,726.05	$103,399.30
13	5/31/2032	$791,967.99	$299,893.71	$1,091,861.70	$300,076.67	$113,629.73	$413,706.40	$60,506.35	$22,911.88	$83,418.23	$74,999.37	$28,399.93	$103,399.30
14	5/31/2033	$806,223.41	$285,638.29	$1,091,861.70	$305,478.05	$108,228.35	$413,706.40	$61,595.47	$21,822.77	$83,418.23	$76,349.36	$27,049.95	$103,399.30
15	5/31/2034	$820,735.44	$271,126.26	$1,091,861.70	$310,976.66	$102,729.74	$413,706.40	$62,704.19	$20,714.05	$83,418.23	$77,723.65	$25,675.66	$103,399.30
16	5/31/2035	$835,508.67	$256,353.03	$1,091,861.70	$316,574.24	$97,132.16	$413,706.40	$63,832.86	$19,585.37	$83,418.23	$79,122.67	$24,276.63	$103,399.30
17	5/31/2036	$850,547.83	$241,313.87	$1,091,861.70	$322,272.57	$91,433.83	$413,706.40	$64,981.85	$18,436.38	$83,418.23	$80,546.88	$22,852.42	$103,399.30
18	5/31/2037	$865,857.69	$226,004.01	$1,091,861.70	$328,073.48	$85,632.92	$413,706.40	$66,151.53	$17,266.71	$83,418.23	$81,996.72	$21,402.58	$103,399.30
19	5/31/2038	$881,443.13	$210,418.57	$1,091,861.70	$333,978.80	$79,727.60	$413,706.40	$67,342.26	$16,075.98	$83,418.23	$83,472.66	$19,926.64	$103,399.30
20	5/31/2039	$897,309.11	$194,552.59	$1,091,861.70	$339,990.42	$73,715.98	$413,706.40	$68,554.42	$14,863.82	$83,418.23	$84,975.17	$18,424.13	$103,399.30
21	5/31/2040	$913,460.67	$178,401.03	$1,091,861.70	$346,110.25	$67,596.15	$413,706.40	$69,788.40	$13,629.84	$83,418.23	$86,504.73	$16,894.58	$103,399.30
22	5/31/2041	$929,902.96	$161,958.74	$1,091,861.70	$352,340.23	$61,366.17	$413,706.40	$71,044.59	$12,373.65	$83,418.23	$88,061.81	$15,337.49	$103,399.30
23	5/31/2042	$946,641.22	$145,220.48	$1,091,861.70	$358,682.36	$55,024.04	$413,706.40	$72,323.39	$11,094.84	$83,418.23	$89,646.92	$13,752.38	$103,399.30
24	5/31/2043	$963,680.76	$128,180.94	$1,091,861.70	$365,138.64	$48,567.76	$413,706.40	$73,625.21	$9,793.02	$83,418.23	$91,260.57	$12,138.74	$103,399.30
25	5/31/2044	$981,027.01	$110,834.69	$1,091,861.70	$371,711.13	$41,995.26	$413,706.40	$74,950.46	$8,467.77	$83,418.23	$92,903.26	$10,496.05	$103,399.30
26	5/31/2045	$998,685.50	$93,176.20	$1,091,861.70	$378,401.94	$35,304.46	$413,706.40	$76,299.57	$7,118.66	$83,418.23	$94,575.52	$8,823.79	$103,399.30
27	5/31/2046	$1,016,661.84	$75,199.86	$1,091,861.70	$385,213.17	$28,493.23	$413,706.40	$77,672.96	$5,745.27	$83,418.23	$96,277.88	$7,121.43	$103,399.30
28	5/31/2047	$1,034,961.75	$56,899.95	$1,091,861.70	$392,147.01	$21,559.39	$413,706.40	$79,071.08	$4,347.16	$83,418.23	$98,010.88	$5,388.43	$103,399.30
29	5/31/2048	$1,053,591.06	$38,270.64	$1,091,861.70	$399,205.65	$14,500.75	$413,706.40	$80,494.36	$2,923.88	$83,418.23	$99,775.07	$3,624.23	$103,399.30
30	5/31/2049	$1,072,555.58	$19,306.00	$1,091,861.58	$406,391.31	$7,315.04	$413,706.35	$81,943.25	$1,474.98	$83,418.22	$101,571.01	$1,828.28	$103,399.29
		$25,197,407.73	$7,558,443.15	$32,755,850.88	$9,547,297.79	$2,863,894.11	$12,411,191.90	$1,925,081.95	$577,465.06	$2,502,547.01	$2,386,194.51	$715,784.57	$3,101,979.08

		Due to State of California			Due From Stanford 5.26%			Due From Los Altos Hills 1.58%			Due From Palo Alto 38.16%		
Payment #	Date	Principal	Interest	Repayment	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL
1	5/31/2020	$696,854.46	$395,007.24	$1,091,861.70	$36,654.54	$20,777.38	$57,431.93	$11,010.30	$6,241.11	$17,251.41	$265,919.66	$150,734.76	$416,654.42
2	5/31/2021	$650,851.74	$441,009.96	$1,091,861.70	$34,234.80	$23,197.12	$57,431.93	$10,283.46	$6,967.96	$17,251.41	$248,365.02	$168,289.40	$416,654.42
3	5/31/2022	$662,567.07	$429,294.63	$1,091,861.70	$34,851.03	$22,580.90	$57,431.93	$10,468.56	$6,782.86	$17,251.41	$252,835.59	$163,818.83	$416,654.42
4	5/31/2023	$674,493.28	$417,368.42	$1,091,861.70	$35,478.35	$21,953.58	$57,431.93	$10,656.99	$6,594.42	$17,251.41	$257,386.64	$159,267.79	$416,654.42
5	5/31/2024	$686,634.16	$405,227.54	$1,091,861.70	$36,116.96	$21,314.97	$57,431.93	$10,848.82	$6,402.60	$17,251.41	$262,019.60	$154,634.83	$416,654.42
6	5/31/2025	$698,993.57	$392,868.13	$1,091,861.70	$36,767.06	$20,664.86	$57,431.93	$11,044.10	$6,207.32	$17,251.41	$266,735.95	$149,918.48	$416,654.42
7	5/31/2026	$711,575.46	$380,286.24	$1,091,861.70	$37,428.87	$20,003.06	$57,431.93	$11,242.89	$6,008.52	$17,251.41	$271,537.20	$145,117.23	$416,654.42
8	5/31/2027	$724,383.82	$367,477.88	$1,091,861.70	$38,102.59	$19,329.34	$57,431.93	$11,445.26	$5,806.15	$17,251.41	$276,424.87	$140,229.56	$416,654.42
9	5/31/2028	$737,422.72	$354,438.98	$1,091,861.70	$38,788.44	$18,643.49	$57,431.93	$11,651.28	$5,600.14	$17,251.41	$281,400.51	$135,253.91	$416,654.42
10	5/31/2029	$750,696.33	$341,165.37	$1,091,861.70	$39,486.63	$17,945.30	$57,431.93	$11,861.00	$5,390.41	$17,251.41	$286,465.72	$130,188.71	$416,654.42
11	5/31/2030	$764,208.87	$327,652.83	$1,091,861.70	$40,197.39	$17,234.54	$57,431.93	$12,074.50	$5,176.91	$17,251.41	$291,622.10	$125,032.32	$416,654.42
12	5/31/2031	$777,964.63	$313,897.07	$1,091,861.70	$40,920.94	$16,510.99	$57,431.93	$12,291.84	$4,959.57	$17,251.41	$296,871.30	$119,783.12	$416,654.42
13	5/31/2032	$791,967.99	$299,893.71	$1,091,861.70	$41,657.52	$15,774.41	$57,431.93	$12,513.09	$4,738.32	$17,251.41	$302,214.98	$114,439.44	$416,654.42
14	5/31/2033	$806,223.41	$285,638.29	$1,091,861.70	$42,407.35	$15,024.57	$57,431.93	$12,738.33	$4,513.08	$17,251.41	$307,654.85	$108,999.57	$416,654.42
15	5/31/2034	$820,735.44	$271,126.26	$1,091,861.70	$43,170.68	$14,261.24	$57,431.93	$12,967.62	$4,283.79	$17,251.41	$313,192.64	$103,461.78	$416,654.42
16	5/31/2035	$835,508.67	$256,353.03	$1,091,861.70	$43,947.76	$13,484.17	$57,431.93	$13,201.04	$4,050.38	$17,251.41	$318,830.11	$97,824.32	$416,654.42
17	5/31/2036	$850,547.83	$241,313.87	$1,091,861.70	$44,738.82	$12,693.11	$57,431.93	$13,438.66	$3,812.76	$17,251.41	$324,569.05	$92,085.37	$416,654.42
18	5/31/2037	$865,857.69	$226,004.01	$1,091,861.70	$45,544.11	$11,887.81	$57,431.93	$13,680.55	$3,570.86	$17,251.41	$330,411.29	$86,243.13	$416,654.42
19	5/31/2038	$881,443.13	$210,418.57	$1,091,861.70	$46,363.91	$11,068.02	$57,431.93	$13,926.80	$3,324.61	$17,251.41	$336,358.70	$80,295.73	$416,654.42
20	5/31/2039	$897,309.11	$194,552.59	$1,091,861.70	$47,198.46	$10,233.47	$57,431.93	$14,177.48	$3,073.93	$17,251.41	$342,413.16	$74,241.27	$416,654.42
21	5/31/2040	$913,460.67	$178,401.03	$1,091,861.70	$48,048.03	$9,383.89	$57,431.93	$14,432.68	$2,818.74	$17,251.41	$348,576.59	$68,077.83	$416,654.42
22	5/31/2041	$929,902.96	$161,958.74	$1,091,861.70	$48,912.90	$8,519.03	$57,431.93	$14,692.47	$2,558.95	$17,251.41	$354,850.97	$61,803.46	$416,654.42
23	5/31/2042	$946,641.22	$145,220.48	$1,091,861.70	$49,793.33	$7,638.60	$57,431.93	$14,956.93	$2,294.48	$17,251.41	$361,238.29	$55,416.14	$416,654.42
24	5/31/2043	$963,680.76	$128,180.94	$1,091,861.70	$50,689.61	$6,742.32	$57,431.93	$15,226.16	$2,025.26	$17,251.41	$367,740.58	$48,913.85	$416,654.42
25	5/31/2044	$981,027.01	$110,834.69	$1,091,861.70	$51,602.02	$5,829.90	$57,431.93	$15,500.23	$1,751.19	$17,251.41	$374,359.91	$42,294.52	$416,654.42
26	5/31/2045	$998,685.50	$93,176.20	$1,091,861.70	$52,530.86	$4,901.07	$57,431.93	$15,779.23	$1,472.18	$17,251.41	$381,098.39	$35,556.04	$416,654.42
27	5/31/2046	$1,016,661.84	$75,199.86	$1,091,861.70	$53,476.41	$3,955.51	$57,431.93	$16,063.26	$1,188.16	$17,251.41	$387,958.16	$28,696.27	$416,654.42
28	5/31/2047	$1,034,961.75	$56,899.95	$1,091,861.70	$54,438.99	$2,992.94	$57,431.93	$16,352.40	$899.02	$17,251.41	$394,941.40	$21,713.02	$416,654.42
29	5/31/2048	$1,053,591.06	$38,270.64	$1,091,861.70	$55,418.89	$2,013.04	$57,431.93	$16,646.74	$604.68	$17,251.41	$402,050.35	$14,604.08	$416,654.42
30	5/31/2049	$1,072,555.58	$19,306.00	$1,091,861.58	$56,416.42	$1,015.50	$57,431.92	$16,946.38	$305.03	$17,251.41	$409,287.21	$7,367.17	$416,654.38
		$25,197,407.73	$7,558,443.15	$32,755,850.88	$1,325,383.65	$397,574.11	$1,722,957.76	$398,119.04	$119,423.40	$517,542.44	$9,615,330.79	$2,884,301.91	$12,499,632.70

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EXHIBIT H

Annual Average Flow Capacity Rights

User Agency	Capacity	
	MGD*	%
Palo Alto	15.30	38.16
EPASD	3.06	7.64
Stanford University	2.11	5.26
Los Altos Hills	0.63	1.58
	21.1	52.64
Mountain View	15.1	37.89
Los Altos	3.8	9.47
TOTALS	40.0	100.00

*Capacity expressed in Annual Average Flow (AAF), Million Gallons per Day (MGD)

Welcome

Please grab some food and your seats!

We would also like to extend a special welcome to any new attendees



RWQCP PARTNERS SEPTEMBER MEETING

RWQCP, ADMIN BUILDING

SEPTEMBER 2, 2026

RWQCP – RWQCP PARTNERS JUNE MEETING

Agenda

- Introduction and Schedule
- Reserves Policy Study
- Line of Credit

Break

- 1900 Embarcadero Way
- Long Range Facilities Plan Update
  - 10-Year Capital Improvement Projects
- Annual Budget Forecast Preparation
- Capital Program Updates
  - Ongoing Project Overview

Objectives

- Communicate Developments Since June 2026 Meeting
- Prepare the Plant and the Partners for Future Needs
  - Reserve Policy Update
- Provide Transparency on Long Range Facilities Plan Update (LRFPU)

UPCOMING SCHEDULE

AUGUST

8/7: Climate Action and Sustainability Committee for Biosolids Facility Plan Update

8/10: Council Items
Carollo LRFPU Amendment; LOC Approval

8/12 : August Strategies & Challenges

8/24: 2470 Lab Pivot Furniture Contract PA Council Approval

SEPTEMBER

Today 9/2: Partners Mtg

9/TBD: Initial Mgmnt Review of FY28 Operating Expenses(OPEX) Budget

OCTOBER

10/6: Finance Committee for Reserve Policy Study

10/TBD: Next Strategies & Challenges Mtg

10/19: Partner amendments for LOC to Palo Alto Council

10/TBD: Council Mtg for 1900 for Embarcadero Purchase after purchase negotiated

NOVEMBER

11/16: City Council Acceptance of Biosolids Facility Plan and Park Dedication Ordinance

11/19: Annual Partners Forecast Mtg

11/TBD: Headwork Design Amendment to Council

11/TBD: Outfall Design Amendment to Council

11/TBD: Construction Management Amendment for Gravity Thickener

Reserve Policy Studies

- Staff Reserve Recommendations
- Status Update
- Review Recommended Reserve Types, Targets/Calculations, and Ramp-up
- Discussion and Next Steps

RESERVE POLICY RECOMMENDATIONS SUMMARY

Reserve Types and Targets

O&M Reserves:

Operations Outlay: 20% of Annual Operating Costs.

Other Outlay: 100% of Minor CIP Annual Authorization.

Capital Reserves:

10%-20% of Average Annual 5-yr Capital Plan.

Debt Reserves:

Match debt convenance requirements (City charter and covenant; typically one year's debt payment).

Rate Stabilization Reserves:

Eliminate. Part of existing CPA policy, but RWQCP Partners establish sewer rates within their jurisdictions.

Reserve Implementation

Follow a 5-year ramp up schedule with a fixed rate/percentage increase for all reserve funds.

RECOMMENDED FY2033 RESERVE TARGETS

Partner	Fixed Share	Debt Reserve	Capital Reserve	FY27 Flow & Load Share	O&M Reserve: Other Outlay	O&M Reserve: Operations Outlay	Total Target
Plant Targets*	--	**$16,868,000**	**$3,322,000**	--	**$5,200,000**	**$9,040,000**	**$34,430,000**
Palo Alto	38.16%	$6,266,000	$1,268,000	36.01%	$1,873,000	$3,255,000	**$12,662,000**
Mountain View*	37.89%	$6,669,000	$1,259,000	41.50%	$2,158,000	$3,752,000	**$13,838,000**
Los Altos	9.47%	$1,555,000	$315,000	7.94%	$413,000	$718,000	**$3,001,000**
Los Altos Hills	1.58%	$259,000	$52,000	2.02%	$105,000	$183,000	**$599,000**
Stanford	5.26%	$864,000	$175,000	6.75%	$351,000	$610,000	**$2,000,000**
EPASD	7.64%	$1,255,000	$254,000	5.78%	$301,000	$523,000	**$2,333,000**

*Includes AWPS Debt Reserve Requirement which only MV contributes to

RECOMMENDED 2029 - 2033 RESERVE BALANCES: 5-YR, EQUAL PERCENTAGE RAMP UP

Partner	Rate of Increase	FY 29	FY 30	FY 31	FY 32	FY 33	Total Target
Plant Targets*	**73%**	**$3,844,000**	**$6,650,000**	**$11,505,000**	**$19,904,000**	**$34,434,000**	**$34,430,000**
Palo Alto	73%	$1,414,000	$2,446,000	$4,232,000	$7,321,000	$12,665,000	**$12,662,000**
Mountain View*	73%	$1,545,000	$2,673,000	$4,624,000	$8,000,000	$13,840,000	**$13,838,000**
Los Altos	73%	$335,000	$580,000	$1,003,000	$1,735,000	$3,002,000	**$3,001,000**
Los Altos Hills	73%	$67,000	$116,000	$201,000	$348,000	$602,000	**$599,000**
Stanford	73%	$223,000	$386,000	$668,000	$1,156,000	$2,000,000	**$2,000,000**
EPASD	73%	$260,000	$450,000	$779,000	$1,348,000	$2,332,000	**$2,333,000**

*Includes AWPS Debt Reserve Requirement which only MV contributes to

RECOMMENDED 2029 – 2033 PARTNER RESERVE CONTRIBUTIONS: 5-YR, EQUAL PERCENTAGE RAMP UP

Partner	Rate of Increase	FY 29	FY 30	FY 31	FY 32	FY 33	Total Target
*Forecasted Plant Budget for Ref.**	-	*$48,533,000*	*$64,081,000*	*$65,081,000*	*$66,780,000*	*$68,495,000*	-
Plant Targets**	73%	**$3,844,000**	**$2,806,000**	**$4,855,000**	**$8,399,000**	**$14,526,000**	**$34,430,000**
Palo Alto	73%	$1,414,000	$1,032,000	$1,786,000	$3,089,000	$5,341,000	**$12,662,000**
Mountain View*	73%	$1,545,000	$1,128,000	$1,951,000	$3,376,000	$5,838,000	**$13,838,000**
Los Altos	73%	$335,000	$245,000	$423,000	$732,000	$1,266,000	**$3,001,000**
Los Altos Hills	73%	$67,000	$49,000	$85,000	$147,000	$251,000	**$599,000**
Stanford	73%	$223,000	$163,000	$282,000	$488,000	$844,000	**$2,000,000**
EPASD	73%	$260,000	$190,000	$329,000	$569,000	$985,000	**$2,333,000**

*Based on March 2026 Update to the FY27 Forecast

**Includes AWPS Debt Reserve Requirement which only MV contributes to

WHY DO A RESERVES STUDY?

Current Status

- Dated reserve policy that's not necessarily relevant to the Plant
  - Not necessarily tailored to WWTP (partners instead of ratepayers)
  - Not actively managed/tracked

Future Status

- Long Range Facility Plan-Update will identify updated/expanded capital improvement program
- Long-term solution as Line of Credit is an interim solution

Parallel Efforts

- The City, with BakerTilly, is accessing its current reserve policies and making recommended changes.
- Raftelis is reviewing their work, and aligning RWQCP policies where appropriate/relevant

PARTNER BENEFITS OF SUSTAINABLE RESERVES

Reduced volume of staff reports and partner amendments.

Reduced (eliminated) general fund loans and associated interest.

Smoothed-out impacts of market forces on annual expenses.

Strong bank balances helps sustain credit worthiness for future financing

RESERVES STUDY SCOPE

Purpose

- Maintain financial stability for Operations and Capital
- Fund cash flow and emergencies



Raftelis Scope

- Survey of regional utilities agencies to identify practices on reserve targets
- Assessing targets, funding levels, and debt policy alignment
- Schedule
  - Preliminary recommendations: Summer 2026
  - Implementation: FY2029 with new cost allocation updates

Coordination

- Align with BakerTilly recommendations
- Provide Partner updates and respond to feedback

RESERVE POLICY STUDY - TIMELINE

2025

June: Addressing JISR budget shortfall, Partners identified reserves to reduce future volatility

September: Proposed a plan to assess reserves

October: Contracted with Raftelis to perform a Reserve Study

November: Surveyed other wastewater treatment facilities

2026

February: Presented initial findings to S&C

March: Presented initial findings to Partners; aligned with management's responses on Baker Tilly report

June: Status update to S&C. Continued alignment with Baker Tilly Report

September:
Partners Meeting specifically focused on reserves including implementation plan and partner specific amounts

October: Present findings to the Finance Committee

November: Capture preferred approach in FY 2028 forecast, with Year-1 costs starting in FY 2029

2027-2028

Spring/Summer 2027:

- Return to Finance Committee with final recommendations

- CPA Council approval of RWQCP reserve policy

- Update Partners Agreements to incorporate reserve

July 2028: Ramp-up for reserves begin with FY2029 Q1 billings

WORKING DEFINITIONS OF RESERVE TYPES

- **O&M Reserves:**

  Operations Outlay: Cover working capital for operations and maintenance expenses + any unexpected increases in operating costs during year

  Other Outlay: Funds needed for non-debt funded capital expenses, typically need the total capital expenditure for the year upfront (i.e., working capital for Minor CIP)

- **Capital Reserves:** Cover unexpected increases, contingencies, and emergencies
- **Debt Reserves:** Funds required by debt covenants (also referred to as Notes and Loans Reserves)
- **Rate Stabilization Reserves:** Cover changes in use patterns and associated rate revenues and unexpected increased costs

SURVEY: THE PEER GROUP

- **San Jose / Santa Clara (Regional Facility):** Includes Milpitas, Cupertino SD, Burbank SD, West Valley SD (Campbell, Los Gatos, Monte Sereno, Saratoga)
- **Silicon Valley Clean Water (JPA):** Redwood City, San Carlos, Belmont, Most of Menlo Park (aka West Bay Sanitary District)
- **San Mateo / Foster City (Shared Plant):** Includes Hillsborough, Crystal Springs CSD, some portions of San Mateo County
- **Oro Loma / Castro Valley (Shared Plant)**
- **South SF / San Bruno (Shared Plant):** Includes portions of Daly City and Colma, some additional very small partners
- **Sunnyvale (Sole Ownership):** Includes parts of Cupertino and San Jose
- **Hayward (Sole Ownership)**

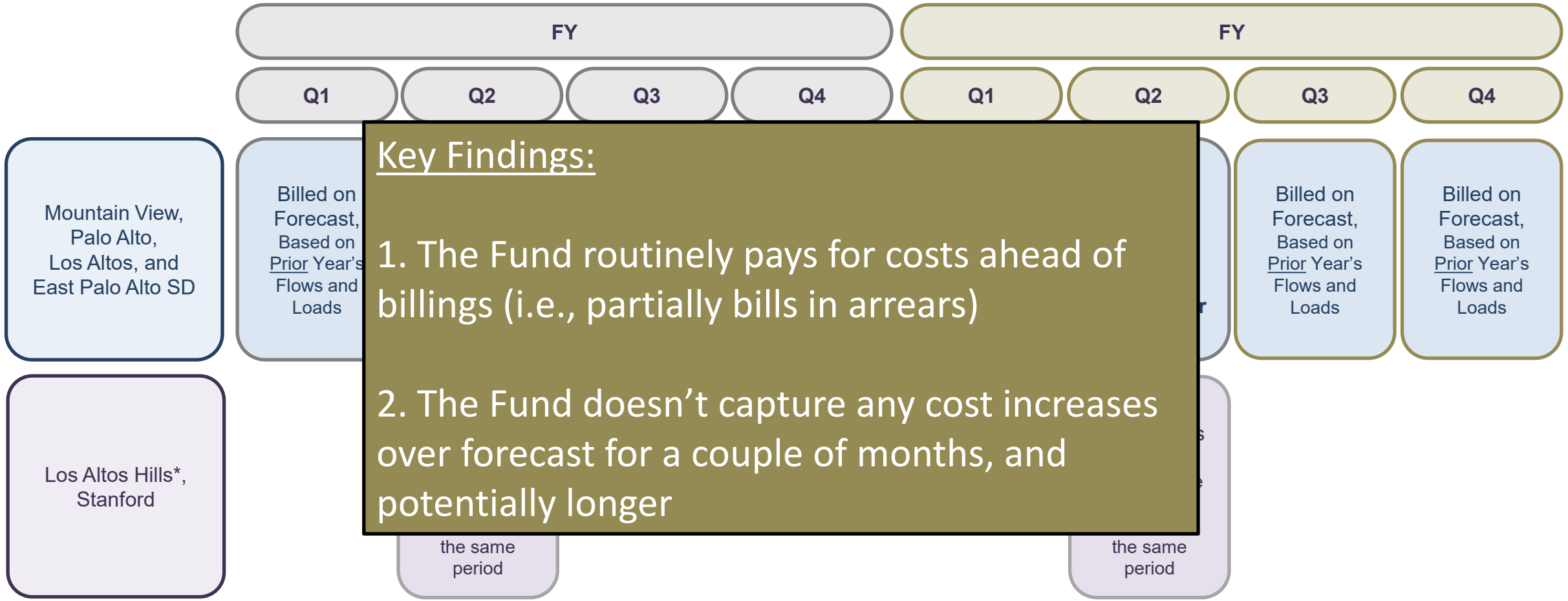


BACKGROUND: PARTNER BILLING SCHEDULE

	FY				FY			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mountain View, Palo Alto, Los Altos, and East Palo Alto SD	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads **+ Prior Year True Up**	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads **+ Prior Year True Up**	Billed on Forecast, Based on Prior Year's Flows and Loads	Billed on Forecast, Based on Prior Year's Flows and Loads
Los Altos Hills*, Stanford		Billed on **Prior** Year's Actuals Based on the Flows and Loads from the same period				Billed on **Prior** Year's Actuals Based on the Flows and Loads from the same period		

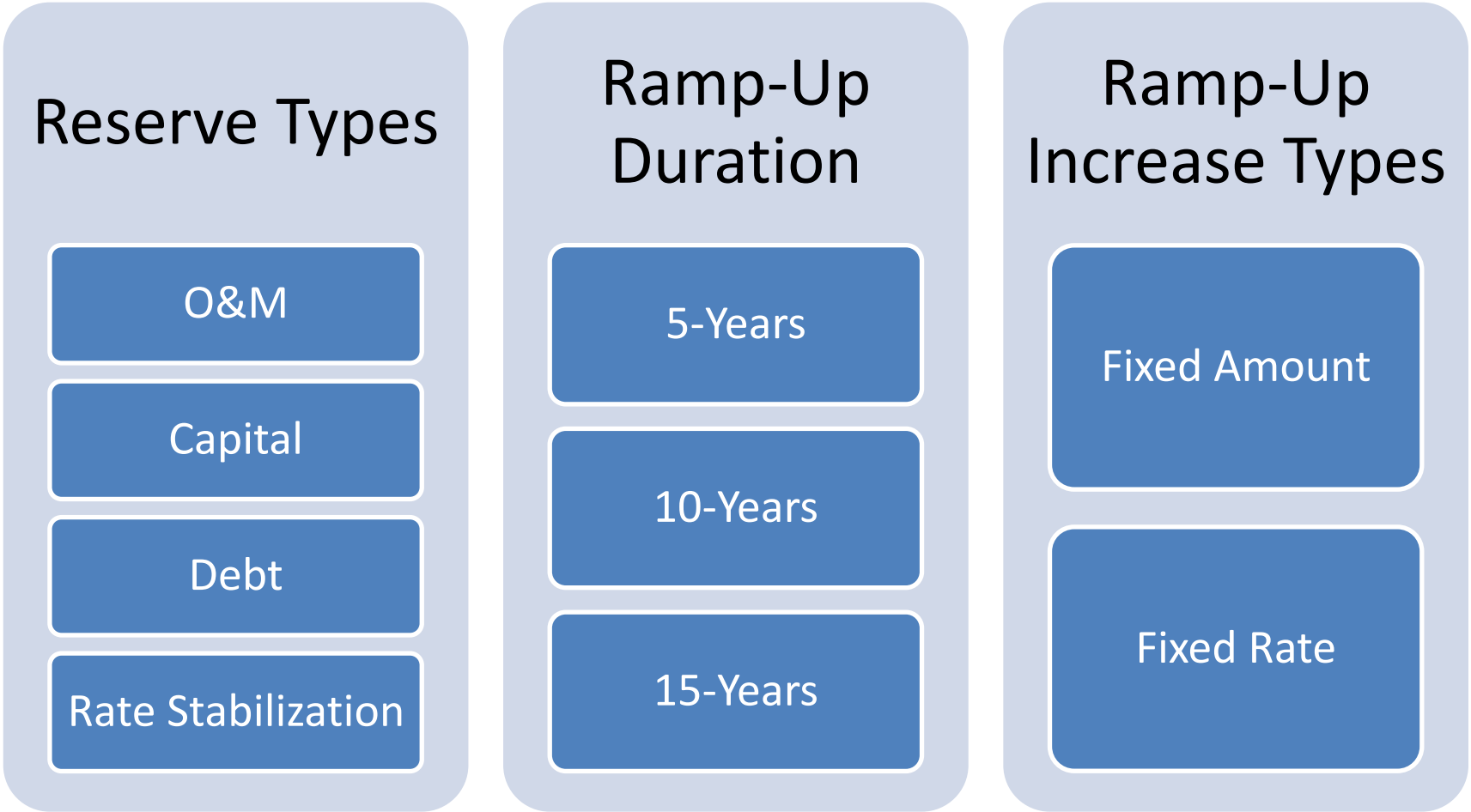
* By agreement, Los Altos Hills flows are determined by calculation, not by metered measurement like other partners

BACKGROUND: PARTNER BILLING SCHEDULE

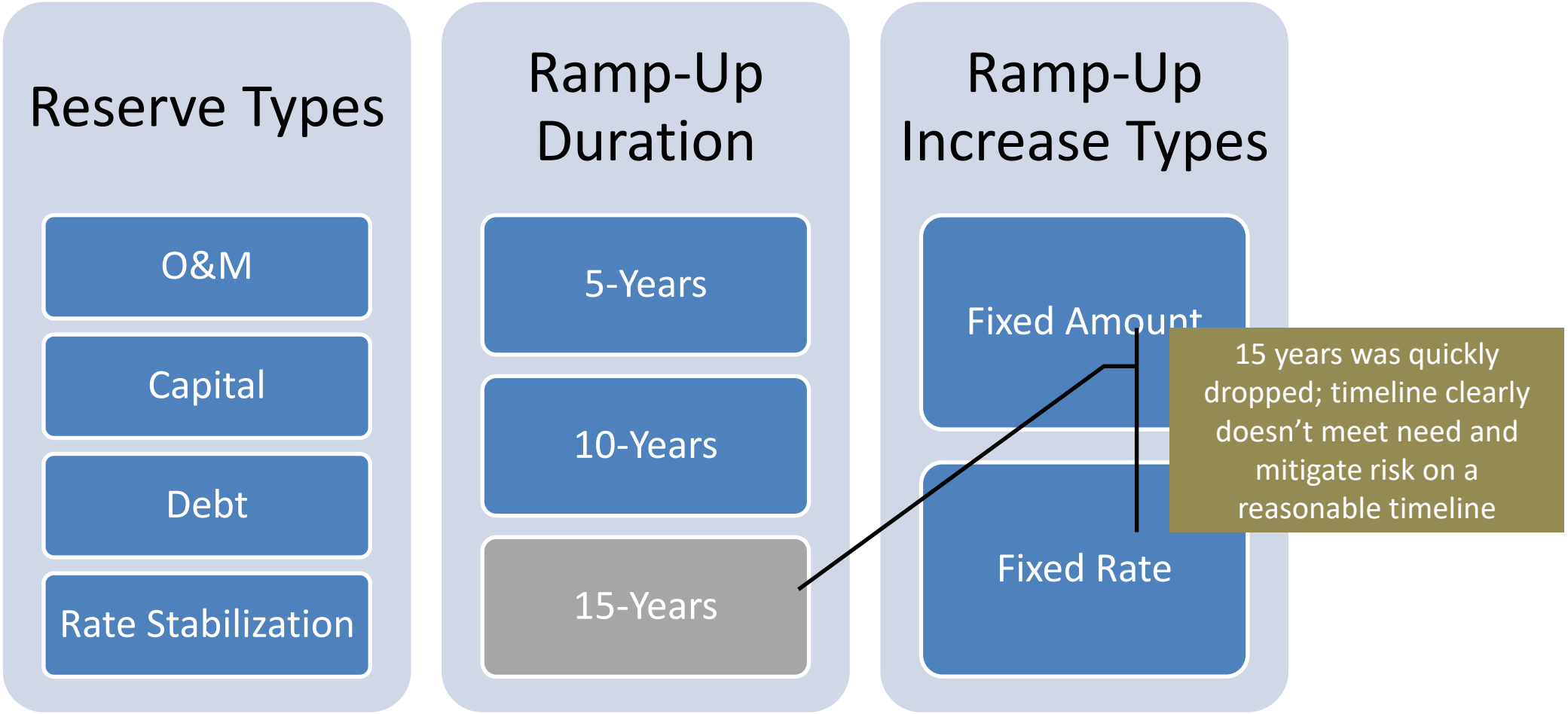


* By agreement, Los Altos Hills flows are determined by calculation, not by metered measurement like other partners

ANALYSIS: RESERVE ALTERNATIVES EVALUATED



ANALYSIS: RESERVE ALTERNATIVES EVALUATED



RESERVE TYPES REASONING



- **O&M Reserves:** Mitigate the risk and expense based on the current billing practices
- **Capital Reserves:** Need to be able to respond to unforeseen issues and emergencies
- **Debt Reserves:** Need to be able to meet loan commitments
- **Rate Stabilization:**
  - Not applicable; RWQCP doesn't charge rates
  - Could be appropriate when there is a surplus ahead of anticipated increased spending, which isn't the foreseeable situation

RESERVE TYPES CALCULATIONS

O&M Reserves:

Operations Outlay: 20% of Annual Operating Costs ($9.0M by FY33)

Other Outlay: 100% of Minor CIP Annual Authorization ($5.2M by FY33)

Capital Reserves:

For the ramp, 10% of Average annual 5-yr Capital Plan ($3.3M by FY33)

Future policy will determine target between 10% and 20%.

