



EAST PALO ALTO CITY COUNCIL REGULAR SESSION AGENDA

Tuesday, February 3, 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/89170800538>

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: 891 7080 0538

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

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE AGENDA

3. APPROVAL OF CONSENT CALENDAR

3.1 Cummings Loft Project (FA-15) Construction Contract Award

Recommendation:

Adopt the resolution:

1. Authorizing the City Manager to award, negotiate and execute a construction contract with, Greentech Industry Inc., in a form approved by the City Attorney, for a total contract value of \$540,612.00; and establishing a ten percent (10%) construction contingency in the amount of \$54,061.20 for a total construction budget of \$594,673.20;
2. Finding that the project is exempt from the California Environmental Quality Act (CEQA) under Sections 15301, 15303, and 15304 of the CEQA Guidelines.

3.2 Citywide Lighting Project Assessment (ST-04 A/B) Contract Award

Recommendation:

Adopt the resolution:

1. Authorizing the City Manager to award, negotiate and execute a construction contract with General Lighting Services, Inc., in a form approved by the City Attorney, for a total contract value of \$693,973.00, and a 10% contingency in the amount of \$68,397.30 for a not-to-exceed contract amount of \$763,370.30;
2. Appropriating \$763,370.30 from the lighting district fund;
3. Finding that the project is exempt from the California Environmental Quality Act (CEQA) under Section 21000 of the CEQA Guidelines.

3.3 Minor Home Repairs Memorandum of Understanding with County of San Mateo

Recommendation: Adopt a resolution:

1. Authorizing the City Manager to negotiate and execute a Memorandum of Understanding (MOU) and any documents required with the County of San Mateo (County), in a form approved by the City Attorney, to provide minor home repairs services to low-income senior homeowners in East Palo Alto, in

an amount not to exceed \$125,000;

2. Appropriating \$125,000 from the General Fund Committed Fund Balance – Community Resource Fund to support the Minor Home Repairs Program;
3. Finding that the proposed action is exempt from the City's Purchasing Ordinance pursuant to East Palo Alto Municipal Code Section 2.84.060(10) (contracts with other governmental entities); and
4. Finding that 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.

3.4 CalPERS Pension Prefunding

Recommendation: Adopt a resolution appropriating \$3.0 million from the previously committed fund balance to make Additional Discretionary Payments (ADP) to the California Public Employees' Retirement System (CalPERS) to reduce the City's unfunded actuarial accrued liability

3.5 EPACENTER FY26 TOT Program Update

Recommendation:

Receive an informational report from staff updating Council on the use of EPACENTER's FY26 TOT Grant Funding and a change to programming schedule.

4. CLOSED SESSION

5. PUBLIC COMMENT

6. ADJOURN CITY COUNCIL REGULAR MEETING TO THE EAST PALO ALTO SANITARY DISTRICT BOARD MEETING

7. APPROVAL OF EPASD CONSENT CALENDAR

7.1 Cash Disbursement Report for November 2025

Recommendation:

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

7.2 Cash Disbursement Report for December 2025

Recommendation:

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

8. ADJOURN EAST PALO ALTO SANITARY DISTRICT BOARD MEETING AND RECONVENE CITY COUNCIL REGUALR MEETING

9. INFORMATIONAL REPORTS

10. SPECIAL PRESENTATIONS

11. PUBLIC HEARINGS

11.1

Residential Permit Parking Program Ordinance (RPP) First Reading

Recommendation:

By motion, the City Council should:

1. Waive the first reading and adopt an ordinance adding a new Chapter 10.40 (Residential Permit Parking Program) to the East Palo Alto Municipal Code (or any other substantive amendments proposed by staff or the Council to the original ordinance, in which case, waive the first reading and introduce the ordinance, as amended);
2. Find that the proposed action is exempt from the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15301 (minor alterations) and 15061(b)(3) (common sense exemption); and
3. Direct staff to return to City Council with proposed RPP program details which include permit costs, citation fees, recommended residential Permit Parking Areas, and maximum number of permits per household per area.

12. POLICY AND ACTION

12.1 Mid-year Budget Amendment for Fiscal Year 2025-26

Recommendation: Adopt a resolution approving amendments to the Fiscal Year 2025-26 budget

12.2 2026 Summer Park Activation Recommendations

Recommendation:

Adopt a resolution:

1. Authorizing the City Manager to award, negotiate and execute contracts with the following twelve (12) organizations listed alphabetically to provide programming for the 2026 Summer Park Activation series, in a form

approved by the City Attorney, for various amounts, for a total not-to-exceed amount of \$192,015:

1. Bay Area Urban Eagles (up to \$16,000);
2. East Palo Alto Boxing Club (up to \$16,000);
3. East Palo Alto Razorbacks Rugby Club (up to \$20,000);
4. EPA Peninsula Rugby Football Club (Razorhawks) (up to \$16,000);
5. East Palo Alto T-Ball/Pitching Machine (up to \$16,000);
6. East Palo Alto Tennis & Tutoring (up to \$20,000);
7. Hope Horizon (up to \$16,000);
8. Lewis & Joan Platt East Palo Alto Family YMCA (up to \$16,000);
9. Mid-Peninsula Athletic Association (up to \$4,015);
10. Silverscape Ventures (up to \$16,000);
11. StreetCode Academy (up to \$16,000); and
12. Youth Community Service (up to \$20,000).

2. Finding that the proposed action 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.

13. COUNCIL REPORTS

13.1 Letter from Mayor Lincoln Regarding Woodland

13.2 Letter from Ruben Abrica Regarding Commentary on Elimination of Parking Spaces

14. ADJOURNMENT

Upcoming meetings:

February 24, 2026	Special Meeting	6:00 PM
March 3, 2026	Regular Meeting	6:00 PM
March 17, 2026	Regular Meeting	6:00 PM

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: January 27, 2026

ATTEST:

James Colin

City Clerk



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Batool Zaro, Senior Engineer

Humza Javed, Public Works Director

SUBJECT: Cummings Loft Project (FA-15) Construction Contract Award

Recommendation

Adopt the resolution:

1. Authorizing the City Manager to award, negotiate and execute a construction contract with Greentech Industry Inc., in a form approved by the City Attorney, for an amount not to exceed \$540,612.00, establishing a ten percent (10%) construction contingency of \$54,061.20, for a total construction budget of \$594,673.20;
2. Appropriates \$148,808.20 from the capital fund; and
3. Finding that the project is exempt from the California Environmental Quality Act (CEQA) under Sections 15301, 15303, and 15304 of the CEQA Guidelines.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Public Infrastructure and Utilities

Public Health, Safety, and Quality of Life

Background

Several years ago, the City of East Palo Alto (“City”) acquired nearly 1,000 sq/ft of commercial space on the second floor of Cummings Lofts at 1765 East Bayshore Road as part of a negotiation with a developer of a mixed-use project. The Council had expressed a desire to create incubator office space for East Palo Alto small businesses and non-profits who may be

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at risk of being displaced. This project is also a strategic priority project listed in the City Council's FY 2025-2027 Work Plan.

The developer provided the space to the City in a "cold shell" condition. Therefore, the space needs drywall, plumbing, flooring, paint, and other essential features prior to making the space available for use.

The City acquired \$555,000 for renovating the Cummings Loft into a small business incubator from the Small Business Administration in the FY 2022 Omnibus Appropriations Bill. The scope of the project was defined to construct an incubator office space for small businesses, which will assist budding entrepreneurs grow their business. The project scope includes installation of flooring, drywall, plumbing, electrical upgrades, an HVAC system, and furnishing the space using traditional office furniture.

Resolution No. 36-2024 authorized a design contract with MBH Architects in the amount of \$109,135. MBH Architects began the project design in November 2024. The project design was completed in May 2025, and staff has recently obtained building permits for the project.

Analysis

The project was published for advertisement in the local newspaper, trade journals, as well as the City's website on Monday, August 18, 2025, for the solicitation of construction bids. On Thursday, October 2, 2025, a bid opening was held; however, no bids were received. The project was rebid on December 19, 2025. On Tuesday, January 6, 2026, sealed bids were received, publicly opened, and read aloud by staff. The City received a total of two (2) bids for the project. The results have been tabulated below:

BID NO.	COMPANY	TOTAL BASE BID
1	CWS	\$994,819.00
2	Greentech Industry Inc.	\$540,612.00

The Engineer's estimate for this project is \$461,210. Thus, Greentech's bid is reasonable for this work.

City staff performed an analysis of the bids, verified qualifications and licenses, and contacted the listed references in the bid package.

Contingent upon completing all insurance and bonding requirements of the contract specifications, staff recommends that the City Council authorize the City Manager to award, negotiate and execute a construction contract with Greentech Industry Inc., the lowest responsible bidder, establishing a construction contract in an amount not-to-exceed \$540,612.00. Staff further recommends the Council appropriate an additional 10% construction contingency in the amount of \$54,061.20 for a total construction budget of \$594,673.20.

Fiscal Impact

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This project is included in the City's capital budget. The project will be partially funded by Small Business Administration Grant funds. Out of the \$555,000 originally awarded, the City has a remaining amount of \$445,865, which will be applied towards the project.

An additional appropriation in the amount of \$148,808.20 from the capital fund is necessary to bridge the funding gap.

FUND	AMOUNT
Small Business Administration Grant	\$445,865.00
Capital fund	\$148,808.20
Total	\$594,673.20

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 Cummings Project would be exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15301 (Existing Facilities), 15303 (New Construction or Conversion of Small Structures), and 15304 (Minor alterations to land), given the limited scope of the work performed, which involves installing flooring, drywall, plumbing, electrical upgrades, a HVAC system, and furnishing the space.

Government Code § 84308

Applicability of Levine Act: No, as the proposed project involves a contract that was competitively bid.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution
2. Bid Tabulation

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 A CONTRACT FOR THE CUMMINGS LOFT PROJECT (FA-15) WITH GREENTECH INDUSTRY INC., IN THE AMOUNT OF \$540,612.00; AND ESTABLISH A 10% CONTINGENCY IN THE AMOUNT OF \$54,061.20; FOR A NOT-TO-EXCEED CONSTRUCTION BUDGET OF \$594,673.20; AND FINDING THE PROJECT EXEMPT FROM CEQA

WHEREAS, the City of East Palo Alto acquired a commercial space at 1765 East Bayshore Road, known as Cummings Loft; and

WHEREAS, the space is now unoccupied and will need tenant improvements to make the place available for use; and

WHEREAS, the City of East Palo Alto received \$555,000 from the Small Business Administration in the FY 2022 Omnibus Appropriations bill to construct an incubator space for small businesses; and

WHEREAS, the Cummings Loft Project (FA-15) is included in the City's 10-year Capital Improvement Plan; and

WHEREAS, on December 19, 2025, the project was advertised for construction bids in conformance with applicable law; and

WHEREAS, on January 6, 2026, the City received sealed bids that were publicly opened and read aloud by City staff; and

WHEREAS, there were a total of two (2) contractors who submitted bids for the project; and

WHEREAS, Greentech Industry Inc. was the lowest responsible bidder.

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 award, negotiate and execute a construction contract with, Greentech Industry Inc., in a form approved by the City Attorney, for a total contract value of \$540,612.00;
3. Authorizes a 10% construction contingency in the amount of \$54,061.20, for a not-to-exceed construction budget of \$594,673.20;
4. Appropriates \$148,808.20 from the capital fund; and

5. Finds that the project is exempt from the California Environmental Quality Act (CEQA) under Sections 15301, 15303, and 15304 of the CEQA Guidelines.

PASSED AND ADOPTED this 3rd day of February 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney

Cummings Loft Project
Bid Analysis
Base Bid

BID ITEM NO.	ITEM DESCRIPTION	EST. QTY.	UNIT	Estimate		CWS Construction Group		GreenTech	
				UNIT COST	EXTENDED TOTAL AMOUNT	UNIT COST	EXTENDED TOTAL AMOUNT	UNIT COST	EXTENDED TOTAL AMOUNT
1	Mob/Demob	1	LS	\$ 42,400.00	\$ 42,400.00	\$ 47,500.00	\$ 47,500.00	\$ 25,743.00	\$ 25,743.00
2	Remove Exterior Walls	115	SF	\$ 39.13	\$ 4,500.00	\$ 100.00	\$ 11,500.00	\$ 100.00	\$ 11,500.00
3	Remove Doors	1	EA	\$ 580.00	\$ 580.00	\$ 1,000.00	\$ 1,000.00	\$ 750.00	\$ 750.00
4	Interior Partition wall framing	1170	SF	\$ 24.70	\$ 28,900.00	\$ 50.00	\$ 58,500.00	\$ 40.00	\$ 46,800.00
5	Door and Window Framing	4	EA	\$ 2,125.00	\$ 8,500.00	\$ 2,000.00	\$ 8,000.00	\$ 3,800.00	\$ 15,200.00
6	Lower & Upper Cabinet - 24" Wide	1	LS	\$ 34,850.00	\$ 34,850.00	\$ 25,000.00	\$ 25,000.00	\$ 1,240.00	\$ 1,240.00
7	Solid Core Wood Doors	5	EA	\$ 1,160.00	\$ 5,800.00	\$ 3,200.00	\$ 16,000.00	\$ 2,500.00	\$ 12,500.00
8	Aluminum-Glass Storefront Doors	1	EA	\$ 3,400.00	\$ 3,400.00	\$ 75,000.00	\$ 75,000.00	\$ 18,000.00	\$ 18,000.00
9	Wall Patching and Texturing	4,770	SF	\$ 3.94	\$ 18,800.00	\$ 10.00	\$ 47,700.00	\$ 15.00	\$ 71,550.00
10	Wall Painting Interior	4770	SF	\$ 4.93	\$ 23,500.00	\$ 2.00	\$ 9,540.00	\$ 10.00	\$ 47,700.00
11	Door	6	EA	\$ 583.33	\$ 3,500.00	\$ 500.00	\$ 3,000.00	\$ 1,200.00	\$ 7,200.00
	INTERFACE SASHIKO STITCH INDIGO PATTERN :								
12	ASHLAR	402	SF	\$ 24.38	\$ 9,800.00	\$ 20.00	\$ 8,040.00	\$ 15.00	\$ 6,030.00
	INTERFACE ZEN STITCH INDIGO PATTERN :								
13	ASHLAR	402	SF	\$ 24.38	\$ 9,800.00	\$ 20.00	\$ 8,040.00	\$ 15.00	\$ 6,030.00
14	Floor Concrete Finishing	402	SF	\$ 29.85	\$ 12,000.00	\$ 12.07	\$ 4,852.14	\$ 12.00	\$ 4,824.00
15	Rubber Wall Base	340	LF	\$ 18.53	\$ 6,300.00	\$ 20.00	\$ 6,800.00	\$ 10.00	\$ 3,400.00
16	Granite Counter top Finish	30	LF	\$ 513.33	\$ 15,400.00	\$ 450.00	\$ 13,500.00	\$ 300.00	\$ 9,000.00
17	Backsplash tile	30	SF	\$ 76.67	\$ 2,300.00	\$ 180.00	\$ 5,400.00	\$ 35.00	\$ 1,050.00
	TC1- TILEBAR 24"X24"PORCELAIN TILE NOLITA								
18	BLACK & WHITE, MATTE	32	SF	\$ 196.88	\$ 6,300.00	\$ 100.00	\$ 3,200.00	\$ 25.00	\$ 800.00
	CEILING CLOUDS.24" DIA.CIRCLES, 1" THICK								
19	THEORY 3006 - SPICE 020	29	EA	\$ 208.00	\$ 6,032.00	\$ 575.00	\$ 16,675.00	\$ 350.00	\$ 10,150.00
	CEILING CLOUDS. 24" DIA. CIRCLES, 1" THICK								
20	FELT 9900 - IVORY 3206	37	EA	\$ 208.00	\$ 7,696.00	\$ 575.00	\$ 21,275.00	\$ 350.00	\$ 12,950.00
	CARVED SURFACE FF090 SOUNDCORE: GRUNER								
21	SND113 BLIZZARD PSH515	105	SF	\$ 81.60	\$ 8,568.00	\$ 150.00	\$ 15,750.00	\$ 30.00	\$ 3,150.00
	CARVED SURFACE FF090 SOUNDCORE:								
22	TERRACOTTA SND141, WOOL: BLIZZARD PSH515	120	SF	\$ 81.60	\$ 9,792.00	\$ 175.00	\$ 21,000.00	\$ 35.00	\$ 4,200.00
23	HVAC SYSTEM	1	LS	\$ 51,000.00	\$ 51,000.00	\$ 125,000.00	\$ 125,000.00	\$ 68,000.00	\$ 68,000.00
24	EVR SYSTEM	1	LS	\$ 11,500.00	\$ 11,500.00	\$ 40,000.00	\$ 40,000.00	\$ 12,000.00	\$ 12,000.00
25	Ducting	160	LF	\$ 65.00	\$ 10,400.00	\$ 250.00	\$ 40,000.00	\$ 75.00	\$ 12,000.00
26	Register	5	EA	\$ 460.00	\$ 2,300.00	\$ 1,850.00	\$ 9,250.00	\$ 125.00	\$ 625.00
27	Return	5	EA	\$ 460.00	\$ 2,300.00	\$ 1,850.00	\$ 9,250.00	\$ 240.00	\$ 1,200.00
	Install Pipe works for Water lines, vents, and								
28	Waste pipe	1	LS	\$ 15,300.00	\$ 15,300.00	\$ 115,000.00	\$ 115,000.00	\$ 28,000.00	\$ 28,000.00
29	L1-FLUXWERX	2	EA	\$ 1,150.00	\$ 2,300.00	\$ 3,000.00	\$ 6,000.00	\$ 450.00	\$ 900.00
30	L2-FLUXWERS	2	EA	\$ 1,150.00	\$ 2,300.00	\$ 3,000.00	\$ 6,000.00	\$ 460.00	\$ 920.00
31	L3-FLUXWERS	4	EA	\$ 2,600.00	\$ 10,400.00	\$ 3,000.00	\$ 12,000.00	\$ 450.00	\$ 1,800.00
32	L4-FLUXWERX	6	EA	\$ 367.00	\$ 2,202.00	\$ 3,000.00	\$ 18,000.00	\$ 550.00	\$ 3,300.00
33	L5-FOCAL POINT	3	EA	\$ 450.00	\$ 1,350.00	\$ 3,000.00	\$ 9,000.00	\$ 550.00	\$ 1,650.00
34	L6-ARKA	24	LF	\$ 1.00	\$ 580.00	\$ 500.00	\$ 12,000.00	\$ 450.00	\$ 10,800.00
35	L7-CTL	1	EA	\$ 600.00	\$ 600.00	\$ 1,500.00	\$ 1,500.00	\$ 650.00	\$ 650.00
36	Duplex, Quad, GFCI outlets	26	EA	\$ 205.00	\$ 5,330.00	\$ 2,000.00	\$ 52,000.00	\$ 150.00	\$ 3,900.00

37	Data Outlet	8	EA	\$ 485.00	\$ 3,880.00	\$ 3,000.00	\$ 24,000.00	\$ 250.00	\$ 2,000.00
38	New 200 AMP panel, New Meter	1	LS	\$ 28,500.00	\$ 28,500.00	\$ 55,000.00	\$ 55,000.00	\$ 12,500.00	\$ 12,500.00
39	Kitchen Accessories	1	LS	\$ 5,400.00	\$ 5,400.00	\$ 3,500.00	\$ 3,500.00	\$ 15,000.00	\$ 15,000.00
40	Restroom Accessories	1	LS	\$ 11,150.00	\$ 11,150.00	\$ 3,545.00	\$ 3,545.00	\$ 12,000.00	\$ 12,000.00
41	Fire Alarm Integration	1	LS	\$ 18,000.00	\$ 18,000.00	\$ 20,000.00	\$ 20,000.00	\$ 9,800.00	\$ 9,800.00
42	Furniture	1	LS	\$ 4,500.00	\$ 4,500.00	\$ 5,500.00	\$ 5,500.00	\$ 20,000.00	\$ 20,000.00
43	24" x 24" Permanent Project Funding Sign	1	LS	\$ 3,200.00	\$ 3,200.00	\$ 1,000.00	\$ 1,000.00	\$ 3,800.00	\$ 3,800.00
				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
					\$ 461,210.00			\$ 994,817.14	
									\$ 540,612.00



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Batool Zaro, Senior Engineer

Humza Javed, Public Works Director

SUBJECT: Citywide Lighting Project Assessment (ST-04 A/B) Contract Award

Recommendation

Adopt the resolution:

1. Authorizing the City Manager to award, negotiate and execute a contract with General Lighting Service Inc., in a form approved by the City Attorney, for a total contract value of \$693,973.00, and a 10% contingency in the amount of \$69,397.30 for a total not-to-exceed project budget of \$763,370.30;
2. Finding that 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.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Public Infrastructure and Utilities

Public Health, Safety, and Quality of Life

Background

When the City of East Palo Alto was part of unincorporated San Mateo County, streetlights in the City were installed using a rural lighting standard. Over the last several years, the City has

CONSENT ITEM 3.2

implemented a number of lighting capital improvements to improve lighting mast arms and lighting fixtures in the City. The proposed Citywide Lighting Project Assessment (ST-04A) aims to perform a city-wide lighting assessment to determine the comprehensive lighting upgrades needed to meet current lighting standards. This project is a City Council priority project in the FY 2025-2027 workplan.

The general scope of the first phase of the proposed Citywide Street Light Upgrade project includes preparation of a city-wide lighting study to assess the current lighting conditions and identify deficiencies. Based on the outcome of the lighting assessment, a detailed construction project scope will be established.

Analysis

The project was published for advertisement in the local newspaper, trade journals, as well as the City's website on December 19, 2025. On January 6, 2026, sealed bids were received, publicly opened, and read aloud by staff. The City received a total of one (1) bid for the project. The results have been tabulated below:

BID NO.	COMPANY	TOTAL BASE BID
1	General Lighting Service Inc.	\$693,973.00

Only one bid from General Lighting Services Inc. was received for the project. General Lighting Services Inc. is a licensed electrical contractor in the State of California and has the expertise as well as qualifications to perform this work.

Contingent upon completing all insurance and bonding requirements of the contract specifications, staff recommends that the City Council authorize the City Manager to award, negotiate and execute a contract with General Lighting Services.

Fiscal Impact

This project is budgeted in the City's CIP budget and funds are available in the Lighting District Fund.

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.

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The scope of work involves includes preparation of a city-wide lighting study to assess the current lighting conditions and identify deficiencies. Project level CEQA will be performed upon completion of the lighting assessment.

Government Code § 84308

Applicability of Levine Act: No, as the proposed project involves a contract that was competitively bid.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution

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 A CONTRACT FOR THE CITYWIDE LIGHTING PROJECT ASSESSMENT (ST-04A) WITH GENERAL LIGHTING SERVICE INC., IN A FORM APPROVED BY THE CITY ATTORNEY, IN THE AMOUNT OF \$693,973.00; AND A 10% CONTINGENCY IN THE AMOUNT OF \$69,397.30; FOR A TOTAL NOT-TO-EXCEED PROJECT BUDGET OF \$763,370.30; AND FINDING THE PROJECT EXEMPT FROM CEQA PURSUANT TO SECTION 15378

WHEREAS, the Citywide Lighting Project (project) is a City Council priority project in the FY 2025-2027 Workplan and it aims to improve lighting citywide; and

WHEREAS, the first phase of the project includes a citywide lighting assessment; and

WHEREAS, the Citywide Lighting Project (ST-04A) is included in the City's 10-year Capital Improvement Plan; and

WHEREAS, on December 19, 2025, the project was advertised for proposals in conformance with applicable law; and

WHEREAS, on January 6, 2026, the City received sealed bids that were publicly opened and read aloud by City staff; and

WHEREAS, there was one (1) consultant who submitted a proposal for the project, and staff recommends this consultant based on its demonstrated competence and professional qualifications necessary for the services described in the RFP; and

WHEREAS, staff recommends executing a contract with General Lighting Service Inc.

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 award, negotiate and execute a contract with, General Lighting Service Inc., in a form approved by the City Attorney, for a total contract value of \$693,973.00, and a 10% contingency in the amount of \$69,397.30, for a total not-to-exceed project budget of \$763,370.30;
3. Finds that 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.

PASSED AND ADOPTED this 3rd day of February 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Karen Camacho, Housing & Economic Development Manager

Yajaira Morales, Housing Project Manager

Alex Waggoner, Consulting Housing Staff

Amy Chen, Community and Economic Development Director

SUBJECT: Minor Home Repairs Memorandum of Understanding with County of San Mateo

Recommendation

Adopt a resolution:

1. Authorizing the City Manager to negotiate and execute a Memorandum of Understanding (MOU) and any documents required with the County of San Mateo (County), in forms approved by the City Attorney, to provide minor home repairs services to low-income senior homeowners in East Palo Alto, in an amount not to exceed \$125,000, for a one year term with the possibility of a one-year extension with written City Manager (or designee) approval;
2. Appropriating \$125,000 from the General Fund Committed Fund Balance – Community Resource Fund to support the Minor Home Repairs Program;
3. Finding that the proposed action is exempt from the City's Purchasing Ordinance pursuant to East Palo Alto Municipal Code Section 2.84.060(10) (contracts with other governmental entities); and
4. Finding that 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.



Executive Summary

The FY 2025-2029 Strategic Priorities and FY 2025-2027 Work Plan included projects related to the priority of Comprehensive Housing; relevantly, the City Council adopted project CH-2, Develop and Launch a Home Repair Program, which was to offer grants or loans for home repairs to qualifying low-income residents. Adopting this resolution would authorize the City Manager to negotiate and execute a Memorandum of Understanding (MOU) to enter a \$125,000 contract with San Mateo County (County) to join the County's Minor Home Repairs (MHR) program for low-income senior (62+) homeowners for fiscal year 2026-2027. Low-income is defined as at or below 80% of San Mateo County Area Median Income (AMI). Fifteen percent (\$18,750 total) of said funding would be retained by the County as a fixed fee to cover the County's costs of administering the program, and the remaining would fund the eligible households. The County would allocate grants up to \$16,000 for eligible uses, listed below, per household. In total this would assist approximately 5 to 12 households, depending on the total cost of the repairs per household. The program would advance the City's Affordable Housing Strategy, Housing Element, and City Council Priorities.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Comprehensive Housing
- Public Health, Safety, and Quality of Life

Background

Over the past three and a half years, the City has strategically allocated its American Rescue Plan Act (ARPA) funds to eligible public safety and general government services. This approach freed General Fund capacity—tracked internally as “ARPA Savings”—that the City Council later redirected toward priority community investments, including assistance for seniors and low-income homeowners. As the City is only authorizing the use of General Funds, these have no federal restrictions. Further, the City is not a subrecipient to the County’s federal funding.

These decisions culminated on March 5, 2024,¹ when the City Council expressed strong interest in providing direct home repair support to low-income senior homeowners and allocated \$125,000 to establish a senior home rehabilitation program. Staff then evaluated the best method to deliver these services effectively and concluded that partnering with San Mateo County would allow the City to deploy funds more quickly and with substantially lower administrative burden. See Attachment 3 for a summary background on the City’s home repair priorities.

Analysis

The City Council initially directed staff to release a request for proposals (RFP) to select a nonprofit provider for a standalone home rehabilitation program. As staff researched available options, San Mateo County identified an opportunity for East Palo Alto to join its established

¹ March 5, 2024 City Council meeting (item 9.2): cityofepa.granicus.com/player/clip/70?view_id=1&redirect=true.



Minor Home Repair Program. This option emerged as the most efficient and cost-effective way to implement the Council's direction.

Why Partner with San Mateo County?

Partnering with the County offers several clear advantages. First, the County has years of experience administering home repair programs and has already worked with experienced nonprofit repair providers such as Habitat for Humanity, Rebuilding Together Peninsula, and Climate Resilient Communities. These organizations have conducted a wide range of repairs in East Palo Alto, including roofing, plumbing, accessibility upgrades, and mold remediation. Leveraging these existing relationships would allow repairs to begin sooner and reduce delays caused by the City's own procurement and contracting processes.

Second, this option would take advantage of the County program's economies of scale, including obviating the need for the creation of a new City program that would in turn require the City to develop guidelines, legal disclosures, risk management protocols, contractor agreements, and eligibility review procedures. Staff would also need to administer contracts; audit invoices; review reimbursement requests; and track compliance and outcomes. The County already performs all of these functions for its countywide program, allowing East Palo Alto to avoid duplicating work and to deploy funding much sooner.

Third, partnering with the County establishes a single, coordinated application and procurement process for organizations seeking to provide minor home repair services to East Palo Alto residents. Since its incorporation, the City of East Palo Alto has elected to participate in the U.S. Department of Housing and Urban Development (HUD) Urban County program, under which all Community Development Block Grant (CDBG) funds are administered by the County of San Mateo. This coordinated approach promotes administrative efficiency, prevents duplicative funding efforts, and minimizes confusion for applicants and service providers. Under this framework, the County would lead the procurement process, while City staff would actively participate in the evaluation and selection of applicants, including involvement in proposal review, interviews, and scoring.