Debt Reserves:

Match debt convenance requirements ($16.9M by FY33, primarily by City charter and covenant; typically one year's debt payment)

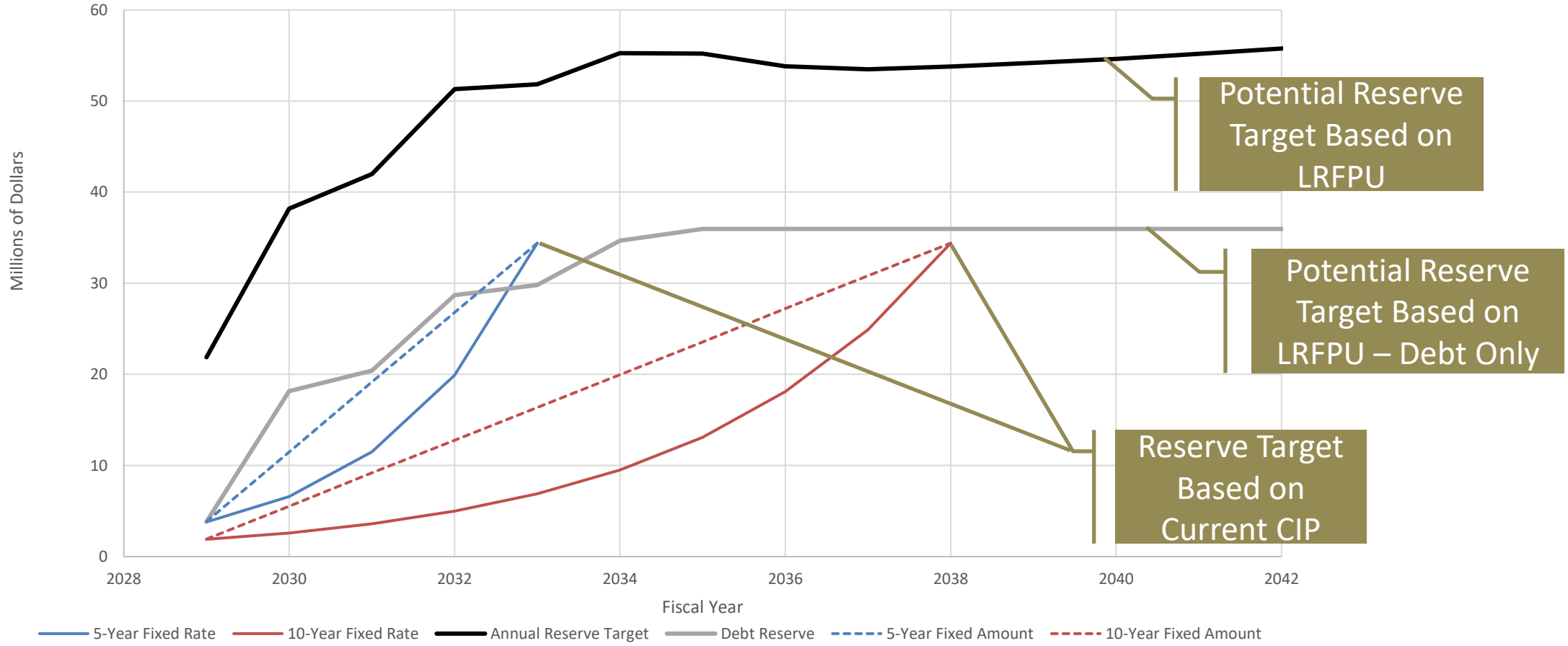
~~Rate Stabilization Reserves:~~

Eliminate, RWQCP Partners establish sewer rates within their jurisdictions. ($0M)

Estimated Reserves When Fully Funded based on FY33 = $34.4M*

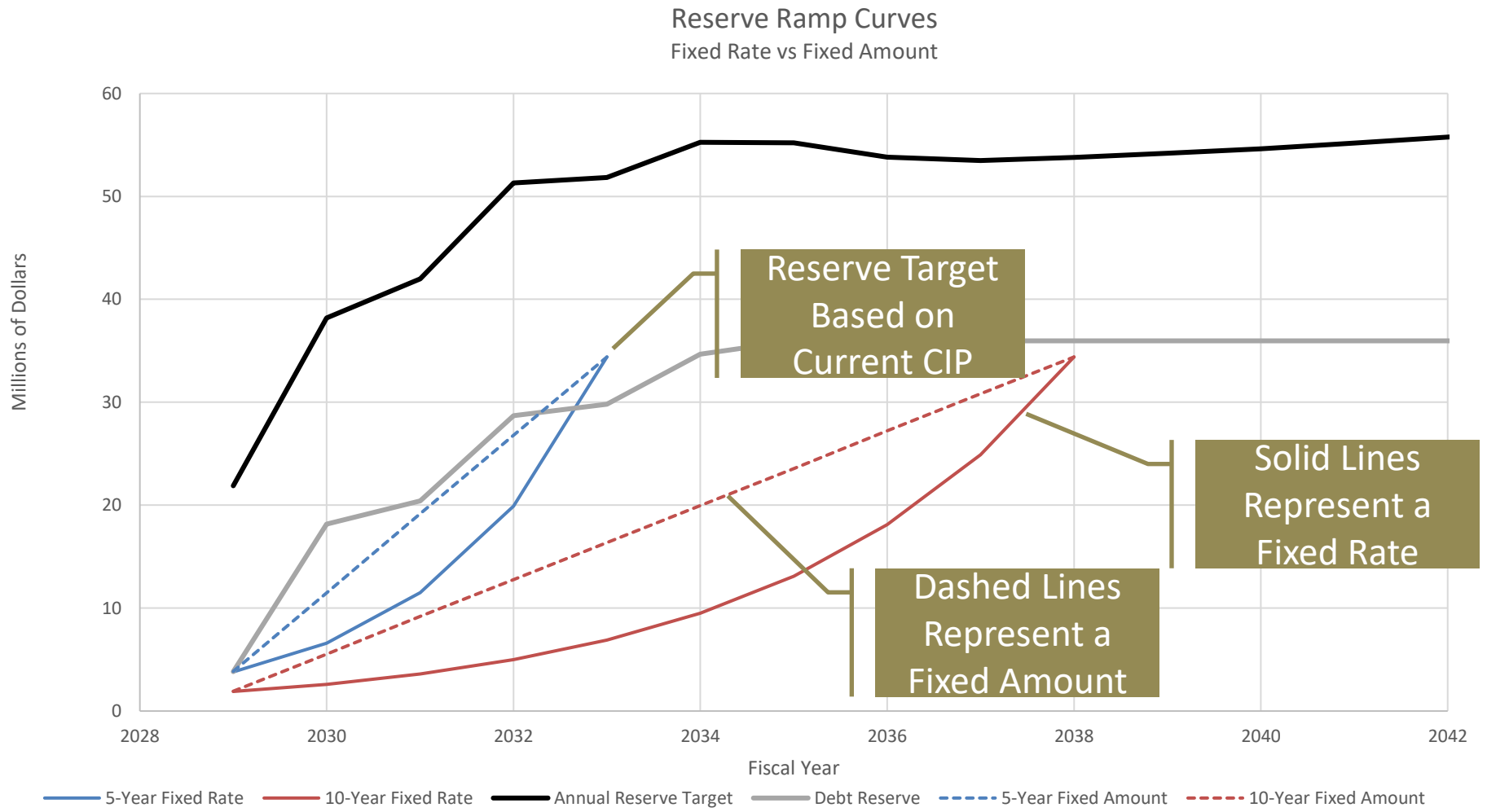
*Based on **Current** CIP

RAMP-UP PROJECTIONS, 5- AND 10-YEAR CURVES, PT. 1



Planning to adopt LRFPU CIP late FY2027 or FY2028

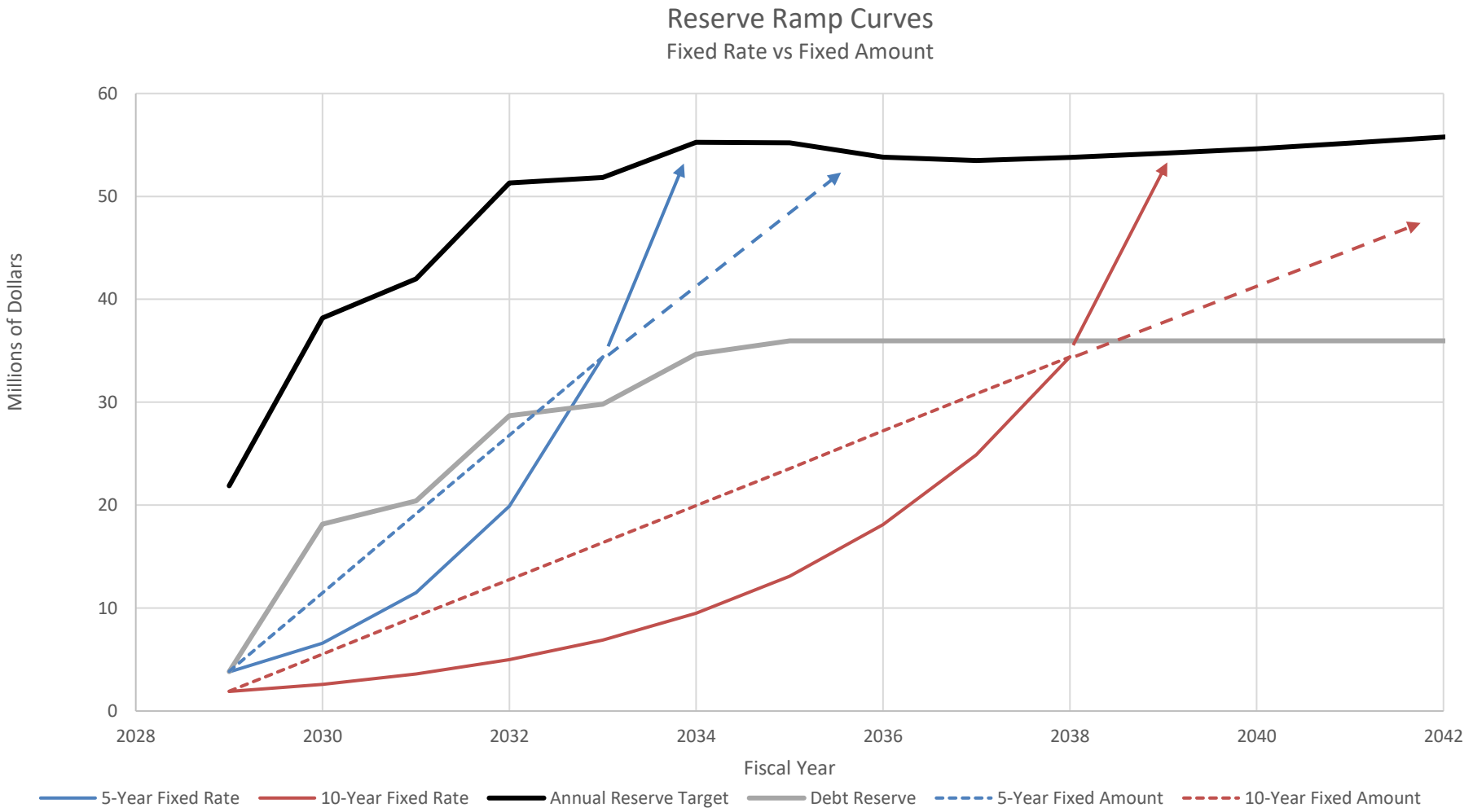
RAMP-UP PROJECTIONS, 5- AND 10-YEAR CURVES, PT. 2



RAMP-UP DURATION AND TYPE OF INCREASES

- 5-yr Ramp-up Duration
  - Allow Plant to meet it's estimated Debt Reserve requirements (by FY2034)
  - Be best positioned to adapt to LRFPU includes an updated 10-year CIP schedule
    - Debt and Capital reserves targets to increase in the 5- to 10-year timeframe
    - Reserve target adjustments in outyears can be gradual
- Fixed Rate/Percentage Ramp Increase
  - Best positions the fund to meet the anticipated increased CIP

FIXED RATE VS FIXED AMOUNT RAMP UP

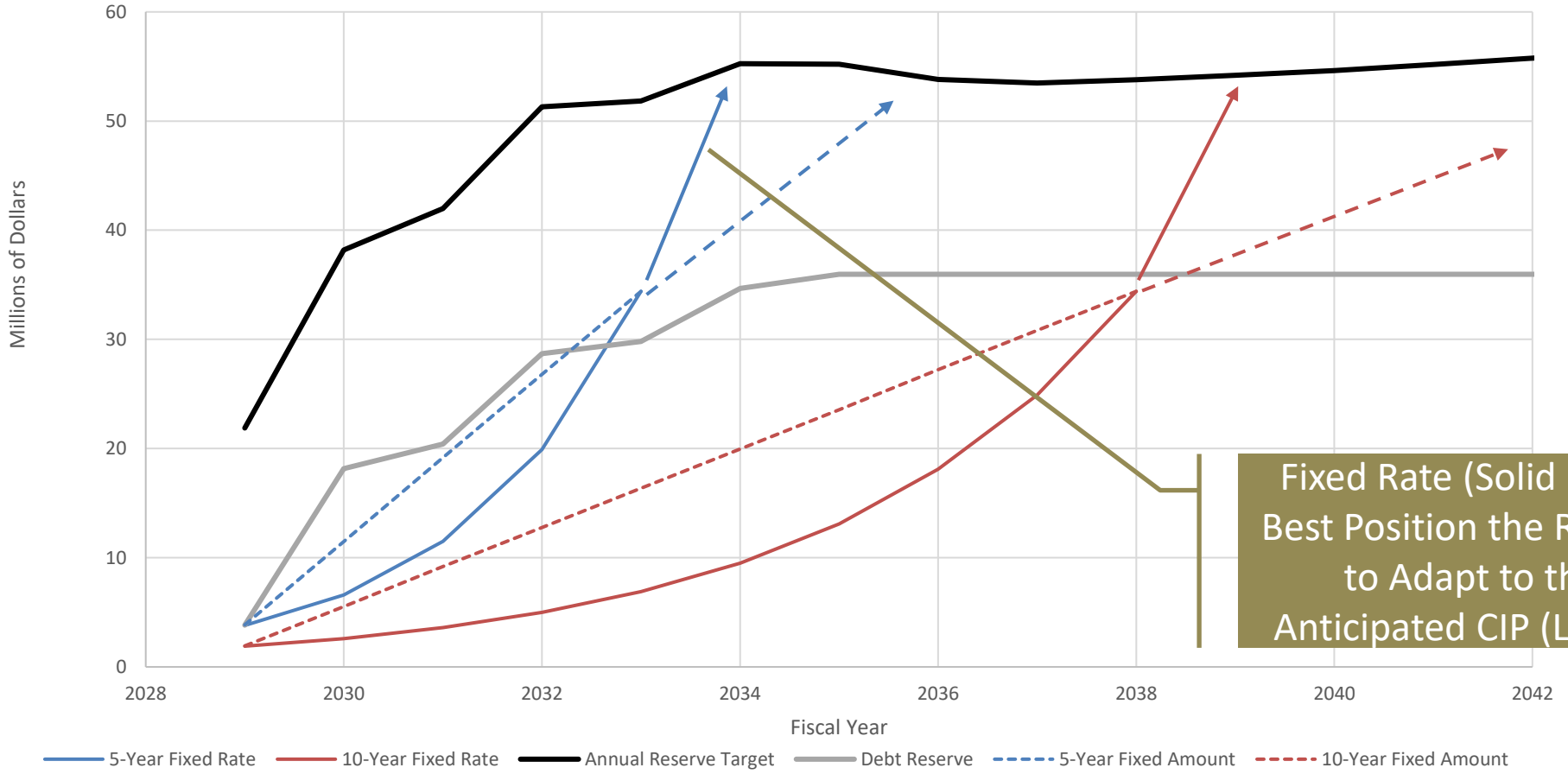


FIXED RATE VS FIXED AMOUNT RAMP UP

Ramp-up Increase Types

Fixed Amount

Fixed Rate



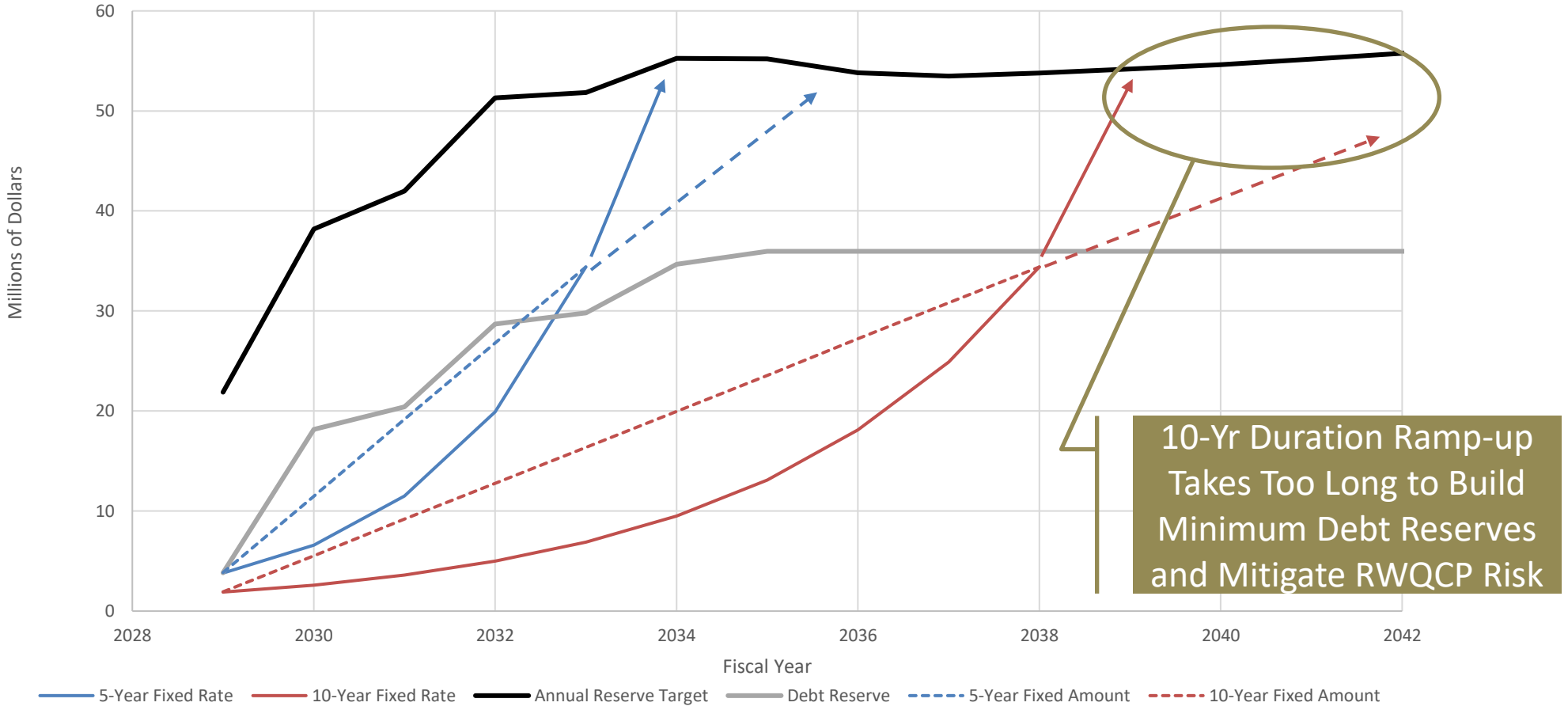
Fixed Rate (Solid Lines) Best Position the RWQCP to Adapt to the Anticipated CIP (LRFPU)

Planning to adopt LRFPU CIP late FY2027 or FY2028

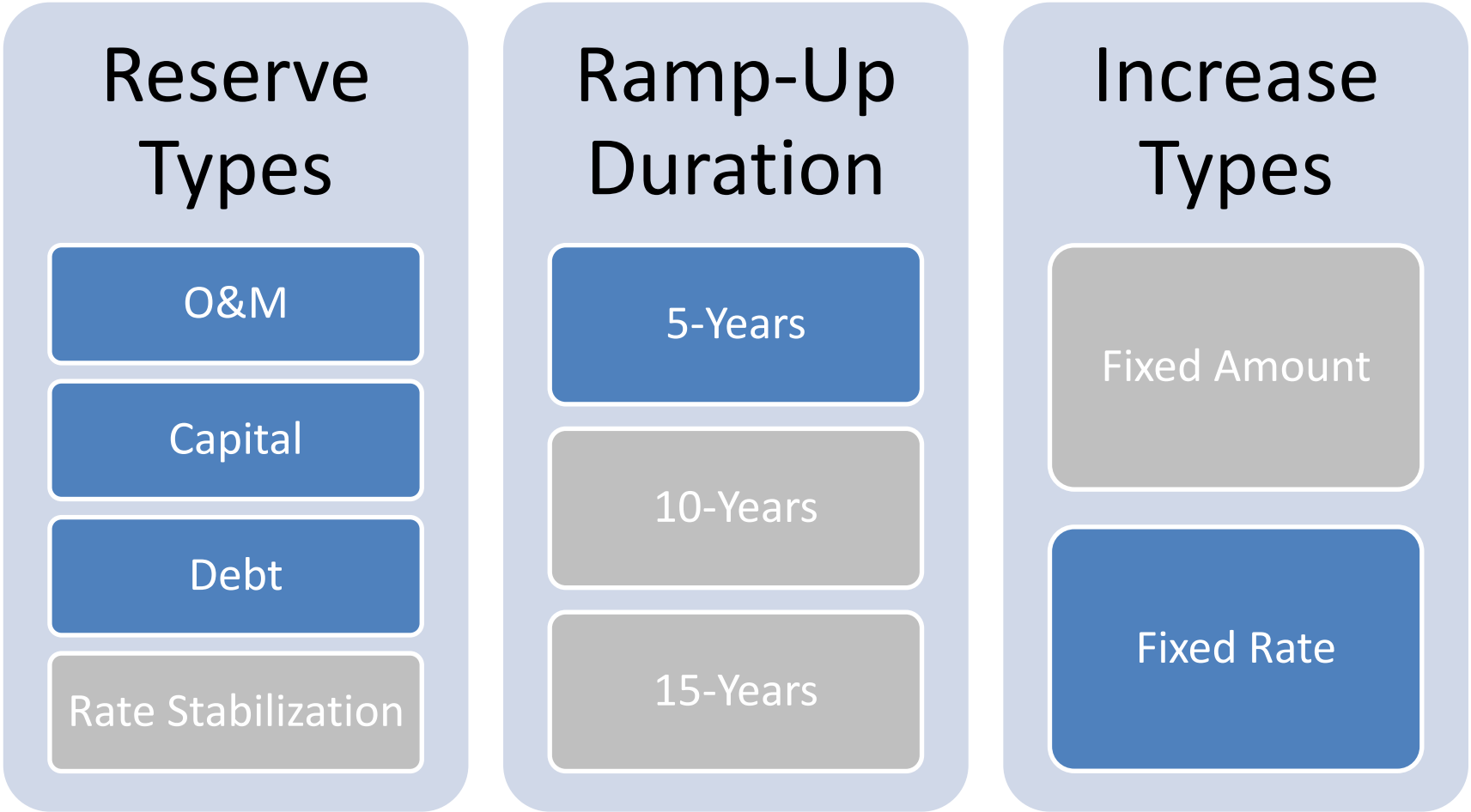
RAMP-UP DURATION

Ramp-Up Duration

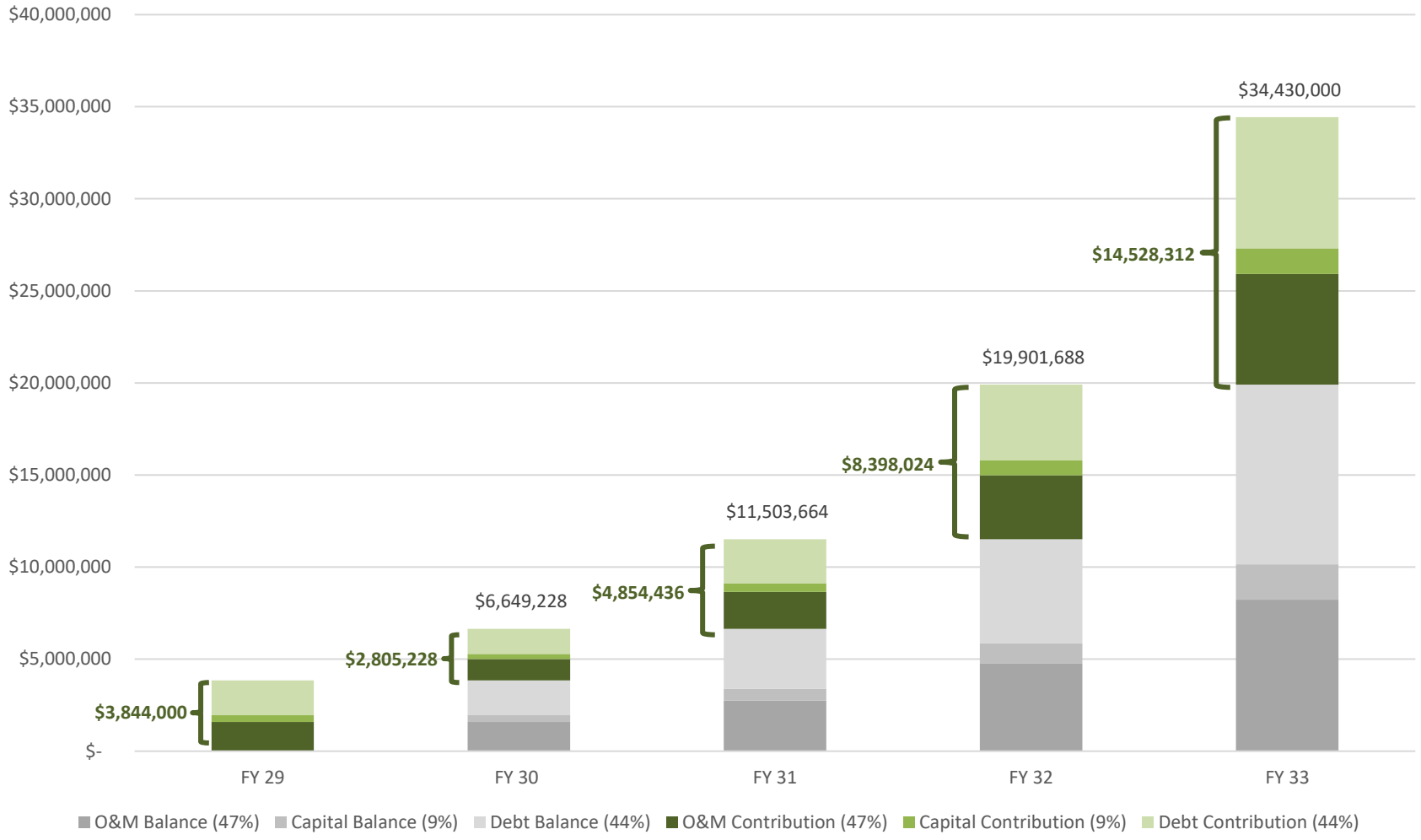
- 5-Years
- 10-Years
- 15-Years



STAFF RESERVE RECOMMENDATIONS SUMMARY



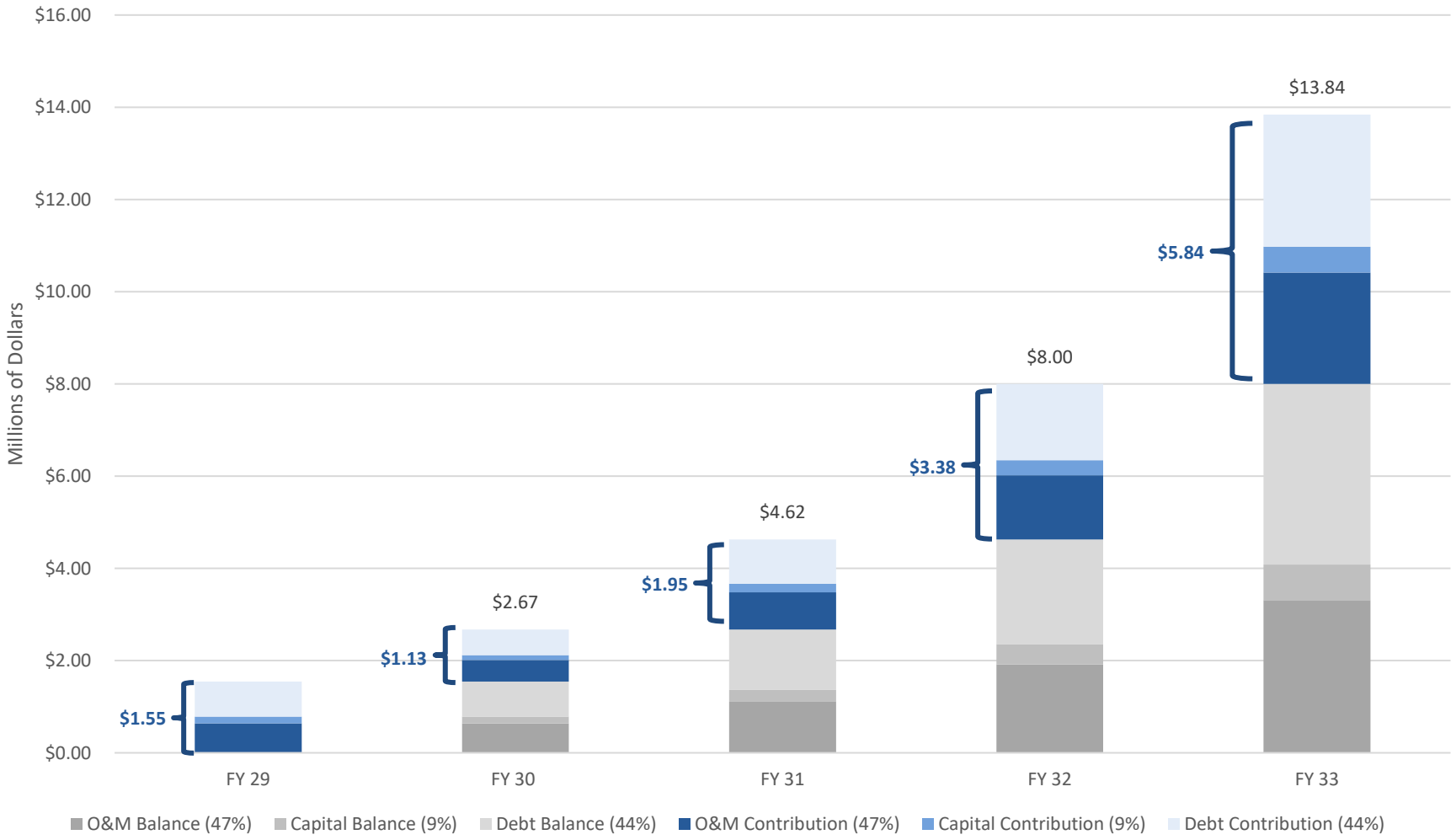
RAMP UP IMPLEMENTATION, 5-YEAR FIXED RATE - TOTAL



Reserve Types

- *O&M:* $14.2M
- *Capital:* $3.3M
- *Debt:* $16.9M

MOUNTAIN VIEW PARTNER SPECIFIC VALUE LINKS

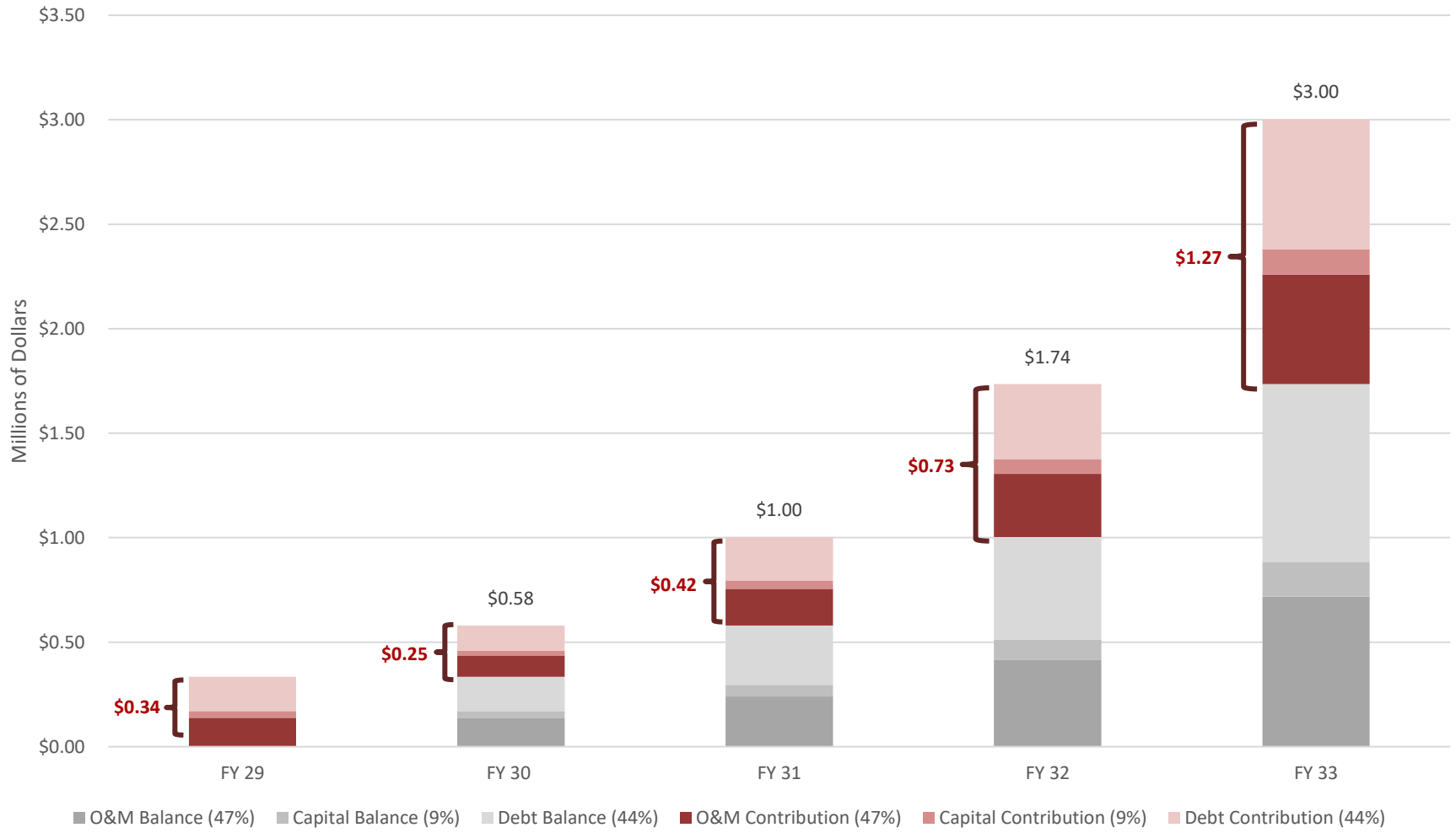


Includes AWPS Debt Payment (30-Year Total $13,419,716).

- Additional AWPS Payment $447,324 each year from FY30 onward.

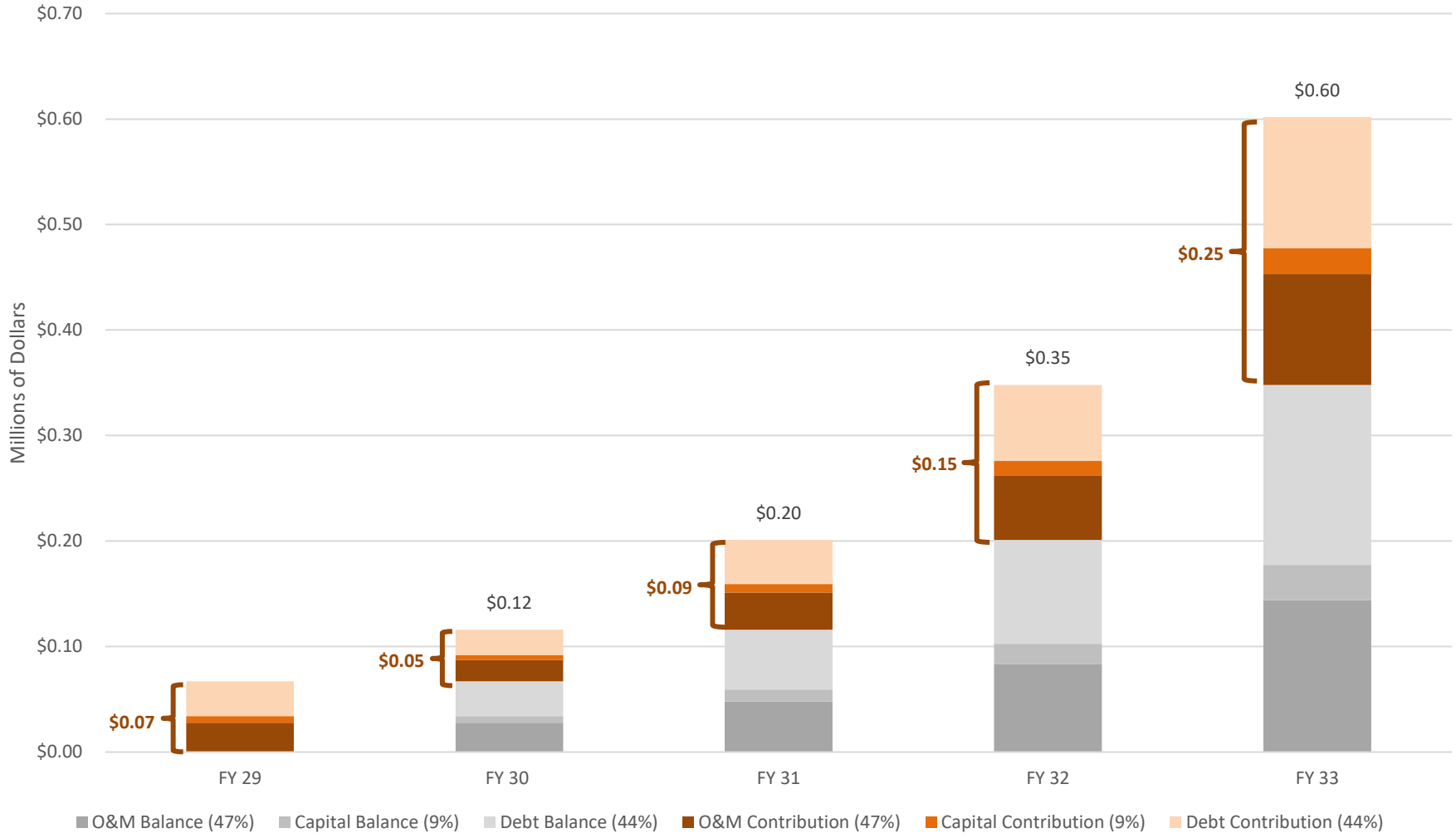
Fixed Share = 37.89%

LOS ALTOS PARTNER SPECIFIC VALUE LINKS



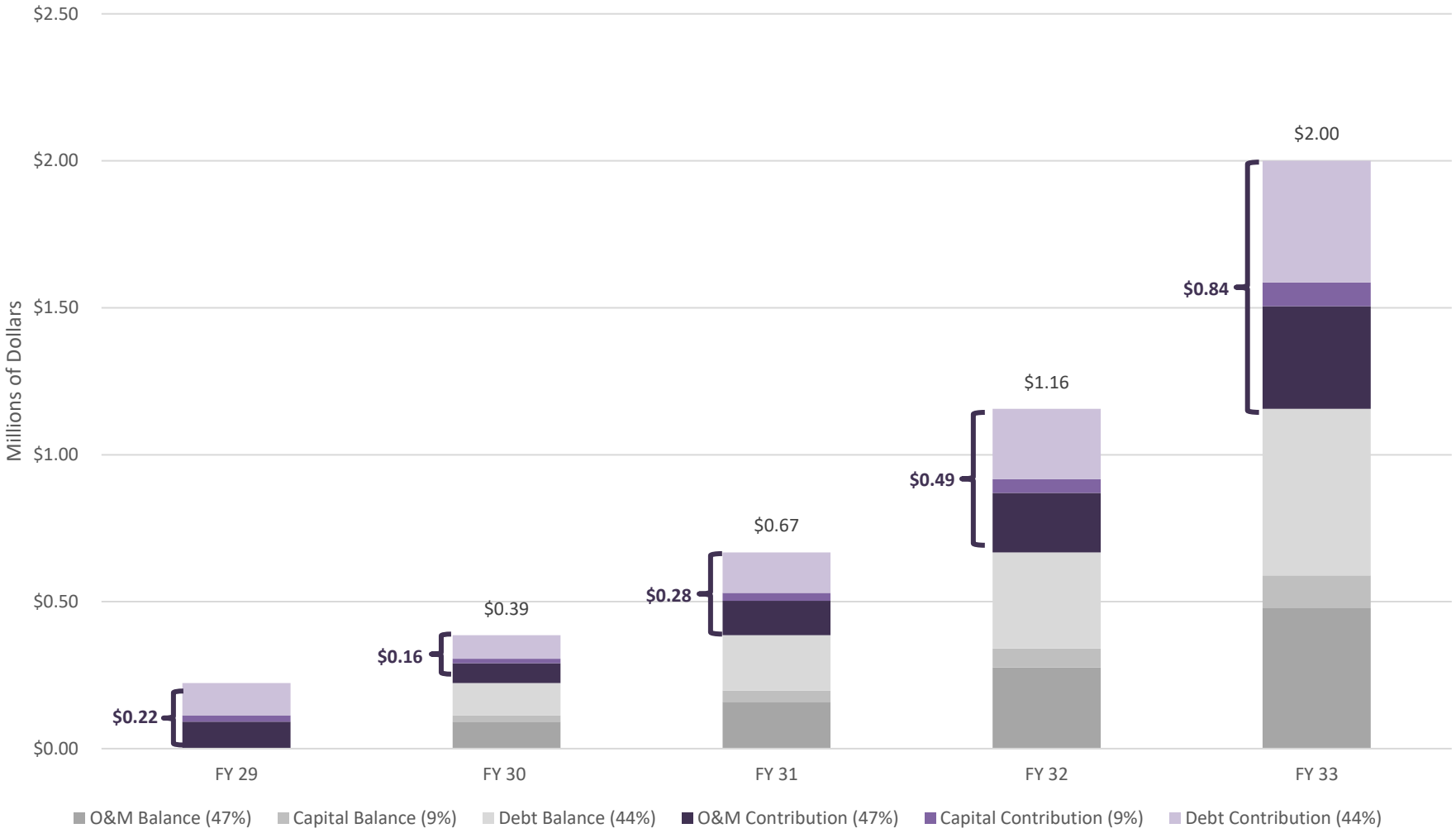
Fixed Share = 9.47%

LOS ALTOS HILLS PARTNER SPECIFIC VALUE LINKS



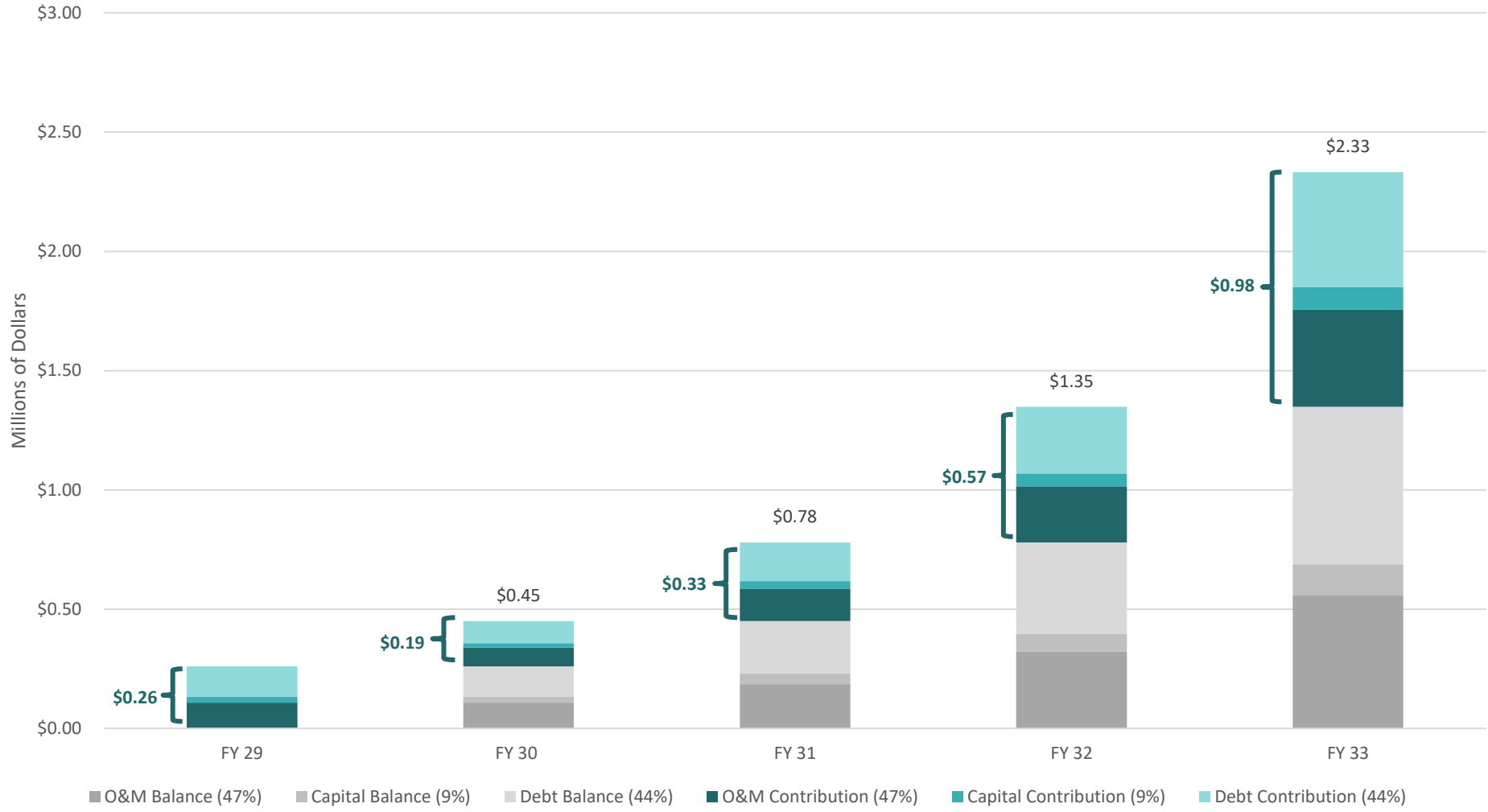
Fixed Share = 1.58%

STANFORD PARTNER SPECIFIC VALUE LINKS



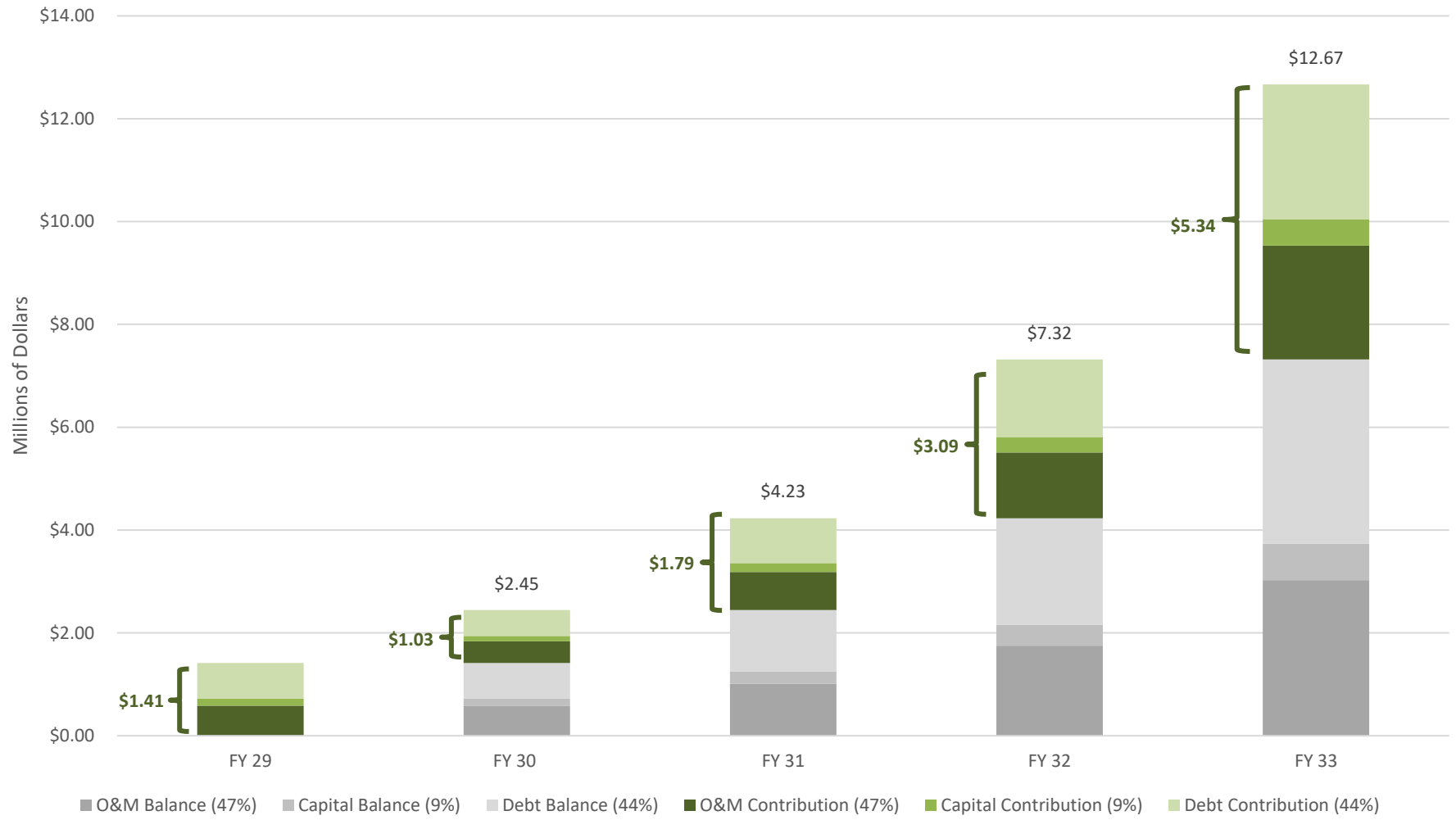
Fixed Share = 5.26%

EAST PALO ALTO PARTNER SPECIFIC VALUE LINKS



Fixed Share = 7.64%

PALO ALTO PARTNER SPECIFIC VALUE LINKS



Fixed Share = 38.16%

NEXT STEPS

- **October 6, 2026:** Present findings to the Finance Committee
- **November 2026**: Capture preferred approach in FY 2028 forecast, with Year-1 costs starting in FY 2029
- **Early 2027**: Palo Alto City Council approves updated Reserve Policy for Wastewater Treatment Fund
- **Spring/Summer 2027:** Update Partners Agreements to incorporate reserve
- **July 2028**: Ramp-up for reserves begin with FY2029 Q1 billings

Line of Credit

LINE OF CREDIT (LOC) - SCHEDULE

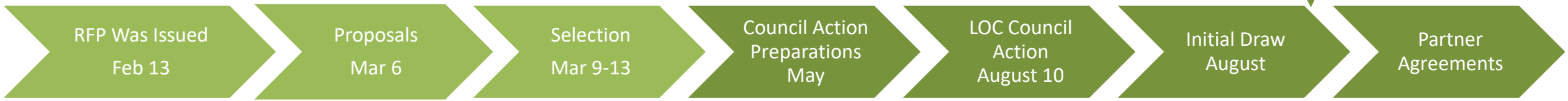
Next Steps

- August 10 Palo Alto Council Action
- Internal process controls for LOC usage
- Partner Amendments
  - Drafts sent; need to negotiate/address comments
  - Mountain View and Los Altos target Sept 22nd
  - EPASD target October 6th
  - Stanford ?
  - Palo Alto council target date October 19th

LOC "Projects" and Usage

- Headworks Design
- Gravity Thickener
- 1900 Embarcadero Property Acquisition [Palo Alto only]
- Outfall Project Design
- Ventilation Improvement
- Minor Capital Projects (Other)
- Emergency Draw

Provide Partners Update (Early September)



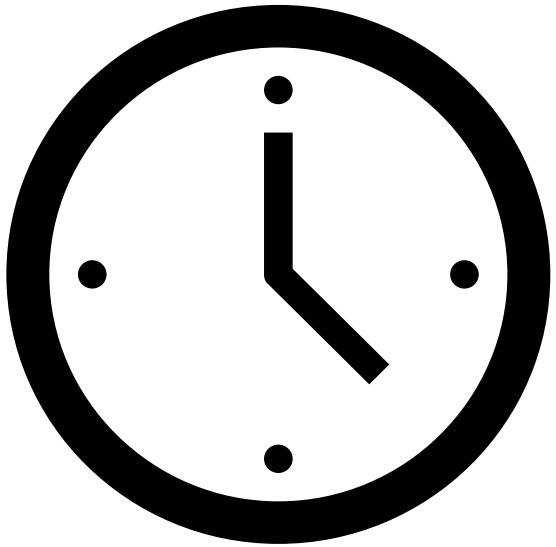
Partner amendments needed

FY2027 – ADDITIONAL CAPITAL (CASH OR LOC) FOR INITIAL PROJECT (NEEDS PARTNER AGREEMENT)

Projects	Estimated Cost in million	MV Cash Contribution	Remaining	Palo Alto	Los Altos	EPASD	Los Altos Hills	Stanford
		37.89%	62.11%	38.16%	9.47%	7.64%	1.58%	5.26%
Headworks Design	$18,000,000	$6,820,200	$11,179,800	$6,868,800	$1,704,600	$1,375,200	$284,400	$946,800
Outfall Design	$1,000,000	$378,900	$621,100	$381,600	$94,700	$76,400	$15,800	$52,600
Gravity Sludge Thickening Rehabilitation	$10,000,000	$3,789,000	$6,211,000	$3,816,000	$947,000	$764,000	$158,000	$526,000
Sludge Dewatering and Loadout Ventilation Improvements	$1,000,000	$378,900	$621,100	$381,600	$94,700	$76,400	$15,800	$52,600
Digital O&M Manual, P&IDs and Plant GIS System	$1,000,000	$378,900	$621,100	$381,600	$94,700	$76,400	$15,800	$52,600
Total	**$31,000,000**	**$11,745,900**	**$19,254,100**	**$11,829,600**	**$2,935,700**	**$2,368,400**	**$489,800**	**$1,630,600**

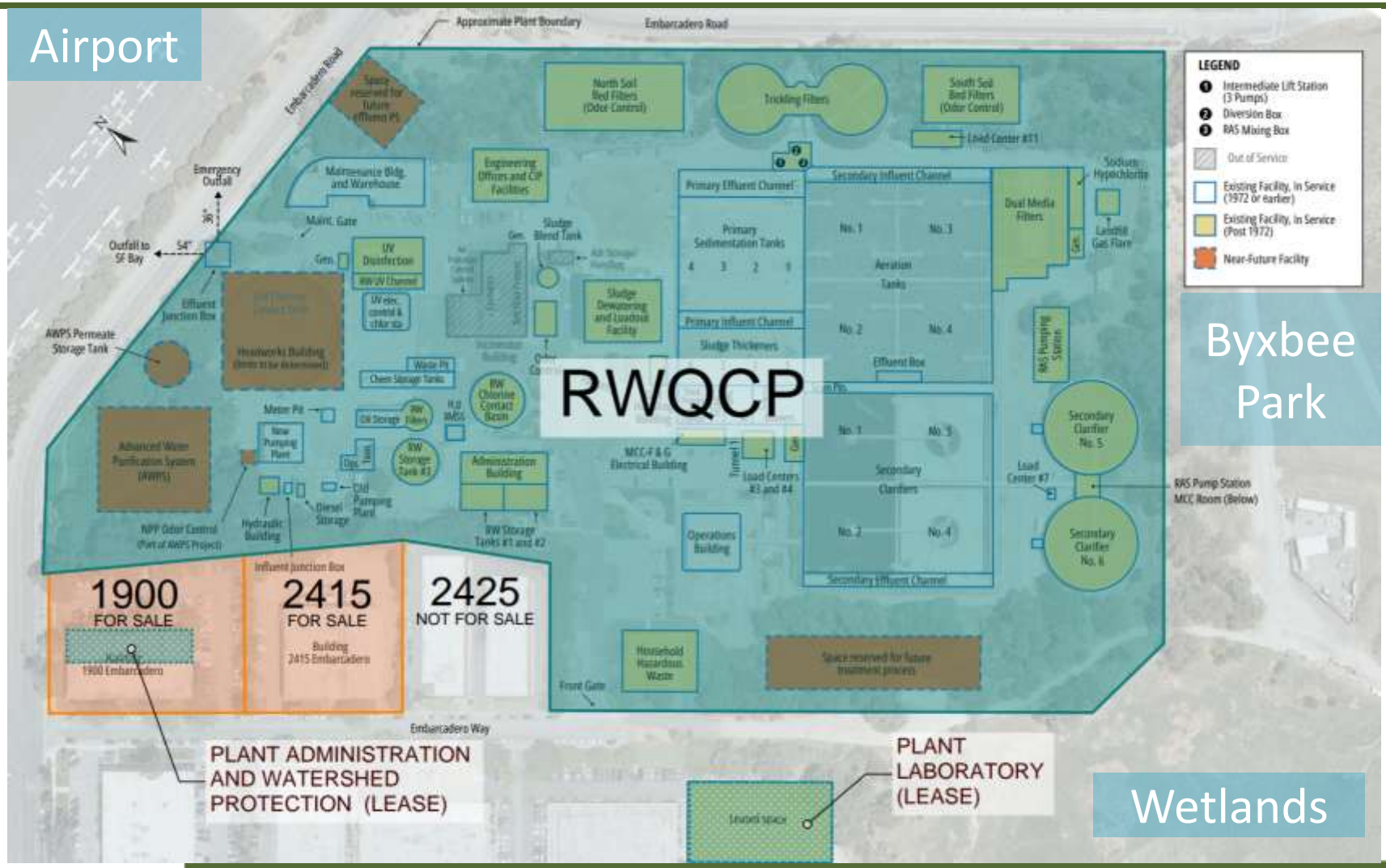
Notes:
- New Partner Amendments/Agreements needed before LOC can be used.

TIME CHECK AND BIO BREAK



1900 Embarcadero Update

WORKSPACE PLANNING: SPACE FOR STAFF IS HIGHLY CONSTRAINED



HOW 1900 EMBARCADERO COULD BE UTILIZED

RWQCP Expansion and Enhancements

- Construction & Capital Project Support
  - Contractor staging area and overflow parking
  - Construction management offices (replacing temporary on-site trailers).
  - Expansion of RWQCP footprint and removal of property fence to improve site integration.
- Workforce Safety
  - Removes the liability of staff and visitors visiting RWQP site during construction.
- Operational & Workforce Improvements
  - New employee locker rooms and upgraded facilities
  - Relocation of other Public Works ESD staff to consolidate operations near RWQCP.
  - Utilization of All Hands Meeting Space in 1900 Embarcadero Way saves a $6 million capital improvement project to renovate the Admin Building.
    - Allows for separation of treatment processes usage in the Admin Building from future workspace usage.
- Community & Public Interface
  - Dedicated public-facing space for RWQCP meetings, tours, and bid walks.
  - Space for programming with Palo Alto Unified School District.
  - Community Meeting Room
- Potential Collocation with Other City Groups
  - Utilities, Zero Waste, Airport, CSD Baylands

1900 EMBARCADERO UPDATE

- Costs will continue to be treated as RWQCP operating expenses and fall within the existing cost allocation framework—no agreement amendments needed.
- Funding will come from a combination of the Palo Alto's Line of Credit and Wastewater Treatment fund balance, later rolled into utility revenue bonds.
- Financial impact to partners projected at an annual average of $1.76M over 35 years; current leasing cost (~$0.40M/year) will be eliminated.

Table 1: Acquisition Average Annual Fiscal Impact per Partner

Partner	%	Estimated Fiscal Impact
PA	36.01%	$634,000
MV	41.50%	$731,000
LA	7.94%	$140,000
EPASD	5.78%	$102,000
SU	6.75%	$119,000
LAH	2.02%	$36,000
Annualized Total	**100.00%**	**$1,760,000**
Total over 35 Years	*100.00%*	*$61,715,000*

Long Range Facility Plan Update

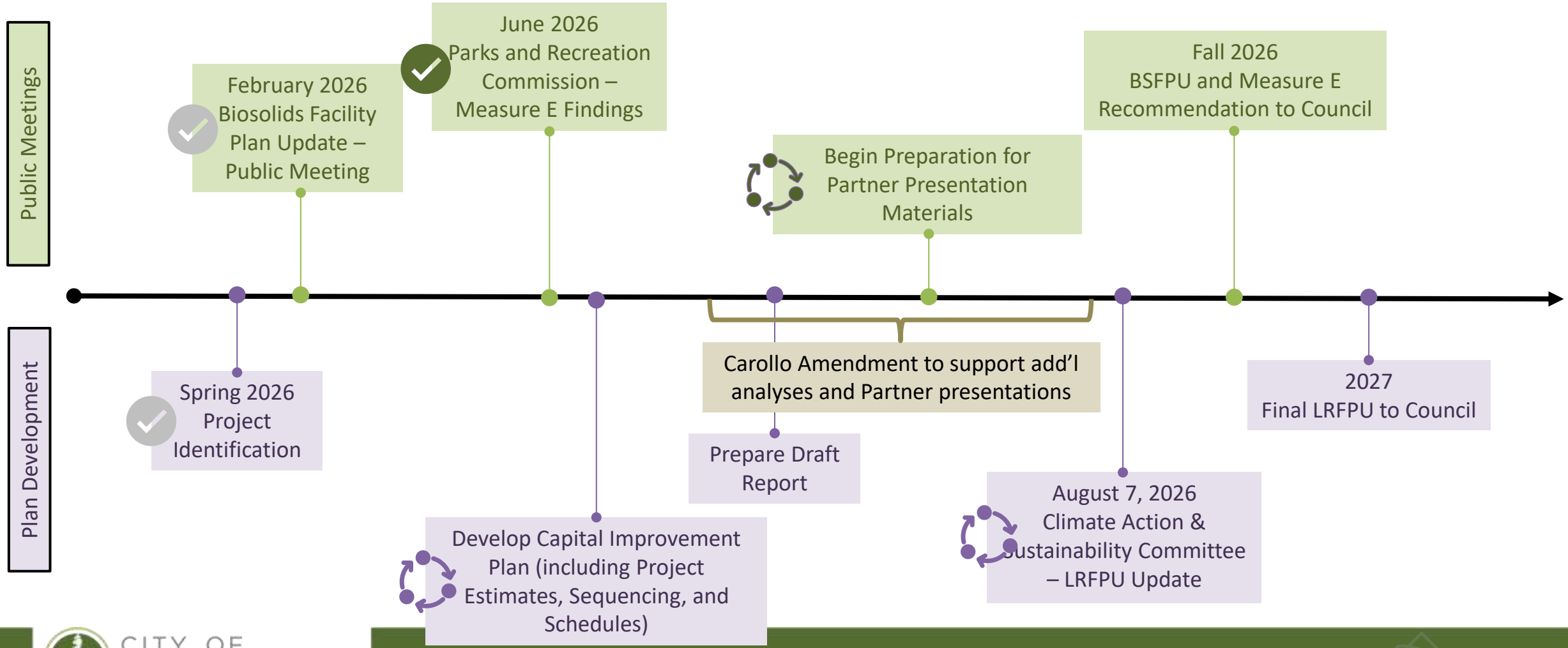
- Status Update
- 10-Year Capital Improvement Projects

There will be a separate meeting for Partners to go over the LRFPU in detail.

The Long Range Facility Plan Update (LRFPU) builds on the previous LRFP (2012) to anticipate the RWQCP needs over the next **50 years**. The LRFPU includes:

- Current and projected **treatment requirements**,
- **Workspace plan**,
- **Biosolids facility plan update;** and
- **Updated CIP program.**

LRFPU 2026-27 TIMELINE



APPROACH FOR IDENTIFYING CIP PROJECTS

Project Drivers



Capacity



Condition Assessment



Regulatory



Policy



City Needs

Implementation Timeline

Near Term Projects — Next 5 years

Mid-Term Projects — 5 – 15 years

Long Term Projects — 15+ years

We are looking at the 10-year CIP for forecasting purposes.