Fourth, using City funds within the County program expands eligibility for East Palo Alto homeowners who are currently excluded from federally funded repair programs. The County's existing program relies on CDBG funds, which prohibit repairs in many East Palo Alto properties located within the floodplain if the total project cost exceeds \$10,000 and the homeowner lacks flood insurance. City funding does not carry these restrictions.² As a result, neighborhoods such as the Gardens, Weeks, and portions of Palo Alto Park and Willow—areas identified as priority sites in the City's Housing Element—would finally gain meaningful access to repair resources.

Beyond these advantages, historical repair data demonstrate a consistent and significant need for home repairs among East Palo Alto seniors. The County has recently completed repairs in multiple local households using various funding sources, including roof replacements, plumbing fixes, accessibility modifications, and hazardous tree removal. These examples show that the County has the capacity to deliver timely, high-quality repairs in this community.

² Improvements are subject to the East Palo Alto Municipal Code, including the Building Code.



Program Details

Under the MOU, the County would contribute its existing administrative structure and oversight capacity to administer the City's \$125,000 to fund repairs for eligible East Palo Alto seniors. The County would retain \$18,750 as its administrative fee and distribute the remaining \$106,250 in grants ranging from \$5,000 to \$16,000 per household.

Homeowners would be eligible if they are at least 62 years old, own their home in East Palo Alto, and have a household income at or below 80% AMI. 80% AMI is approximately \$108,300 for a household of one and \$154,700 for a household of four, according to 2025 San Mateo County income limits. Please note these income limits will adjust when the program begins, since new income limits will be released by April 2026. Given the funding amount, staff estimates that between five and twelve households would receive assistance in this current funding cycle.

Eligible repairs would include health and safety improvements, accessibility upgrades, code compliance work, electrical and plumbing repairs, roofing, water heater replacement, window repairs, HVAC work, flood mitigation, limited landscaping related to safety hazards, and room additions when needed to reduce overcrowding. These repairs would improve habitability, extend the life of aging homes, and enhance the safety and well-being of vulnerable seniors.

The County would oversee a competitive process to select a qualified nonprofit provider, and City staff would participate in the selection process, including participating in interviews and scoring applicants. This provider would manage the application process, verify homeowner information, prepare cost estimates, coordinate construction work, and ensure that all repairs comply with program guidelines. The County would review and approve all reimbursement requests and oversee compliance with City requirements. Any unspent funds after one year—excluding the County's \$18,750 fee—would be returned to the City within ninety days of program completion, unless otherwise extended administratively. Based on demonstrated demand, staff anticipates that all funds will be fully utilized.

Entering into an MOU with San Mateo County will allow the City to deliver urgently needed home repairs to low-income senior homeowners more quickly, efficiently, and cost-effectively than establishing a standalone program. The County's experience, nonprofit partnerships, and established administrative systems make it uniquely positioned to serve East Palo Alto seniors without delay. This partnership will expand access to essential repairs, address longstanding housing and safety needs, and advance the City Council's goals of improving quality of life and supporting vulnerable residents. Staff recommend approval of the MOU.

Fiscal Impact

Staff recommend appropriating \$125,000 from the General Fund Committed Fund Balance – Community Resource Fund to support the Minor Home Repairs Program.

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 entitlement in question is an agreement between two or more governmental entities.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution
2. Memorandum of Understanding
3. Summary of City Home Repair Priorities

RESOLUTION NO. XX- 2026

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

AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING (MOU) AND ANY DOCUMENTS REQUIRED WITH THE COUNTY OF SAN MATEO (COUNTY), IN FORMS APPROVED BY THE CITY ATTORNEY, FOR A MINOR HOME REPAIRS PROGRAM FOR LOW-INCOME SENIOR HOMEOWNERS, IN AN AMOUNT NOT TO EXCEED \$125,000; APPROPRIATING \$125,000 FROM THE GENERAL FUND; FINDING THAT THE PROPOSED ACTION IS EXEMPT FROM THE CITY'S PURCHASING ORDINANCE PURSUANT TO EAST PALO ALTO MUNICIPAL CODE SECTION 2.84.060(B)(10) (CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES); AND FINDING THAT 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)

WHEREAS, the City Council of East Palo Alto (City) identified the expansion of housing stability, the preservation of existing housing stock, and the health and safety of East Palo Alto households as a priority in the 2024-2028 Affordable Housing Strategy and the 2023-2031 Housing Element; and

WHEREAS, on March 5, 2024, the City Council expressed strong interest in providing direct home repair support to low-income senior homeowners and allocated \$125,000 in General Funds, tracked as "American Rescue Plan Act (ARPA) Savings," to establish a senior low-income home rehabilitation program; and

WHEREAS, on June 3, 2025, City Council adopted the FY 2025-2029 Strategic Priorities and FY 2025-27 Work Plan, which included projects related to the priority of Comprehensive Housing, including CH-2, Develop and Launch a Home Repair Program, to offer grants or loans for home repairs to qualifying low-income residents; and

WHEREAS, the County of San Mateo (County) uses Community Development Block Grant (CDBG) and Measure K funds to assist low- and moderate-income homeowners in making essential health, safety, and accessibility home repairs across the County; and

WHEREAS, entering into a MOU with the County for the County's 2026–2027 Minor Home Repair Program with City-appropriated funds will allow eligible low-income senior (62+) homeowners living in East Palo Alto to access home repair services with City-specific guidelines without the need for a separate City-administered program; and

WHEREAS, the County has years of experience administering home repair programs and already works with experienced nonprofit repair providers such as Habitat for Humanity, Rebuilding Together Peninsula, and Climate Resilient Communities; and

WHEREAS, creating a new City program would require the City to develop guidelines, legal disclosures, risk management protocols, contractor agreements, and eligibility review procedures. Staff would also need to solicit, evaluate, and select a service provider; administer contracts; audit invoices; review reimbursement requests; and track compliance and outcomes. The County already performs all of these functions for its countywide program, allowing East Palo Alto to avoid duplicating work and to deploy funding much sooner; and

WHEREAS, partnering with the County establishes a single, coordinated application and procurement process for organizations seeking to provide minor home repair services to East Palo Alto's low-income seniors; and

WHEREAS, the City of East Palo Alto would enter into this MOU with City-specific guidelines for the Minor Home Repair Program, and reserve City-appropriated funds for low-income, City of East Palo Alto residents who are at least 62 years old; and

WHEREAS, the County will serve as the administrator and fiscal agent for the Minor Home Repair Program and will enter into separate contracts with vendors to oversee payment and administration of minor home repairs for the City's eligible residents; and

WHEREAS, the City Council finds that entering into the MOU with the County supports the City's strategic goals.

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 negotiate and execute a MOU and any documents required by the County, in forms approved by the City Attorney, for a Minor Home Repairs program for low-income senior homeowners, in an amount not to exceed \$125,000, for a one-year term with the possibility of a one-year extension with written City Manager (or designee) approval;
3. Appropriates \$125,000 from the General Fund Committed Fund Balance – Community Resource Fund to support the Minor Home Repairs Program;
4. Finds that the proposed action is exempt from the City's Purchasing Ordinance pursuant to East Palo Alto Municipal Code Section 2.84.060(B)(10) (contracts with other governmental entities); and
5. Finds that 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.

PASSED AND ADOPTED this 3rd day of February 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Webster Lincoln, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney

**MEMORANDUM OF UNDERSTANDING REGARDING USE OF CITY OF
EAST PALO ALTO FUNDS FOR MINOR HOME REPAIR PROGRAM
ADMINISTERED BY SAN MATEO COUNTY'S DEPARTMENT OF HOUSING**

This Memorandum of Understanding Regarding Use Of City Of East Palo Alto Funds For Minor Home Repair Program Administered By San Mateo County's Department Of Housing ("MOU") is entered into on the latter of the dates signed by the Parties below (the "Effective Date"), by and between the City of East Palo Alto ("City") and the County of San Mateo ("County") (each a "Party" and collectively the "Parties"), with respect to the following facts:

- A. WHEREAS, the City has allocated funds to contribute to financing minor home repairs ("MHR Program") on properties in the City to assist with preserving affordable housing;
- B. WHEREAS, the purpose of the MHR Program is to fund minor repairs on single family homes with owners who meet specific income restrictions ("Projects");
- C. WHEREAS, the City recognizes that staff of the County's Department of Housing has expertise in managing nonprofit operators of minor home repair programs across the County, including in the City;
- D. WHEREAS, to increase administrative efficiency and reduce duplication of effort, the City wishes to enter into this MOU to transfer City funds for the MHR Program to the County to be administered by the County for the City in accordance with the terms of this MOU;
- E. WHEREAS, the Parties agree that execution and approval of this MOU serves an administrative purpose and is not a "project" under the California Environmental Quality Act; and
- F. NOW THEREFORE, based on the recitals set forth above, the Parties hereto agree as follows:

TERMS

I. Incorporation of Recitals: The foregoing Recitals are incorporated herein.

II. Roles and Responsibilities of the Parties

- A. City's Role: The City will transfer funding in the amount and as set forth in Section II(C) to the County for the term of July 1, 2026 through June 30, 2027 (the "MHR Program Term"), for the County to administer on behalf of the City in accordance with this MOU. The MHR Program Term may be extended administratively by written notice of the City Manager (or designee) to County for an additional term of no more than one year, at least 30 days prior to the expiration of the initial MHR Program Term.
- B. County's Role: Subject to the County's receipt of funding from the City in accordance with Section II(C), the County will, through its Department of Housing: (i) administer a competitive solicitation process to select a nonprofit organization to operate the MHR

Program; (ii) manage the selected operator for the MHR Program for the MHR Program Term including tracking and reporting progress towards achieving the programmatic goals set forth in Section III of this MOU on a quarterly basis; (iii) review and process reimbursement requests from selected operator; and (iv) monitor the operator's compliance with the City's MHR Program Requirements.

C. Funding Transfer: The City will transfer \$125,000, via check or wire transfer, to the County, within 60 days of the Effective Date of this MOU. The Parties understand and agree that the County shall retain \$18,750 of said funding as a fixed fee to cover the County's costs of administering the MHR Program.

III. City MHR Program Requirements

The County will administer the MHR Program according to the County's Minor Home Repair Guidelines, which are attached to this MOU as Appendix A, and the following City MHR Program Requirements. In the event of a conflict between the County's Minor Home Repair Guidelines and the City's MHR Program Requirements, the below MHR Program Requirements shall control.

A. MHR Program Performance Metrics

1. Performance Metric: A minimum of five (5) and up to twelve (12) households will be served during the MHR Program Term.

B. Individual MHR Project Eligibility Criteria

1. Housing Unit Type.

- a) Owner-occupied homes owned and resided by low-income seniors (62+)

2. Household Income Restrictions. The household income for the owner of the home assisted by the MHR Program shall be low-income as defined by California Health & Safety Code § 50079.5, or a lesser income level. For avoidance of doubt, in no event shall household income of an assisted owner exceed 80% of the area median income.

- a) BMR Households. Senior households that meet the MHR Program low-income requirements and own a home under the East Palo Alto Below Market Rate Housing Program (BMR) may be eligible for MHR Program repairs only if the repairs meet program guidelines, the written request by the homeowner is approved by the City Manager (or designee), and the requested scope of work is in compliance with all agreements and restrictions, including without limitation, their Resale Restriction Agreement and Option to Purchase. If repairs cause or have a tendency to cause an increase in the resale price of the home, the homeowner must sign an updated Resale Restriction Agreement and Option to Purchase with updated terms as required by City. The County will notify the City of any low-income senior homeowner(s) of a BMR unit in East Palo Alto that apply for the MHR Program, and provide their contact information, scope of work and cost to the City for the City to confirm compliance (or not) with City agreements, restrictions and requirements. The City will be solely responsible for determining whether a BMR homeowner is authorized to proceed and

notifying the County of such determination with sufficient time that the proposed scope of work can reasonably be completed within the contract period.

3. Location. To be eligible, the housing unit must be located within and the owner must reside in East Palo Alto. Senior owners will be prioritized.

4. Eligible Repair Types. All improvements mentioned in the County Minor Home Repair Guidelines listed in Appendix A are eligible, with the following Projects prioritized:

- a) Improvements to address code violations;
- b) Improvements to address habitability, health and safety, including but not limited to ADA accessibility (e.g. ramps, shower bars, etc.);
- c) Electrical system repairs/replacement;
- d) Roof repair/replacement;
- e) Plumbing repairs/replacement;
- f) Window repair/replacement;
- g) Water heater repair/replacement;
- h) Room additions (in situations of overcrowding);
- i) Lead-based paint remediation (lead testing required);
- j) Flood mitigation for floodplain households (e.g. ductwork repairs/replacement, asphalt repair/replacement, elevating structures);
- k) Hazardous landscaping repair, including hazardous trees/vegetation (excluding rain gardens); and
- l) Heating, ventilation, and air conditioning (HVAC).

5. Eligible Expenses. The following Project expenses are eligible to be reimbursed with MHR Program funds:

- a) Construction costs and construction materials costs incurred by the MHR Program operator or through construction contracts with a third-party general contractor(s) or subcontractor(s) that are reasonable and necessary for the construction of eligible repairs at the home or rental unit; and
- b) All governmental fees (including fees for testing and permits) paid for development, design, or construction of eligible repairs; and
- c) Reasonable administrative costs (not to exceed 15% of the MHR Program operator's modified total direct costs) to cover the MHR Program operator's overhead expenses; and
- d) Reasonable community outreach costs to ensure sufficient awareness and utilization of the MHR Program; and
- e) Reasonable transportation costs for MHR Program operator staff to travel to and inspect project locations; and
- f) Other reasonable repair-related costs as approved by the County in its reasonable discretion

6. Ineligible Expenses. The following Project expenses are not eligible to be reimbursed with City MHR Program funds:

- a) Meals and beverages for MHR Program operator staff and/or volunteers

working on an MHR Program repair project

7. Individual Project Size Limit. No more than \$16,000 shall be invested in the repairs of a single home and/or rental unit.
8. NEPA/Environmental Review. NEPA/Environmental reviews will not be required.
9. Refund of City Contribution: Any balance of transferred City MHR Program funds remaining after completion of the MHR Program Term, or if the MHR Program does not proceed for any reason, less any amounts necessary to pay for eligible expenses rendered prior to the date of completion of the MHR Program or determination that the approved MHR Program will not proceed, and less the County's fee of \$18,750, shall be refunded by the County to the City within ninety (90) calendar days after completion of the MHR Program Term or the County's receipt of written notice of a determination by the City that the approved MHR Program will not proceed.
10. MHR Program Priorities. Funding shall be prioritized for eligible projects that feature: 1) homes located in Low Resource/High Segregation & Poverty Areas, as defined by State HCD's Opportunity Area Maps, that are at greatest risk of displacement; 2) persons living with a disability and/or an older adult (62+) households; or 3) projects in which homeowners are encouraged to access energy assessments, programs and rebates. The County shall not administer the City's MHR Program pursuant to this MOU in a manner that will deny East Palo Alto residents from receiving County CDBG funds for minor home repairs on an equal footing with other program participants.