LRFPU: 10-YEAR CIP IDENTIFICATION

Major Capital

Liquids Treatment

- New Effluent Outfall Discharge System
- New Headworks Facility
- **New Tertiary Filtration Facility**
- **Effluent Discharge UV Dinsinfection Upgrades**

Recycled Water

- **Recycled Water Storage & Distribution Evaluation**
- **New Recycled Water Disinfection System**

Solids Management

- **Gravity Thickener Rehabilitation**
- **New Thickening Facility**

Plantwide Infrastructure

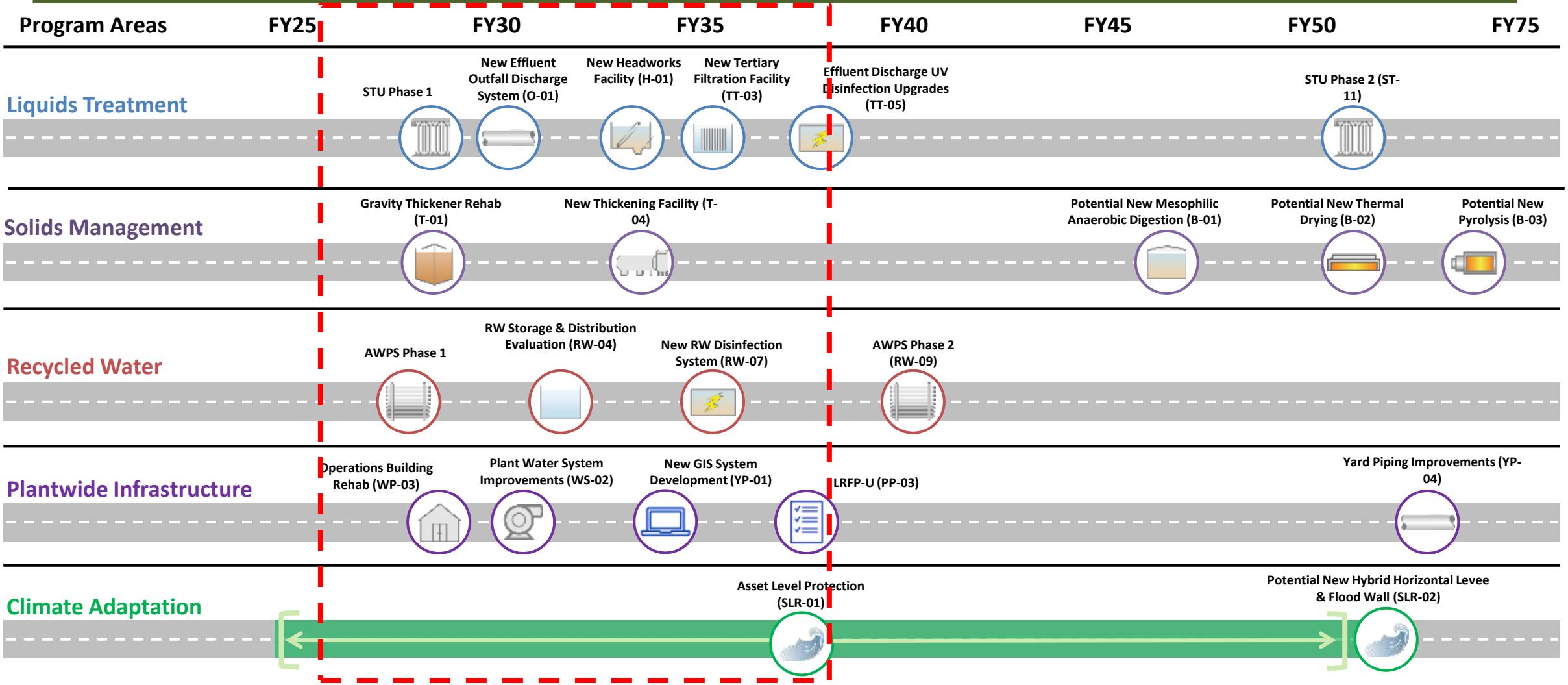
- **Operations Building Rehabilitation**
- **Plant Water System Improvements**
- **New GIS System Development**

Project Drivers

Capacity | Condition Assessment | Regulatory | Policy | City Needs

50-YEAR CIP AT A GLANCE (BY PROGRAM AREA)

10-Year CIP



Roadmap shows select milestone projects that shape the long-term CIP. Icons identify when major facilities and improvements are expected to be.

Annual Budget Forecast Preparation

ANNUAL RWQCP BUDGET FORECAST PREPARATION SCHEDULE

Task	Start	End
May Dry Weather Partner Wastewater Sampling Analyses	5/3	7/24
Flowmeter Data Collection and Analysis	7/1	7/20
Minor CIP Prioritization	7/15	9/10
Major CIP Debt Assumptions	8/19	9/17
Flow and Load Share Calculations	7/27	8/21
End of Year Calculations as Part of City's Annual Comprehensive Financial Reporting	8/24	12/1
City Budget Activities	7/1	12/1
Partner's Meeting Presentation Development	9/21	11/6
Quarter Two True-Up Billing	10/1	11/15
Development of Partner Specific Forecasts based on FY25 Actuals	10/8	10/29
Annual November Partner's Meeting (Thursday before Thanksgiving)	11/19	11/19
Overall timeline	**5/3**	**12/1**

Applies to Mountain View, Palo Alto, Los Altos, and East Palo Alto SD →

- Reflects change to dry-season sampling

FLOW AND LOAD SHARE CALCULATIONS

	MV	PA	LA	EPASD	SU	LAH	TOTAL
Previously Forecasted Flow and Load Share Split for FY 26 (Based on FY 24 Actual Flows and Load Data)	39.31%	36.66%	10.14%	5.56%	6.35%	1.98%	100%
Final Calculated Flow and Load Share for FY 26	42.26%	35.36%	8.40%	5.39%	6.41%	1.98%	100%

SUMMARY OF ANTICIPATED FORECAST/BUDGET ITEMS

Summer 2026	Fall 2026	Winter 2026/27	Spring 2027	Summer 2027
Partners review/accept LOC amendment language	FY 26 True-up (2nd Qrtr Bill)	LOC Implementation/Use	**Draft Amendment Language for:** • Reserve Fund Policy • Amended Flow/Load Share Calculation • 3-yr rolling average • 1/3 flow, 1/3 COD, 1/3 NH3	
Sept Partners Mtng	FY 28 Forecast and Partners Mtng** November 19, 2026			
	LOC to CPA Council for approval			
	Provide updated on status of 1900 Emb.			
			Long Range Facility Plan Update Communications/Presentations	

** 10-year forecast will include anticipated reserve policy, with ramp up funds starting in FY 29

Capital Program Updates

- Ongoing Project Overview

STU PROJECT (BLOWER ROOM BEFORE / AFTER)





STU PROJECT (NEW RAS PUMP STATION & LC-11)





STU PROJECT (CURRENT PROGRESS, AERATION BASIN #2)



12-KV LOOP PHASES 2 THRU 7

- Installation of new electrical service entrance cabinet from CPAU (cabinet is elevated to account for SLR)
- Installation of five (5) new switchboxes
- All equipment is installed
- Coordinating with Operations for 12-KV cable pulls / terminations to integrate new equipment into the 12-KV Loop
- Scheduled for August / Sept.



12-KV LOOP PHASES 2 THRU 7





NEW CPAU #2 CABINET & 1 OF 5 NEW SWITCHBOXES

12-KV LOOP SUPPORT AGREEMENT (PENDING)

RWQCP / CPAU-E working towards agreement for CPAU-E emergency support

- RWQCP electricians not qualified to perform switching or service on 12-KV equipment
- Agreement provides for emergency and afterhours response
- Equipment Isolation: safety, de-energization, switching operations, troubleshooting
- Peer Reviews: analyses, designs, procedures, calculations, and reports

12-KV LOOP & STU PROJECTS SHUTDOWNS IN 2026

- Shutdowns required for mechanical, process, electrical, and full RWQCP shutdowns to support construction to integrate new equipment, processes into the existing, operating RWQCP
- Many times this work must be done at minimal flow to minimize the disruption to the RWQCP to reduce Plant risk and to reduce contractor costs
- Full RWQCP Shutdowns typically begin at midnight to 2 am and can only last until about 8 am before flows increase and contractors need to vacate work areas as the RWQCP is returned to service

- ❑ 33 Mechanical / process shutdowns (piping tie-ins / equipment integration)
- ❑ 4 of Electrical shutdowns (3 on STU / 1 on 12-kV Loop)
- ❑ 1 full RWQCP shutdown (backing up the sewer)

AWPS PROJECT (ODOR CONTROL UNIT)

- Provides odor control for NPP
- Required to replace NPP in-ground biofilter odor control unit
- Biofilter demolition required to allow construction of the AWPS
- Commissioned and put into service in Jan / Feb 2026



AWPS PROJECT (CURRENT PROGRESS)

- Installation of interconnecting piping for MF Feed line and RO Permeate line
- Underground conduits and process piping being installed under slab
- Electrical ductbanks to encase conduits are on-going
- Working towards slab pours for the AWPS main process area and Permeate Tank in Sept / Oct



OUTFALL PIPELINE PROJECT NEXT STEPS

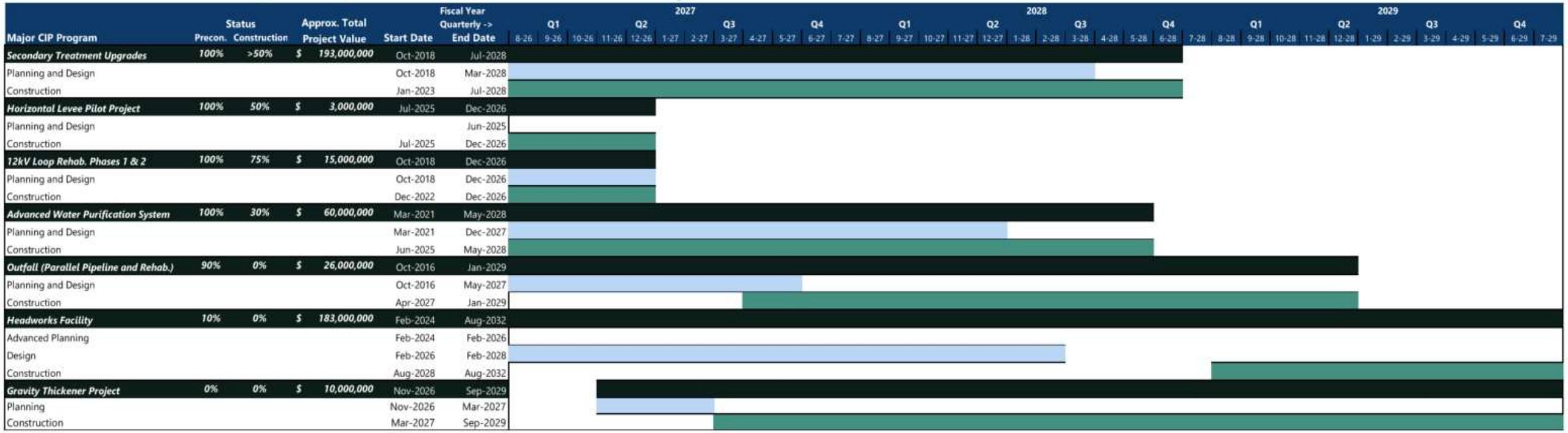
- Gain FAA concurrence for pipelines easements appraisals for FMV (annual rental fees)
- Draft / approve MOUs between PAO and PWE, RWQCP, and EPA
- Amend designer contract for redesign and revised SOW



PROGRAM SCHEDULE UPDATE

Palo Alto RWQCP Program Projects, >$3M

Major CIP Program	Status Precon.	Status Construction	Approx. Total Project Value	Start Date	Fiscal Year Quarterly -> End Date
Secondary Treatment Upgrades	*100%*	*>50%*	*$ 193,000,000*	Oct-2018	Jul-2028
Planning and Design				Oct-2018	Mar-2028
Construction				Jan-2023	Jul-2028
Horizontal Levee Pilot Project	*100%*	*50%*	*$ 3,000,000*	Jul-2025	Dec-2026
Planning and Design					Jun-2025
Construction				Jul-2025	Dec-2026
12kV Loop Rehab. Phases 1 & 2	*100%*	*75%*	*$ 15,000,000*	Oct-2018	Dec-2026
Planning and Design				Oct-2018	Dec-2026
Construction				Dec-2022	Dec-2026
Advanced Water Purification System	*100%*	*30%*	*$ 60,000,000*	Mar-2021	May-2028
Planning and Design				Mar-2021	Dec-2027
Construction				Jun-2025	May-2028
Outfall (Parallel Pipeline and Rehab.)	*90%*	*0%*	*$ 26,000,000*	Oct-2016	Jan-2029
Planning and Design				Oct-2016	May-2027
Construction				Apr-2027	Jan-2029
Headworks Facility	*10%*	*0%*	*$ 183,000,000*	Feb-2024	Aug-2032
Advanced Planning				Feb-2024	Feb-2026
Design				Feb-2026	Feb-2028
Construction				Aug-2028	Aug-2032
Gravity Thickener Project	*0%*	*0%*	*$ 10,000,000*	Nov-2026	Sep-2029
Planning				Nov-2026	Mar-2027
Construction				Mar-2027	Sep-2029



Legend

- Overall Project
- Pre-Construction
- Construction

Completed Program Projects >$3M:

- ✓ Sludge Dewatering and Loadout Facility
- ✓ Primary Sedimentation Tank Rehabilitation
- ✓ Joint Intercepting Sewer Rehabilitation

End of Slides

We appreciate your participation and feedback!

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Yajaira Morales, Housing Project Manager
Karen Camacho, Housing and Economic Development Manager

SUBJECT: Measure JJ Anti-Displacement Program Utilization Report

Recommendation

Receive special presentations from WeHOPE, Community Legal Services of East Palo Alto (CLSEPA) and Legal Aid Society of San Mateo County (Legal Aid SMC), Samaritan House, and East Palo Alto Community Alliance and Neighborhood Development Organization (EPACANDO) on the use of Measure JJ anti-displacement funds, launched in 2026.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Comprehensive Housing

Background

Measure JJ passed in November 2024 with the following allowable uses: 1) at least 30% for tenant rental assistance; 2) up to 20% for the City's administrative and overhead costs to manage the programs; and 3) the remaining revenue may, at the City Council's discretion, be used for affordable homeownership, affordable housing preservation, tenant support, and anti-displacement and homelessness prevention. Measure JJ also requires City Council to periodically review housing policy, housing programs, and related issues to determine how and to what extent the City should establish and fund such programs.

In October 2025, the City Council allocated $1,110,530 in Measure JJ funds toward rental assistance and foreclosure prevention services in East Palo Alto, based on the projected annual revenue of $1.7 million, based on the City's business license administrator's projection. The actual revenue generated is calculated in April of each year, after revenue is collected between

January to March; the FY 25-26 revenue was approximately $1.75 million based on unaudited data.

The 2023-2031 Housing Element (adopted by the City Council on March 19, 2024) is a required element of the Vista 2035 General Plan, and accomplishment of its goals and programs is monitored and enforced by the California Department of Housing and Community Development (HCD). The 2024-2028 Affordable Housing Strategy (adopted February 6, 2024) is a five-year City Council-adopted plan that supports and implements parallel policies and programs to those in the Housing Element, including several anti-displacement policies and programs that are funded by Measure JJ, such as foreclosure prevention (Policy 4.9), rental assistance (Policies 4.11 and 4.12), legal anti-eviction services (Policy 5.7), and landlord/tenant mediation services (Policy 5.8).

The purpose of this staff report is to provide an update on the utilization of the program thus far. During the special presentations, Council will hear from services providers about their accomplishments so far. A more detailed report is expected to be provided in Quarter 4 of 2027.

Analysis

Measure JJ is currently funding rental assistance, anti-eviction legal services, and foreclosure prevention. At the October 21, 2025, City Council meeting, Council appropriated funding in each program such that when summed with other program costs, it would result in forty-five percent (45%) of Measure JJ revenues going toward direct rental assistance subsidies (to the extent there is sufficient funding, as determined by the Finance Director) for each program awarded. Table 1 provides an overview of the funding allocations, goal and to-date number of households assisted, and the percent of funds used thus far.

Rental Assistance

Through Measure JJ, the City funds Community Legal Services of East Palo Alto (CLSEPA), Samaritan House, and WeHOPE up to $701,500 annually across all three organizations (for three years) for direct rental and financial assistance for East Palo Alto residents. These contracts may be extended for an additional two-year term if funds remain unexpended by the end of the three-year contract term.

Providers are expected to conduct targeted outreach, reduce barriers to access (such as language and cultural needs), respond promptly to service requests, and collaborate with community partners to expand impact.

Legal Services

Through Measure JJ, the City also funds CLSEPA and its subcontractor, Legal Aid Society of San Mateo County (Legal Aid SMC), up to $407,500 annually to provide legal services such as landlord/tenant mediation, eviction defense, and unlawful detainer assistance. Of this annual amount, $115,000 is allocated for direct rental assistance, $239,348 for legal services, and

$53,152 for administrative activities. The faster expenditure of Measure JJ funding for legal services may suggest that a significant share of residents require legal assistance once a case has advanced to court. This raises an important question for evaluating Measure JJ: whether future resources should be targeted more heavily toward interventions before an unlawful detainer (a legal action initiated by a landlord to remove a tenant who has remained in a property without the legal right to do so) is filed, or whether the current level of unlawful detainer funding reflects the point at which residents are experiencing the greatest need for assistance.

Foreclosure Prevention

Through Measure JJ, the City further funds East Palo Alto Community Alliance and Neighborhood Development Organization (EPACANDO) via a one-time allocation of up to $148,500 for a pilot program providing foreclosure prevention services to one household already working with EPACANDO. The contract is expected to be extended for one additional one-year term, through October 2027, to allow the finalization of the program and utilization of all funds. Staff will return to Council with a deeper analysis on the foreclosure prevention lessons learned as part of the Strategic Priority Ch-4 to research the feasibility of a financial empowerment and foreclosure prevention program, upon conclusion of the pilot program with EPACANDO.

Table 1. Measure JJ Contracts Overview and Use of Funds through September 2026								
Measure JJ-Funded Organization	**Service Area**	**Contract Term**	**Contract Start Date**	**Annual Funding by Category (Year 1)**	**Cost Per Household**	**Goal # Assisted in Year 1***	**Total Assisted**	**Funding Used to Date**
CLSEPA	Direct Rental and Financial Assistance	3 Years	1/12/26	$170,000 DRA	Up to $8,000	34	4	7%
				$25,500 Admin				
Subtotal				**$195,500**			**12%**	**$13,470**
WeHOPE	Direct Rental and Financial Assistance	3 Years	1/12/26	$218,000 DRA	Up to $5,000	145	2	1%
				$2,000 OPC				
				$33,000 Admin				
Subtotal				**$253,000**			**1%**	**$3,703**
Samaritan House	Direct Rental and Financial Assistance	3 Years	6/1/26	$220,000 DRA	Up to $2,200	100	Not yet available	0%
				$33,000 Admin				
Subtotal				**$253,000**			**0%**	**$0**
CLSEPA & Legal Aid SMC	Legal Services and Direct Rental Assistance	3 Years	1/12/26	$239,348 Legal		30	21	66%
				$115,000 DRA	Up to $5,000	23	3	13%
				$53,152 Admin		-	-	4%
Subtotal				**$407,500**			**45%**	**43%**
EPACANDO	Foreclosure Prevention	1 Year Pilot	10/21/26	$100,000 DFA	$100,000	1	1	100%
				$35,000 OPC				46%
				$13,500 Admin				86%
Subtotal				**$148,500**		**100%**	**100%**	**$127,798**
Total				**$1,257,500**	**-**	**333**	**31 (9%)**	**$319,546**

DRA = Direct Rental Assistance; DFA = Direct Financial Assistance; Legal = Legal Assistance; OPC = Other Program Costs; Admin = Nonprofit Administration Cost (e.g. 15%)
*Based on proposals submitted by the selected organizations and approved by City Council

Next Steps

Staff will bring to Council a detailed report once all participating organizations have completed two years of service, which will be in Quarter 4 of 2027. The report will provide an update on the services delivered and the data collected during the first two years. At the three-year mark, Council will have the opportunity to review the outcomes and determine when the next Request for Proposals for anti-displacement services should be issued.

Fiscal Impact

There is no fiscal impact.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto.

Environmental

The proposed action does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Government Code § 84308

Applicability of Levine Act: No, as the proposed action doesn't entail an entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments

None.

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Commission Appointments

Recommendation

Interview applicants for the following open seats on the Rent Stabilization Board (2), and appoint applicants for the seats for the board using the selection process recommended by staff.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority No. 1: Promote Housing, Economic and Workforce Development
Priority No. 3: Promote Health & Public Safety
Priority No. 4: Ensure Our Financial and Organizational Health

Government Code § 84308

Applicability of Levine Act: No

Analysis of Levine Act Compliance: Not applicable

Background

The City Council of the City of East Palo Alto is seeking candidates to make appointments for the following seats:

Rent Stabilization Board appointments for the following terms:

Regular Seat No. 3: From May 31,2024, through May 31, 2027
Alternate Seat No. 8: From May 31,2025, through May 31, 2028

The application period has been held open from July 8 through September 25, 2026; however, these positions remain open until filled. The City accepted applications electronically via the SurveyMonkey platform and offered to assist anyone who needed help submitting the application. The City conducted outreach, including in-person efforts and through its social media outlets to ensure a comprehensive approach to the outreach process. Social media outlets included various newsletters disseminated to over 4,000 residents, Facebook ads, and the City website.

Selection Process

In order to ensure an efficient and transparent Brown Act-compliant selection process, the procedure for review is as follows:

1. City Council will review the applications attached to the October 6, 2026, agenda.
2. City Council will be provided a voting form at the beginning of the agenda item from the City Clerk.
3. City Council will conduct interviews.
4. City Council will make its selections by ballot vote.

Attachments

1. Rent Stabilization Board Applications (redacted)

#2

COMPLETE

Collector:	Web Link 1 (Web Link)
Started:	Wednesday, September 02, 2026 7:48:11 PM
Last Modified:	Wednesday, September 02, 2026 7:59:22 PM
Time Spent:	00:11:11
IP Address:	50.207.0.170

Page 1: Rent Stabilization Board Application

Q1

Name

Jose Sanchez

Q2

Home Address

1675 Woodland Ave

Q3

City

East Palo Alto

Q4

E-mail Address

jfsanchez79@live.com

Q5

Phone Number

650-391-5979

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to support and contribute in any way to a community I was a part in.

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Thursday, September 10, 2026 12:19:55 PM
Last Modified: Thursday, September 10, 2026 12:51:10 PM
Time Spent: 00:31:15
IP Address: 67.169.48.212

Page 1: Rent Stabilization Board Application

Q1

Name

Uhila Makoni

Q2 **Respondent skipped this question**

Home Address

Q3

City

East Palo Alto

Q4

E-mail Address

umakoni@gmail.com

Q5 **Respondent skipped this question**

Phone Number

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I have served diligently on PTWC for the past four years and I have gained valuable knowledge on how the city works from the perspective of Public Works. I would like to expand on this from the Rent Stabilization Board perspective. I do believe in affordable housing and protections for our residents. I would like to understand the nuisance of housing dynamics in City of EPA and support its residents.

#5

COMPLETE

Collector:	Web Link 1 (Web Link)
Started:	Thursday, September 24, 2026 11:37:23 AM
Last Modified:	Thursday, September 24, 2026 11:42:42 AM
Time Spent:	00:05:18
IP Address:	172.56.46.230

Page 1: Rent Stabilization Board Application

Q1

Name

Colina Williams

Q2

Home Address

1650 Bay rd

Q3

City

E.Palo Alto

Q4

E-mail Address

colinawilliams@yahoo.com

Q5

Phone Number

6509219517

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I want to serve because safe, stable housing is foundational. And I want to help make decisions that are fair, transparent, and grounded in lived experience, as well as respectful of residents.

#1

COMPLETE

Collector:	Web Link 1 (Web Link)
Started:	Friday, April 17, 2026 9:39:20 PM
Last Modified:	Friday, April 17, 2026 9:41:38 PM
Time Spent:	00:02:18
IP Address:	108.147.93.38

Page 1: Rent Stabilization Board Application

Q1

Name

Jose

Q2

Home Address

Sanchez

Q3

City

East Palo Alto

Q4

E-mail Address

jfsanchez79@live.com

Q5

Phone Number

650-391-5979

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to serve on the Rent Stabilization Board because I believe stable housing is essential to the well-being of families in East Palo Alto. In my work with youth and families, I see how housing instability directly impacts education, health, and overall quality of life.

I am interested in contributing to fair, balanced decisions that reflect the realities of the community. I value the importance of both protecting tenants and recognizing the responsibilities of property owners, and I would approach this role with a commitment to listening, careful review, and thoughtful decision-making.

I am motivated to serve and support a stable and equitable community for all residents.

#2

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Saturday, April 18, 2026 12:39:29 PM
Last Modified: Saturday, April 18, 2026 12:45:33 PM
Time Spent: 00:06:03
IP Address: 23.124.107.33

Page 1: Rent Stabilization Board Application

Q1

Name

Goolrukh A. Vakil

Q2

Home Address

1875 Woodland Avenue

Q3

City

East Palo Alto

Q4

E-mail Address

goolrukhv@comcast.net

Q5 **Respondent skipped this question**

Phone Number

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to continue serving on the Rent Stabilization Board because I believe in service and I care about this city. I feel that because I have served on this board for 20 years, I can contribute to the issues that arise before the board. I am on the Rules and Regulations subcommittee as I have always been; I also teach Law and Ethics in psychology. Often the tenant is considered the underdog and is focused upon, however, I am aware that both sides of a dispute need to be fairly considered. This is also true in the case of ensuring that terms and conditions going forward are fair to both landlord and tenant. I would be honored to continue serving on the Rent Stabilization Board.
Goolrukh A. Vakil

#3

COMPLETE

Collector:	Web Link 1 (Web Link)
Started:	Sunday, April 19, 2026 10:12:08 PM
Last Modified:	Sunday, April 19, 2026 10:15:15 PM
Time Spent:	00:03:07
IP Address:	99.24.48.5

Page 1: Rent Stabilization Board Application

Q1

Name

Stephanie Hinckley

Q2

Home Address

1729 Woodland AVE

Q3

City

East Palo Alto

Q4

E-mail Address

sfhinckley@gmail.com

Q5

Phone Number

6507875488

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

My passion is to help others. My skills in communication and education make me a great asset to this Rent Stabilization board. I would like to mention that I am fluent in Spanish.

#4

COMPLETE

Collector: Web Link 1 (Web Link)
Started: Friday, May 08, 2026 2:11:02 PM
Last Modified: Friday, May 08, 2026 2:15:51 PM
Time Spent: 00:04:49
IP Address: 76.217.55.105

Page 1: Rent Stabilization Board Application

Q1

Name

Nimish Vora

Q2

Home Address

871 Willow Glen Way

Q3 **Respondent skipped this question**

City

Q4

E-mail Address

nvora@yahoo.com

Q5 **Respondent skipped this question**

Phone Number

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I am a landlord (preferably called "homeowner") of a single family house in East Palo Alto. It is important to have a Balanced Board that will maintain interests and stewardship for both Tenants and Landlords.

#6

COMPLETE

Collector:	Web Link 1 (Web Link)
Started:	Friday, May 08, 2026 1:27:25 PM
Last Modified:	Tuesday, May 12, 2026 11:06:40 AM
Time Spent:	Over a day
IP Address:	174.62.81.24

Page 1: Rent Stabilization Board Application

Q1

Name

Luis Rosas

Q2

Home Address

2310 Glen Way

Q3

City

East Palo Alto

Q4

E-mail Address

luisenrique00.r@gmail.com

Q5

Phone Number

6506691146

Q6

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Yes

Q7

Why would you like to serve on the Rent Stabilization Board?

I would like to serve on the Rent Stabilization board to provide more perspective on the everyday experience of residents that rent in East Palo Alto. I have many friends, family, and neighbors who rent in East Palo Alto. I would like to collaborate with the rent board and help inform the decisions that directly impact my community around me.

#6

COMPLETE

Collector:	Web Link 1 (Web Link)
Started:	Friday, October 02, 2026 12:45:51 PM
Last Modified:	Friday, October 02, 2026 1:04:32 PM
Time Spent:	00:18:41
IP Address:	172.56.47.123

Page 1: Rent Stabilization Board Application

Q1

Name

Ariana Aranda

Q2

Home Address

2361 University Avenue

Q3

City

East Palo Alto

Q4

E-mail Address

arianaaranda07@gmail.com

Q5

Phone Number

6502838797

Q6 **Yes**

Are you available to attend regular Board meetings scheduled for the second Wednesday of every month at 7:00 pm?

Q7

Why would you like to serve on the Rent Stabilization Board?

I am applying to serve on the rent stabilization board because I am passionate about protecting my community by ensuring fairness for our rentors and lessors

As a case manager that supports families experiencing homelessness, I know first hand how important rent stabilization is in order to ensure people can afford to house themselves and their families. I am passionate about serving the city that I and my family have called home for three generations. This city and our growing community is very important to me and

I have loved ones that are both renters and property owners, and understand the importance of making sure there is fairness and protection for both leasers and tenants.

EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Yajaira Morales, Housing Project Manager
Alex Waggoner, Program Manager, HEART Housing Consulting Services
Karen Camacho, Housing & Economic Development Manager
Elena Lee, Community and Economic Development Director
Shiri Klima, Assistant City Manager

SUBJECT: Inclusionary Housing Alternative Compliance Option for West Bayshore-Newell Improvements at Woodland Park ("West Bayshore-Newell Improvements") Residential Project at 1-9 Newell Court, APNs 063-513-820, 063-513-880, and additional locations, described herein.

Recommendation

Adopt a resolution:

1) Finding and determining that the proposed alternative, as set forth in Attachment 2 of the staff report, for the West Bayshore-Newell Improvements residential development project at 1-9 Newell Court (APNs 063-513-820 and 063-513-880) and other locations described herein ("Project"), to provide 124 rental units, deed-restricted at 80 percent of Area Median Income ("AMI") meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing;

2) Providing direction on the replacement of rent-stabilized units that are or were occupied by households with incomes above lower income, as authorized by California Government Code Section 65915(c)(3)(C), by selecting one of the following options:

a. Require that each such unit be replaced with a unit of equivalent size that is made available at affordable rent to, and occupied by, low-income households, subject to a recorded regulatory agreement with a term of at least 55 years under Government Code Section 65915(c)(3)(C)(i), and in perpetuity to the extent required by EPAMC Section 18.48.220(D); or

b. Require that each such unit be replaced as a unit subject to the City's Rent Stabilization Ordinance ("RSO"), EPAMC Chapter 14.04, under a recorded regulatory agreement with the City as required by EPAMC Section 18.48.220(D), as described in the Analysis section of this report; and

3) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under state law and as such are not subject to local agency discretion; and

4) Finding that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Executive Summary

Woodland Park Property Owner, LLC, c/o Sand Hill Property Company (the "Applicant") proposes a 766 residential unit development. The project would renovate 315 existing rental units in 8 buildings, add 8 new rental units to the renovated buildings, demolish and replace 144 rental units, create 239 new mixed-income rental apartments in one building, and create 60 new ownership/for-sale townhomes. In total, the Project would construct 451 units, of which 307 would be net new units.

The Applicant is proposing an alternative compliance plan (referred to herein as "Alternative Compliance") for the Inclusionary Housing Ordinance ("IHO") requirements that would create 124 affordable, deed-restricted rental units at 80 percent of Area Median Income ("AMI") or below instead of the 49 affordable rental units and 12 affordable ownership/for-sale units required on-site by the IHO, at deeper levels of affordability under the IHO's original requirements ("Original Compliance"), or the 76.75 units (five percent additional units) under Alternative Compliance of the IHO. While these units proposed by the Applicant would be restricted to households making 80 percent of AMI or below, the rental amount would be based on 30% of a 60% of AMI household's income, in accordance with State Density Bonus Law ("SDBL"). As part of the Alternative Compliance request, the affordable units would not be required to be comparable to

market rate units or distributed throughout the property. Affordable units would also be limited to rental units and no affordable ownership units would be provided as part of this Alternative Compliance Plan

The purpose of this staff report is to present the proposed Alternative Compliance Plan, in accordance with the City's IHO, for Council's consideration. The Project would be required to adhere to requirements of the SDBL and IHO, except for the requested waivers to the IHO described herein. All inclusionary housing units would be subject to the City's local preference policy, which gives preference to East Palo Alto residents, and to those who work within the City or have been displaced from residence in the City.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Comprehensive Housing
Priority: Land Use, Economic and Workforce Development
Priority: Public Health, Safety, and Quality of Life

Background

West Bayshore and Newell is a proposed residential project ("Project") encompassing approximately 13.2 across multiple parcels with the following addresses and Assessor's Parcel Numbers ("APNs"):

Table 1: Project Addresses

Address	APN
1-9 Newell Court	063-513-820 063-513-880
1720 West Bayshore Road	063-513-660
1750 West Bayshore Road, 77 Newell Road, 95 Newell Road, adjacent parcel, private road, 1796 West Bayshore Road	063-513-710 063-513-720 063-513-730 063-513-740 063-513-170
45 Newell Road and 55 Newell Road	063-513-380
35 Newell Road (excluding non-adjacent Parcel Two)	063-513-460
25 Newell Road	063-513-450
15 Newell Road	063-513-440
5 Newell Road	063-513-350
30 Newell Road and 40 Newell Road	063-513-360

The Project area is currently designated and zoned as follows:

Table 2. General Plan / Zoning Designation and Acreage		
General Plan / Zoning Designation	**Description**	**Acres**
R-HD-5	High Density Residential	11.65
C-N	Neighborhood Commercial	01.56
Total		**13.21**

The Project area currently contains 459 units across 21 buildings. All 495 units are subject to the City's Rent Stabilization Ordinance.

Table 3. Project Information	
Project Element	**Detail/Description**
Applicant	Sand Hill Property Company
Owner	Woodland Park Property Owner, LLC
Location	West Bayshore Avenue and Newell Road (see Figure 1)
APN	See Figure 1
Size of Existing Site	13.21 acres
Existing Use	Multi-Family Housing and Neighborhood Commercial
Total Number of Units	766 total units, including the renovation of 315 rental units, the replacement of 144 rental units, and the creation of 307 net new units (247 rental and 60 homeownership).
Base Density Units	536
Proposed Number of Affordable Units	124 (40.3% of the newly constructed units), all at 80% of AMI (Rent Calculation Set at 60% of AMI)

Proposed Unit Program

The proposed project would result in a total of 766 residential units, including the renovation and replacement of existing rental housing and the construction of new rental and ownership/for-sale housing.

Table 4: Count and Description of Proposed Unit Breakdown		
Component	**Units**	**Description**
Existing rental units to be substantially renovated	315	Existing units in seven buildings that would be substantially renovated
Net new units added to renovated buildings	8	Additional rental units within the renovated buildings
Replacement rental units	144	Existing rental units that would be replaced as part of the redevelopment
Net new mixed-income rental apartments	239	New rental units in four buildings
Net new for-sale townhomes	60	New ownership units
Total Project Units	**766**	Total unit count

The rental units included in the Project would comprise of 127 studios, 398 one-bedroom, and 181 two-bedroom units. The ownership/for-sale townhomes would include 16 three-bedroom, 36 four-bedroom 2.5-bath, and 8 four-bedroom 3.5-bath units.

Table 5. Proposed Unit Mix by Bedroom Count					
	# of Bedrooms				
	Studio	**1**	**2**	**3**	**4**
New Rental	31	236	116	-	-
Renovated	96	162	65	-	-
Townhomes	-	-	-	16	4436
Subtotal	127	398	181	16	44
Total	**766**				

Construction and Net New Units

Of the 766 total units in the completed Project, 459 units would be constructed as part of the proposed development, consisting of the renovation and construction activities described above. The Project would result in 307 net new residential units compared with existing conditions. The Project therefore combines preservation and substantial renovation of existing rental housing, replacement of existing rental units, new mixed-income rental housing, and new ownership/for-sale housing.

Project History

On December 9, 2025, the Applicant submitted a preliminary application for a residential project, and on June 1, 2026, the Applicant submitted an application (DR26-003) seeking to vest rights under Government Code Section 65589.5(o)(1), also known as Senate Bill (SB) 330, o (‘referred to herein as “the HCA”). The rights vested under the HCA include making the proposed developments subject only to the ordinances, policies and development standards in effect when the HCA preliminary application was deemed complete.

To meet its inclusionary housing requirement, the Applicant proposed an Alternative Compliance Plan on September 13, 2026, proposed to provide 124 deed-restricted, affordable units to comply with State Density Bonus Law requirements for the density bonus being applied by the Applicant.

Inclusionary Housing Requirement

The City’s Inclusionary Housing Ordinance (“IHO”) applies to all net new residential units (“Net New Units”). Units attributable to a density bonus granted under California Government Code Section 65915 and additionally to what is permitted by the zoning designation are excluded from the IHO calculation. In practice, this means that the base allowable density is used to calculate the number of IHO units to be provided. However, when the Net New Unit count is lower than the base density, the Net New Unit count can be used to calculate the IHO requirement. In this case, the Net New Units count (307 units) is lower than the base density (536 units), so the Net New Unit count is used to calculate the number of IHO units to be provided. In a project providing entirely new units, the base density will always be lower than the Net New Units, since the density bonus is allowing a project to exceed base density. However, in this case, since the Project is replacing a large number of units, the Net New Units are lower than the base density, so Net New Units is the number used.

For rental housing projects, the IHO requires that 20 percent of the Net New Units within the project's total base units be provided as affordable housing. The required affordability mix is:

Table 6. Required Rental Affordability Levels for IHO

Income Level	Percent Required	Affordability Level
Extremely Low-Income	5%	35% AMI
Very Low-Income	10%	50% AMI
Low-Income	5%	60% AMI
Total	**20%**	

For ownership/for-sale projects, the IHO requires that 20 percent of the Net New Units within the project’s total base units be provided as affordable. The required affordability mix is:

Table 7: Required Ownership Affordability Levels for IHO		
Income Level	**Percent Required**	**Affordability**
Median-Income	10%	80% AMI
Moderate-Income	10%	120% AMI
Total	**20%**	

All units are required to be deed-restricted in perpetuity.

Project IHO Requirements – Net New Unit Calculation

Of the 766 project units, the 144 replacement units and 315 retained/renovated units are not considered net new units. The Net New Units are the 8 added rental units in the renovated building, 239 new rental apartments, and 60 new townhomes, for a total of 307 Net New Units. With 307 Net New Units, the project generates an IHO obligation of 61.4 affordable units, consisting of:

- 49.4 total affordable rental units, including 12.35 at 35 percent of AMI, 24.7 at 50 percent of AMI, and 12.35 at 60 percent of AMI; and
- 12 affordable ownership units, including 6 at 80 percent of AMI and 6 at 120 percent of AMI.

Table 8. IHO Requirements for Project by Tenure (Rental vs. Ownership)			
Component	**Net New Units**	**IHO Rate**	**Affordable Units Required**
Rental	247	20%	**49.4**
Ownership / For-Sale	60	20%	**12**
Total	**307**	**20%**	**61.4**

The IHO guidelines state that “if the inclusionary requirement does not evenly divide into the percentages provided in Section 18.37.050, the requirement shall default to the lowest affordability level. If the calculation results in a fraction of an Inclusionary Unit, the developer shall pay an In-Lieu Fee for the fractional unit.”

Applicant’s Alternative Compliance Request

As outlined in EPAMC Section 18.37.080, “Alternative Compliance” is when an Applicant requests to meet their IHO obligations through the provision of off-site units, the payment of a fee in-lieu of creating the units, or some other means. As the Applicant is not proposing off-site units or payment of an in-lieu fee, the request falls under EPAMC Section 18.37.080(D), “Other Alternative Compliance Methods,” which states:

A developer may propose an alternative compliance method to provide inclusionary units

through other means consistent with any adopted inclusionary housing guidelines. The approval body may approve or conditionally approve such an alternative only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site.

The Applicant argues that building in compliance with the City's IHO is financially infeasible and that their proposed Alternative Compliance Plan, including the alternative affordability request and the waivers to additional requirements of the IHO, would make the project financially feasible. They also argue that status quo, where no project is advanced, many existing units would still require renovation and no new affordable units would be created.

The Applicant is requesting Alternative Compliance rather than satisfying the IHO through the standard on-site affordability requirements ("Original Compliance"). Specifically, the Applicant proposes providing 124 affordable rental units at 80 percent of Area Median Income ("AMI"). While these units proposed by the Applicant would be restricted to households making 80% of AMI or below, they would be priced to be affordable to households at or below 60% of AMI, in accordance with State Density Bonus Law ("SDBL"). Further, the Applicant is requesting that as part of the Alternative Compliance option, that they be allowed to provide affordable units that are not comparable. Compliance with the IHO would require City Council approval of an alternative means of compliance, as described further herein.

Analysis

The Applicant is requesting the City Council's approval of the Applicant's Alternative Compliance Plan under the City of East Palo Alto Inclusionary Housing Ordinance.

State Density Bonus Law

California's Density Bonus Law (Government Code Section 65915 referred to herein as "SDBL") allows a developer to increase density on a property above the maximum set under a jurisdiction's General Plan and zoning. In exchange for the increased density, a certain number of the new affordable dwelling units must be reserved as affordable or at below market rate ("BMR"). Qualifying projects can also receive reductions in required development standards via waivers and/or concessions.

SDBL requires a city or county to provide a developer who agrees to construct specified percentages of units for lower income, very low income, senior citizen housing, or other qualifying housing types, with a density bonus and other incentives, concessions, and waivers upon their request. East Palo Alto Municipal Code ("EPAMC") Chapter 18.36 implements the State law.

SDBL allows qualified projects to request waivers and concessions for reduced development standards, including setbacks, square footage requirements, parking, and open space.

The Project proposes a total of 766 renovated and new units across the Project's 13.21 acres. To determine how many units can be added under the SDBL, one must first determine the

number of “base units” that are allowed at the Project site, based on the underlying zoning. The base units are calculated by multiplying the base density allowed by each zoning designation without a density bonus (e.g., 43 dwelling units per acre) by the number of acres of each site (e.g. 11.65 acres) and rounding down.

The percentage density bonus is then determined by multiplying a certain percentage by the base density. This percentage is based on the maximum income limits of the affordable units, and percent of affordable units.

	Table 9. Base Density Calculation			
	Parcel Size (approximate)	**Max Dwelling Units Per Acre (du/acre)**	**Max Total Base Units**	**Bonus Units (46.25% x Max Base Units)**
R-HD-5 Zone	11.65	43 du/ac	501	232
C-N Zone	1.56	22 du/ac	35	17
Parcel Total	**13.21**	**22 – 43 du/ac**	**536**	**249**

The Applicant has proposed that 124 units would be deed-restricted to 80 percent of Area Median Income (“AMI”). Given that these units make up 23.1 percent of the newly constructed units, the Project qualifies for a 46.25 percent of density bonus, and therefore 249 additional units than the base density would allow. It should be noted that given the included affordability, the project is entitled to up to 249 density bonus units even though the Applicant elects to utilize only 230 density bonus units.

Under SDBL, households with incomes up to eighty percent of AMI may rent the affordable units, but the rents are set at thirty percent of monthly income of a household making sixty percent of AMI, adjusted for assumed household size. The assumed household size is one person for a studio, two persons for a one-bedroom, three persons for a two-bedroom, and four persons for a three-bedroom. The applicable AMI for the current fiscal year is provided in the San Mateo County 2026 Income Limits in the table titled “California State Income Limits for SMC.”

Replacement Unit and Relocation Assistance Requirements

In accordance with SDBL and the Housing Crisis Act (Government Code Section 66300, et seq.), units that the Project would demolish must be replaced. The Project would demolish and rebuild 144 units that are rent-stabilized-under the East Palo Alto Rent Stabilization Ordinance (“RSO”). As such, these 144 units must be replaced as described below. The 315 units that would be renovated would remain subject to the RSO.

Under SDBL, Government Code Section 65915(c)(3)(D), the replacement units must be equivalent in size to the protected units being replaced. As such, the replacement units must contain at least the same total number of bedrooms as the units being replaced. This requirement would be spelled out in any relevant project approval documents.

The income category that governs each replacement unit is that of the household in occupancy of the existing unit on the date of application or, for an unoccupied unit in a development with

occupied units, the last household in occupancy within the five-year period preceding the project application (Government Code Section 65915(c)(3)(B)(i)-(ii)). If a household's income category is not known, state law presumes, subject to rebuttal, that lower income renter households occupied the units in the same proportion as lower income renter households to all renter households in the City, as determined by the most recently available data from the U.S. Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy ("CHAS") database. Replacement units for units occupied, or presumed to be occupied, by lower income households must be made available at affordable rent to, and occupied by, households in the same or lower income category, and must be subject to a recorded affordability restriction for at least 55 years, and in perpetuity to the extent required by EPAMC Section 18.48.220(D).

For rent-stabilized units that are or were occupied by households above lower income, the City may either (Option I) require that the replacement units be made available at affordable rent to, and occupied by, low-income households, subject to a recorded affordability restriction for at least 55 years, or (Option II) require that the units be replaced in compliance with the City's RSO, in which case the units are not subject to a recorded affordability restriction unless the RSO requires one (Government Code Section 65915(c)(3)(C)).

Separately, EPAMC Section 18.48.220 requires a conditional use permit from the Planning Commission for the demolition of these units and requires that each demolished unit be replaced with either an affordable designated unit for a qualifying household in perpetuity, at an affordability level set by City Council resolution, or a unit subject to the RSO, under a regulatory agreement recorded with the San Mateo County Recorder (EPAMC Section 18.48.220(D)). Deed-restricted replacement units are considered in determining whether the Project satisfies the requirements of the SDBL (Government Code Section 66300.6(b)(1)(B)).

In addition, the Applicant is required under both the Housing Crisis Act and EPAMC Chapter 14.02–to provide relocation assistance to certain tenants during the relocation period. I Compliance with these tenant protection requirements would be required as part of the approval of the project's planning entitlements, including through the project's Conditions of Approval.

Council Direction on Replacement of Rent-Stabilized Units

The EPAMC reserves to the City Council the City's policy on restrictions on demolition of rental units and conditions for replacement housing (EPAMC Section 14.04.220). The Planning Commission will apply the selected option through the conditional use permit required for the demolition of the existing units (EPAMC Section 18.48.220(A), (C), (D)). Staff therefore requests Council direction on which option under Government Code Section 65915(c)(3)(C) should apply to the Project, so that the selected option can be included as a recommended condition of approval in the entitlement resolution to be presented to the Planning Commission.

The Applicant has not yet provided the incomes of the households occupying the 144 units to be demolished. The number of replacement units that must be deed-restricted, and the number subject to Council's direction, will be determined from that income information or, where incomes are not known, from the CHAS presumption described above. Because the CHAS presumption

assigns only a proportion of units of unknown income to lower income households, Council's direction would apply to the remaining units even if actual incomes are not established. Staff will request the income information from the Applicant before the Planning Commission hearing, and the unit-by-unit determination would be documented in the Project's conditions of approval.

Under Option II, the replacement RSO units would be newly constructed. The RSO exempts units that received a certificate of occupancy on or after January 1, 1988 from its registration, rent increase limit, and rent adjustment provisions (EPAMC Section 14.04.050(B)(2)), and state law allows owners to set the initial and all subsequent rents for units that received a certificate of occupancy after February 1, 1995, unless the owner has agreed by contract with the City in consideration for a density bonus or other specified assistance (Civil Code Section 1954.52(a)(1), (b)). EPAMC Section 18.48.220(D) requires the Applicant to enter a recorded regulatory agreement with the City for the replacement units. Because the Applicant is requesting a density bonus, that regulatory agreement would provide that the replacement units are subject to the RSO, including its rent limits, in consideration for the density bonus.

The options also differ in who may occupy the replacement units. Under Option I, replacement units would be limited to income-qualified households, and existing tenants with incomes above lower income may not qualify to occupy them. Under Option II, replacement units would be available to households of any income, with the protections described above. The City's tenant protection ordinance requires that tenants displaced by the demolition be offered the right of first refusal to occupy replacement housing constructed on the site, regardless of income, except that occupancy of inclusionary units is governed by the City's inclusionary housing requirements (EPAMC Section 14.02.140(C)). State law separately provides lower income households a right of first refusal to a comparable unit (Government Code Section 66300.6(b)(4)(B)).

Deed-Restriction of Replacement Units

State law governs whether these units are deed-restricted. Government Code § 65915(c)(3)(B)(i) requires that replacement units be reserved for the same income category as the household they replace, and where that household's income is unknown, presumes lower income in the same proportion that lower-income renter households bear to all renter households citywide, based on HUD Comprehensive Housing Affordability Strategy (CHAS) data.

Government Code § 65915(c)(3)(C) allows the City to instead apply the local rent or price control ordinance's own replacement requirement, but only for units shown to have been occupied by persons or families above lower income within five years preceding the application. That showing has not been made for units outside the CHAS-presumed proportion. The applicant has provided no evidence to date to make that showing.

Accordingly, the deed restriction applies to the replacement units by default under § 65915(c)(3)(B)(i) unless and until the Applicant produces evidence that specific units were occupied by above-lower-income households, triggering the City's election under § 65915(c)(3)(C).

Local Preference Policy

In 2020, the City adopted a Local Preference Policy where the selection of tenants for affordable housing is prioritized for people who live, work, or have been displaced from a residence in East Palo Alto. The Local Preference Policy applies to occupancy of City-subsidized affordable housing units, density bonus units, and development projects subject to the City's Inclusionary Housing Ordinance. Thus, the Local Preference Policy applies here.

Inclusionary Housing Ordinance

In addition to complying with the SDBL, the IHO outlines requirements relative to the percentage of affordable units, the depth of affordability of those units, as well as other requirements including, but not limited to, the term of affordability, the comparability of the units to the market rate units, the location of the units, and timing of the delivery of the units.

The proposed 766-unit project includes a maximum density of 566 units to which the IHO would apply. However, the Project is only providing 307 Net New Units. As such, the IHO requirements would only apply to these 307 units. Under the IHO, the Project would provide 61.4 affordable units, of which 49 would be rental units, and 12 would be ownership/for-sale units, and 0.4 units would be paid out as an in-lieu fee. EPAMC Section 18.37.050(C)(3) states that "[w]hen a residential development includes both ownership and rental dwelling units, the provisions of this chapter that apply to ownership residential development shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this chapter that apply to rental residential development shall apply to that portion of the development that consists of rental dwelling units." See Figure 9 for the number of required IHO units, by tenure and affordability level.

Because the Applicant is electing an Alternative Compliance Option under EPAMC Section 18.37.080(D), Section 18.37.080(A) increases the inclusionary housing requirement by five percentage points over the Section 18.37.050 baseline shown as "Required" in Figure 11 below, to approximately 76 units. Applied to the Project's 247 net new rental units and 60 net new ownership units (see above), the increased requirement is approximately 61.75 rental inclusionary units (7% at 35% AMI, 12% at 50% AMI, and 6% at 60% AMI) and 15 ownership inclusionary units (13% at 80% AMI and 12% at 120% AMI), for a total of approximately 76.75 inclusionary units, rather than the 61 units Figure 11 shows below.

The Applicant is proposing the provision of 124 deed-restricted rental units at 80 percent of AMI, however under SDBL the units would be priced based on sixty percent of AMI. See the table below for the comparison of the requirements under the IHO and the Applicant's proposal.

Table 10: Project's Inclusionary Housing Requirement and Applicant Proposal				
Affordability Level	**IHO Original Compliance Requirement (Percent of Base Units)**	**IHO Original Compliance Requirement (Units)**	**IHO Alternative Compliance Requirement**	**Applicant Proposal (Units)**
Rental Units				
35% of AMI	5%	13	25% or 76 units	0
Very Low-Income (50% of AMI)	10%	24		0
Low-Income (60% of AMI)	5%	12		0
Median Income (80% of AMI)				124
Ownership/For-Sale Units				
Median-Income (80% of AMI)	10%	6		0
Moderate-Income (120% of AMI)	10%	6		0
Total Inclusionary Units		**61 Units**	**76 Units**	**124 Units**
Average AMI of Units		**58.6%**		**80% (Priced at 60%)**
Partial Unit Payment		**0.4 Rental unit**	**0.25 unit**	**None**

Additional Waivers to the Inclusionary Housing Ordinance

Applicants may request waivers, adjustments, or reductions to the IHO. The city must approve the requested incentive or concession unless it makes a written finding, supported by substantial evidence, that: (1) the request would not produce identifiable, actual cost reductions needed to provide the required affordable housing or restricted rents; (2) the request would cause a specific, adverse impact on public health and safety or certain protected historic resources that cannot be feasibly mitigated or avoided without making the project unaffordable to low- or moderate-income households; or (3) the request would violate state or federal law.

As part of the Alternative Compliance Plan, the Applicant is seeking the following waivers to the IHO: the affordable units need not be dispersed, need not have the same proportion of unit types as the market rate units, and need not have comparable square footage or bedroom count as the market rate units. These waivers are further explained in the table below.

Table 11: Inclusionary Housing Ordinance Waivers Applicant Requested	
Requirement	**Developer Proposal**
EPAMC 18.37.050(C)(3) *When a residential development includes both ownership and rental dwelling units, the provisions of this chapter that apply to ownership residential development shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this chapter that apply to rental residential development shall apply to that portion of the development that consists of rental dwelling units.*	The Applicant is not proposing the deed-restriction of any for-sale townhouses. The Applicant is requesting that the affordable units not have the same proportion of unit types as to the market rate units to "produce financially feasible projects that will maximize affordable housing in EPA."
EPAMC 18.37.060(C). Bedroom Mix and Unit Size. *The number of bedrooms and the size of the inclusionary units shall be comparable to or greater than the average number of bedrooms and average size of the market-rate units consistent with any adopted inclusionary housing guidelines.*	The affordable units would not have a comparable square footage or bedroom count as market rate units.
EPAMC 18.37.060(D). Location. *The inclusionary units shall be located so as not to create a geographic concentration of inclusionary units within the residential development.*	Units would not be disbursed throughout the development. The Applicant has not indicated where the units would be located and/or if they would be concentrated in one building or area.

The following evaluation details why the City may assume that the Applicant is proposing to provide the most economical inclusionary units feasible.

Evaluation of the Alternative Compliance Option: Public Benefit Analysis

The Project is proposing 124 units at 80 percent of AMI, which is substantially more units than required by the IHO, though the average AMI of the required IHO units (58.6 percent of AMI) is lower than the average AMI of the proposed units (80 percent of AMI). However, these units would be priced to be affordable to households at 60% of AMI, even though the income restriction is 80% of AMI, bringing the affordability close to levels required by the IHO. Given the additional units provided, the proposed affordability would appear to provide additional public benefit. For a more thorough evaluation, City staff would need the Applicant to submit details on the proposed units in the development by tenure type, bedroom count, unit sizes, and affordability level.

Staff Recommendation

The Applicant is currently proposing to provide 124 units restricted to households making 80 percent of AMI or less but priced at levels affordable to households making 60 percent of AMI

or less. This is in line with requirements from State Density Bonus Law, outlined in Government Code Section 65915. Under the Inclusionary Housing Ordinance, average affordability of rental units provided would be fifty-eight-point six (58.6) percent of AMI. The average affordability of units being provided by the Applicant would be sixty (60) percent of AMI, so it is only slightly higher than what is required under the Inclusionary Housing Ordinance. This Alternative Compliance Option would not provide the units required at 35% and 50% of AMI traditionally required by the IHO. By providing 124 units, the Applicant is providing 40.4 percent of Net New Units as affordable, exceeding the 61 units or 25 percent requirement for an Alternative Compliance Option under the IHO.

However, the Applicant is also proposing to build sixty for sale or ownership townhome units as part of this development. The Applicant is not proposing to provide any for sale units restricted as affordable units. As shown in Table 11, under IHO Original Compliance, the Applicant would be required to provide 12 of those units as affordable units (6 at 80 percent of AMI and 6 at 120 percent of AMI). Under IHO Alternative Compliance, the Applicant would be required to provide 15 total affordable ownership units, with 8 at 80 percent of AMI and 7 at 120 percent of AMI.

The Applicant has provided no evidence to support the conclusion that failure to provide affordable ownership units would provide “greater public benefit.” Based on the Applicant’s proposal to provide 124 rental units deed restricted to individuals at 80 percent of AMI or below but priced to be affordable to individuals at 60 percent of AMI or below. While the proposal does not provide affordable ownership units, it substantially increases the number of affordable rental homes, with affordability only slightly above the IHO's 58.6 percent AMI average.

This additional rental housing is consistent with the San Mateo County 2023–2031 Housing Element, which identifies both ownership and rental housing as unaffordable to most households and specifically identifies a need for “greater production of rental housing” and additional housing dedicated to lower-income households. The Housing Element also includes policies supporting the preservation and rehabilitation of lower-income, deed-restricted multifamily rental housing and protecting existing rental housing from conversion to ownership.

While County policy does not establish a categorical preference for rental housing over affordable ownership housing, it does recognize the production and preservation of affordable rental housing serving lower-income households as a specific housing need.

Based on the overall increase in affordable rental housing, staff finds that the proposal provides sufficient public benefit to support approval of the Alternative Compliance Plan.

Fiscal Impact

Approval of the proposed Inclusionary Housing Plan has no direct fiscal impact on the City’s General Fund.

Estimated Impact Fees

Pursuant to the Housing Crisis Act the development impact fees applicable to the project are those that are subject to the Mitigation Fee Act that were in effect when complete HCA preliminary applications were submitted to the City. The development impact fees were vested on December 9, 2025, when the HCA preliminary application was submitted. The project shall pay all applicable impact fees pursuant to the fee schedule in effect on December 9, 2025, prior to final building inspection or issuance of the Certificate of Occupancy. The project is estimated to generate over $5.3 million in Sewer and Storm Drain Impact Fees, as well as additional Parks and Trails Impact Fees, Public Facilities Impact Fees, and other applicable fees not yet determined. All City impact fees shall be finalized and collected prior to issuance of the Certificate of Occupancy or final building permit approval.

In order to provide an estimate on the potential property tax revenue the Project would generate for the City, the City would need additional information such as the current and new assessed property value and how the proposed affordable units would be qualified for the welfare exemption. In the future, the City Council may wish to consider retaining a consultant to provide property tax revenue analysis for fiscal impact reports.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto. Notice was also published in the San Mateo Daily on Saturday, September 26, 2026.

Environmental

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment. In the alternative, a decision to deny a project is exempt from CEQA pursuant to Public Resources Code § 21080(b)(5).

Government Code § 84308

Applicability of Levine Act: Yes

Analysis of Levine Act Compliance: The project applicant is Sand Hill Property Company. Staff are unaware of any other parties or participants relevant to the City Council's consideration of this item.

Attachments

1. Resolution
2. Inclusionary Housing Plan

RESOLUTION NO. XX — 2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO

ACCEPTING AN INCLUSIONARY HOUSING ALTERNATIVE COMPLIANCE OPTION FOR A 766-UNIT RESIDENTIAL DEVELOPMENT PROJECT ("WEST BAYSHORE-NEWELL IMPROVEMENTS") ON WEST BAYSHORE ROAD AND NEWELL ROAD (APN 063-513-820, 063-513-880, AND OTHER PARCELS DESCRIBED HEREIN)

WHEREAS, on November 19, 2020, the City Council of the City of East Palo Alto ("City Council") adopted Ordinance No. 425 ("Ordinance"), adding Chapter 18.37 — Inclusionary Housing to the City of East Palo Alto Municipal Code; and

WHEREAS, Woodland Park Property Owner, LLC, c/o Sand Hill Property Company (the "Applicant") submitted an application for a residential development consisting of seven hundred and sixty-six residential units on the corner of West Bayshore and Newell Street ("West Bayshore-Newell Improvements"), identified by assessor's parcel numbers 063-513-820, 063-513-880, and additional parcels described herein ("Project"), on June 1, 2026; and

WHEREAS, the additional parcels include: 1720 West Bayshore Road, 063-513-660; 1750 West Bayshore Road, 77 Newell Road, 95 Newell Road, adjacent parcel, private road, 1796 West Bayshore Road, APNs 063-513-710, 063-513-720, 063-513-730, 063-513-740, and 063-513-170; 45 Newell Road and 55 Newell Road, 063-513-380; 35 Newell Road (excluding non-adjacent Parcel Two), 063-513-460; 25 Newell Road, 063-513-450; 15 Newell Road, 063-513-440; 5 Newell Road, 063-513-350; 30 Newell Road and 40 Newell Road, 063-513-360; and

WHEREAS, the Applicant submitted an Inclusionary Housing application requesting an alternative compliance option under EPAMC Section 18.37.080 for the Project ("Alternative Compliance Plan") on September 14, 2026; and

WHEREAS, the Project' s baseline inclusionary obligation ("Original Compliance") under Section 18. 37.050 of the IHO is to provide: 49 affordable rental units, with 25% of those for 35% Area Median Income ("AMI") Households, 50% for Very Low-Income Households, and 25% for Low-Income Households, as defined in Section 18.37.020 of the IHO; and to provide 12 on-site affordable ownership/for-sale units, 50% of those for Median-Income Households and 50% for Moderate-Income Households, as defined in Section 18.37.020 of the IHO; and

WHEREAS, Section 18.37.080 of the IHO provides that an applicant of a residential development may choose from a list of alternative compliance options to meet the inclusionary obligation if the inclusionary requirement for the project is increased by 5% over the inclusionary housing requirement for projects with five or more units, and this option must be approved by the City Council; and

WHEREAS, applying this five-percentage-point increase under Section 18.37.080(A) the Project's 307 net new units yields an inclusionary alternative compliance inclusionary obligation of approximately 76.75 units at varying affordability levels; and

WHEREAS, Subsection (D) of section 18. 37. 080 of the East Palo Alto Municipal Code allows the Council to grant a residential development applicant "Other alternative compliance methods" but only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site"; and

WHEREAS, in lieu of the inclusionary obligation, the Applicant proposed an Alternative Compliance Plan to provide 124 on-site Inclusionary Units, to be rented at an affordable rent for Median Income-Households (80% of AMI); and

WHEREAS, while the units proposed would be restricted to households making 80% of AMI or below, they would be priced to be affordable to households at or below 60% of AMI, in accordance with State Density Bonus Law ("SDBL"); and

WHEREAS, the Applicant is providing 124 on-site rental units affordable to Median-Income households to utilize SDBL to increase their maximum density by 46.25% for an additional 249 units, in accordance with State law.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1) Finds the foregoing recitals are true and correct and are incorporated into this action by this reference;

2) Finds and determines that the proposed alternative, as set forth in Attachment 2 of the staff report, for the West Bayshore-Newell Improvements residential development project at 1-9 Newell Court (APNs 063-513-820 and 063-513-880) and other locations described herein ("Project"), to provide 124 rental units, deed-restricted at 80% of Area Median Income ("AMI") meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing;

3) Require that each such unit be replaced with a unit of equivalent size that is made available at affordable rent to, and occupied by, low-income households, subject to a recorded regulatory agreement with a term of at least 55 years under Government Code Section 65915(c)(3)(C)(i), and in perpetuity to the extent required by EPAMC Section 18.48.220(D); or

4) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under state law and as such are not subject to local agency discretion; and

5) Finds that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections

15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

PASSED AND ADOPTED this 20th day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

James Colin, City Clerk

APPROVED AS TO FORM:

John D. Lê, City Attorney

RESOLUTION NO. XX — 2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO

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WHEREAS, the additional parcels include: 1720 West Bayshore Road, 063-513-660; 1750 West Bayshore Road, 77 Newell Road, 95 Newell Road, adjacent parcel, private road, 1796 West Bayshore Road, APNs 063-513-710, 063-513-720, 063-513-730, 063-513-740, and 063-513-170; 45 Newell Road and 55 Newell Road, 063-513-380; 35 Newell Road (excluding non-adjacent Parcel Two), 063-513-460; 25 Newell Road, 063-513-450; 15 Newell Road, 063-513-440; 5 Newell Road, 063-513-350; 30 Newell Road and 40 Newell Road, 063-513-360; and

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WHEREAS, applying this five-percentage-point increase under Section 18.37.080(A) the Project's 307 net new units yields an inclusionary alternative compliance inclusionary obligation of approximately 76.75 units at varying affordability levels; and

WHEREAS, Subsection (D) of section 18. 37. 080 of the East Palo Alto Municipal Code allows the Council to grant a residential development applicant "Other alternative compliance methods" but only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site"; and

WHEREAS, in lieu of the inclusionary obligation, the Applicant proposed an Alternative Compliance Plan to provide 124 on-site Inclusionary Units, to be rented at an affordable rent for Median Income-Households (80% of AMI); and

WHEREAS, while the units proposed would be restricted to households making 80% of AMI or below, they would be priced to be affordable to households at or below 60% of AMI, in accordance with State Density Bonus Law ("SDBL"); and

WHEREAS, the Applicant is providing 124 on-site rental units affordable to Median-Income households to utilize SDBL to increase their maximum density by 46.25% for an additional 249 units, in accordance with State law.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1) Finds the foregoing recitals are true and correct and are incorporated into this action by this reference;

2) Finds and determines that the proposed alternative, as set forth in Attachment 2 of the staff report, for the West Bayshore-Newell Improvements residential development project at 1-9 Newell Court (APNs 063-513-820 and 063-513-880) and other locations described herein ("Project"), to provide 124 rental units, deed-restricted at 80% of Area Median Income ("AMI") meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing;

3) Require that each such unit be replaced as a unit subject to the City's Rent Stabilization Ordinance ("RSO"), EPAMC Chapter 14.04, under a recorded regulatory agreement with the City as required by EPAMC Section 18.48.220(D), as described in the Analysis section of this report; and

4) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under state law and as such are not subject to local agency discretion; and

5) Finds that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections

15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

PASSED AND ADOPTED this 20th day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

James Colin, City Clerk

APPROVED AS TO FORM:

John D. Lê, City Attorney

West Bayshore-Newell Improvements

West Bayshore and Newell Roads

Applicant Statement

OVERVIEW AND PROJECT INTRODUCTION

The applicant team is pleased to submit this application package to substantially renovate 315 existing units, create 247 net new mixed-income rental apartments, and create 60 new for-sale townhomes within the Woodland Park neighborhood, west of Highway 101 and north of University Avenue. This applicant statement includes:

1. Project Description
2. Project Background
3. Project Compliance with General Plan
4. Project Compliance with Zoning
5. State Density Bonus Law
6. Inclusionary Housing Plan
7. Fair Housing and Marketing Plan
8. California Environmental Quality Act ("CEQA") Compliance
9. Relevant Statutory Framework
10. Required Findings
11. Community Outreach
12. Project Team

Property Information

Project Area: ±13.2 acres + streetscape
Addresses: See Exhibit A to Universal Planning Application
APNs: See Exhibit B to Universal Planning Application
General Plan Designations: High Density Residential and Neighborhood Commercial
Zoning Designations: Residential High Density (R-HD-5) and Commercial Neighborhood

1. PROJECT DESCRIPTION

The Proposed Project would substantially renovate 315 existing units in 8 buildings, add 8 new units to those renovated buildings, create 239 net new mixed-income rental apartments in 1 building, and create 60 new for-sale townhomes. The Proposed Project will add 307 net new dwelling units to East Palo Alto's housing supply.

Table 1: Project Description

	Existing Units	Proposed Units	Net New Units
Rental units in buildings to be renovated	315	323	8
Rental units in buildings to be replaced	144	383	239
For-sale units	0	60	60
Total	**459**	**766**	**307**

The project site is ±13.2 acres, portions of which are designated as "High Density Residential" and "Neighborhood Commercial" in the East Palo Alto General Plan.

Each new apartment unit will have at least 1 off-street parking space in a garage and each townhome unit will have 2 dedicated off-street parking spaces in a private garage. There will also be ADA and guest surface parking spaces, for a total of 868 spaces. There will be 255 bicycle parking spaces in the new buildings.

The project site is near Highway 101 and University Avenue, which are both major commercial corridors well served by SamTrans public transit.