C. MHR Program Operator Requirements

Prior to distribution of MHR Program funds from the County to a MHR Program operator, the MHR Program operator shall be required to:

1. Enter into the required contract documents with the County (the "County Grant Agreement").
2. Confirm good standing under SAM.gov.
3. Reporting and Monitoring Requirements: The MHR Program operator must agree to submit and confirm the accuracy of quarterly reports to SM County and agree to which will provide the following data:
 - Confirm that MHR Program Requirements were met;
 - Confirm that income levels of the owners were verified by the MHR Program Operator;
 - Project location, services and household demographic data;
 - Narrative description of progress, any obstacles and/or case studies.

IV. General Provisions

- A. Term: The term of this MOU shall be from the Effective Date for a period of two years. A Party may terminate this Agreement for convenience, with or without cause, upon one thirty (30) days' written notice to the other Party. Upon termination of this MOU, the Parties shall negotiate a process and schedule for winding down the County's financial administration, monitoring and other responsibilities under this MOU including a process for refunding of any MHR Program funds for any projects that have not entered into contract as of the date of the written notice.
- B. Dispute Resolution: If a question arises regarding interpretation of this MOU or its performance, or the alleged failure of a Party to perform, the Party raising the question or making the allegation shall give written notice thereof to the other Party. The Parties shall promptly meet in an effort to resolve the issues raised. If the Parties fail to resolve the issues raised, alternative forms of dispute resolution, including mediation, may be pursued by mutual agreement. It is the intent of the Parties to the extent possible that litigation be avoided as a method of dispute resolution.
- C. Amendment: This MOU may only be modified by a written amendment duly executed by the Parties. This MOU shall be binding on all successors and assigns of the Parties.
- D. Assignment: No assignment of this MOU shall be valid without the prior written consent of the other Party.
- E. Indemnification: Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify, defend, and hold the other Party (including its appointed and elected officials, officers, employees, and agents) harmless and free from any damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions of the indemnifying Party, its appointed or elected officials, officers, employees, or agents, under or in connection with any activities undertaken in connection with this MOU. No Party, nor any appointed or elected official, officer, employee, or agent thereof, shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of any other Party, its appointed or elected officials, officers, employees, or agents, under or in connection, with any activities undertaken in connection with this MOU.
- F. No Waiver: The Parties' waiver of any term, condition or covenant, or breach of any term, condition, or covenant shall not be construed as a waiver of any other term, condition or covenant or breach of any other term, condition or covenant.
- G. Entirety of MOU: This MOU is the entire agreement between the Parties relating to the use of the MHR Program funds. Any prior agreements, promises, negotiations, or representation not expressly set forth in this MOU are of no force or effect.
- H. Warranty of Authority to Execute MOU: Each Party to this MOU represents and warrants that each person whose signature appears hereon has been duly authorized and has the full

authority to execute this MOU on behalf of the entity that is a Party to this MOU.

- I. Severability: If any term, covenant, condition or provision of this MOU, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, covenants, conditions, and provisions of this MOU, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.
- J. Governing Law: This MOU shall be construed and its performance enforced under California law.
- K. Venue: In the event that suit shall be brought by either Party to this MOU, the Parties agree that venue shall be exclusively vested in the State courts of the County of San Mateo, and, if federal jurisdiction is appropriate exclusively in the United States District Court for the Northern District of California.
- L. Audit and Record Retention: The City may audit the expenses incurred in the performance of this MOU. The County shall retain all records related to this MOU and MHR Program funded projects for five (5) years after the termination of this MOU. During this period, the County agrees to make these records available within a reasonable time for inspection upon reasonable request and written notice by the City.
- M. Notice: Any notice required to be given by either Party, or which either Party may wish to give, shall be in writing and served either by personal delivery or sent by certified or registered mail, postage prepaid, addressed as follows:

To the County: San Mateo County, Department of Housing
264 Harbor Blvd, Building A
Belmont, CA 94002
Attention: Director of Housing

To the City: City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303
Attention: Community and Economic Development Director

Notice shall be deemed effective on the date personally delivered or, if mailed, five (5) days after deposit in the United States mail.

- N. Contract Execution: The Parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The Parties therefore wish to permit this MOU and future documents relating to this MOU to be digitally signed in accordance with California law and County's Electronic Signature Administrative Memo. Any Party that agrees to allow digital signature of this MOU may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this MOU.

IN WITNESS WHEREOF, the Parties have executed this MOU as set forth below.

THE CITY OF EAST PALO ALTO

By: _____ Date: _____

THE COUNTY OF SAN MATEO

By: San Mateo County Department of Housing

By: _____ Date: _____
Raymond J. Hodges, Director

APPENDIX A: San Mateo County Minor Home Repair Program Guidelines

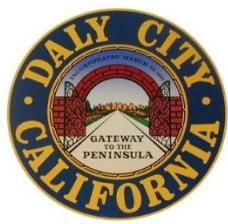


County of San Mateo Department of Housing

Minor Home Repair Guidelines*

These guidelines were drafted by the County of San Mateo but will be adopted across the cities of San Mateo County with a disclaimer in the document.

*Minor home repair includes housing accessibility modification programs



Disclaimer: This document is one tool, out of several, to be used by CDBG Funding Recipients (also known as Subrecipients) and each jurisdiction for the implementation of minor home repair programs. While this tool offers new valuable guidance, is not a substitute for federal regulations or each local jurisdiction's contract. Funding Recipients are encouraged to review each contract from each jurisdiction for clear and decisive direction and expectations before moving forward with any minor home repair project.

San Mateo County – Minor Home Repair Program Description/Guide

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APPENDIX A: DALY CITY ADDENDUM

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APPENDIX C: SAMPLE SCOPE OF WORK

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Purpose:

The core principles of HUD's CDBG program are: local decision-making flexible use of funds for local needs, citizen participation, leveraging investments through partnerships, and strategic targeting of funds in the areas of community needs. These principles essentially require that each grantee jurisdiction's elected representatives determine local use of CDBG funds within the HUD regulations. Program specifics within HUD regulations, where flexible, can and will vary across jurisdictions, even in similar minor home repair programs. This is a feature of the CDBG program that enables community members and elected officials to direct their own programs.

The County, via its Community Development Block Grant (CDBG), funds various Funding Recipients with CDBG funding for minor home repair programs. This program document contains information and guidance on eligible repairs and processes that must be followed by all minor home repair programs funded by the County to assist low to moderate income homeowners with repairs. This program is a

grant program and does not require clients to place loans on the property after completion. Repairs to owner occupied homes generally should not exceed \$5,000 per unit. Exceptions can be made by County staff on a case-by-case basis, or as part of the annual NOFA process.

The program is funded by CDBG funds. The housing grants are used to complete minor repairs and housing modifications, which are funded through the County's annual CDBG formula grant. The housing rehabilitation programs are administered by the County's Housing and Community Development Division with the Department of Housing. Each organization operating a minor home repair program will be assigned an HCD Specialist to oversee compliance with federal regulations.

Due to regulations, the minor home repair program does not lend itself to emergency repairs. Funding Recipients should be aware environmental review processes takes time for HCD staff to complete and should plan ahead for the following timelines:

- Smaller repairs, such as those that fall under maintenance may take 5-7 days to complete an environmental review.
- Standard repairs and rehabilitation may take 45-60 days to complete an environmental review.

[Eligible Applicants: \(24 CFR 570.202 \(a\) \(1\)\)](#)

Eligible applicants must meet the following criteria to be considered for the minor home repair program.

- Must be a homeowner or renter of a property in San Mateo County.
 - Renters are only eligible for accessibility, or accommodations such as wheelchair ramp and/ or grab bars installation and must be wheelchair bound. Installation is also contingent on landlord's approval. Exceptions may be granted on a case-by-case basis.
- Household cannot have an income greater than 80% of the area median income.
- A housing unit may be a manufactured home, as defined by HUD, under HUD Code 24 CFR Part 3280, which are federal standards for the design and construction of manufactured homes to assure quality, durability, safety, and affordability. Manufactured homes are built in the controlled environment of a manufacturing plant and are transported to their site in one or more sections, each section on a permanent chassis. ***Each manufactured home displays a certification label on the exterior of each transportable section indicating the manufacturer's certification of compliance with the HUD Code.*** After the certification label is permanently affixed to each section of the home, the section(s) is then ready for transport to an individual home site. At the home site, the home sections are assembled and installed on a foundation and anchoring system which may include pier supports, anchorage to a concrete slab, or placement on another type of permanent foundation. Part of the final assembly or placement process includes connecting the housing unit to the required utilities. **To be eligible for CDBG funding, manufactured housing must be part of the community's permanent housing stock.**

[Ineligible applicants \(25 CFR 570.202 \(a\) \(5\)\)](#)

- Mobile Homes.
- Tiny Homes not affixed to a permanent foundation
- Accessory Dwelling Units (ADUs), unless rented to a tenant needing accessibility modifications

Targeting: (San Mateo County Requirement, not applicable to other jurisdictions)

The County, as part of its Housing Element, reserves the right to use CDBG funds to prioritize minor home repair dollars in homes located in Low Resource/ High Segregation & Poverty Areas, as defined by State HCD's Opportunity Area Maps, that are at greatest risk of displacement. Over the next eight years (FYs 23-31), DOH's definition of Low Resource/ High Segregation & Poverty Areas may change but such change will be informed by State HCD's guidance. The County may also use other relevant metrics to identify low-income communities that are at greatest risk for displacement.

Target funding minor home repair and modification programs to:

- persons living with a disability and/or older adult households: Approximately 45% of all unit modifications (or around 25 units) under a minor home repair program will be for residences of disabled or older adult (62+) households.
- homes located in areas with greatest risk of displacement for low-income residents, which are those located in Low Resource/ High Segregation & Poverty Areas, as defined by State HCD's Opportunity Area Maps.¹
- Encourage single-family property owners to access energy assessments, programs and rebates.

¹ The map is updated on an annual basis and can be found at: <https://belonging.berkeley.edu/final-2024-ctcac-hcd-opportunity-map>

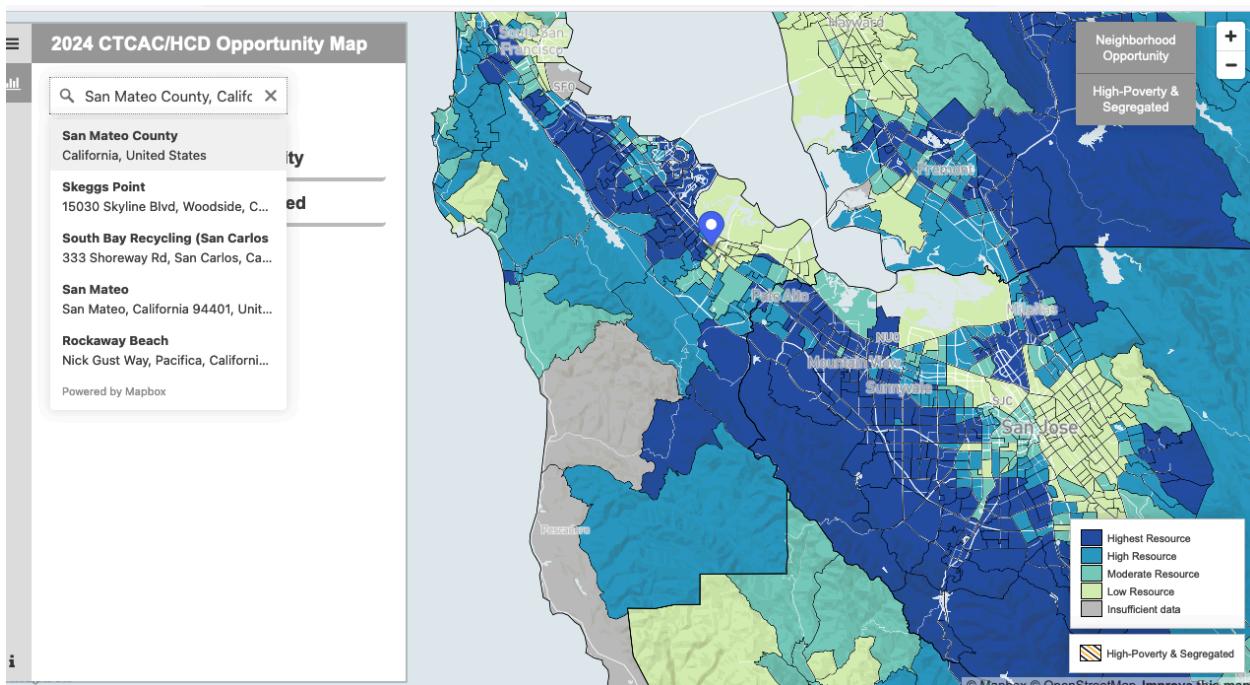


Figure 1 - Map from State HCD's Opportunity Areas

NOTE: This section is only applicable and specific to San Mateo County funding contracts.

Return Homeowners (San Mateo County Requirement)

A property owner may receive assistance multiple times within five years of the first year of assistance; however, the total assistance is not to exceed \$20,000. Exceptions may be granted on a case-by-case basis, especially when considering an emergency repair item.

HCD Staff will track the addresses and properties receiving assistance as part of the DOH internal process to verify the amount of assistance per property.

Income Calculations: (24 CFR 570.208 (a))

Eligible applicants must be considered low to moderate income and have a gross household income that is at or below 80% of Area Median Income (AMI) for their household size, as defined by the U.S. Department of Housing and Urban Development (HUD). Funding recipients must follow the 2 CFR Part 5 Definition for an income calculation. One hundred percent of households receiving minor home repair assistance must meet the income qualifications of at or below 80% AMI.