The proposed housing development project is submitted pursuant to Senate Bill 330 (Gov. Code § 66300) and subject to the modifications and protections of State Density Bonus Law (Gov. Code § 65915) and the Housing Accountability Act (Gov. Code § 65589.5). The Inclusionary Housing Plan, described in Section 6, proposes an alternative compliance option whereby the Proposed Project will include affordable units at the lower-income level at an amount equal to 23% of net new units.

2. PROJECT BACKGROUND

Existing Conditions

The project site is part of the Woodland Park neighborhood. There are 459 existing rental units in approximately 21 buildings that would be affected by the project. These existing rental units are in single-family homes and apartments. There are also shared access lanes, parking areas, a restaurant, and a convenience store.

Proposed Project

This application reflects a re-envisioned Woodland Park neighborhood that includes a mix of housing types and affordability. There will continue to be rental apartments, both in existing renovated rent-stabilized units and in new mixed-income buildings. There will also be for-sale townhomes available at mixed income levels. The Proposed Project includes adjustments to the streetscape design to ensure a unified, coherent neighborhood that fits within the existing context.

3. PROJECT COMPLIANCE WITH GENERAL PLAN

The City of East Palo Alto's General Plan includes several designations within the Woodland Park neighborhood, including High Density Residential and Neighborhood Commercial on the West Bayshore-Newell Improvements site.

The High Density Residential designation is intended to provide for higher density multi-family housing and a variety of housing types. New development in this zoning designation should create attractive frontages.

The Neighborhood Commercial designation provides for a variety of retail, office, business activities, and residential units.

The Proposed Project will meet all of the General Plan requirements, except as modified pursuant to SDBL.

Table 2: General Plan Objective Requirements

General Plan requirement	Compliance
Allowed Land Uses: High Density Residential: A range of multi-family housing types ranging from townhomes to multi-family apartments at moderate to high densities. Neighborhood Commercial: Retail, services and related uses. Office and residential uses allowed on the upper floors.	Complies. Apartments and townhomes are planned on land designated as High Density Residential. Both are allowed uses. Apartments are also planned on land designated as Neighborhood Commercial. This is an allowed use above the ground floor. A SDBL concession permits residential uses on the ground floor.
Density/Intensity: High Density Residential: 22.1 - 43 units/acre (maximum of 1 dwelling unit per 1,000 feet of parcel area), or 80 to 150 persons/acre. Neighborhood Commercial: Up to 22 units/acre. Up to 1.0 FAR.	Complies. The housing development project is entitled to a 46.25% density bonus. The base density for the project is calculated in Table 3 below. The base density for the project plus the 46.25% density bonus allows up to 785 housing units. A total of 766 housing units are being proposed.
Height: High Density Residential: Maximum height of 5 stories and 60 feet Neighborhood Commercial: Maximum of 3 floors or 36 feet.	Complies with density bonus waiver. • Substantially renovated apartment buildings are 3 stories tall and therefore comply with High-Density Residential designations. • Townhouse units comply with R-HD-5 height limit. • The apartment building uses a SDBL waiver for height.

4. PROJECT COMPLIANCE WITH ZONING

Please see the application plan set for a detailed analysis of each building's compliance with the applicable zoning requirements.

5. STATE DENSITY BONUS LAW

Providing affordable units within the Proposed Project qualifies the project for a density bonus under SDBL. Density bonus projects are eligible for a number of benefits, including: increased density (a higher number of dwelling units per acre); a fixed number of incentives or concessions from development standards; an unlimited number of waivers of development standards that would physically preclude the construction of the housing development project and certain other limits on the local agency's discretion.

The Proposed Project includes affordable housing for rent to lower income (80% AMI) households in an amount equal to 23% of the net-new base units. 23% of 247 net-new units is 57 affordable units. With this

level of affordable housing, the Proposed Project qualifies for a 46.25% density bonus. This increases the permissible density as shown in Table 3 below.

Under SDBL, each component of the density calculation, including base density and bonus density, resulting in fractional units is separately rounded up to the next whole number pursuant to SDBL and as shown in the following table. Moreover, the SDBL provides that the bonus may be used in geographic areas of the Proposed Project other than the areas where the units for lower income households are located. Hence the bonus units can be used throughout the Proposed Project.

Table 3: Density Bonus Calculations

	Total Area *(acres)*	*Max Density* *(du/acre)*	*Max # of Base Units* *(acres x density)*	*Bonus Units* (46.25% x Max # of Units)
R-HD-5 Zone	11.65	43	501	232
C-N Zone	1.56	22	35	17
TOTAL (785)	13.21	NA	536	249

By providing affordable housing, the Proposed Project is entitled to use an unlimited number of waivers of development standards that physically preclude the construction of the Proposed Project. The waivers are set forth in Table 4, below.

Table 4: Waivers to Accommodate Density Bonus

Standard	Required	Proposed
Minimum site coverage	70%	45% (Apartments & Townhouses)
Height limit	3 stories or 36', whichever is higher in C-N 5 Stories or 50'in R-HD-5	85' (Apartments in C-N) 85' (Apartments in R-HD-5)
Front Setbacks	15' in R-HD-5	7' (Townhouses)
Side Street Setbacks	15' in R-HD-5	Varies—5' to 9' (Apartments) 8' (Townhouses)
Rear Setbacks	20' in R-HD-5	18' (Townhouses)
Common Open Space	100 sq. ft. per unit	3,600 for 60 units (Townhouses)
Private Open Space (ground floor)	50-100 sq. ft. per unit	Varies—approx. 8' x 10' (Apartments) Varies—3,908 sq. ft. for 60 units (Townhouses)
Private Open Space (upper floor units)	50 sq. ft. per unit	9,090 sq. ft. for 347 units (Apartments)
Parking Lot Design Standards	24 ft. drive aisle	20 ft. drive aisle (Townhouses)

The Proposed Project's provision of affordable housing in an amount equal to 23% of base units at 80% AMI also entitles it to two concessions/incentives for development standards that impede the project's ability to utilize the density bonus or increase feasibility, as shown in Table 5, below.

Table 5: Concession/Incentive to Accommodate Density Bonus

Standard	Required	Proposed
Ground floor uses	No residential ground floor uses in C-N zone	Apartment building in the C-N zone.
[Reserved]		

At the request of a developer, the SDBL governs the maximum number of parking spaces a local agency can require of density bonus projects. At most, the local agency can require 1 space per studio and 1-bedroom unit and 1.5 spaces per unit with 2 or more bedrooms. This is "inclusive of parking for persons with a disability and guests." Developer hereby requests that the SDBL parking requirements apply. All of the buildings comply with the SDBL parking requirements.

The Applicant reserves the right to amend the density bonus proposal, including the use of concessions/incentives and waivers, as may be appropriate during the application process.

6. INCLUSIONARY HOUSING PLAN

The City's Development Code requires that residential developments include contributions to affordable housing supply. Residential developments proposing five or more dwelling units must provide inclusionary units in the amount of 20% of the net new dwelling units. *See* Municipal Code section 18.37.050(A). In for-rent projects, one quarter of these must have a rent affordable to households at 35% of AMI, half must have a rent affordable to very-low income households, and one quarter must have a rent affordable to low-income households. The City defines "low-income" as 60% AMI and "very-low income" as 50% AMI. In for-sale projects, half of these must have a sales price affordable to median-income households and half must have a sales price affordable to moderate-income households.

Alternatively, a developer may propose an "alternative compliance method" to be considered by the approval body to determine "based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels…"

In this application, the Applicant is proposing an alternative compliance method as the "Preferred Inclusionary Housing Plan."

Preferred Inclusionary Housing Plan—Alternative Compliance.

Applicant proposes that within the Proposed Project, there be affordable units in the amount of 23% of the net new dwelling units. These are to be rented at the "lower income" level. As shown in Table 2 above, there are 247 net new dwelling units. 23% of 247 net new units is 57 affordable rental units.

As part of this alternative compliance plan, the affordable units need not be dispersed, need not have the same proportion of unit types as the market rate units, and need not have comparable square footage or

bedroom count as the market rate units. This Preferred Inclusionary Housing Plan makes the provision of affordable housing cost-effective, with actual and identifiable cost-savings that make the project feasible.

The approval body would be able to make the required findings for this Preferred Inclusionary Housing Plan. It will provide as many or more inclusionary units at the same or lower income levels as would strict compliance with the Inclusionary Housing Ordinance. Including 20% of the units as affordable units at the affordability levels set forth in the local Inclusionary Housing Ordinance renders the housing development project infeasible. The expense of a high inclusionary requirement makes it impossible to construct a project that includes so many affordable units, especially at deep affordability levels. If a 20% requirement at deep affordability is imposed, the project will not be built so there will be zero affordable units. Similarly, if a 25% requirement were imposed at deep affordability, the project would be even less feasible and no affordable units would be built. Therefore, providing affordable units in the amount of 23% of base project units at Low Income levels delivers more affordable units than a project that would propose compliance with the City's requirements because it could not be built.

57 affordable homes is more than zero affordable units, so the Preferred Inclusionary Housing Plan would provide more inclusionary units.

Other inclusionary requirements. The City imposes a number of additional requirements on inclusionary units as follows:

Table 6: Inclusionary Requirements

Inclusionary requirement	Compliance
Single-family detached affordable units shall be dispersed throughout the housing development. Townhouses, row-houses, and multiple-family affordable units shall be located so as not to create a geographic concentration of affordable units within the housing development.	Complies because requirement modified by alternative compliance plan.
The quality of exterior design and overall quality of construction of the affordable units shall be consistent with the exterior design of all market rate units in the housing development and meet all site, design, and construction standards of this Code, including but not limited to, compliance with all design guidelines included in applicable specific plans or otherwise adopted, and the affordable housing guidelines. Affordable units shall have functionally equivalent parking.	Complies.
Affordable units may have different interior finishes and features than market rate units in the same housing development, so long as the finishes and features are functionally equivalent to the market rate units and are durable and of good quality and comply with the affordable housing guidelines.	Complies

Inclusionary requirement	Compliance
The affordable units shall have the same amenities as the market rate units, including the same access to and enjoyment of common open space and facilities in the housing development.	Complies
The affordable units shall have the same proportion of unit types as the market rate units in the housing development except that single-family detached housing projects may include single-family attached affordable units and single-family detached affordable units may have smaller lots than single-family detached market rate units.	Complies because requirement modified by alternative compliance plan.
The affordable units shall have a comparable square footage and the same or greater bedroom count and bedroom count ratio as the market rate units.	Complies because requirement modified by alternative compliance plan.
All required affordable units shall be made available for occupancy concurrently with the market rate units.	Complies

7. FAIR HOUSING AND MARKETING PLAN

Project Information:

Address: See Exhibit A | **APN:** See Exhibit B | **Census Tract:** 612101

Applicant Information: Woodland Park Property Owner, LLC or successor entity

Entity Responsible for Marketing: Woodland Park Property Owner, LLC, successor entity, or third-party administrator

Target Date of Initial Occupancy: TBD

Estimated Advertising Start Date: TBD

Acknowledgment of Local Preference: *The Applicant acknowledges the City of East Palo Alto Local Preference Policy and intends to comply with it.*

Description of Outreach and Marketing Activities to Community: *The applicant will follow local requirements and best practices, including local advertising, outreach to community groups, and providing marketing materials in both English and Spanish.*

Acknowledgment of Need to Partner with Housing Department and City Third-Party Administrator: *Applicant acknowledges that it is responsible for the marketing of all units and must follow fair marketing practices between the market rate units and the Inclusionary Units. The Applicant may market, sell, and rent the inclusionary units in partnership with a third-party administrator to implement and oversee this part of the Inclusionary program. Ultimately, the Applicant is responsible for the fair marketing of units and through this acknowledgement understands that this is a requirement of the City's Inclusionary Housing Program.*

8. CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA") COMPLIANCE

The Proposed Project is eligible for statutory exemption from CEQA under AB 130. Applicant requests that the project be processed under AB 130. The project qualifies for this exemption because it meets all of the following criteria:

Table 7: AB 130 Statutory Exemption

Public Resources Code 21080.66 Requirements	Compliance
1. The Project site is not more than 20 acres.	Complies. The Proposed Project is located on 13.2 acres.
2. The proposed development occurs within the boundaries of an incorporated municipality.	Complies. The Proposed Project is within the City of East Palo Alto, which is an incorporated municipality.
3. The project site meets any of the following criteria: A. Previously developed with an urban use. B. At least 75% of perimeter adjoins parcels that are developed with urban uses C. At least 75% of the area within ¼ mile radius is developed with urban uses D. At least 3 of 4 sides are developed with urban uses and 2/3 of perimeter of site adjoins parcels that are developed with urban uses.	Complies. • Previous development. The project site has been developed with urban uses, including existing apartments and retail uses. • Surroundings. The site is surrounded by urban uses including commercial offices, Highway 101, and existing residential uses. The area within ¼ mile radius of the site is also developed with urban uses and the entire perimeter is developed with urban uses.
4. The project is consistent with the applicable general plan and zoning ordinance. The approval of a density bonus, incentives or concessions, waivers or reductions of development standards, and reduced parking ratios shall not be grounds for determining that the Project is inconsistent.	Complies. As described above, the Proposed Project is consistent with the General Plan and zoning ordinance, together with a density bonus, concessions, and waivers.
5. In San Mateo County, the project density must be at least 15 dwelling units per acre.	Complies. The Proposed Project contains 766 units on 13.2 acres, for an average density of 58 dwelling units per acre. This meets the minimum density.

Public Resources Code 21080.66 Requirements	Compliance
6. The project satisfies the requirements in Government Code 65913.4: • Not located in a coastal zone • Not on prime farmland • Does not include wetlands • Not in a very high fire severity zone • Not on the Cortese List • Not in an earthquake fault zone • Not in a special flood hazard area • Not in a regulatory floodway • Not on lands identified for conservation • Does not include habitat for protected species • Does not include lands under conservation easement	Complies. • Coastal zone. The Proposed Project site is not in the coastal zone. • Farmland. The Proposed Project site is not on prime farmland. • Wetlands. The Proposed Project site does not include any wetlands. • Fire zone. The Proposed Project site is not in a very high fire severity zone. • Cortese List. The Proposed Project site is not on the Cortese List. • Earthquake fault zone. The Proposed Project site is not in a delineated earthquake fault zone. • SFHA. The proposed development is either not located in a special flood hazard area or if it is, the site meets the FEMA requirements necessary to meet minimum flood plain management criteria of the NFIP. • Regulatory floodway. The Proposed Project site is not in a regulatory floodway. • Conservation land. The Proposed Project site is not on lands identified for conservation. • Habitat. The Proposed Project site does not include habitat for protected species. • Conservation easement. The Proposed Project site does not include lands under conservation easement.
7. The project does not require demolition of a historic structure on a historic register.	Complies. There are no registered historic structures within the project site.
8. The project is not designated for transient lodging.	Complies. The Proposed Project does not include a hotel, motel, bed and breakfast inn, or other transient lodging.

9. RELEVANT STATUTORY FRAMEWORK

The California State Legislature has adopted a number of relevant updates to the legislative framework governing the City's review and approval of the Proposed Project. We respectfully highlight the following legislation governing this application:

SB 330. The Proposed Project is a "housing development project" subject to SB 330 and protected by the HAA because more than two-thirds of the Project's square footage is devoted to residential uses. Gov't Code §65905(b)(3); Gov't Code §65589.5(h)(2). The Applicant submitted a preliminary application

pursuant to SB 330 on December 9, 2025. By submitting that preliminary application with all of the information specified in SB 330 and a permit processing fee, the Applicant obtained a vested right to develop a housing development project in accordance with the applicable ordinances, policies, and standards in effect as of that date, when the preliminary application was submitted. Gov't Code §65589.5(o)(1).

SB 330 prohibits a local agency from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project that provides affordable housing. Because the Proposed Project provides affordable housing, it would not be lawful for the City to disapprove the project or condition it in a manner that makes it infeasible.

The Act also requires the City to consider and either approve or disapprove the housing development project within 5 allowable public hearings, and consistent with the applicable timelines under the Permit Streamlining Act ("PSA"). Gov't Code §65905.5. The City has already held a public hearing on the Proposed Project: a Planning Commission hearing on April 16, 2026.

Permit Streamlining Act. The Project is required to go through a completeness review under the PSA and the PSA imposes several relevant obligations on the City as it conducts its completeness review of the project's application. First, the City is required to compile lists that include the information required for a complete submittal. Gov't Code § 65940. Second, Gov Code § 65943(a) spells out a jurisdiction's obligations after submittal: Not later than 30 calendar days after any public agency has received an application for a development project, the agency shall determine in writing whether the application is complete and shall immediately transmit the determination to the applicant...

If the City determines that the application is incomplete, the City is required to "specify those parts of the application which are incomplete and shall indicate the manner in which they can be made complete." Gov't Code § 65943(a). In any subsequent review of the application determined to be incomplete, the local agency shall not request the applicant to provide any new information that was not stated in the initial list of items that were not complete.

Housing Accountability Act. The project is subject to the Housing Accountability Act ("HAA"). Gov't Code § 65589.5. The Legislature has directed that the HAA be "interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing." *Id.* (a)(2)(L).

The HAA requires the City to approve the project because it is consistent with all objective standards. The City would only be permitted to reject a project if it can make findings based on a preponderance of evidence that the project would have a significant, unavoidable, and quantifiable impact on "objective, identified written public health or safety standards, policies, or conditions." Gov't Code §65589.5(j). The Legislature has an expectation that these types of conditions "arise infrequently." Gov't Code § 65589.5(a)(3). Here, there is no evidence that the project would have any impact on public health and safety, so the City could not be permitted to reject the project.

10. REQUIRED FINDINGS

This section outlines the Proposed Project's compliance with the required findings for approval of 1.) Design Review, 2.) a Vesting Tentative Map, and 3.) Alternative Compliance under the Inclusionary Housing Ordinance.

1.) Design Review under Municipal Code § 18.86.050 to allow new multi-family construction

Required Findings. The Review Authority may approve a Site Plan and Design Review application only after first making all of the following findings:

1. *The proposed development is consistent with the General Plan and any applicable specific plan and is in compliance with all applicable provisions of the Development Code and all other City ordinances and regulations;*
2. *The proposed development is to be constructed on a suitable site, adequate in shape, size, topography, and other circumstances to accommodate the proposed development;*
3. *The proposed development complies with the applicable standards of review; and*
4. *The proposed development is designed and arranged to provide adequate consideration to ensure the public health, safety, and general welfare, and to prevent adverse effects on neighboring property.*

Suggested Findings: The Proposed Project is consistent with the General Plan, all applicable provisions of the Development Code, and all other applicable City ordinances and regulations. Multi-family residential is a permitted use throughout the site. The proposed density is in alignment with the General Plan and zoning, in addition to the SDBL. The Proposed Project plan meets the SDBL requirements for parking spaces and also meets the City's bicycle parking standard. There are adequate pedestrian access points along the frontages throughout the project. The project proposes affordable housing in compliance with the Inclusionary Housing Ordinance and relies on waivers and a single concession under SDBL to ensure full compliance with local standards.

The site is suitable because it is currently used for multi-family housing, which is the same use as is planned by the Proposed Project. It is large and flat enough to accommodate the proposed development, including the proposed circulation for vehicles, bicycles, and pedestrians.

The project will receive all required entitlements before proceeding and substantial record evidence supports all findings, so the Proposed Project complies with the applicable standards of review.

The Proposed Project ensures public health, safety and general welfare. The Proposed Project complies with the applicable General Plan, and other development code requirements, all of which together ensure that there will be no adverse effects on neighboring property. The Proposed Project includes appropriate circulation and landscaping, as well as appropriate screening for loading, parking and mechanical equipment.

2. Tentative Map Findings Municipal Code 18.52.060 to allow approval of vesting tentative map

Required Findings for Approval:

1. *Mandatory Findings Required. The Review Authority shall approve a tentative parcel or tract map only after first making all of the findings as required by the Act. The findings shall apply to each proposed parcel as well as the entire subdivision, including any parcel specified as a designated remainder.*

a. The proposed map, subdivision design, and improvements are consistent with the General Plan, any applicable specific plan, and this Article;

b. The site is physically suitable for the type and proposed density of development;

c. The design of the subdivision and the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat;

d. The design of the subdivision or type of improvements is not likely to cause serious public health or safety problems;
e. The design of the subdivision or the type of improvements will not conflict with easements acquired by the public at large for access through or use of, property within the proposed subdivision…
f. The discharge of sewage from the proposed subdivision into the community sewer system will not result in violation of existing requirements specified by the California Regional Water Quality Control Board;
g. The design of the subdivision provides, to the extent feasible, passive or natural heating and cooling opportunities; and
h. The proposed subdivision, its design, density, and type of development and improvements conforms to the regulations of the Development Code and the regulations of any public agency having jurisdiction by law…

Suggested findings: The Proposed Project, including the proposed map and subdivision design and improvements are consistent with the General Plan and the Subdivision Ordinance. The site of the Proposed Project is physically suitable for residential development. It is currently used for residential uses and would continue to be used for that type of development. The site is also suitable for the proposed density of development, which is in compliance with the existing land use designation and zoning, as the same is modified by the SDBL with a density bonus of 46.25%. The design of the subdivision and proposed improvements are not likely to cause substantial environmental damage or affect fish or wildlife or their habitat. The Proposed Project site is currently developed with residential uses in an urban environment and will continue to be developed with residential uses in an urban environment. The design of the subdivision and improvements are not likely to cause serious public health or safety problems because the design is in compliance with all applicable requirements, including the local and state building codes which protect public health and safety. The design of the subdivision and the type of improvements will not conflict with public easements because there are no public access easements through the site. The discharge of sewage from the proposed subdivision will not result in a violation of existing requirements because the development will be served by the sewer system in compliance with all applicable laws. The design of the subdivision provides, to the extent feasible, passive or natural heating and cooling opportunities in alignment with existing building code requirements and the orientation of the buildings. The proposed subdivision and its design, density, and type of development and improvements conform to the Development Code and the regulations of all public agencies having jurisdiction over the site. The Proposed Project complies with the General Plan and the Development Code.

3. *CEQA Findings. The Review Authority must make the required California Environmental Quality Act (CEQA) findings of fact for each project subject to the Subdivision Map Act.*

Suggested Findings: The Proposed Project, including the subdivision design and improvements are consistent with the General Plan and the City's Municipal Code. The site is physically suitable for multi-family residential development at the proposed densities, which comply with the City's standards. The Proposed Project includes compliance setbacks, circulation, landscaping, and appropriate screening for loading, parking, and mechanical equipment. The design of the subdivision is not likely to cause environmental damage because it qualifies for the AB 130 statutory exemption. The subdivision is not likely to cause serious public health or safety concerns as the Proposed Project has been designed to avoid public health and safety problems and to comply with all applicable codes. The site is adequately served by public and emergency services. The design does not conflict with easements acquired by the public at large for access through or use of property within the proposed subdivision. The Proposed Project has been designed to accommodate existing easements and provide for safe, appropriate vehicular and pedestrian

access. There will be no discharge of sewage in violation of existing requirements because the Proposed Project will be connected to the existing sewer system and all discharged sewage will be treated by the East Palo Alto Sanitary District in compliance with law. The Proposed Project is planned to provide, to the extent feasible, passive or natural heating and cooling opportunities. It is being designed to integrate sustainable design features to maximize energy efficiency, reduce waste streams, conserve water, and minimize greenhouse gas emissions. The proposed subdivision and its design, density, and type of development and improvements conform to the requirements in the Development Code an all other applicable regulations. The project is subject to the AB 130 statutory exemption on a site less than 20 acres.

3. Inclusionary Housing Under Municipal Code 18.37.080 to allow alternative compliance

D. Other alternative compliance methods. A developer may propose an alternative compliance method to provide inclusionary units through other means consistent with any adopted inclusionary housing guidelines. The approval body may approve or conditionally approve such an alternative only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site.

Suggested Findings: The Preferred Inclusionary Housing Plan will provide as many or more inclusionary units at the same or lower income levels as would strict compliance with the Inclusionary Housing Ordinance. This is because it is infeasible to include 20% of the net new units at the deep levels of affordability required by the Inclusionary Housing Ordinance. The expense of a high inclusionary requirement makes it impossible to construct a project that includes so many affordable units, especially at deep affordability levels. If a conventional requirement is imposed, the project will not be built so there will be zero affordable units. 57 affordable units is more than zero affordable units, so the Preferred Inclusionary Housing Plan would provide more inclusionary units.

11. COMMUNITY OUTREACH

The applicant has conducted significant community outreach, starting in February 2016 when the Applicant purchased the properties. From 2018-2024 we had over 40 community meetings, info booths and listening sessions to understand and get input from the neighborhood, the community, and our residents. During this time, we also had 17 City Council Meetings and 5 Planning Commission meetings. These meetings were to understand the wants, needs, and concerns of the community, and helped inform the Euclid Improvements project, which was unanimously approved by City Council in 2024.

In 2025 we went back to our residents, neighbors, and community members in a series of 6 community meetings and information sessions to understand the desire for additional improvements; the sought-after changes were similar to what was approved at Euclid. We received a great deal of positive feedback and heard a strong desire for more improvements across the property, including all types of new housing, and the improvement of the existing housing. We developed the Proposed Project and shared it with community members during two additional meetings in February. We received more input and feedback. We expect to have a similar study session with City Council next month.

All our planning started with the 2016 East Palo Alto General Plan, and the Westside Area Plan that is part of it. This includes provisions for no displacement, a right for tenants to remain in the neighborhood, and including either rent-controlled or subsidized affordable housing in any new development.

From the foundation of the Westside Area Plan, we had many meetings throughout the community. We had some in our pop-up parks, some at the local school, some inside our building courtyards and some at City Hall or at the YMCA.

From all the input we received, we developed a community-informed proposal with five core principles: No Displacement, Preserve Housing Affordability and Stability, Community-Informed Plans, Better Parking and Mobility, and Safer, Healthier Buildings. This reflects what we heard from the community.

In February and March 2026, we held community meetings in the project area, walking distance from affected residents. We mailed notices within a 600-foot radius. We presented the specifics of the proposal and got overall positive feedback. Many of the participants also attended our 2025 community meetings and were happy to see that we listened to their input.

The City held a Planning Commission study session on April 13, 2026. The meeting was open to the public and there were members of the East Palo Alto community that provided public comments. We received feedback from the Planning Commissioners.

12. PROJECT TEAM

Applicant / Developer:
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EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: October 20, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Yajaira Morales, Housing Project Manager
Alex Waggoner, Program Manager, HEART Housing Consulting Services
Karen Camacho, Housing & Economic Development Manager
Elena Lee, Community and Economic Development Director
Shiri Klima, Assistant City Manager

SUBJECT: Inclusionary Housing Alternative Compliance Option for the O'Keefe-Manhattan Improvements at Woodland Park ("O'Keefe-Manhattan Improvements") Residential Project at 300 O'Keefe Street, APN 063-441-240, and additional locations, described herein.

Recommendation

Adopt a resolution:

1) Finding and determining that the proposed inclusionary housing alternative, as set forth in Attachment 2 of the staff report, for the O'Keefe-Manhattan Improvements residential development project at 300 O'Keefe Street, APN 063-441-240, and additional locations described herein ("Project"), to provide 172 rental units, deed-restricted at 80% of Area Median Income ("AMI"), meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing.

2) Providing direction on the replacement of rent-stabilized units that are or were occupied by households with incomes above lower income, as authorized by California Government Code Section 65915(c)(3)(C), by selecting one of the following options:

    a. Require that each such unit be replaced with a unit of equivalent size that is made available at affordable rent to, and occupied by, low-income households, subject to a recorded regulatory agreement with a term of at least 55 years under Government Code Section 65915(c)(3)(C)(i), and in perpetuity to the extent required by EPAMC Section 18.48.220(D); or

    b. Require that each such unit be replaced as a unit subject to the City's Rent Stabilization Ordinance ("RSO"), EPAMC Chapter 14.04, under a recorded regulatory agreement with the City as required by EPAMC Section 18.48.220(D), as described in the Analysis section of this report; and

3) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under state law and as such are not subject to local agency discretion; and

4) Finding that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

Executive Summary

Woodland Park Property Owner, LLC, c/o Sand Hill Property Company (the "Applicant") proposes a 1,071 residential unit development ("Project"). The Project would transform 14.73 acres with 565 residential units by renovating 221 units while adding 7 units in existing buildings, and replacing 344 rental units with 729 new rental and 114 new ownership units. In total, the Project would construct 850 units, of which 506 would be net new units.

The Applicant is proposing an alternative compliance plan (referred to herein as "Alternative Compliance") for the Inclusionary Housing Ordinance ("IHO") requirements by creating 172 affordable, deed-restricted rental units at 80% of Area Median Income ("AMI") or below instead of the 78 affordable rental units and 22 affordable ownership/for-sale units required on-site by the IHO, at deeper levels of affordability under the IHO's original requirements ("Original Compliance"), or 126.5 units (five percent additional units) under Alternative Compliance of the IHO. While these units proposed by the Applicant would be restricted to households making 80% of AMI or below, the rental amount would be based on 30% of a 60% of AMI household's income, , in accordance with State Density Bonus Law ("SDBL"). As part of the Alternative Compliance, the Applicant is requesting that the affordable units not need be comparable to market rate units

or distributed throughout the property. Affordable units would be limited to rental units; no affordable ownership units would be provided as part of this Alternative Compliance Plan

The purpose of this staff report is to present the proposed Alternative Compliance Plan, in accordance with the City's IHO, for Council's consideration. The Project would be required to adhere to requirements of the SDBL and IHO, except for the waivers to the IHO described herein. All inclusionary housing units would be subject to the City's local preference policy, which gives preference to East Palo Alto residents and to those who work within the City or have been displaced from residence in the City.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Comprehensive Housing
Priority: Land Use, Economic and Workforce Development
Priority: Public Health, Safety, and Quality of Life

Background

O'Keefe and Manhattan is a proposed residential development ("Project") encompassing approximately 14.73 acres across multiple parcels with the following addresses and Assessor's Parcel Numbers ("APNs"):

Table 1. Project Addresses

Address	APN
300 E. O'Keefe St	063-441-240
320 E. O'Keefe St	063-441-440
355 E. O'Keefe St	063-464-010
395 E. O'Keefe St, 435 E. O'Keefe St, and 404 Donohoe St.	063-464-020
438 Donohoe St.	063-464-030
445 E. O'Keefe St.	063-464-050
1488 W. Bayshore Rd. and 1480 W. Bayshore Rd.	063-464-080
1496 W. Bayshore Rd.	063-284-030
2061 Euclid Ave.	063-284-020
1994 Euclid Ave.	063-473-100
504-508 O'Connor St.	063-473-110
1986 Euclid Ave.	063-473-090
1974 Euclid Ave.	063-473-080

The Project area is currently designated and zoned as follows:

Table 2. General Plan / Zoning Designation and Acreage		
General Plan / Zoning Designation	**Description**	**Acres**
R-UHD	Urban Residential	2.02
R-HD-5	High Density Residential	12.36
C-N	Neighborhood Commercial	0.35
Total		**14.73**

The Project area currently contains 565 units across 37 buildings. All 565 units are subject to the City's Rent Stabilization Ordinance.

Table 3. Project Information	
Project Element	**Detail/Description**
Applicant	Sand Hill Property Company
Owner	Woodland Park Property Owner, LLC
Location	O'Keefe St, Donohoe St, W. Bayshore Rd., Euclid Ave., and O'Connor St. (see Table 1)
APN	See Table 1
Size of Existing Site	14.73 acres
Existing Use	Multi-Family Housing and Neighborhood Commercial
Total Number of Units	1,071 total units, including the renovation of 221 rental units, the replacement of 344 rental units, and the creation of 506 net new units (392 rental and 114 homeownership).
Base Density Units	714
Proposed Number of Affordable Units	172 (34% of the Net New Units), all at 80% of AMI (Rent Calculation set at 60% of AMI)

Proposed Unit Program

The proposed Project would result in a total of 1,071 residential units, including the renovation and replacement of existing rental housing and the construction of new rental and ownership/for-sale housing.

Table 4. Count and Description of Proposed Unit Breakdown		
Component	**Units**	**Description**
Existing rental units to be substantially renovated	221	Existing units in seven buildings that would be substantially renovated
Net new units added to renovated buildings	7	Additional rental units within the renovated buildings
Replacement rental units	345	Existing rental units that would be demolished and replaced as part of the redevelopment
Net new mixed-income rental apartments	385	Net new rental units in four buildings
Net new for-sale townhomes	114	Net new ownership units
Total Project Units	**1,071**	Total unit count

The rental units included in the Project would be comprised of 185 studio, 489 one-bedroom, 273 two-bedroom, and 10 three-bedroom units. The ownership/for-sale townhomes would include 36 three-bedroom, 69 four-bedroom 2.5-bath, and 9 four-bedroom 3.5-bath units.

Table 5. Proposed Unit Mix by Bedroom Count					
	# of Bedrooms				
	Studio	**1**	**2**	**3**	**4**
New Rental	71	400	247	10	-
Renovated	114	89	25	-	-
Townhomes	-	-	-	36	78
Subtotal	**185**	**489**	**273**	**46**	**78**
Total	**1071**				

Construction and Net New Units

Of the 1,071 total units in the completed Project, 850 units would be constructed as part of the proposed development, consisting of the renovation and construction activities described above. The Project would result in 506 net new residential units compared with existing conditions. The Project therefore combines preservation and substantial renovation of existing rental housing, replacement of existing rental units, new mixed-income rental housing, and new ownership/for-sale housing.