Eligibility screening is conducted upon receipt of a completed application by the program organization. The supporting homeowner eligibility documents are kept in project files and maintained according to the County's retention policy. The eligibility screening, or the income calculation must be included in every client file. Funding recipients may utilize the HUD income calculator, the income calculation spreadsheet provided by the DOH or other grantee jurisdiction, or another document of its own creation, as long as the document created by the Funding Recipient meets the requirements set by HUD and DOH/grantee

jurisdiction. All income calculations must be signed by the household seeking assistance through the minor home repair program as well as by the appropriate funding recipient staff member.

Income documentation must not be older than 12 months of date of the provision of the services. Income calculations utilize the documents provided by the applicant to determine the eligibility under the CDBG program. Proof of income is required with the application to validate income for all persons 18 years of age and older in the household (this includes working dependents/ adult children). Acceptable documents for proof of income can be any of the following:

- Copy of any government benefit statement, such as Social Security
- Copy of 2 months of most recent paystubs
- Copy of most recent W-2
- Copy of most recent tax return (no more than 12 months old)
- Copy of most recent statements from any asset* accounts, bank, retirement, etc. (2 months' worth)
- Copy of any regular payments received, such as alimony (2 months' worth)
- Copy of reports for any net income for self-employment, including gig economy work such as Etsy, Uber, etc.
- Copy of any unemployment compensation
- Copy of letters from relatives or friends who do not reside in the unit and who provide regular and re-occurring gifts of support
- Copy of any workers compensation or disability pay

Income documentation must not be older than 12 months of date of the provision of the services.

*Assets to be included in the income calculation include: Checking, Savings, Mutual funds, Money Market Acct. Equity in Rental Property, Retirement and Pensions, 401(K), Stocks, Bonds, Treasury Bills, Certificate of Deposit, Annuities, Revocable Trust, Mortgages or Deed of Trust, Whole Life Insurance policy, Lump sum- inheritance, Lottery Winnings, Insurance Settlements, Personal property held as an investment (e.g., antiques, gems, etc.) Applicants must provide documentation of any of these types of accounts or holdings.

For households who have been on a waiting list by an organization, the income calculation must be updated at the time the home repair services will be provided.

Eligible Improvements: (24 CFR 570.202 (b))

Table 1 is a list of the types of improvements and costs that are eligible or ineligible under this program. CDBG-assisted rehabilitation does not include the construction of a secondary housing unit attached to a primary unit; the installation of luxury items such as a swimming pool or granite countertops; the costs of equipment, furnishings or other personal property is not an integral structural fixture, such as a

window air conditioner (although a stove or refrigerator is allowed); and labor costs for homeowners to rehabilitate their own property.

While HUD does not have a specific definition of luxury items, for the purpose of the program DOH will define luxury items as items are not necessary to the home, but it is deemed highly desirable by a reasonable person within the community. If there are questions as to whether an item or rehabilitation involves a luxury item, Funding Recipients should consult with their HCD Specialist.

Table 1 - Eligible and Ineligible Costs

Eligible Improvements	Ineligible Improvements
Structural repairs	New Sunrooms/patios
Weather proofing	Luxury fixtures
Roof repair/replacement	Skylights/sky tubes
Siding/Stucco repair/replacement	Custom/luxury window/door trim
Electrical system repairs/replacement	Solar Panels
Plumbing repairs/replacement	Furniture
HVAC repairs/replacement	Non-essential appliances
Ductwork repairs/replacement	Luxury/industrial/professional appliances
Kitchen rehabilitation, including food safe surfaces, accessible cabinets, resilient flooring, built-in appliances (refrigerator, stove, hood vent, dishwasher, installed microwave, or microwave/hood vent combination unit), and fixtures	Custom/Luxury finishes, such as imported stone countertops, industrial fixtures/finishes, and custom or luxury wall finishes
Bathroom rehabilitation, including resilient flooring, low-flow shower/bath plumbing, shower/bath replacement, grab bar installation, vanity and sink repair/replacement, and low-flow handicapped accessible toilets	Equipment that does not require permanent installation such as TVs, cable boxes, internet routers, stereo equipment, computer equipment including monitors
Fireplace repair (for code violations)	New fireplaces
Interior and exterior paint	Custom/luxury interior/exterior paint
Lead based paint remediation	Countertop appliances
New resilient flooring	Luxury/custom flooring
Accessibility improvements, including ramps, widening doorways, and kitchen and bathroom accessibility, and security lighting	General landscaping (for non-hazardous situations)
Water heater repair/replacement	New de-attached sheds, garages, and other structures
Hazardous landscaping repair, including obstructed or uneven path of travel, damaged fences, and hazardous trees/vegetation and must be incidental to the repairs of the home (NOTE: this is an emergency repair, which is not eligible in San Mateo County)	Non-residential hardscape
Window repair/replacement	Food for Volunteers or Staff
Chimney repair	
Room additions (in situations of overcrowding)	
Patio roof repair/replacement	

Scope of Work/Specifications (2 CFR Part 200.319 and 2 CFR Part 200.404)

Funding recipients need to provide a detailed scope of work and estimated budget for each repair. The scope of work and budget is used to determine compliance for each related law under for the environmental review for each address. Funding recipients should provide as much detail as possible for the scope of work. The scope of work and specifications may be prepared using any industry accepted automated specification writing system in a commonly accepted format, e.g.; room by room, by construction trade, etc. Specifications must be clearly written and prepared with sufficient detail to direct a contractor.

The scope of work should include:

- Item to be addressed
- Commonly accepted dimensions (i.e. square feet, linear feet, each, lump sum, etc.)
- Estimated amount of ground disturbance – if applicable
- Estimated repair cost per budget line item
- Any mitigation efforts that will be completed to address an environmental impact under the environmental review regulations or NEPA
- Indication of if any building permit is required

The scope of work should not include:

- Brand names. Scope of work may use the phrase “brand name or equivalent”
 - correct example – replace 3 double hung windows with Pella Wood Casing windows or equivalent

Appendix A includes a copy of a sample scope of work that can be utilized by minor home repair providers to develop a scope of work that is clear and helps determine the compliance with environmental review regulations and lead based paint regulations.

Maintenance vs Rehabilitation (CPD Notice 16-02)

An appendix to this document is the Community Planning and Development (CPD) Notice 16-02. This notice describes the difference between maintenance level projects and rehabilitation projects. This notice is helpful in determining the level of review for each address assisted.

In general, **maintenance activities** slow or halt deterioration of a building and do not materially add to its value or adapt it to new uses. Sometimes, maintenance of a building feature or system requires periodic replacement of individual component parts that are subject to normal wear and tear. General examples of maintenance activities for environmental review purposes:

1. Cleaning activities;

2. Protective or preventative measures to keep a building, its systems, and its grounds in working order;
3. Replacement of appliances that are not permanently affixed to the building;
4. Periodic replacement of a limited number of component parts of a building feature or system that are subject to normal wear and tear;
5. Replacement of a damaged or malfunctioning component part of a building feature or system. (Replacement of all or most parts or an entire system is not maintenance.)

If items that would otherwise be considered maintenance are done as part of an extensive remodeling or rehabilitation of a building that amounts to rehabilitation, the entire job is considered rehabilitation.

Funding Recipients may choose to offer a maintenance level of assistance to clients as part of its program. This option is allowable if 100% of the repair assistance under this category fall under this level of assistance.

DOH Staff will make the determination based on the scope of work if the project is a maintenance or rehabilitation.

When a DOH makes a determination that project activities are rehabilitation and therefore require compliance with related environmental laws and authorities under the environmental review regulations, the scope of the work may still be minor and have limited impact on the environment.

Appendix B to this document is a chart from CPD Notice 16-02 with various types of maintenance activities and rehabilitation activities. This document should be used as a tool for determination what constitutes a maintenance activity versus a rehabilitation activity, however, it's not a comprehensive list. If the Funding Recipient staff have questions, they should reach out to the County's HCD Specialist. HCD Specialists may need to consult with HUD for clarification.

Change Orders (2 CFR Part 200.319)

San Mateo County must approve all change orders. ***Any change order not approved by the County can put the funding or reimbursement to the Funding Recipient at-risk.*** HCD Specialists must review any changes to determine if the environmental review determination will need to be amended before any work changes can begin.

Environmental Reviews (24 CFR Part 58)

DOH utilizes the scope of work/specifications to determine the level of environmental review. For the minor home repair program, DOH will utilize two different levels of review. The following instructions are based on DOH completing environmental reviews for maintenance activity only programs and broad level tiered reviews for rehabilitation programs.

Programs Funding Maintenance Activities ONLY

Funding Recipients may choose to offer a maintenance level of assistance to clients as part of its program. This option is allowable if 100% of the repair assistance under this category fall under this level of assistance. The Funding Recipient will have to declare this as part of its application and will be restricted to this level of assistance per property under its contract. ***The Funding Recipient, if found to have offered other rehabilitation assistance to the same property along with DOH maintenance assistance, will be found out of compliance and may be subject to termination of its contract and/or returning funds already reimbursed by DOH or appropriate jurisdiction.***

As such, these programs will be set up with a two-part budget: 1) program delivery costs and 2) direct costs as related to the minor home repair or construction costs.

- This set up will enable DOH two different activities in IDIS under the same project/contract.
 - The program delivery costs will be set up and connected to the construction activity in IDIS.
 - The program delivery activity will be an exempt activity under the environmental review regulations.
 - The construction costs will be evaluated on an address basis under the environmental review under maintenance activities.

Note:

- Not all cities will establish two-part budgets for minor home repair and housing accessibility modification programs. Please check with your local jurisdiction on this point.

Programs Funding Rehabilitation:

Prior to any work beginning on a property, the 2nd Tier of the Broad Level Environmental review must be completed. Each address must be evaluated to verify it is in compliance with the approved Broad Level Environmental review. ***HCD Specialists will provide a notice to proceed via CDS (or in Notice to Proceed email from Daly City) prior to work beginning. Any work on the home begun prior to this notice proceed will not be reimbursable and prevent any future work being funded with federal funds going forward.***

Utilizing the Broad Level Environmental review or Tiered Review will enable minor home repair projects to move forward quickly. However, in some instances, the County may opt to follow the CPD Notice 16-02, categorizing some small repairs as maintenance activities, requiring a lower level of review. These will be used on a limited basis to enable small, emergency projects to be expedited.

The County conducts a Broad Level Review for the Minor Home Repair programs it funds, but for a few items the County will need to address on an address-by-address basis. To begin this process, the minor home repair provider will submit a detailed scope of work for the repairs, along with pictures of the front of the home, and the area of the work to be completed. The scope of work should also include an estimated cost for the repairs.

Radon

Minor Home Repair projects will be required to have a test completed by a licensed tester prior to the completion of the other repairs unless one of the below alternative approaches is employed. Typically, this will need to occur in the basement or crawlspace. If no such space exists, the test can be completed in an internal room on the first floor. Based on the test results, homeowners can choose to include a vapor mitigation system in the project scope. After installation and repairs are complete, a test is required to ensure that the system is working properly.

If the test results indicate that the property has radon levels exceeding 4.0 picoCuries/Liter (pCi/L) and a homeowner chooses not to install a vapor mitigation system, the homeowner(s) must sign the Radon Acknowledgement Form. If more than one person is listed on the deed, this form requires a signature from all owners of the property to acknowledge that they recognize the health risks associated with radon and are choosing not to have a system installed.

Emergency repairs through the Minor Repair program will not trigger radon compliance (i.e. an emergency furnace repair during the winter).

A list of licensed radon testers and mitigators can be found here: <https://certifiedradonpros.org/ca.html>

Licensed testing and mitigation do not need to be from the same company.

Exceptions to testing are allowed for:

- buildings with current mitigation systems and documentation of radon levels below 4.0 pCi/L with test results dated within 2 years of submitting the application for HUD assistance.
- buildings tested within five years of the submission of application for HUD assistance: test results document indoor radon levels are below current the EPA's recommended action levels of 4.0 pCi/L.

While the HUD recommends meeting ANSI/AARST testing standards, other alternatives are allowed.

This includes:

- Do-it-yourself (DIY) radon test kits may be used to measure radon levels in single-family dwelling units.
- In remote or other areas where there are no licensed/certified radon professionals and/or DIY test kits cannot be shipped to a lab in sufficient time, the local government, such as a local health department or environmental department, may decide to purchase radon monitoring equipment and train staff to use it.
- Scientific data review. Available science-based information may be used to determine whether the project site is located in an area that has average documented radon levels at or above 4 pCi/L.

Section 106/SHPO/Historic Review

Minor home repair projects are subject to a 106 review. Consultation will be required via the State Historic Preservation office for each rehabilitation project, except for interior only projects. Any consultation with the preservation office may add a 30-day delay to the work.

Tribal Consultation as Part of Section 106 Review

As part of the environmental review, minor home repair projects generally are not subject to tribal consultation within the Section 106 Historic Review of the Environmental Review. However, in the case where the repair will involve ground disturbance, the County must consult with tribes listed by the Tribal Directory Assessment Tool (TDAT) by HUD or tribes listed by the State Historic Preservation Office. Any consultation with a Tribe may add a 30-day delay to the work.

FEMA Flooding

The minor home repair program cannot provide assistance to properties located in floodways or the 100-year flood plain now defined as the FFRMS floodplain (or areas noted on FEMA maps as flood hazards). San Mateo County relies on the use of the FEMA Mapping system <https://msc.fema.gov/portal/home> to determine if a property requesting a minor home repair is located within the floodway or flood zone.

San Mateo County will require funding recipients to provide a copy of the FEMA Map with the property identified along with the scope of work.

If the scope of work includes mitigation efforts acceptable to the FFRMS standards, the county may approve work on a property within a flood zone. Project organizations can find out more information about mitigation efforts at <https://www.hudexchange.info/environmental-review/floodplain-management/> and https://www.hud.gov/program_offices/comm_planning/environment_energy/ffrms.

Wetlands Mapper

The minor home repair program cannot provide assistance to properties located in wetlands. San Mateo County relies on the use of the wetlands mapper to determine if a property requesting a minor home repair is located within a wetland. <https://www.fws.gov/program/national-wetlands-inventory/wetlands-mapper>

San Mateo County will require funding recipients to provide a copy of the Wetlands Map with the property identified along with the scope of work.

As of June 2024, there are few sites in San Mateo County considered to be wetlands, however, most of these sites do not have residential properties located in them. Any exceptions to this rule should submit an email question to HCD Specialist.

Other – Environmental Assessments

In rare instances, some rehabilitation may trigger a higher level of review, called an Environmental Assessment. In the case of such rehabilitation, the County will notify the Funding Recipient of the change and may further approvals. Cases that require Environmental Assessments will be addressed on a case-by-case basis.

Lead Based Paint (24 CFR Part 35)

All minor home repair projects must comply with the HCD Lead Hazard policies. This section will provide guidance for compliance with those policies.

All unit occupants must receive the HUD/EPA/CPSC2 pamphlet "Protect Your Family from Lead in Your Home". Funding Recipients must document each homeowner has received a copy of the pamphlet.

All unit occupants must be notified of any lead hazard evaluation results (or the presumption of lead-based paint/hazards) and of the hazard reduction activities and clearance. Funding Recipients must keep a Lead Paint Checklist as part of the files.

Exemptions to the Lead Based Paint Requirements:

1. Exemptions still applicable from the Current Regulations

1. Residential Structures built after January 1, 1978
2. Emergency activities

2. Existence of Lead-Based Paint Unlikely

1. Areas where state and local governments banned lead-based paint prior to January 1, 1978.
2. Properties found not to have lead-based paint during earlier testing that meets the requirements of proper evaluations.
3. Properties where all lead-based paint has been identified and removed using approved methods.

3. Human Threat Unlikely

1. Unoccupied units that will be demolished.
2. Property not suitable for human habitation.
3. Rehabilitation that does not disturb paint.

² Consumer Product Safety Commission

4. Child Occupancy Unlikely

1. Zero-room dwelling units (including studio apartments).
2. Elderly and disabled housing.

Requirements for properties constructed prior to 1978 and receiving less than or equal to \$5,000 of federal funds per unit for rehabilitation activities include the following:

1. Lead hazard evaluation
 - Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or
 - Funding Recipients may assume that these surfaces contain lead-based paint.
2. Lead hazard reduction
 - If lead-based paint is detected, safe work practices must be used during rehabilitation.
 - If lead-based paint is assumed, all paint disturbed during rehabilitation must be repaired using safe work practices. Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.
3. Clearance
 - Clearance is required only for the work area.
 - Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

Requirements for properties constructed prior to 1978 and receiving federal assistance between \$5,000 and \$25,000 per unit for rehabilitation activities include the following:

1. Lead hazard evaluation
 - Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or Funding Recipients may assume that these surfaces contain lead-based paint.
2. Lead Hazard Reduction
 - If lead-based paint or lead-based paint hazards are detected during the evaluations, safe work practices and interim controls must be implemented to reduce lead-based paint hazards.
 - Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

- Interim control methods include paint stabilization; treatment for friction and impact surfaces; treatment for chewable surfaces; lead-contaminated dust control; and lead-contaminated soil control.
- If lead-based paint or hazards are assumed, the Subrecipient must follow safe work practices and perform standard treatments in lieu of interim controls on all applicable painted surfaces and lead-based paint hazards.
- Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of lead dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.
- Standard treatments include paint stabilization, smooth horizontal surfaces that can be cleaned, correcting dust generating conditions, and bare residential soil.

3. Clearance

- Clearance is required when lead hazard reduction activities are completed in the unit, common areas servicing the unit, and exterior surfaces where hazard reduction took place.
- Clearance must be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician.

Requirements for properties constructed prior to 1978 and receiving federal assistance over \$25,000 per unit for rehabilitation activities include the following:

1. Lead hazard evaluation

- Paint testing must be conducted to identify lead-based paint on painted surfaces that will be disturbed or replaced, or Funding Recipients may assume that these surfaces contain lead-based paint.
- A risk assessment must also be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces, including soil; or Funding Recipients may assume that lead-based paint hazards are present.

2. Lead hazard reduction

- If lead-based paint hazards are detected during the evaluation, abatement must be completed to permanently reduce these hazards. Abatement permanently removes lead-based paint and lead-based paint hazards by removing lead-based paint and its dust, or permanently encapsulating or enclosing the lead-based paint, replacing components with lead-based paint, and removing or permanently covering lead contaminated soil. Encapsulation and enclosure require ongoing maintenance to check their effectiveness.
- If lead-based paint hazards are detected on the exterior surfaces that are not disturbed by rehabilitation during the risk assessment, interim controls may be completed instead of abatement to reduce these hazards. Interim control methods include paint stabilization; treatment for friction and impact surfaces; treatment for chewable surfaces; lead-

contaminated dust control; lead-contaminated soil control.

- If lead-based paint is detected or assumed, safe work practices must be used during lead hazard reduction. Safe work practices include protecting occupants from lead-based paint hazards associated with lead hazard reduction activities, preparing the worksite to prevent the release of leaded dust and debris, and appropriate worksite cleanup to remove dust and debris from the work area.

3. Clearance

- Clearance is required when lead hazard reduction activities are completed in the unit
- common areas servicing the unit, and exterior surfaces where hazard reduction took place.

The County has developed a form that walks Funding Recipients through each step of the process. This includes:

- Notification
- Determining if the project is exempt under the lead paint regulation
- Determining if the project meets di minimis levels
- Approach based on the level of federal funding in the property

NOTE: If a change order moves the level of funding from one level to the next highest level, the course of action or approach does not change. An example, if the initial scope of work/specifications totals to \$4,000 and a change order adds another \$1,200 of work to a total of \$6,200 of CDBG investment, the approach would still be under the \$5,000 limit. This should not be used as a method for skirting the lead-based paint rules. ***Habitual use of change orders to move to a higher level of investment while using a lower threshold for lead paint may result in the termination of the CDBG Award and repayment of funds.***

All contractors must have at least one person with an EPA Lead Rehabilitation and Repair Program Renovator Certification on site.

[Documentation for Reimbursement \(2 CFR Part 200.413\)](#)

Important to note that all request for reimbursement should reflect only CDBG specific charges related to the activities outlined in the scope of work. Invoices from Funding Recipients and Vendor are paid upon reimbursement only. Costs and invoices must be incurred during the contract period. Costs incurred prior to the contract start date or after the contract term expires will not be paid. County contracts currently allow for reimbursement requests to be made 30 days past the expenditure deadline or expiration date of the contract.

Table 2 outlines what supporting documentation must accompany reimbursement requests by the type of cost item.

Table 2 - Supporting Documents for Reimbursement

COST ITEM	SUPPORTING DOCUMENTS
Salaries	<ul style="list-style-type: none"> • Signed personnel activity reports (timesheets) summarizing the distribution of activity of each employee. Timesheets should identify the amount of time spent on serving San Mateo County / appropriate jurisdiction's clients, or directly on the program. • Timesheets shall be signed by the employee and their direct supervisor (in the case of an Executive Director, the Board President must sign the timesheet). • Documented payrolls or payroll reports approved by a responsible official of the organization to show proof of payment.
Fringe Benefits	<ul style="list-style-type: none"> • Proof of payment of fringe benefits including health insurance statements, life insurance statements, etc. Fringe benefits will be calculated as a percentage of salaries invoiced.
Materials and Supplies	<ul style="list-style-type: none"> • Copies of invoices/receipts
Utilities	<ul style="list-style-type: none"> • Copies of invoices/receipts
Other expenses	<ul style="list-style-type: none"> • Copies of invoices/receipts/billing statements

In addition, the Funding Recipient must provide proof of payment to those vendors or contractors. Proof of payment may be documented in a number of ways. Examples include:

- Copy of check; Front and back
- Copy of bank statement showing ETF or check payment;
- Copy of credit card statement showing payment credit card payment; or
- Copy of statement from on-line account or application showing payment.

Funding Recipients may only seek reimbursement for costs included as part of their budget. No costs outside of budgeted costs may reimbursed without a contract amendment.

Termination of Property Owners from Program (San Mateo County Requirement)

The County asks Funding Recipients to make a reasonable effort to work with and guide property owners throughout the process. This includes assisting property owners with application materials, income documentation, and walking through the construction process. However, there are a few

instances when the Funding Recipients may need to terminate a property owner or their tenant from the program.

Selection for the County's Minor Home Repair Program may be terminated for the following reasons:

- Identification of income that places the household over the income threshold.
- Identification of fraud of any type in the application provided to the Funding Recipient or County.
- Verbal abuse or threat of physical harm to any County or other jurisdiction staff member, Funding Recipient staff member, consultant or contractor of the program.
- The property owner is determined to be unresponsive. Unresponsive is defined as:
 - Failure to respond to multiple attempts by the Funding Recipient to reach the property owner over a period of 3 weeks. This includes the property owner not returning or responding to multiple phone calls or emails.
 - Failure to show for a 3 or more scheduled meetings for any single stage of the process
 - Failure to allow access to their home to the contractor.

[Grievance or Appeal Process \(24 570.431 \(b\) \(5\)\)](#)

NOTE: This section only applies to San Mateo County. Other jurisdictions have their own grievance or appeals processes.

San Mateo County's Department of Housing is dedicated to maintaining a fair and transparent process for addressing grievances in federally funded programs administered by the County. To issue a complaint against any department, division or service within the County of San Mateo, individuals or organizations can obtain a complaint form from:

- In-person: Board of Supervisors office located at 400 County Center (formerly 401 Marshall Street), Redwood City, CA.
- Online: via the form located on the County Executive's website: [Complaint Form | County of San Mateo, CA \(smcgov.org\)](#)
- Via mail: COMPLAINTS, SMC Board of Supervisors, 400 County Center, 1st Floor, Redwood City, CA 94063
- Via fax or email: request that a form be sent to you by calling (650) 363-4123.
- Note: on occasion, informal complaints are submitted directly to the Department of Housing, another County Department, or a third-party agency (e.g., HUD, or a client of a subrecipient); these will follow the same process as those submitted via the County's complaint form.

Grievance Review and Investigation: Compliant forms will be directed to the Department of Housing Director. Upon receiving a grievance related to work under the purview of the Department of Housing, the DOH will initiate a thorough review and investigation. This may involve gathering additional information, interviewing relevant parties, and examining relevant records or documentation.

Grievance Decision and Follow-up: Once the investigation is completed, the DOH will issue a decision based on the findings. If the grievance is substantiated, appropriate corrective actions or remedies will be implemented. The DOH will also provide a written response to the grievant, outlining the decision and any subsequent steps, as applicable.

Documentation and Recordkeeping: All grievances and related documentation, including the written complaints, investigation reports, decisions, and correspondence, will be properly documented and retained in accordance with record retention policies.

Procedures:

1. Program organization accepts an application for home repair assistance.
2. As part of the intake process, program organization:
 - a. Verifies the location of the unit to be repaired
 - b. Verifies property taxes are paid
 - c. Collect the needed documentation for the income calculation
 - d. Determine the work requested by the homeowner
 - e. Determine if the applicant has any possible or perceived conflict of interest with the program or the County
3. If the repairs qualify, homeowner completes and signs Home Repair Application. This is a general intake form to be used by Funding Recipients. Funding Recipients may utilize one of their own creation or one created by DOH. However, if the Funding Recipient utilizes their own application, it must collect the data required by DOH.
4. Income Calculation
 - a. Using the documents from the homeowner and utilizing the HUD Income Calculator or the provided Excel Income Calculation Form, complete the income calculation
 - b. Review the income calculation with the household and have the household and staff member at the program organization.
 - c. The Income calculation is shared with County staff for review, to verify completeness and eligibly.
5. Application, Proof of Income, Income Calculation, Scope of Work and Estimates are submitted to the HCD Specialist. HCD Specialist verifies that the applicant is the owner of the house.
 - a. The Scope of work should include:
 - i. estimated cost – including line-item costs
 - ii. photos of the repair area
 - iii. photos of the front of the property
6. HCD Specialist Conducts the Environmental Review for the Specific Site:
 - a. For Tiered Reviews, HCD Specialists will complete the final laws and regulations listed in the tiered review as to be completed by address. Most common items include:
 - i. Airport Maps
 - ii. Section 106 consultations
 - iii. Identification of any contaminated site within ½ mile
 - iv. Identification of any radon hazards
 - v. Identification of Wetlands on the site
 - vi. Identification of the flood hazard
7. The Funding Recipient must test the home for radon, or use an alternative approach to determining radon levels, if the home does not meet an exception.
8. If required by the lead-based paint policy, the Funding Recipient must test the home for lead paint hazards.

9. The HCD Specialist will email a notice to proceed. **NO WORK MAY BEGIN PRIOR TO THE NOTICE TO PROCEED.**
10. Updates to Scope of Work identified by testing must be provided to the HCD Specialist to approve.
11. Funding Recipients must procure the work according to the scope of work approved by the HCD Specialist.
12. Funding Recipients should ensure that selected contractor is not a Debarred Contractor prior to contract execution between the Funding Recipient and Contractor. ***No contractor listed on the list of debarred or suspended contractors may work on any rehabilitation job.***
13. Any change orders must be approved by the HCD Specialist.
 - a. The HCD Specialist must consider the impact of the change to the environmental review determination.
 - i. If the determination remains the same, the project can be approved.
 - ii. If the determination changes, the HCD Specialist must amend the environmental review and come to a new determination.
 - b. If the environmental review level determination remains the same, the HCD Specialist must update the environmental review with a CENST level of review. Upon completion of the update, the HCD Specialist will notify the Funding Recipient to move forward with the change order.
 - c. If the environmental review level determination changes, the HCD Specialist should complete a new environmental review document.
14. Upon completion of work, the Contractor submits invoice to the Funding Recipient.
15. The homeowner must sign off on the completion of the work. This verifies they are satisfied with the work.
16. The Funding Recipient is responsible for the final inspection, taking after photos and getting a signature approval from the homeowner.
17. The Funding Recipient will submit a reimbursement request documenting:
 - a. Staff time via timesheets
 - b. Contractor invoices
 - c. Copies of checks to contractors
 - d. Copy of pictures after the work
 - e. Documentation of Property owner approval

Client File Checklist:

	Intake Form/Application
	Referral Email/Note from Code Enforcement (if applicable)
	Income Documents
	Income Calculation Form - Completed
	Verification of Residence/Property Taxes paid
	Verification of Homeownership
	Environmental Review - Completed
	Before Photos of Property
	3 Bids from Contractors (or note stating a no bid)
	Lead Based Pamphlet Form signed by Homeowner
	Lead Hazards Review Worksheet
	Copy of Signed Contract with Contractor
	Confirmation contractor was not disbarred or suspended (sam.gov)
	Invoice from Contractor
	Completion Form, Signed by Contractor and Homeowner

APPENDIX A: DALY CITY ADDENDUM - INTENTIONALLY OMITTED

APPENDIX B: CPD NOTICE 16-02



**U.S. Department of Housing and Urban Development
Community Planning and Development**

Special Attention of:

Regional Directors
Field Office Directors
CPD Division Directors
Regional Environmental Officers
Responsible Entities
Healthcare Directors
PIH Staff
Public Housing Agencies
Program Environmental Clearance Officers
Multifamily Office Directors
Multifamily Regional Center Directors
Multifamily Satellite Office Directors

Notice: CPD-16-02

Issued: February 8, 2016

Expires: This Notice is effective until amended, superseded, or rescinded.