Project History

On October 30, 2025, the Applicant submitted a preliminary application for a residential project, and on April 27, 2026, the Applicant submitted an application (DR26-002) seeking to vest rights under Government Code Section 65589.5(o)(1), also known as Senate Bill 330, or the Housing Crisis Act (referred to herein as "the HCA"). The rights vested under the HCA include making the proposed developments subject only to the ordinances, policies and development standards in effect when the HCA preliminary application was deemed complete. To meet its inclusionary housing requirement, the Applicant on September 13, 2026, proposed an Alternative Compliance providing 172 deed-restricted, affordable rental units to comply with State Density Bonus Law requirements for the density bonus being applied by the Applicant.

Inclusionary Housing Requirement

The City's Inclusionary Housing Ordinance ("IHO") applies to net new residential units ("Net New Units"). Units attributable to a density bonus granted under California Government Code Section 65915 and additionally beyond what is permitted by the zoning designation are excluded from the IHO calculation. In practice, this means that the base allowable density is used to calculate the number of IHO units to be provided. However, when the Net New Unit count is lower than the base density, the Net New Unit count can be used to calculate the IHO requirement. In this case, the Net New Units count (506 units) is lower than the base density (714 units), so the Net New Unit count is used to calculate the number of IHO units to be provided. In a project providing entirely new units, the base density will always be lower than the Net New Units, since the density bonus allows a project to exceed base density. However, in this case, since the Project is replacing a large number of units, the Net New Units are lower than the base density, so the Net New Unit count is the number used.

For rental housing projects, the IHO requires that 20% of the Net New Units within the project's total base units be provided as affordable housing. The required affordability mix is as follows:

Table 6. Required Rental Affordability Levels for IHO

Income Level	Percent Required	Affordability Level
Extremely Low-Income	5%	35% AMI
Very Low-Income	10%	50% AMI
Low-Income	5%	60% AMI
Total	**20%**	

For ownership/for-sale projects, the IHO requires that 20% of the Net New Units within the project's total base units be provided as affordable housing. The required affordability mix is:

Table 7. Required Ownership Affordability Levels for IHO		
Income Level	**Percent Required**	**Affordability Level**
Median-Income	10%	80% AMI
Moderate-Income	10%	120% AMI
Total	**20%**	

All inclusionary units are required to be deed-restricted in perpetuity.

Project IHO Requirements – Net New Unit Calculation

Of the 1,071 Project units, the 344 replacement units and 221 retained/renovated units are not Net New Units. The Net New Units are the 7 added rental units in the renovated building, 385 new rental apartments, and 114 new town homes, for a total of 506 Net New Units. With 506 Net New Units, the Project generates an IHO obligation of 101.2 affordable units, consisting of:

- 78.4 affordable rental units, including 19.6 at 35% AMI, 39.2 at 50% AMI, and 19.6 at 60% AMI; and
- 22.8 affordable ownership units, including 11.4 at 80% AMI and 11.4 at 120% AMI.

Table 8. IHO Requirements for Project by Tenure (Rental vs. Ownership)			
Component	**Net New Units**	**IHO Rate**	**Affordable Units Required**
Rental	392	20%	**78.4**
Ownership/ For-Sale	114	20%	**22.8**
Total	**506**	**20%**	**101.2**

The IHO guidelines state that "if the inclusionary requirement does not evenly divide into the percentages provided in Section 18.37.050, the requirement shall default to the lowest affordability level. If the calculation results in a fraction of an Inclusionary Unit, the developer shall pay an In-Lieu Fee for the fractional unit."

Applicant's Alternative Compliance Request

As outlined in EPAMC Section 18.37.080, "Alternative Compliance" is when an Applicant requests to meet their IHO obligations through the provision of off-site units, the payment of a fee in-lieu of creating the units, or some other means. As the Applicant is not proposing off-site units or payment of an in-lieu fee, the request falls under EPAMC Section 18.37.080(D), "Other Alternative Compliance Methods," which states:

A developer may propose an alternative compliance method to provide inclusionary units

through other means consistent with any adopted inclusionary housing guidelines. The approval body may approve or conditionally approve such an alternative only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site.

The Applicant argues that building in compliance with the City's IHO is financially infeasible and that their proposed Alternative Compliance Plan, including the alternative affordability request and the waivers to additional requirements of the IHO, would make the Project financially feasible. They also argue that status quo, where no project is advanced, many existing units would still require renovation, and no new affordable units would be created.

The Applicant is requesting Alternative Compliance rather than satisfying the IHO through the standard on-site affordability requirements ("Original Compliance"). Specifically, the Applicant proposes providing 172 affordable rental units for tenants who are at 80% of Area Median Income ("AMI"). While these units proposed by the Applicant would be restricted to households making 80% of AMI or below, the rent for these units would be calculated based on 60% of AMI, in accordance with State Density Bonus Law ("SDBL") [Further, the Applicant is requesting that as part of the Alternative Compliance option, that they be allowed to provide affordable units that are not comparable. Compliance with the IHO would require City Council approval of an alternative means of compliance, as described further herein.

Analysis

The Applicant is requesting the City Council's approval of the Applicant's Alternative Compliance Plan under the City of East Palo Alto Inclusionary Housing Ordinance.

State Density Bonus Law

California's Density Bonus Law (Government Code Section 65915, et seq, referred to herein as "SDBL") allows a developer to increase density on a property above the maximum set under a jurisdiction's General Plan and zoning. In exchange for the increased density, a certain number of the new affordable dwelling units must be reserved as affordable or at below market rate ("BMR"). Qualifying projects can also receive reductions in required development standards via waivers and/or concessions.

SDBL requires a city or county to provide a developer who agrees to construct specified percentages of units for lower-income, very low-income, senior citizen housing, or other qualifying housing types, with a density bonus and other incentives, concessions, and waivers upon their request. East Palo Alto Municipal Code ("EPAMC") Chapter 18.36 implements the State law.

SDBL allows qualified projects to request waivers and concessions for reduced development standards, including setbacks, square footage requirements, parking, and open space.

The Project proposes a total of 1,071 renovated and new units across the Project's 14.73 acres. To determine how many units can be added under the SDBL, one must first determine the

number of “base units” that are allowed at the Project site, based on the underlying zoning. The base units are calculated by multiplying the base density allowed by each zoning designation without a density bonus (e.g. 43 dwelling units per acre) by the number of acres of each site (e.g. 12.36 acres) and rounding up if the result is a fraction of a unit.

The percentage density bonus is then determined by multiplying a certain percentage by the base density. This percentage is based on the maximum income limits of the affordable units and percent of base density that is proposed as affordable units.

Table 9. Base Density Calculation				
	Parcel Size (approximate)	Max Dwelling Units Per Acre (du/ac)	Max Total Base Units	Bonus Units (50% x Max Base Units)
R-UHD Zone	2.02	86 du/ac	174	87
R-HD-5 Zone	12.36	43 du/ac	532	266
C-N Zone	0.35	22 du/ac	8	4
Parcel Total	**14.73**	**22 – 86 du/ac**	**714**	**357**

The Applicant has proposed that 172 units would be deed-restricted to 80% of Area Median Income (“AMI”). Given that these units make up 24.0% of base density units, the Project qualifies for a 50% density bonus, and therefore, 357 additional units than the base density would allow.

Under SDBL, households with incomes up to eighty percent of AMI are eligible to rent the affordable units, but the rents are set at thirty percent of monthly income of a household making sixty percent of AMI, adjusted for assumed household size. The assumed household size is one person for a studio, two persons for a one-bedroom, three persons for a two-bedroom, and four persons for a three-bedroom. The applicable AMI for the current fiscal year is provided in the San Mateo County 2026 Income Limits in the table titled “California State Income Limits for SMC. In comparison to the IHO, SDBL units with an 80% AMI income limits have functional rents equivalent to the IHO low-income/60% AMI affordability level.

Replacement Unit and Relocation Assistance Requirements

In accordance with SDBL and the Housing Crisis Act (Government Code Section 66300, et seq.), units that the Project would demolish must be replaced. The Project would demolish and rebuild 344 units that are rent-stabilized under the East Palo Alto Rent Stabilization Ordinance (“RSO”). As such, these 344 units must be replaced as described below. The 221 units that would be renovated would remain subject to the RSO.

Under SDBL Government Code Section 65915(c)(3)(D), the replacement units must be equivalent in size to the protected units being replaced. As such, the replacement units must

contain at least the same total number of bedrooms as the units being replaced. This requirement would be spelled out in any relevant project approval documents.

The income category that governs each replacement unit is that of the household in occupancy of the existing unit on the date of application or, for an unoccupied unit in a development with occupied units, the last household in occupancy within the five year period preceding the project application (Government Code Section 65915(c)(3)(B)(i)-(ii)). If a household's income category is not known, state law presumes, subject to rebuttal, that lower income renter households occupied the units in the same proportion as lower income renter households to all renter households in the City, as determined by the most recently available data from the U.S. Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy ("CHAS") database. Replacement units for units occupied, or presumed to be occupied, by lower income households must be made available at affordable rent to, and occupied by, households in the same or lower income category, and must be subject to a recorded affordability restriction for at least 55 years, and in perpetuity to the extent required by EPAMC Section 18.48.220(D).

For rent-stabilized units that are or were occupied by households above lower income, the City may either (Option I) require that the replacement units be made available at affordable rent to, and occupied by, low-income households, subject to a recorded affordability restriction for at least 55 years, or (Option II) require that the units be replaced in compliance with the City's RSO, in which case the units are not subject to a recorded affordability restriction unless the RSO requires one (Government Code Section 65915(c)(3)(C)).

Separately, EPAMC Section 18.48.220 requires a conditional use permit from the Planning Commission for the demolition of these units and requires that each demolished unit be replaced with either an affordable designated unit for a qualifying household in perpetuity, at an affordability level set by City Council resolution, or a unit subject to the RSO, under a regulatory agreement recorded with the San Mateo County Recorder (EPAMC Section 18.48.220(D)). Deed-restricted replacement units are considered in determining whether the Project satisfies the requirements of the SDBL (Government Code Section 66300.6(b)(1)(B)).In addition, the Applicant is required under both the Housing Crisis Act and EPAMC Chapter 14.02–to provide relocation assistance to tenants during the relocation period. Compliance with these tenant protection requirements would be required as part of the approval of the project's planning entitlements, including through the project's Conditions of Approval.

Council Direction on Replacement of Rent-Stabilized Units

The EPAMC reserves to the City Council the City's policy on restrictions on demolition of rental units and conditions for replacement housing (EPAMC Section 14.04.220). The Planning Commission will apply the selected option through the conditional use permit required for the demolition of the existing units (EPAMC Section 18.48.220(A), (C), (D)). Staff therefore requests Council direction on which option under Government Code Section 65915(c)(3)(C) should apply to units in the Project that presently have, or in the five years preceding the application if the unit is vacant, tenants with incomes greater than low income, so that the selected option can be included as a recommended condition of approval in the entitlement resolution to be presented to the Planning Commission.

The Applicant has not yet provided the incomes of the households occupying the 344 units to be demolished. The number of replacement units that must be deed-restricted, and the number subject to Council's direction, will be determined from that income information or, where incomes are not known, from the CHAS presumption described above. Because the CHAS presumption assigns only a proportion of units of unknown income to lower income households, Council's direction would apply to the remaining units even if actual incomes are not established. Staff will request the income information from the Applicant before the Planning Commission hearing, and the unit-by-unit determination would be documented in the Project's conditions of approval.

Under Option II, the replacement RSO units would be newly constructed. The RSO exempts units that received a certificate of occupancy on or after January 1, 1988 from its registration, rent increase limit, and rent adjustment provisions (EPAMC Section 14.04.050(B)(2)), and state law allows owners to set the initial and all subsequent rents for units that received a certificate of occupancy after February 1, 1995, unless the owner has agreed by contract with the City in consideration for a density bonus or other specified assistance (Civil Code Section 1954.52(a)(1), (b)). EPAMC Section 18.48.220(D) requires the Applicant to enter a recorded regulatory agreement with the City for the replacement units. Because the Applicant is requesting a density bonus, the regulatory agreement would establish the applicable affordability or RSO restrictions for the replacement units, consistent with EPAMC Section 18.48.220(D).

The options also differ in who may occupy the replacement units. Under Option I, replacement units would be limited to income-qualified households, and existing tenants with incomes above lower income may not qualify to occupy them. Under Option II, replacement units would be available to households of any income, with the protections described above. The City's tenant protection ordinance requires that tenants displaced by the demolition be offered the right of first refusal to occupy replacement housing constructed on the site, regardless of income, except that occupancy of inclusionary units is governed by the City's inclusionary housing requirements (EPAMC Section 14.02.140(C)). State law separately provides lower income households a right of first refusal to a comparable unit (Government Code Section 66300.6(b)(4)(B)).

Deed-Restriction of Replacement Units

State law governs whether these units are deed-restricted. Government Code § 65915(c)(3)(B)(i) requires that replacement units be reserved for the same income category as the household they replace, and where that household's income is unknown, presumes lower income in the same proportion that lower-income renter households bear to all renter households citywide, based on HUD Comprehensive Housing Affordability Strategy (CHAS) data.

Government Code § 65915(c)(3)(C) allows the City to instead apply the local rent or price control ordinance's own replacement requirement, but only for units ***shown*** to have been occupied by persons or families above lower income within five years preceding the application. That showing has not been made for the units outside the CHAS-presumed proportion. The applicant has provided no evidence to date to make that showing.

Accordingly, the deed restriction applies to the replacement units by default under § 65915(c)(3)(B)(i) unless and until the Applicant produces evidence that specific units were occupied by above-lower-income households, triggering the City's election under § 65915(c)(3)(C).

Local Preference Policy

In 2020, the City adopted a Local Preference Policy where the selection of tenants for affordable housing is prioritized for people who live, work, or have been displaced from a residence in East Palo Alto. The Local Preference Policy applies to occupancy of City-subsidized affordable housing units, density bonus units, and development projects subject to the City's Inclusionary Housing Ordinance. Thus, the Local Preference Policy applies here.

Inclusionary Housing Ordinance

In addition to complying with the SDBL, the IHO outlines requirements relative to the percentage of affordable units, the depth of affordability of those units, as well as other requirements including, but not limited to, the term of affordability, the comparability of the units to the market rate units, the location of the units, and timing of the delivery of the units.

The proposed 1,071-unit Project includes a maximum density of 714 units to which the IHO would apply. However, the Project is only providing 506 Net New Units. As such, the IHO requirements would only apply to these 506 units. Under the IHO, the Project would be required to provide 101 affordable units and an in-lieu fee based on 0.2 units. Of these units, 78 would be rental units, and 23 would be ownership/for-sale units. EPAMC Section 18.37.050.(C)(3) states that "[w]hen a residential development includes both ownership and rental dwelling units, the provisions of this chapter that apply to ownership residential development shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this chapter that apply to rental residential development shall apply to that portion of the development that consists of rental dwelling units." See Table 10 for the number of required IHO units, by unit type and affordability level.

Because the Applicant is electing an Alternative Compliance Option under EPAMC Section 18.37.080(D), Section 18.37.080(A) increases the inclusionary requirement by five percentage points over the Section 18.37.050 baseline show as required in the table below, to approximately 126 units. Applied to the Project's 392 Net New Rental Units and 114 Net New Ownership Units, an alternative compliance option would require 98 new rental units, 24.5 at 35% of AMI, 49 at 50% of AMI, and 24.5 at 60% of AMI. It would also require 28.5 ownership units to be deed restricted as affordable, 14 at 80% of AMI and 14 at 120% of AMI. The Applicant's proposed 172 units exceeds this figure as well.

The Applicant is proposing the provision of 172 deed-restricted rental units to tenants at 80% of AMI; however, under SDBL the units would be priced based on sixty percent of AMI. See the table below for the comparison of the requirements under the IHO and the Applicant's proposal.

Table 10: Project's Inclusionary Housing Requirement

and Applicant Proposal				
Affordability Level	**IHO Original Compliance Requirement (Percent)**	**IHO Original Compliance Requirement (Units)**	**IHO Alternative Compliance Requirement**	**Applicant Proposal (Units)**
Rental Units				
35% of AMI	5%	20	25% or 126 Units	0
Very Low-Income (50% of AMI)	10%	38		0
Low-Income (60% of AMI)	5%	20		0
Median-Income (80% of AMI)	-	-		172
Ownership/ For-Sale Units				
Median-Income (80% of AMI)	10%	11		0
Moderate-Income (120% of AMI)	10%	11		0
Total Inclusionary Units		**101 Units**	**126 Units**	**172 Units**
Average AMI of Units		**60.2%**		**80% (Priced at 60%)**
Partial Unit Payment		**0.2 rental unit +0.8 ownership unit**	**0.5 unit**	**None**

Additional Waivers to the Inclusionary Housing Ordinance

As part of the Alternative Compliance Plan, the Applicant is seeking the following waivers to the IHO: the affordable units need not be dispersed, need not have the same proportion of unit types as the market rate units, and need not have comparable square footage or bedroom count as the market rate units. These waivers are further explained in the table below.

Table 11: Inclusionary Housing Ordinance Waivers Applicant Requested	
Requirement	**Developer Proposal**
EPAMC 18.37.050(C)(3) *When a residential development includes both ownership and rental dwelling units, the provisions of this chapter that apply to ownership residential development shall apply to that portion of the development that consists of ownership dwelling units, while the provisions of this chapter that apply to rental residential development shall apply to*	The Applicant is not proposing the deed-restriction of any for-sale townhouses. The Applicant is requesting that the affordable units not have the same proportion of unit types as to the market rate units to "produce financially feasible projects that will maximize affordable housing in EPA."

that portion of the development that consists of rental dwelling units.	
EPAMC 18.37.060(C). Bedroom Mix and Unit Size. *The number of bedrooms and the size of the inclusionary units shall be comparable to or greater than the average number of bedrooms and average size of the market-rate units consistent with any adopted inclusionary housing guidelines.*	The affordable units would not have a comparable square footage or bedroom count as market rate units.
EPAMC 18.37.060(D). Location. *The inclusionary units shall be located so as not to create a geographic concentration of inclusionary units within the residential development.*	Units would not be disbursed throughout the development. The Applicant has not indicated where the units would be located and/or if they would be concentrated in one building or area.

The following evaluation details why the City may assume that the Applicant is proposing to provide the most economical inclusionary units feasible.

Evaluation of the Alternative Compliance Option: Public Benefit Analysis

The Project is proposing 172 units on-site to tenants at 80% of AMI, which is substantially more units than required by the IHO, though the average AMI of the required IHO units (58.6% of AMI) is lower than the average AMI of the proposed units (80% of AMI). However, these units would be rented to be affordable to households at 60% of AMI, even though the income restriction is 80% of AMI, bringing the affordability close to levels required by the IHO. Given the additional units provided, the proposed affordability would appear to provide additional public benefit. For a more thorough evaluation, City staff would need the Applicant to submit details on the proposed units in the development by tenure type, bedroom count, unit sizes, and affordability level.

Staff Recommendation

The Applicant is currently proposing to provide 172 units restricted to households making eighty percent of AMI or less, but priced at levels affordable to households making sixty (60) percent of AMI or less. This is in line with requirements from State Density Bonus Law, outlined in Government Code Section 65915. Under the Inclusionary Housing Ordinance, average affordability of rental units provided would be fifty-eight-point six (58.6) percent of AMI. The average affordability of units being provided by the Applicant would be sixty (60) percent of AMI, so it is only slightly higher than what is required under the Inclusionary Housing Ordinance. This Alternative Compliance Option would not provide the units required at 35% and 50% of AMI traditionally required by the IHO. By providing 172 units, the Applicant is providing thirty-three-point nine (33.9) percent of Net New Units as affordable, exceeding the twenty-five (25) percent requirement for an Alternative Compliance Option under the IHO.

However, the Applicant is also proposing to build one hundred and fourteen (114) ownership townhome units as part of this development. The Applicant is not proposing to provide any ownership units restricted as affordable units. As shown in Table 10, under IHO Original Compliance, the Applicant would be required to provide 22 of those units as affordable units, 11 at eighty (80) percent of AMI and 11 at one hundred and twenty (120) percent of AMI and a partial unit in-lieu fee payment for 0.8 units. Under IHO Alternative Compliance, the Applicant would be required to provide 28 affordable ownership units, 14 at eighty (80) percent of AMI and 14 at one hundred and twenty (120) percent of AMI and a partial in lieu fee payment for 0.5 units.

The Applicant has not provided evidence demonstrating that the proposed alternative, including the elimination of affordable ownership units, would independently provide a "greater public benefit" than strict compliance with the IHO requirements. However, the proposed alternative would provide a substantially greater number of affordable rental units at a deeper level of rental affordability. The alternative would provide 172 deed-restricted affordable rental units, compared with approximately 101 affordable units required under the IHO, an increase of approximately 71 percent. The 172 units would also exceed approximately 126 units contemplated under the IHO alternative-compliance framework and would represent approximately one-third of the 506 net-new units.

Under the IHO, approximately 77 affordable rental units and 23 affordable ownership units would be provided. The proposed alternative would instead provide 172 affordable rental units, or approximately 95 additional affordable rental homes, with rents affordable to households earning 60 percent of AMI or less. While the alternative would not provide the approximately 23 affordable ownership units otherwise required, it would substantially increase the overall number of income-restricted homes and would respond to an identified local housing need.

This additional rental housing is consistent with the San Mateo County 2023–2031 Housing Element, which identifies both ownership and rental housing as unaffordable to most households and specifically identifies a need for "greater production of rental housing" and additional housing dedicated to lower-income households. The Housing Element also includes policies supporting the preservation and rehabilitation of lower-income, deed-restricted multifamily rental housing and protecting existing rental housing from conversion to ownership.

While County policy does not establish a categorical preference for rental housing over affordable ownership housing, it does recognize the production and preservation of affordable rental housing serving lower-income households as a specific housing need.

Considering these factors, staff finds that the significant increase in the number of affordable units, together with the deeper rental affordability, provides a substantial public benefit that supports approval of the Alternative Compliance Plan.

Fiscal Impact

Approval of the proposed Inclusionary Housing Plan has no direct fiscal impact on the City's General Fund.

Estimated Impact Fees

Pursuant to the Housing Crisis Act the development impact fees applicable to the Project are those that are subject to the Mitigation Fee Act that were in effect when complete the HCA preliminary applications were submitted to the City. The development impact fees were vested on October 30, 2025, when the HCA preliminary application was deemed complete. The Project shall pay all applicable impact fees pursuant to the fee schedule in effect on October 30, 2025, prior to final building inspection or issuance of the Certificate of Occupancy. The project is estimated to generate nearly $2.5 million in Sewer and Storm Drain Impact Fees, as well as additional Parks and Trails Impact Fees, Public Facilities Impact Fees, and other applicable fees not yet determined. All City impact fees shall be finalized and collected prior to issuance of the Certificate of Occupancy or final building permit approval.

In order to provide an estimate on the potential property tax revenue the Project would generate for the City, the City would need additional information such as the current and new assessed property value and how the proposed affordable units would be qualified for the welfare exemption. The City Council may wish in the future to consider retaining a consultant to provide property tax revenue analysis for fiscal impact reports.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on a bulletin board located at City Hall: 2415 University Avenue, East Palo Alto. Notice was also published in the San Mateo Daily on Saturday, September 26, 2026.

Environmental

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment. In the alternative, a decision to deny a project is exempt from CEQA pursuant to Public Resources Code § 21080(b)(5).

Government Code § 84308

Applicability of Levine Act: Yes

Analysis of Levine Act Compliance: The project applicant is Sand Hill Property Company. Staff are unaware of any other parties or participants relevant to the City Council's consideration of this item.

Attachments

1. Resolution
2. Inclusionary Housing Plan

RESOLUTION NO. XX — 2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO

ACCEPTING AN INCLUSIONARY HOUSING ALTERNATIVE COMPLIANCE OPTION FOR A 1072-UNIT RESIDENTIAL DEVELOPMENT PROJECT ("O'KEEFE-MANHATTAN IMPROVEMENTS") ON O'KEEFE STREET AND MANHATTAN STREET (APN 063-441-240 AND OTHER PARCELS DESCRIBED HEREIN)

WHEREAS, on November 19, 2020, the City Council of the City of East Palo Alto ("City Council") adopted Ordinance No. 425 ("Ordinance"), adding Chapter 18.37 — Inclusionary Housing to the City of East Palo Alto Municipal Code; and

WHEREAS, Woodland Park Property Owner, LLC, c/o Sand Hill Property Company (the "Applicant") submitted an application for a residential development consisting of one thousand seventy-two residential units on the corner of O'Keefe and Manhattan Street ("O'Keefe-Manhattan Improvements"), identified by assessor's parcel number 063-441-240, and additional parcels described herein, on June 1, 2026; and

WHEREAS, the additional parcels include: 320 E. O'Keefe St, 063-441-440; 355 E. O'Keefe St, 063-464-010; 395 E. O'Keefe St, 435 E. O'Keefe St, and 404 Donohoe St., 063-464-020; 438 Donohoe St., 063-464-030; 445 E. O'Keefe St., 063-464-050; 1488 W. Bayshore Rd. and 1480 W. Bayshore Rd., 063-464-080; 1496 W. Bayshore Rd., 063-284-030; 2061 Euclid Ave., 063-284-020; 1994 Euclid Ave., 063-473-100; 504-508 O'Connor St., 063-473-110; 1986 Euclid Ave., 063-473-090; and 1974 Euclid Ave.,063-473-080; and

WHEREAS, the Applicant submitted an Inclusionary Housing application requesting an alternative compliance option under EPAMC Section 18.37.080 for the Project ("Alternative Compliance Plan") on September 14, 2026; and

WHEREAS, the Project' s baseline inclusionary obligation ("Original Compliance") under Section 18.37.050 of the IHO is to provide: 78 on-site affordable rental units, with 25% of those for 35% Area Median Income ("AMI") Households, 50% for Very Low-Income Households, and 25% for Low-Income Households, as defined in Section 18.37.020 of the IHO; and to provide 22 on-site affordable ownership/for-sale units, 50% of those for Median-Income Households and 50% for Moderate-Income Households, as defined in Section 18.37.020 of the IHO; and

WHEREAS, Section 18.37.080 of the IHO provides that an applicant of a residential development may choose from a list of alternative compliance options to meet the inclusionary obligation if the inclusionary requirement for the project is increased by 5% over the inclusionary housing requirement for projects with five or more units, and this option must be approved by the City Council; and

WHEREAS, applying this five-percentage-point increase under Section 18.37.080(A) to the Project's 506 net new units yields an alternative compliance inclusionary obligation of approximately 126 units at varying affordability levels; and

WHEREAS, Subsection (D) of section 18.37.080 of the East Palo Alto Municipal Code allows the Council to grant a residential development applicant "Other alternative compliance methods" but only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site"; and

WHEREAS, in lieu of the inclusionary obligation, the Applicant proposed an Alternative Compliance Plan to provide 172 on-site Inclusionary Units, to be rented at an affordable rent for Median Income-Households (80% of AMI); and

WHEREAS, while the units proposed would be restricted to households making 80% of AMI or below, they would be priced to be affordable to households at or below 60% of AMI, in accordance with State Density Bonus Law ("SDBL"); and

WHEREAS, the Applicant is proposing to provide the 172 on-site rental units affordable to Median-Income households to utilize SDBL to increase the maximum density by 50% for an additional 357 units, in accordance with State law.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1) Finds the foregoing recitals are true and correct and are incorporated into this action by this reference;

2) Finds and determines that the proposed alternative, as set forth in Attachment 2 of the staff report, for the O'Keefe-Manhattan Improvements residential development project at 300 O'Keefe Street, APN 063-441-240, and additional locations described herein ("Project"), to provide 172 rental units, deed-restricted at 80% of Area Median Income ("AMI"), meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing; and

3) Require that each such unit be replaced with a unit of equivalent size that is made available at affordable rent to, and occupied by, low-income households, subject to a recorded regulatory agreement with a term of at least 55 years under Government Code Section 65915(c)(3)(C)(i), and in perpetuity to the extent required by EPAMC Section 18.48.220(D); and

4) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under State law and as such are not subject to local agency discretion; and

5) Finds that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

PASSED AND ADOPTED this 20th day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

James Colin, City Clerk

APPROVED AS TO FORM:

John D. Lê, City Attorney

RESOLUTION NO. XX — 2026

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO

ACCEPTING AN INCLUSIONARY HOUSING ALTERNATIVE COMPLIANCE OPTION FOR A 1072-UNIT RESIDENTIAL DEVELOPMENT PROJECT ("O'KEEFE-MANHATTAN IMPROVEMENTS") ON O'KEEFE STREET AND MANHATTAN STREET (APN 063-441-240 AND OTHER PARCELS DESCRIBED HEREIN)

WHEREAS, on November 19, 2020, the City Council of the City of East Palo Alto ("City Council") adopted Ordinance No. 425 ("Ordinance"), adding Chapter 18.37 — Inclusionary Housing to the City of East Palo Alto Municipal Code; and

WHEREAS, Woodland Park Property Owner, LLC, c/o Sand Hill Property Company (the "Applicant") submitted an application for a residential development consisting of one thousand seventy-two residential units on the corner of O'Keefe and Manhattan Street ("O'Keefe-Manhattan Improvements"), identified by assessor's parcel number 063-441-240, and additional parcels described herein, on June 1, 2026; and

WHEREAS, the additional parcels include: 320 E. O'Keefe St, 063-441-440; 355 E. O'Keefe St, 063-464-010; 395 E. O'Keefe St, 435 E. O'Keefe St, and 404 Donohoe St., 063-464-020; 438 Donohoe St., 063-464-030; 445 E. O'Keefe St., 063-464-050; 1488 W. Bayshore Rd. and 1480 W. Bayshore Rd., 063-464-080; 1496 W. Bayshore Rd., 063-284-030; 2061 Euclid Ave., 063-284-020; 1994 Euclid Ave., 063-473-100; 504-508 O'Connor St., 063-473-110; 1986 Euclid Ave., 063-473-090; and 1974 Euclid Ave.,063-473-080; and

WHEREAS, the Applicant submitted an Inclusionary Housing application requesting an alternative compliance option under EPAMC Section 18.37.080 for the Project ("Alternative Compliance Plan") on September 14, 2026; and

WHEREAS, the Project' s baseline inclusionary obligation ("Original Compliance") under Section 18.37.050 of the IHO is to provide: 78 on-site affordable rental units, with 25% of those for 35% Area Median Income ("AMI") Households, 50% for Very Low-Income Households, and 25% for Low-Income Households, as defined in Section 18.37.020 of the IHO; and to provide 22 on-site affordable ownership/for-sale units, 50% of those for Median-Income Households and 50% for Moderate-Income Households, as defined in Section 18.37.020 of the IHO; and

WHEREAS, Section 18.37.080 of the IHO provides that an applicant of a residential development may choose from a list of alternative compliance options to meet the inclusionary obligation if the inclusionary requirement for the project is increased by 5% over the inclusionary housing requirement for projects with five or more units, and this option must be approved by the City Council; and

WHEREAS, applying this five-percentage-point increase under Section 18.37.080(A) to the Project's 506 net new units yields an alternative compliance inclusionary obligation of approximately 126 units at varying affordability levels; and

WHEREAS, Subsection (D) of section 18.37.080 of the East Palo Alto Municipal Code allows the Council to grant a residential development applicant "Other alternative compliance methods" but only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site"; and

WHEREAS, in lieu of the inclusionary obligation, the Applicant proposed an Alternative Compliance Plan to provide 172 on-site Inclusionary Units, to be rented at an affordable rent for Median Income-Households (80% of AMI); and

WHEREAS, while the units proposed would be restricted to households making 80% of AMI or below, they would be priced to be affordable to households at or below 60% of AMI, in accordance with State Density Bonus Law ("SDBL"); and

WHEREAS, the Applicant is proposing to provide the 172 on-site rental units affordable to Median-Income households to utilize SDBL to increase the maximum density by 50% for an additional 357 units, in accordance with State law.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY:

1) Finds the foregoing recitals are true and correct and are incorporated into this action by this reference;

2) Finds and determines that the proposed alternative, as set forth in Attachment 2 of the staff report, for the O'Keefe-Manhattan Improvements residential development project at 300 O'Keefe Street, APN 063-441-240, and additional locations described herein ("Project"), to provide 172 rental units, deed-restricted at 80% of Area Median Income ("AMI"), meets the Inclusionary Housing Ordinance ("IHO") requirements under Section 18.37.080 of the East Palo Alto Municipal Code ("EPAMC") based on reasons offered by the applicant or other substantial evidence provided at the public hearing; and

3) Require that each such unit be replaced as a unit subject to the City's Rent Stabilization Ordinance ("RSO"), EPAMC Chapter 14.04, under a recorded regulatory agreement with the City as required by EPAMC Section 18.48.220(D), as described in the Analysis section of this report; and

4) Directs staff to include the selected option as a recommended condition of approval in the Project entitlement resolution to be presented to the Planning Commission. Replacement units for currently rent-stabilized units occupied by lower-income households, including units presumed to be occupied by lower-income households under Government Code Section 65915(c)(3)(B), must be deed-restricted under State law and as such are not subject to local agency discretion; and

5) Finds that the action being considered does not constitute a "Project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

PASSED AND ADOPTED this 20th day of October 2026**,** by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

James Colin, City Clerk

APPROVED AS TO FORM:

John D. Lê, City Attorney

SAND HILL PROPERTY COMPANY
2600 El Camino Real, Suite 410 | Palo Alto, California 94306
2020 Dumbarton Avenue | East Palo Alto, California 94303

April 27, 2026

RECEIVED
APR 27 REC'D
City of East Palo Alto
Planning Division

Melvin Gaines, City Manager
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303

Re: Application for O'Keefe-Manhattan Improvements at Woodland Park

Dear Mr. Gaines,

Sand Hill Property Company is proud to submit the application package for the O'Keefe-Manhattan Improvements at Woodland Park, a housing development project (the "O'Keefe Manhattan Improvements") on a portion of the Woodland Park neighborhood, on the west side of Highway 101. This follows a robust pre-application process starting in October 2025, including listening sessions, community meetings, and a Planning Commission study session. A complete SB 330 Preliminary Application for this project was submitted to the City of East Palo Alto on October 30, 2025.