Supersedes: March 28, 2006 CPD policy memorandum on this subject

SUBJECT: Guidance for Categorizing an Activity as Maintenance for Compliance with HUD Environmental Regulations, 24 CFR Parts 50 and 58

I. Purpose and Background

This Notice provides guidance on categorizing an activity as maintenance for purposes of compliance with HUD's environmental regulations, 24 CFR Parts 50 and 58. Under 24 CFR 50.19(b)(13) and 58.35(b)(3), maintenance is categorically excluded from environmental assessment under the National Environmental Policy Act (NEPA) and not subject to compliance requirements of the related federal environmental laws in 24 CFR 50.4 and 24 CFR 58.5, including the National Historic Preservation Act of 1966. Similarly, 24 CFR 50.19(b)(21) excludes refinancing of HUD-insured mortgages from NEPA and the related laws if associated physical impacts are limited to routine maintenance, and do not include new construction or rehabilitation. HUD-assisted maintenance activities do not affect the environment, and do not require compliance with federal environmental laws, other than the Coastal Barrier Resources Act¹ and sometimes the National Flood Insurance Program. The Responsible Entity (RE) or HUD reviewer must make a determination of the level of environmental review required for every project and document it in the Environmental Review Record (ERR) before any project activities may occur, including activities determined to be Categorically Excluded and not subject to related laws under the provisions of this Notice.

¹ The Coastal Barrier Resources Act prohibits HUD assistance in the designated Coastal Barrier Resources System.

II. Applicability

This Notice applies to HUD activities that require an environmental review. HUD activities include grants, loans, financing, subsidies, insurance, and approvals. Some HUD activities do not require an environmental review.² The guidance in this Notice describes how Responsible Entities and HUD reviewers should interpret maintenance in the environmental review of HUD-assisted, HUD-insured, and HUD-subsidized activities, including those in Community Planning and Development (CPD), Housing, and Public and Indian Housing (PIH). It is not meant to define maintenance for other program purposes.

When making an environmental determination, distinguishing between maintenance activities and more extensive repair and rehabilitation activities requires careful consideration. The information provided below will assist in determining whether an activity is maintenance and therefore exempt from further environmental review, or, if it is rehabilitation and therefore requires further environmental review, which in most cases will be review under the authorities other than NEPA listed in 24 CFR 50.4 and 58.5.

III. Discussion

In general, maintenance activities slow or halt deterioration of a building and do not materially add to its value or adapt it to new uses. Sometimes, maintenance of a building feature or system requires periodic replacement of individual component parts that are subject to normal wear and tear. While maintenance is often budgeted as an operating expense, and repairs and rehabilitation are treated as capital expenses, it is the nature of the activity itself, not its budget category that determines whether it qualifies as maintenance for environmental review purposes.³ Simultaneous maintenance work in multiple units or buildings is still considered maintenance.

² Consult Program Environmental Clearance Officers (PECOs) for information on which program activities do not require environmental review. For example, issuance of Single Family FHA mortgage insurance in the 203(k) program does not require environmental review. For some programs, like Multifamily Section 223(a)(7) refinancing transactions, the environmental review can be done on a programmatic basis so that individual reviews are not necessary.

³ For example, Public Housing activities assisted with Capital Funds and Operating Funds are subject to environmental review requirements pursuant to 24 CFR 905.308(b)(2) and 24 CFR 990.116 respectively. Although minor repairs and replacements are often budgeted as a PIH operating expense in accordance with section 9(g) of the United States Housing Act of 1937, some minor repairs and replacements may be considered rehabilitation for environmental review purposes. Likewise, nonroutine maintenance as defined in 24 CFR 905.200(b)(5) is not maintenance for environmental review purposes. In addition, the following activities are not considered maintenance in PIH assisted programs: (1) Modernization (as defined in 24 CFR 905.200(b)(4), (5), (6), (9), (11), (12)(ii) and (vii)(A), (B), and (E), (14)(iii), (iv), (v), and (vi) and (18) and (2) Development activities (as defined in 24 CFR part 905, subpart F). If maintenance activities are done as part of a broader modernization or development activity, then the entire activity would generally be considered as modernization or development and not maintenance for purposes of environmental review compliance.

For environmental review purposes, deferred maintenance that has resulted in a need for extensive repairs and rehabilitation does not qualify as maintenance. If items that would otherwise be considered maintenance are done as part of an extensive remodeling or renovation of a building that amounts to rehabilitation, the entire job is considered rehabilitation.

Depending on the extent of damage, activities performed after a disaster event will typically not be considered maintenance.

General examples of maintenance activities for environmental review purposes:

- (1) Cleaning activities;
- (2) Protective or preventative measures to keep a building, its systems, and its grounds in working order;
- (3) Replacement of appliances that are not permanently affixed to the building;
- (4) Periodic replacement of a limited number of component parts of a building feature or system that are subject to normal wear and tear;
- (5) Replacement of a damaged or malfunctioning component part of a building feature or system. (Replacement of all or most parts or an entire system is not maintenance.)

For specific examples of activities that do and do not qualify as maintenance, see the attached Table. Responsible Entities and HUD reviewers should use the Table and the general examples above, taking into account the scope and extent of the activity, to properly categorize activities as maintenance for environmental review purposes.

IV. Scope of Review for Rehabilitation

When a Responsible Entity or HUD reviewer makes a determination that project activities are rehabilitation and therefore require compliance with related environmental laws and authorities, the scope of the environmental review may be limited if the work is minor and does not involve ground disturbance. Consult Regional Environmental Officers, Field Environmental Officers, and Program Environmental Clearance Officers for information and examples of Environmental Review Record documentation for limited reviews. The scope of an environmental review relates to the nature and extent of the rehabilitation activities. Some activities, especially those limited to interior spaces, may not have the potential to affect the natural environment, and therefore not require analysis under some of the related laws and authorities like those addressing Wild and Scenic Rivers, Endangered Species, Farmland Protection, or Protection of Wetlands. A reviewer can quickly document such instances in the Environmental Review Record, and focus effort and further analysis on those environmental areas that may be impacted by a project. In residential rehabilitation, those typically include Floodplain Management, Historic Preservation, Noise Abatement, Toxic Chemicals and Radioactive Materials. Historic Preservation review (Section 106) may be expedited through Programmatic Agreements and other program alternatives.

It is also possible to group multiple years of expected activities into one environmental review. For instance, rehabilitation activities could be outlined in a 5-year environmental review for a property and be reviewed once, without requiring individual reviews each time a single activity occurs during the time period.

If you have any questions about this Notice, please contact your Regional Environmental Officer or Nancy Boone at Nancy.E.Boone@hud.gov, or phone (202) 402-5718.

**EXAMPLES OF MAINTENANCE ACTIVITIES vs. REHABILITATION ACTIVITIES
FOR ENVIRONMENTAL REVIEW PURPOSES**

Feature or System	Maintenance Activities ⁴	Rehabilitation Activities ⁵
Site	<ul style="list-style-type: none"> • lawn care (litter pickup, mowing, raking), trimming trees and shrubs • snow/ice removal • neighborhood cleanup • application of pavement sealants, parking lot restriping, directional signage or marking for handicapped accessibility • repair of cracked or broken sidewalks 	<ul style="list-style-type: none"> • new landscaping throughout an area • construction of new walkways, driveways or parking areas, or replacement thereof
Building Exterior	<ul style="list-style-type: none"> • cleaning and fixing gutters and downspouts • repainting previously painted surfaces (including limited wet scraping and low-pressure washing) • replacing deteriorated section of siding • removal of graffiti 	<ul style="list-style-type: none"> • cleaning masonry or stripping painted surfaces by sandblasting, acid wash, or high pressure washing • applying new exterior siding
Roof	<ul style="list-style-type: none"> • fixing leaks • application of waterproof coating to a flat roof • replacement of deteriorated flashing • in-kind replacement of loose or missing shingles or tiles 	<ul style="list-style-type: none"> • complete replacement of roof with new shingles, tiles, roll roofing, membrane, or new metal roof • installation of solar panels
Windows and Doors	<ul style="list-style-type: none"> • washing windows • caulking, weather stripping, re-glazing windows and doors • fixing broken windowpane(s), storm window(s) or damaged entry door • replacing broken door lock • replacing a vandalized entry door to restore security of a building or unit • replacing a single severely damaged window to match • annual switch out of storm and screen panels 	<ul style="list-style-type: none"> • replacement of windows • replacement of exterior doors • adding storm windows or storm doors
Interior Walls and Ceilings	<ul style="list-style-type: none"> • patching or mending cracked plaster • patching or fixing holes or cracks in drywall • replacing stained ceiling tiles • painting or wallpapering 	<ul style="list-style-type: none"> • installation of new drywall or paneling • installation of new acoustical ceiling • installation of dropped ceilings
Flooring	<ul style="list-style-type: none"> • cleaning floors • stripping wooden floors and resealing • installation or replacement of carpeting or vinyl flooring* 	<ul style="list-style-type: none"> • installation of new wood floor

* These maintenance items may require purchase of flood insurance if they occur in a Special Flood Hazard Area (SFHA), and costs exceed the standard deductible for the specific type of structure or unit under the National Flood Insurance Program (NFIP).

Feature or System	Maintenance Activities ⁴	Rehabilitation Activities ⁵
Circulation	<ul style="list-style-type: none"> • in-kind replacement of broken stair treads or balusters • inspection and servicing of elevators 	<ul style="list-style-type: none"> • rebuilding stair or constructing new stair • installation of new access ramp • elevator replacement
Kitchen	<ul style="list-style-type: none"> • replacement of stoves, refrigerators, and microwaves* • replacing cabinet hardware* 	<ul style="list-style-type: none"> • complete or substantial kitchen remodel
Bathroom/Laundry	<ul style="list-style-type: none"> • unclogging sink or toilet • replacing deteriorated toilet in an occupied housing unit* • replacing broken medicine cabinet* • replacing washing machines and dryers* • installation of grab bars 	<ul style="list-style-type: none"> • complete or substantial bathroom remodel
HVAC	<ul style="list-style-type: none"> • servicing and maintenance of mechanical systems • changing air filters • cleaning air ducts • installing or replacing a window air conditioner • replacing a malfunctioning part of a HVAC system like a thermostat * 	<ul style="list-style-type: none"> • installation of new furnace or heat distribution system • installation of central air conditioning
Electrical/Lighting	<ul style="list-style-type: none"> • changing light bulbs • replacing malfunctioning light fixture, electrical switch or outlet* 	<ul style="list-style-type: none"> • major rewiring of building • installation of new electrical service • replacing or moving electrical panels
Plumbing	<ul style="list-style-type: none"> • fixing plumbing leaks* • repairing damage from frozen pipes* • repairing water or sewer connection within existing utility trench alignment • replacing malfunctioning water heater* 	<ul style="list-style-type: none"> • installation of new plumbing system • new water or sewer connection
Security	<ul style="list-style-type: none"> • repair of security alarm systems • boarding up a vacant building with protective plywood • installation of temporary security fencing • installation of security devices needed for an individual health facility patient 	<ul style="list-style-type: none"> • installation of permanent security bollards • installation of new security alarm system
Life Safety	<ul style="list-style-type: none"> • servicing smoke, fire and CO detectors • installation of smoke, fire and CO detectors 	<ul style="list-style-type: none"> • making substantial physical changes to a building to comply with fire and life safety codes • installing fire suppression system
Pest Infestation	<ul style="list-style-type: none"> • pest inspection/treatment 	

⁴ Categorically Excluded from NEPA and not subject to the related authorities listed in 24 CFR 50.4 and 58.5, unless Extraordinary Circumstances apply pursuant to 24 CFR 50.19(a) or 58.35(c).

⁵ Generally Categorically Excluded from NEPA and generally require review under related authorities listed in 24 CFR 50.4 and 58.5, but an RE or HUD reviewer may make a determination that an Environmental Assessment or Environmental Impact Statement is required due to individual project circumstances.

APPENDIX C: SAMPLE SCOPE OF WORK

BASIC SCOPE OF WORK

PROJECT NAME	San Mateo County - Minor Home Repair Program Example
ORGANIZATION NAME	Local Community Development Corporation
POINT OF CONTACT	Joe Smith
PHONE	
EMAIL	
ORGNAIZATION ADDRESS	
PROJECT (MHR) ADDRESS	321 MAIN STREET, REDWOOD CITY, CA
SCOPE OF WORK AUTHOR	Proj
DATE	7/17/2024

SCOPE OF WORK

What does the project entail? What are the delivery methods?

Provide minor home repair (specific activities listed in project deliverables by line items) to help homeowner with deferred maintenance to their home. Address issues that have resulted from deferred maintenance. Home was built in 1985.

PROJECT DELIVERABLES

Note the tangible products / services resulting from this project.

clean exterior gutters, replace 5 missing shingles with like shingles/same shingles, caulk/weather strip 3 bedroom windows, patch ceiling under leaking roof in primary bedroom, replace malfunctioning water heater - See attached pictures of work areas. No ground disturbance anticipated. Approximate area of paint to be disturbed - 20 square feet. (LISTED HERE THE ACTIVITIES TO BE COMPLETED TO MATCH THE CPD NOTICE 16-02 AND THAT ARE NEEDED IN THE HOME. ALL OTHER TYPES OF REPAIR WILL BE CONSIDERED RENOVATION)

ESTIMATED COST		
EXPENSE	DESCRIPTION	COST
INTERNAL LABOR	cleaning of gutters, replace missing shingles, caulking	\$ 1,000.00
EXTERNAL LABOR	replace malfunctioning water heater, patch ceiling	\$ 2,000.00
MATERIALS	caulking, shingles, water heater, etc.	\$ 3,000.00
SERVICES		\$ -
OTHER	contingency	\$ 600.00
		TOTAL \$ 6,600.00

APPROVAL & COMMENTS

PROPERTY OWNER	Jane Doe
SIGNATURE	
DATE	7/17/2024
PROJECT MANAGER	Joe Smith
SIGNATURE	
DATE	7/17/2024

APPENDIX D: MATERIALS FROM MINOR HOME REPAIR TRAINING SESSION

MINOR HOME REPAIRS

CDBG TRAINING

CDBG BASICS

- All CDBG projects must benefit persons or residents of the community
- 100% of Home Repair recipients must be low to moderate income households (80% AMI).