With no displacement, these improvements propose to update or replace aging, outdated structures on the Westside of East Palo Alto by: a) substantially renovating and adding units to several apartment buildings, b) building new for-sale townhomes, and c) building new mixed-income apartment buildings. We will retain and renovate rent-stabilized units, increase the housing supply, and provide better parking and mobility options for existing and future residents.

We are acting on broad community feedback requesting the improvement of more of our buildings across Woodland Park. Adjacent to and connected to the Euclid Improvements, renovated and new housing will be provided along East O'Keefe Street and Manhattan Avenue with additional improvements along Euclid Avenue, including frontage and streetscape improvements to the Euclid Improvements to ensure there is a single, cohesive neighborhood feel and improved connectivity for all.

These improvements celebrate the vision and goals of the city's Westside Area Plan and are fully compliant with the city's General Plan. The preliminary application for this project was submitted pursuant to the Housing Crisis Act of 2019, also known as "SB 330." The project is a "housing development project" subject to SB 330 and the Housing Accountability Act ("HAA") because more than two-thirds of the project's square footage is residential. Under SB 330, we have a vested right to develop a housing development project in accordance with the applicable ordinances, policies, and standards in effect as of October 2025.

We are now submitting a complete planning application for the Project within 180 days of submitting the project's Preliminary Application, as required by statute, and more broadly consistent with the HAA, SB 330, and the Permit Streamlining Act. The O'Keefe-Manhattan Improvements will affect 565 of our existing units, of which 221 will be substantially renovated. There will be 385 net new mixed-income rental apartments and 114 new for-sale townhomes. Please see below for the city's Universal Planning Application and required supporting documents.

By providing a portion of the units at affordable levels, the O'Keefe-Manhattan Improvements qualifies for a density bonus, concessions, incentives, and waivers pursuant to Government Code §65915 and EPA Municipal

Code §18.36. With the density bonus concessions and waivers specified in the application, the O'Keefe-Manhattan Improvements comply with the General Plan (including the Westside Area Plan) and zoning standards, and other applicable objective development standards in place at the time of the pre-application submittal.

The site will be pedestrian-friendly, bike-friendly, and easily and safely accessible by all modes of transportation. The buildings and site layout have been designed deliberately in consideration of the neighborhood. Finally, the project will have a significant positive fiscal impact on the City.

We are deeply appreciative of the community for their engagement and input so far. Their contributions helped us understand community priorities, which we have made extensive efforts to address in our proposal. We have held dozens of community meetings, listening sessions, cafecitos, and one-on-one conversations throughout 2025 and 2026, building upon our expansive and on-going engagement since purchasing Woodland Park in 2016.

We recognize that in East Palo Alto, displacement has historically been a major concern. We believe it's critical that those living here now be able to stay and enjoy the benefits they helped inspire. To that end and similar to the Euclid Improvements, we will create a "Tenant Protection and Community Housing Preservation Plan," which will detail our commitments to existing tenants and how we will prevent displacement and preserve housing affordability and stability. Based on community input to date, we have decided to continue our commitment to our five community-based core principles for this project:

1. No Displacement
2. Preserve Housing Affordability and Stability
3. Community Informed Plans
4. Better Parking and Mobility
5. Safer, Healthier Buildings

Thank you for receiving our application and we look forward to continuing our engagement with the City, our tenants, and the broader East Palo Alto community, and contributing to realizing the Westside Area Plan vision.

Sincerely,

Mike Kramer
Sand Hill Property Company

O'Keefe-Manhattan Improvements

E. O'Keefe Street, Euclid Ave., and Manhattan Ave

Applicant Statement

OVERVIEW AND PROJECT INTRODUCTION

The applicant team is pleased to submit this application package to substantially renovate 221 existing units, create 392 net new mixed-income rental apartments, and create 114 new for-sale townhomes within the Woodland Park neighborhood, west of Highway 101 and north of University Avenue. This applicant statement includes:

1. Project Description
2. Project Background
3. Project Compliance with General Plan
4. Project Compliance with Zoning
5. State Density Bonus Law
6. Inclusionary Housing Plan
7. Fair Housing and Marketing Plan
8. California Environmental Quality Act ("CEQA") Compliance
9. Relevant Statutory Framework
10. Required Findings
11. Community Outreach
12. Project Team

Property Information

Project Area: ±14.7 acres + streetscape
Addresses: See Exhibit A to Universal Planning Application
APNs: See Exhibit B to Universal Planning Application
General Plan Designations: Urban Residential, High Density Residential, and Neighborhood Commercial
Zoning Designations: R-UDH, R-HD-5, and C-N.

1. PROJECT DESCRIPTION

The proposed project would substantially renovate 221 existing units in 7 buildings, add 7 new units to those renovated buildings, create 385 net new mixed-income rental apartments in four buildings, and create 114 new for-sale townhomes. The proposed project will add 506 net new dwelling units to East Palo Alto's housing supply.

Table 1: Project Description

	Existing Units	Proposed Units	Net New Units
Rental units in buildings to be renovated	221	228	7
Rental units in buildings to be replaced	344	729	385
For-sale units	0	114	114
Total	**565**	**1,071**	**506**

The project site is ±14.7 acres, portions of which are designated as "Urban Residential," "High Density Residential," and "Neighborhood Commercial" in the East Palo Alto General Plan.

Each apartment unit will have at least 1 off-street parking space in a garage and each townhome unit will have 2 dedicated off-street parking spaces in a private garage. There will also be ADA and guest surface parking spaces, for a total of 1,385 spaces. There will be 1,403 bicycle parking spaces. The project provides 188,380 square feet of open space (4.3 acres).

The project site is near Highway 101 and University Avenue, which are both major commercial corridors well served by SamTrans public transit.

The proposed housing development project is submitted pursuant to Senate Bill 330 (Gov. Code § 66300) and subject to the modifications and protections of State Density Bonus Law (Gov. Code § 65915) and the Housing Accountability Act (Gov. Code § 65589.5). The Inclusionary Housing Plan, described in Section 6, proposes an alternative compliance option of 24% of net new units at the lower-income level.

2. PROJECT BACKGROUND

Existing Conditions

The project site is part of the Woodland Park neighborhood. There are 565 existing rental units in approximately 37 buildings that would be affected by the project. These existing rental units are in single-family homes, duplexes, and apartments. There is also a shared alleyway, a laundromat and a convenience store.

Proposed Project

This application reflects a re-envisioned Woodland Park neighborhood that includes a mix of housing types and affordability. There will continue to be rental apartments, both in existing renovated rent-stabilized units and in new mixed-income buildings. There will also be for-sale townhomes available at mixed income levels. The Proposed Project includes adjustments to the streetscape design of the Euclid Improvements to ensure a unified, coherent neighborhood that fits within the existing context.

3. PROJECT COMPLIANCE WITH GENERAL PLAN

The City of East Palo Alto's General Plan includes several designations within the Woodland Park neighborhood, including Urban Residential, High Density Residential, and Neighborhood Commercial on the O'Keefe-Manhattan Improvements site.

The Urban Residential designation is intended to support the development of very high-density housing, especially mid-rise and high-rise residential development. Parking structures in the Urban Residential should be designed not to face primary public streets.

The High Density Residential designation is intended to provide for higher density multi-family housing and a variety of housing types. New development in this zoning designation should create attractive frontages.

The Neighborhood Commercial designation provides for a variety of retail, office, business activities, and residential units.

The proposed project will meet all of the General Plan requirements, except as modified pursuant to SDBL.

Table 2: General Plan Objective Requirements

General Plan requirement	Compliance
Allowed Land Uses: Urban Residential: High-density multi-family dwellings (apartments, condos, and SROs) High Density Residential: A range of multi-family housing types ranging from townhomes to multi-family apartments at moderate to high densities. Neighborhood Commercial: Retail, services and related uses. Office and residential uses allowed on the upper floors.	Complies. Apartments and townhomes are planned on land designated as Urban Residential and High Density Residential. Both are allowed uses. Townhouses are planned on land designated as Neighborhood Commercial. This is an allowed use above the ground floor. A SDBL concession permits residential uses on the ground floor.
Density/Intensity: Urban Residential: 43.1 - 86 units/acre, or 150 to 300 persons/acre. High Density Residential: 22.1 - 43 units/acre (maximum of 1 dwelling unit per 1,000 feet of parcel area), or 80 to 150 persons/acre. Neighborhood Commercial: Up to 22 units/acre. Up to 1.0 FAR.	Complies. The housing development project is entitled to a 50% density bonus. The base density for the project is calculated in Table 3 below. The base density for the project plus the 50% density bonus allows up to 1,071 housing units. That is the number of housing units being proposed.
Height: Urban Residential: Maximum height of 7 stories and 75 feet High Density Residential: Maximum height of 5 stories and 60 feet Neighborhood Commercial: Maximum of 3 floors or 36 feet.	Complies with density bonus waiver. • Substantially renovated apartment buildings are 2 or 3 stories tall and therefore comply with Urban Residential and High-Density Residential designations. • Townhouse units comply with R-HD-5 height limit and use a SDBL waiver for C-N height. • Buildings 1, 2, 3, and 4 use a SDBL waiver for height.

4. PROJECT COMPLIANCE WITH ZONING

Please see the application plan set for a detailed analysis of each building's compliance with the applicable zoning requirements.

5. STATE DENSITY BONUS LAW

Providing affordable units within the proposed project qualifies the project for a density bonus under SDBL. Density bonus projects are eligible for a number of benefits, including: increased density (a higher number of dwelling units per acre); a fixed number of incentives or concessions from development standards; an unlimited number of waivers of development standards that would physically preclude the construction of

a development at the densities or with the concessions/incentives; and certain other limits on the local agency's discretion.

The proposed project includes 24% of the net-new base units for rent to lower income (80% AMI) households. 24% of 506 net-new units is 122 affordable units. With 24% of the net new base units for lower income households, the proposed project qualifies for a 50% density bonus. This increases the permissible density as shown in Table 3 below.

Under SDBL, each component of the density calculation, including base density and bonus density, resulting in fractional units is separately rounded up to the next whole number as shown in the following table. Moreover, the SDBL provides that the bonus may be used in geographic areas of the proposed project other than the areas where the units for lower income households are located. Hence the bonus units can be used throughout the proposed project.

Table 3: Density Bonus Calculations

	Total Area *(acres)*	*Max Density* *(du/acre)*	*Max # of Base Units* *(acres x density)*	*Bonus Units* (50% x Max # of Units)
R-UHD Zone	2.02	86	174	87
R-HD-5 Zone	12.36	43	532	266
C-N Zone	0.35	22	8	4
TOTAL (1,071)			714	357

By providing affordable housing, the proposed project is entitled to use an unlimited number of waivers of development standards that physically preclude the construction of the proposed project. The waivers are set forth in Table 4, below.

Table 4: Waivers to Accommodate Density Bonus

Standard	Required	Proposed
Parcel Depth	240' in R-HD-5	190' (Building 4)
Minimum site coverage	70%	46% (Townhouses)
FAR	2.0 in C-N zone	0.88 (Townhouses in C-N)
Height limit	3 stories or 36', whichever is higher 5 Stories or 50'in R-HD-5	3 stories and 38' (Townhouses in C-N) 7 stories; 81' to top of parapet (Building 1) 6 stories; 71' to top of parapet (Building 2) 7 stories; 81' to top of parapet (Building 3) 6 stories; 69' to top of parapet (Building 4)

Standard	Required	Proposed
Front Setbacks	15' in R-HD-5	12' (Townhouses) 7' (Building 1) Varies—8" inches to 18' (Building 2) Varies—5' to 17' (Building 3) Varies—0' to 7' (Building 4)
Side Street Setbacks	15' in R-HD-5	Varies—8' to 9' (Townhouses) Varies—4' to 11' (Building 2)
Side Setbacks	10' abutting residential in C-N 10' in R-HD-5	Varies 5' to 15' (Building 3) Varies—6' to 7' (Building 4)
Rear Setbacks	20' in R-HD-5	12' (Townhouses) 5' (Building 1) Varies 9' to 12' (Building 2) 8' (Building 3) 5' '(Building 4)
Common Open Space	100 sq. ft. per unit	9,325 for 111 units (Building 4)
Private Open Space (ground floor)	50-100 sq. ft. per unit	None (Building 1)
Private Open Space (upper floor units)	50 sq. ft. per unit	1,745 sq. ft. for 113 units (Building 1) 10,530 sq. ft. for 261 units (Building 2) 8,910 sq. ft. for 243 units (Building 3) 4,950 sq. ft. for 111 units (Building 4)
Parking Lot Design Standards	24 ft. drive aisle	20 ft. drive aisle (Townhouses)

The Proposed Project's 24% of base units at 80% AMI also entitles it to three concessions/incentives for development standards that impede the project's ability to utilize the density bonus or increase feasibility, as shown in Table 5, below.

Table 5: Concession/Incentive to Accommodate Density Bonus

Standard	Required	Proposed
Ground floor uses	No residential ground floor uses in C-N zone	3-story townhouses, including in the C-N zone.

At the request of a developer, the SDBL governs the maximum number of parking spaces a local agency can require of density bonus projects. At most, the local agency can require 1 space per studio and 1-bedroom unit and 1.5 spaces per unit with 2 or more bedrooms. This is "inclusive of parking for persons with a

disability and guests." Developer hereby requests that the SDBL parking requirements apply. All of the buildings comply with the SDBL parking requirements.

The Applicant reserves the right to amend the density bonus proposal, including the use of concessions/incentives and waivers, as may be appropriate during the application process.

6. INCLUSIONARY HOUSING PLAN

The City's Development Code requires that residential developments include contributions to affordable housing supply. Residential developments proposing five or more dwelling units must provide 20% of the net new dwelling units as inclusionary units. *See* Municipal Code section 18.37.050(A). In for-rent projects, one quarter of these must have a rent affordable to households at 35% of AMI, half must have a rent affordable to very-low income households, and one quarter must have a rent affordable to low-income households. The City defines "low-income" as 60% AMI and "very-low income" as 50% AMI. In for-sale projects, half of these must have a sales price affordable to median-income households and half must have a sales price affordable to moderate-income households.

Alternatively, a developer may propose an "alternative compliance method" to be considered by the approval body to determine "based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels…"

In this application, the Applicant is proposing an alternative compliance method as the "Preferred Inclusionary Housing Plan."

Preferred Inclusionary Housing Plan—Alternative Compliance.

Applicant proposes that 24% of the net new dwelling units of the proposed project be rented at the "lower income" level. As shown in Table 2 above, there are 506 net new dwelling units. 24% of 506 net new units is 122 affordable rental units.

As part of this alternative compliance plan, the affordable units need not be dispersed, need not have the same proportion of unit types as the market rate units, and need not have comparable square footage or bedroom count as the market rate units. This Preferred Inclusionary Housing Plan makes the provision of affordable housing cost-effective, with actual and identifiable cost-savings that make the project feasible.

The approval body would be able to make the required findings for this Preferred Inclusionary Housing Plan. It will provide as many or more inclusionary units at the same or lower income levels as would strict compliance with the Inclusionary Housing Ordinance. This is because it is infeasible to include 20% of the units as affordable units at the affordability levels set forth in the local Inclusionary Housing Ordinance. The expense of a high inclusionary requirement makes it impossible to construct a project that includes so many affordable units, especially at deep affordability levels. If a 20% requirement at deep affordability is imposed, the project will not be built so there will be zero affordable units. Similarly, if a 25% requirement were imposed at deep affordability, the project would be even less feasible and no affordable units would be built.

122 affordable homes is more than zero affordable units, so the Preferred Inclusionary Housing Plan would provide more inclusionary units.

Other inclusionary requirements. The City imposes a number of additional requirements on inclusionary units as follows:

Table 6: Inclusionary Requirements

Inclusionary requirement	Compliance
Single-family detached affordable units shall be dispersed throughout the housing development. Townhouses, row-houses, and multiple-family affordable units shall be located so as not to create a geographic concentration of affordable units within the housing development.	Complies because requirement modified by alternative compliance plan.
The quality of exterior design and overall quality of construction of the affordable units shall be consistent with the exterior design of all market rate units in the housing development and meet all site, design, and construction standards of this Code, including but not limited to, compliance with all design guidelines included in applicable specific plans or otherwise adopted, and the affordable housing guidelines. Affordable units shall have functionally equivalent parking.	Complies.
Affordable units may have different interior finishes and features than market rate units in the same housing development, so long as the finishes and features are functionally equivalent to the market rate units and are durable and of good quality and comply with the affordable housing guidelines.	Complies
The affordable units shall have the same amenities as the market rate units, including the same access to and enjoyment of common open space and facilities in the housing development.	Complies
The affordable units shall have the same proportion of unit types as the market rate units in the housing development except that single-family detached housing projects may include single-family attached affordable units and single-family detached affordable units may have smaller lots than single-family detached market rate units.	Complies because requirement modified by alternative compliance plan.
The affordable units shall have a comparable square footage and the same or greater bedroom count and bedroom count ratio as the market rate units.	Complies because requirement modified by alternative compliance plan.
All required affordable units shall be made available for occupancy concurrently with the market rate units.	Complies

7. FAIR HOUSING AND MARKETING PLAN

Project Information:

Address: See Exhibit A | **APN:** See Exhibit B | **Census Tract:** 612101

Applicant Information: Woodland Park Property Owner, LLC or successor entity

Entity Responsible for Marketing: Woodland Park Property Owner, LLC, successor entity, or third-party administrator

Target Date of Initial Occupancy: TBD

Estimated Advertising Start Date: TBD

Acknowledgment of Local Preference: *The Applicant acknowledges the City of East Palo Alto Local Preference Policy and intends to comply with it.*

Description of Outreach and Marketing Activities to Community: *The applicant will follow local requirements and best practices, including local advertising, outreach to community groups, and providing marketing materials in both English and Spanish.*

Acknowledgment of Need to Partner with Housing Department and City Third-Party Administrator: *Applicant acknowledges that it is responsible for the marketing of all units and must follow fair marketing practices between the market rate units and the Inclusionary Units. The Applicant may market, sell, and rent the inclusionary units in partnership with a third-party administrator to implement and oversee this part of the Inclusionary program. Ultimately, the Applicant is responsible for the fair marketing of units and through this acknowledgement understands that this is a requirement of the City's Inclusionary Housing Program.*

8. CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA") COMPLIANCE

The proposed project is eligible for statutory exemption from CEQA under AB 130. Applicant requests that the project be processed under AB 130. To qualify for this exemption, the project must meet the following criteria:

Table 7: AB 130 Statutory Exemption

Public Resources Code 21080.66 Requirements	Compliance
1. The Project site is not more than 20 acres.	The proposed project is located on 14.7 acres, plus a de minimis quantity of additional streetscape where new public realm improvements are planned to improve the neighborhood cohesion.
2. The proposed development occurs within the	The proposed project is within the City of East Palo Alto, which is an incorporated municipality.

Public Resources Code 21080.66 Requirements	Compliance
boundaries of an incorporated municipality.	
3. The project site meets any of the following criteria: A. Previously developed with an urban use. B. At least 75% of perimeter adjoins parcels that are developed with urban uses C. At least 75% of the area within ¼ mile radius is developed with urban uses D. At least 3 of 4 sides are developed with urban uses and 2/3 of perimeter of site adjoins parcels that are developed with urban uses.	• Previous development. The project site has been developed with urban uses, including existing apartments and retail uses. • Surroundings. The site is surrounded by urban uses including commercial offices, Highway 101, and existing residential uses. The area within ¼ mile radius of the site is also developed with urban uses and the entire perimeter is developed with urban uses.
4. The project is consistent with the applicable general plan and zoning ordinance. The approval of a density bonus, incentives or concessions, waivers or reductions of development standards, and reduced parking ratios shall not be grounds for determining that the Project is inconsistent.	As described above, the proposed project is consistent with the General Plan and zoning ordinance, together with a density bonus, concessions, and waivers.
5. In San Mateo County, the project density must be at least 15 dwelling units per acre.	The proposed project contains 1,071 units on 14.7 acres, for an average density of 72.8 dwelling units per acre. This meets the minimum density.
6. The project satisfies the requirements in Government Code 65913.4: • Not located in a coastal zone • Not on prime farmland • Does not include wetlands • Not in a very high fire severity zone • Not on the Cortese List • Not in an earthquake fault zone	• Coastal zone. The proposed project site is not in the coastal zone. • Farmland. The proposed project site is not on prime farmland. • Wetlands. The proposed project site does not include any wetlands. • Fire zone. The proposed project site is not in a very high fire severity zone. • Cortese List. The proposed project site is not on the Cortese List. • Earthquake fault zone. The proposed project site is not in a delineated earthquake fault zone.

Public Resources Code 21080.66 Requirements	Compliance
• Not in a special flood hazard area • Not in a regulatory floodway • Not on lands identified for conservation • Does not include habitat for protected species • Does not include lands under conservation easement	• SFHA. The proposed project site is not in a special flood hazard area. • Regulatory floodway. The proposed project site is not in a regulatory floodway. • Conservation land. The proposed project site is not on lands identified for conservation. • Habitat. The proposed project site does not include habitat for protected species. • Conservation easement. The proposed project site does not include lands under conservation easement.
7. The project does not require demolition of a historic structure on a historic register.	There are no registered historic structures within the project site.
8. The project is not designated for transient lodging.	The proposed project does not include a hotel, motel, bed and breakfast inn, or other transient lodging.

9. RELEVANT STATUTORY FRAMEWORK

The California State Legislature has adopted a number of relevant updates to the legislative framework governing the City's review and approval of the proposed project. We respectfully highlight the following legislation governing this application:

SB 330. The Proposed Project is a "housing development project" subject to SB 330 and protected by the HAA because more than two-thirds of the Project's square footage is devoted to residential uses. Gov't Code §65905(b)(3); Gov't Code §65589.5(h)(2). The Applicant submitted a preliminary application pursuant to SB 330 on October 30, 2025. By submitting that preliminary application with all of the information specified in SB 330 and a permit processing fee, the Applicant obtained a vested right to develop a housing development project in accordance with the applicable ordinances, policies, and standards in effect as of that date, when the preliminary application was submitted. Gov't Code §65589.5(o)(1).

SB 330 prohibits a local agency from disapproving, or conditioning approval in a manner that renders infeasible, a housing development project that provides affordable housing. Because the proposed project provides affordable housing, it would not be lawful for the City to disapprove the project or condition it in a manner that makes it infeasible.

The Act also requires the City to consider and either approve or disapprove the housing development project within 5 allowable public hearings, and consistent with the applicable timelines under the Permit Streamlining Act ("PSA"). Gov't Code §65905.5. The City has already held a public hearing on the proposed project: a Planning Commission hearing on April 16, 2026. A second public hearing, at City Council, is scheduled for later this spring.

Permit Streamlining Act. The Project is required to go through a completeness review under the PSA and the PSA imposes several relevant obligations on the City as it conducts its completeness review of the project's application. First, the City is required to compile lists that include the information required for a complete submittal. Gov't Code § 65940. Second, Gov Code § 65943(a) spells out a jurisdiction's obligations after submittal: Not later than 30 calendar days after any public agency has received an application for a development project, the agency shall determine in writing whether the application is complete and shall immediately transmit the determination to the applicant...

If the City determines that the application is incomplete, the City is required to "specify those parts of the application which are incomplete and shall indicate the manner in which they can be made complete." Gov't Code § 65943(a). In any subsequent review of the application determined to be incomplete, the local agency shall not request the applicant to provide any new information that was not stated in the initial list of items that were not complete.

Housing Accountability Act. The project is subject to the Housing Accountability Act ("HAA"). Gov't Code § 65589.5. The Legislature has directed that the HAA be "interpreted and implemented in a manner to afford the fullest possible weight to the interest of, and the approval and provision of, housing." *Id.* (a)(2)(L).

The HAA requires the City to approve the project because it is consistent with all objective standards. The City would only be permitted to reject a project if it can make findings based on a preponderance of evidence that the project would have a significant, unavoidable, and quantifiable impact on "objective, identified written public health or safety standards, policies, or conditions." Gov't Code §65589.5(j). The Legislature has an expectation that these types of conditions "arise infrequently." Gov't Code § 65589.5(a)(3). Here, there is no evidence that the project would have any impact on public health and safety, so the City could not be permitted to reject the project.

10. REQUIRED FINDINGS

This section outlines the proposed project's compliance with the required findings for approval of 1.) Design Review, 2.) a Vesting Tentative Map, and 3.) Alternative Compliance under the Inclusionary Housing Ordinance.

1.) Design Review under Municipal Code § 18.86.050 to allow new multi-family construction

Required Findings. The Review Authority may approve a Site Plan and Design Review application only after first making all of the following findings:

1. *The proposed development is consistent with the General Plan and any applicable specific plan and is in compliance with all applicable provisions of the Development Code and all other City ordinances and regulations;*
2. *The proposed development is to be constructed on a suitable site, adequate in shape, size, topography, and other circumstances to accommodate the proposed development;*
3. *The proposed development complies with the applicable standards of review; and*
4. *The proposed development is designed and arranged to provide adequate consideration to ensure the public health, safety, and general welfare, and to prevent adverse effects on neighboring property.*

Suggested Findings: The proposed project is consistent with the General Plan, all applicable provisions of the Development Code, and all other applicable City ordinances and regulations. Multi-family residential is a permitted use throughout the site. The proposed density is in alignment with the General Plan and zoning, in addition to the SDBL. The proposed project plan meets the SDBL requirements for parking spaces and also meets the City's bicycle parking standard. There are adequate pedestrian access points along the frontages throughout the project. The project proposes affordable housing in compliance with the Inclusionary Housing Ordinance and relies on waivers and a single concession under SDBL to ensure full compliance with local standards.

The site is suitable because it is currently used for multi-family housing, which is the same use as is planned by the Proposed Project. It is large and flat enough to accommodate the proposed development, including the proposed circulation for vehicles, bicycles, and pedestrians.

The project will receive all required entitlements before proceeding and substantial record evidence supports all findings, so the proposed project complies with the applicable standards of review.

The proposed project ensures public health, safety and general welfare. The proposed project complies with the applicable General Plan, and other development code requirements, all of which together ensure that there will be no adverse effects on neighboring property. The proposed project includes appropriate circulation and landscaping, as well as appropriate screening for loading, parking and mechanical equipment.

2. Tentative Map Findings Municipal Code 18.52.060 to allow approval of vesting tentative map

Required Findings for Approval.

1. *Mandatory Findings Required. The Review Authority shall approve a tentative parcel or tract map only after first making all of the findings as required by the Act. The findings shall apply to each proposed parcel as well as the entire subdivision, including any parcel specified as a designated remainder.*

a. The proposed map, subdivision design, and improvements are consistent with the General Plan, any applicable specific plan, and this Article;
b. The site is physically suitable for the type and proposed density of development;
c. The design of the subdivision and the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat;
d. The design of the subdivision or type of improvements is not likely to cause serious public health or safety problems;
e. The design of the subdivision or the type of improvements will not conflict with easements acquired by the public at large for access through or use of, property within the proposed subdivision…
f. The discharge of sewage from the proposed subdivision into the community sewer system will not result in violation of existing requirements specified by the California Regional Water Quality Control Board;
g. The design of the subdivision provides, to the extent feasible, passive or natural heating and cooling opportunities; and
h. The proposed subdivision, its design, density, and type of development and improvements conforms to the regulations of the Development Code and the regulations of any public agency having jurisdiction by law…

Suggested findings: The Proposed Project, including the proposed map and subdivision design and improvements are consistent with the General Plan and the Subdivision Ordinance. The site of the Proposed Project is physically suitable for residential development. It is currently used for residential uses and would continue to be used for that type of development. The site is also suitable for the proposed density of development, which is in compliance with the existing land use designation and zoning, as the same is modified by the SDBL with a density bonus of 50%. The design of the subdivision and proposed improvements are not likely to cause substantial environmental damage or affect fish or wildlife or their habitat. The Proposed Project site is currently developed with residential uses in an urban environment and will continue to be developed with residential uses in an urban environment. The design of the subdivision and improvements are not likely to cause serious public health or safety problems because the design is in compliance with all applicable requirements, including the local and state building codes which protect public health and safety. The design of the subdivision and the type of improvements will not conflict with public easements because there are no public access easements through the site. The discharge of sewage from the proposed subdivision will not result in a violation of existing requirements because the development will be served by the sewer system in compliance with all applicable laws. The design of the subdivision provides, to the extent feasible, passive or natural heating and cooling opportunities in alignment with existing building code requirements and the orientation of the buildings. The proposed subdivision and its design, density, and type of development and improvements conform to the Development Code and the regulations of all public agencies having jurisdiction over the site. The Proposed Project complies with the General Plan and the Development Code.

3. *CEQA Findings. The Review Authority must make the required California Environmental Quality Act (CEQA) findings of fact for each project subject to the Subdivision Map Act.*

Suggested Findings: The proposed project, including the subdivision design and improvements are consistent with the General Plan and the City's Municipal Code. The site is physically suitable for multi-family residential development at the proposed densities, which comply with the City's standards. The proposed project includes compliance setbacks, circulation, landscaping, and appropriate screening for loading, parking, and mechanical equipment. The design of the subdivision is not likely to cause environmental damage because it qualifies for the AB 130 statutory exemption. The subdivision is not likely to cause serious public health or safety concerns as the proposed project has been designed to avoid public health and safety problems and to comply with all applicable codes. The site is adequately served by public and emergency services. The design does not conflict with easements acquired by the public at large for access through or use of property within the proposed subdivision. The proposed project has been designed to accommodate existing easements and provide for safe, appropriate vehicular and pedestrian access. There will be no discharge of sewage in violation of existing requirements because the proposed project will be connected to the existing sewer system and all discharged sewage will be treated by the East Palo Alto Sanitary District in compliance with law. The proposed project is planned to provide, to the extent feasible, passive or natural heating and cooling opportunities. It is being designed to integrate sustainable design features to maximize energy efficiency, reduce waste streams, conserve water, and minimize greenhouse gas emissions. The proposed subdivision and its design, density, and type of development and improvements conform to the requirements in the Development Code an all other applicable regulations. The project is subject to the AB 130 statutory exemption on a site less than 20 acres.

3. Inclusionary Housing Under Municipal Code 18.37.080 to allow alternative compliance

D. Other alternative compliance methods. A developer may propose an alternative compliance method to provide inclusionary units through other means consistent with any adopted inclusionary housing guidelines. The approval body may approve or conditionally approve such an alternative only if the approval body determines, based on substantial evidence, that such alternative compliance will provide as many or more inclusionary units at the same or lower income levels or will otherwise provide greater public benefit than would provision of the inclusionary units on-site.

Suggested Findings: The Preferred Inclusionary Housing Plan will provide as many or more inclusionary units at the same or lower income levels as would strict compliance with the Inclusionary Housing Ordinance. This is because it is infeasible to include 20% of the net new units at the deep levels of affordability required by the Inclusionary Housing Ordinance. The expense of a high inclusionary requirement makes it impossible to construct a project that includes so many affordable units, especially at deep affordability levels. If a conventional requirement is imposed, the project will not be built so there will be zero affordable units. 122 affordable units is more than zero affordable units, so the Preferred Inclusionary Housing Plan would provide more inclusionary units.

11. COMMUNITY OUTREACH

The applicant has conducted significant community outreach, starting in February 2016 when the Applicant purchased the properties. From 2018-2024 we had over 40 community meetings, info booths and listening sessions to understand and get input from the neighborhood, the community, and our residents. During this time, we also had 17 City Council Meetings and 5 Planning Commission meetings. These meetings were to understand the wants, needs, and concerns of the community, and helped inform the Euclid Improvements project, which was unanimously approved by City Council in 2024.

In 2025 we went back to our residents, neighbors, and community members in a series of 6 community meetings and information sessions to understand the desire for additional improvements; the sought-after changes were similar to what was approved at Euclid. We received a great deal of positive feedback and heard a strong desire for more improvements across the property, including all types of new housing, and the improvement of the existing housing. We developed the Proposed Project and shared it with community members during two additional meetings in February. We received more input and feedback. We expect to have a similar study session with City Council next month.

All our planning started with the 2016 East Palo Alto General Plan, and the Westside Area Plan that is part of it. This includes provisions for no displacement, a right for tenants to remain in the neighborhood, and including either rent-controlled or subsidized affordable housing in any new development.

From the foundation of the Westside Area Plan, we had many meetings throughout the community. We had some in our pop-up parks, some at the local school, some inside our building courtyards and some at City Hall or at the YMCA.

From all the input we received, we developed a community-informed proposal with five core principles: No Displacement, Preserve Housing Affordability and Stability, Community-Informed Plans, Better Parking and Mobility, and Safer, Healthier Buildings. This reflects what we heard from the community.

In February and March 2026, we held community meetings in the project area, walking distance from affected residents. We mailed notices within a 600-foot radius. We presented the specifics of the proposal and got overall positive feedback. Many of the participants also attended our 2025 community meetings and were happy to see that we listened to their input.

The City held a Planning Commission study session on April 13, 2026. The meeting was open to the public and there were members of the East Palo Alto community that provided public comments. We received feedback from the Planning Commissioners.

12. PROJECT TEAM

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