CDBG ELIGIBILITY

- All households served by the CDBG programs must earn annual incomes below 80% AMI, but report at three different levels (30%, 50% and 80% AMI)
- Must be a homeowner or renter of a property in San Mateo County.
 - Home must be owner occupied; primary residence
 - Renters are only eligible for accessibility, or accommodations (wheelchairs ramp and/or grab bars installation. Installation is also contingent on landlord's approval).
- A Housing unit may be manufactured home, as defined by HUD, under HUD code 24 CFR part 3280, which are federal standards for the design and construction of manufactured homes to assure quality, durability, safety, and affordability.

INELIGIBLE APPLICANTS

- Mobile Homes
- Tiny Homes (not affixed to a permanent foundation)
- ADU's

RETURN APPLICANTS – COUNTY POLICY*

- A property owner may receive assistance multiple times within five years of the first year of assistance; however, the total assistance is not to exceed \$20,000.00 (Exceptions may be granted on a case-by-case basis).

*Note: This policy may differ by jurisdiction, please check with your grants administrator to understand the policy related to your grant.

TIMELINE

- Minor Home Repair program does not lend itself to emergency repairs.
- Funding Recipients should allow County employees **5-7 days** to review submission of project via CDS.
 - Processing of warrants, approval or denial of projects, sending back to draft for additional information or documentation.
- Funding Recipients should be aware environmental review processes take time.
 - During the review submission period **of 5-7 days** smaller repairs that fall under maintenance will be evaluated on the level of environmental review to be completed.
 - Standard repairs and rehabilitation may take **45-60 days** to complete an environmental review.

*Funding Recipients must complete all work within the contract term period.

CLIENT FILES

- Client Intake
 - Address of the client
 - Number in the household
 - Demographic information
 - Conflict of Interest disclosure
- Income Calculation – must show work
- Correspondence with Client
- Environmental Review Request
- Notice to Proceed

CLIENT FILES

- Lead Based Paint Form
- Scope of Work Including Budget Estimate
- Bidding Documents
- Contract with Contractor
- Final Inspection
- Invoice from Contractor

IMPORTANT THINGS TO REMEMBER

- Protect Personally Identifiable Information
- All adults must consent to third party verification when needed. Can use the HUD-9887 form.
- All adults in household must sign the final income calculations
- Zero income Affidavits for all members over 18 years or older declaring zero income
- If you have a wait list and it has been more than 12 months since the initial intake, update the income calculation for any changes.

INCOME CALCULATION

- HUD Income Calculator - <https://www.hudexchange.info/incomecalculator/>
- Currently use the Part 5 definition of income, which can be found in 24 CFR 5.609
- The calculation must be done at the intake process.
- All policies must outline the policies for calculating income.
- County also has an income calculations spreadsheet.
- Income documentation (most recent- no older than 12 months of date of provision of the services) – for all household members over the age of 18
 - W-2's, tax returns
 - Paystubs – 2 months worth
 - Bank statements – 2 months worth
 - Government benefit statements – such as Social Security or SSI
 - Alimony
 - Zero income affidavit

STEPS TO CALCULATING INCOME

1. Determine the household size – who to count
2. Determine the income to include/exclude
3. Determine the assets to include/exclude
4. Acquire documentation of income/assets
5. Acquire third party documentation
6. Making the calculation

ELIGIBLE AND INELIGIBLE IMPROVEMENTS

Eligible Improvements	Ineligible Improvements
Structural repairs	New Sunrooms/patios
Weather proofing	Luxury fixtures
Roof repair/replacement	Skylights/sky tubes
Siding/Stucco repair/replacement	Custom/luxury window/door trim
Electrical system repairs/replacement	Solar Panels
Plumbing repairs/replacement	Furniture
HVAC repairs/replacement	Non-essential appliances
Ductwork repairs/replacement	Luxury/industrial/professional appliances
Kitchen rehabilitation, including food safe surfaces, accessible cabinets, resilient flooring, built-in appliances (refrigerator, stove, hood vent, dishwasher, installed microwave, or microwave/hood vent combination unit), and fixtures	Custom/Luxury finishes, such as imported stone countertops, industrial fixtures/finishes, and custom or luxury wall finishes
Bathroom rehabilitation, including resilient flooring, low-flow shower/bath plumbing, shower/bath replacement, grab bar installation, vanity and sink repair/replacement, and low-flow handicapped accessible toilets	Equipment that does not require permanent installation such as TVs, cable boxes, internet routers, stereo equipment, computer equipment including monitors
Fireplace repair (for code violations)	New fireplaces
Interior and exterior paint	Custom/luxury interior/exterior paint
Lead based paint remediation	Countertop appliances
New resilient flooring	Luxury/custom flooring
Accessibility improvements, including ramps, widening doorways, and kitchen and bathroom accessibility, and security lighting	General landscaping (for non-hazardous situations)
Water heater repair/replacement	New de-attached sheds, garages, and other structures
Hazardous landscaping repair, including obstructed or uneven path of travel, damaged fences, and hazardous trees/vegetation	Non-residential hardscape
Window repair/replacement	Food for Volunteers or Staff
Chimney repair	
Room additions (in situations of overcrowding)	
Patio roof repair/replacement	

DEVELOPING A SCOPE OF WORK

- Scope of work is the same as project description
- Include a general narrative scope – include the date the house was built, if ground disturbing activity will be a part of the project
- Scope of work should note items being charged specific to the CDBG grant versus work completed by other funds.
- Each description should also include an estimated budget for each repair.
- The scope of work should include
 - Item to be addressed
 - Commonly accepted dimensions (i.e. square feet, linear feet, lump sum, etc).
 - Estimated repair cost per budget line item
- Take pictures of repair area and front of the property

DEVELOPING A SCOPE OF WORK - REHABILITATION

- CDBG- assisted rehabilitation DOES NOT include the construction of a secondary housing unit attached to a primary unit
 - Installation of luxury items such as swimming pool or granite countertops, the costs of equipment, furnishings or other personal property not an integral structural fixture, such as a window air conditioner (although a stove or refrigerator is allowed); labor costs for homeowners to rehabilitate their own property.
- Breakdown the work by room and trade
 - Planning, demolition, framing, mechanical/HVAC, roofing, painting, kitchen, bathrooms, flooring, carpentry, windows
- May revise scope based on any required radon or lead paint testing

DEVELOPING A SCOPE OF WORK – CDS PROCESS

- All projects should be submitted to CDS for approval
- Items to be submitted to CDS
 - Address and Year home was built
 - Income Based on the AMI Table
 - Demographics information
 - Detailed Scope of work
 - Estimated cost – including line- item costs
 - Photos of the repair area
 - Photos of the front of the property
- Lead Hazards Review worksheet
- HCD Specialist will email a notice to proceed. **NO WORK MAY BEGIN PRIOR TO THE NOTICE TO PROCEED.**

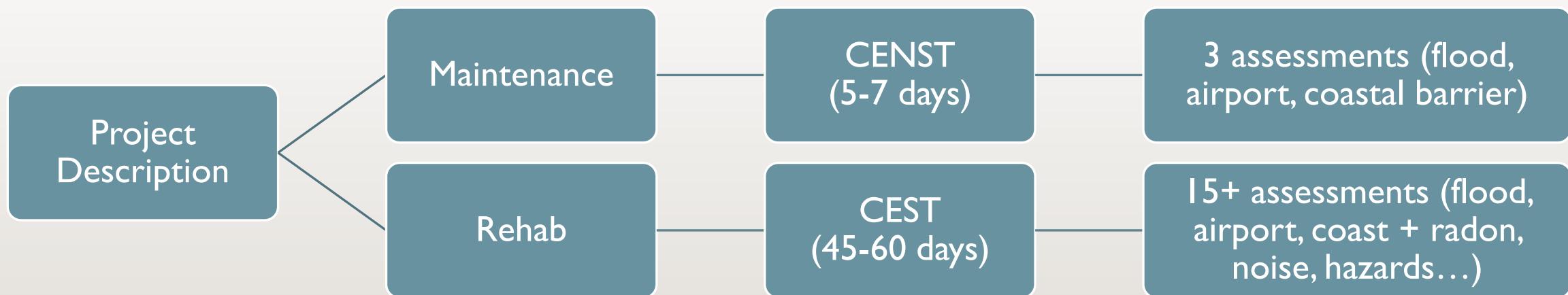
ENVIRONMENTAL REVIEW – WHY THE SCOPE MATTERS

- Maintenance vs. Rehabilitation – CPD Notice 16-02
 - Scope of work determines the level of review
 - Lower level of review, or CENST, has less documentation required (5-7 business days)
 - Higher level of review, or CEST, requires consultation with several groups (45-60 days)

[CPD Notice 16-02 SUBJECT: Guidance for Categorizing an Activity as Maintenance for Compliance with HUD Environmental Regulations, 24 CFR Parts 50 and 58](#)

IMPORTANCE OF THE SCOPE OF WORK

Scope of work / project description is critical as it determines the level of environmental review required by HUD

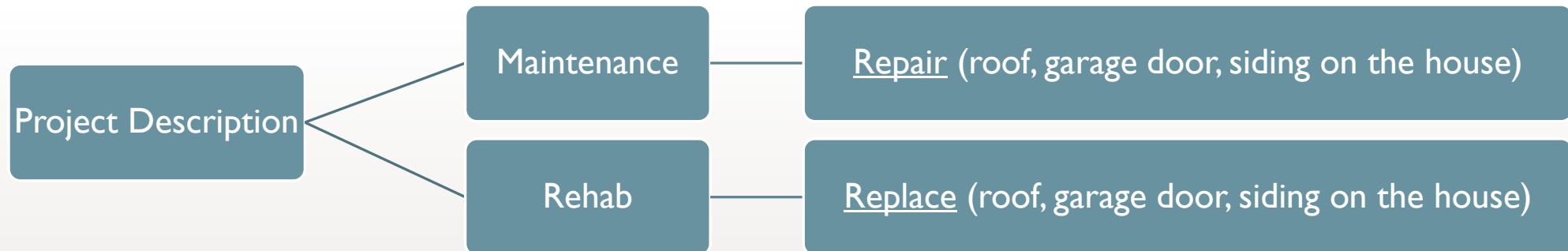


CENST: Categorically Excluded (Not Subject to 58.5)
CEST: Categorically Excluded under 58.35(a)

EXAMPLES OF MAINTENANCE ACTIVITIES VS. REHABILITATION ACTIVITIES

FOR ENVIRONMENTAL REVIEW PURPOSES Feature or System	Maintenance Activities 4	Rehabilitation Activities 5
Site	<ul style="list-style-type: none"> <input type="checkbox"/> lawn care (litter pickup, mowing, raking), trimming trees and shrubs <input type="checkbox"/> snow/ice removal <input type="checkbox"/> neighborhood cleanup <input type="checkbox"/> application of pavement sealants, parking lot restriping, directional signage or marking for handicapped accessibility <input type="checkbox"/> repair of cracked or broken sidewalks 	<ul style="list-style-type: none"> <input type="checkbox"/> new landscaping throughout an area <input type="checkbox"/> construction of new walkways, driveways or parking areas, or replacement thereof
Building Exterior	<ul style="list-style-type: none"> <input type="checkbox"/> cleaning and fixing gutters and downspouts <input type="checkbox"/> repainting previously painted surfaces (including limited wet scraping and low-pressure washing) <input type="checkbox"/> replacing deteriorated section of siding <input type="checkbox"/> removal of graffiti 	<ul style="list-style-type: none"> <input type="checkbox"/> cleaning masonry or stripping painted surfaces by sandblasting, acid wash, or high pressure washing <input type="checkbox"/> applying new exterior siding
Roof	<ul style="list-style-type: none"> <input type="checkbox"/> fixing leaks <input type="checkbox"/> application of waterproof coating to a flat roof <input type="checkbox"/> replacement of deteriorated flashing <input type="checkbox"/> in-kind replacement of loose or missing shingles or tiles 	<ul style="list-style-type: none"> <input type="checkbox"/> complete replacement of roof with new shingles, tiles, roll roofing, membrane, or new metal roof <input type="checkbox"/> installation of solar panels

MAINTENANCE VS. REHAB



HUD CPD Notice 16-02 Memo: Official HUD document/guide

Rule of thumb: How is the item affixed to the real estate / property?

- Do you have to physically remove something and put something back (and possibly cause damage in the process or need to retrofit the area to make it work) = rehab
- If it causes physical impact = rehab
- Fixing/painting = generally maintenance
- Any new, exterior door (including garage doors) = rehab

ENVIRONMENTAL REVIEW

- An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards.
- Initiate by submitting a request to environmental review.
- Must provide as much description as possible as that determines the level of review.
- ***Must wait for a notice to proceed before any work can take place***

ENVIRONMENTAL REVIEW - CENST

- Airport Hazards – *less than 2,500 from a civilian airport –and less than 15,000 feet from a military airport (example: google maps or NEPA Assist)*
- Coastal Barrier Resources – *California does not have any Coastal Barriers*
- Flood Insurance – *FEMA Firmette provided by provider*

ENVIRONMENTAL REVIEW – CEST

- The following elements are included in an environmental review in addition to what was part of the CENST Review:
 - Clean Air Act
 - Coastal Zone Management
 - Contamination of Toxic Substances
 - Endangered Species
 - Explosive and Flammable Hazards
 - Farmlands Protection
- Floodplain Management
- Historic Preservation (aka Section 106)
- Noise Abatement and Control
- Sole Source Aquifers
- Protection of Wetlands
- Wild and Scenic Rivers
- Other 24 CFR 50.4 Related Federal Laws and Authorities
- Environmental Justice

LEAD BASED PAINT

- Rule applies to all residential structures, built prior to 1978.
- HUD requires that every home renovated using CDBG funds must receive a lead-based paint pamphlet “Protect Your Family from Lead in Your Home.”
- Link to the pamphlet: <https://www.epa.gov/sites/default/files/2020-04/documents/lead-in-your-home-portrait-color-2020-508.pdf>
- Link to HUD Page on Disclosure:
https://www.hud.gov/program_offices/healthy_homes/enforcement/disclosure
- County’s LBP Screen Form walks the agency through the process.

LEAD BASED PAINT CONT.

- Contractors working on a home must have at least one person with an EPA Lead Renovation and Repair Program Renovator Certification
 - <https://www.epa.gov/lead/renovation-repair-and-painting-program-renovator-training>
 - <https://cfpub.epa.gov/flpp/pub/index.cfm?do=main.trainingSearch>

REHAB AND PROPERTY STANDARDS

- All recipients will comply with all applicable housing, building and public health codes, ordinances and zoning ordinances.
- Owners of buildings, including homeowners receiving owner occupied repair assistance, must sign a document stating all work was completed to their satisfaction.

SUBMISSION OF REMITTANCE REQUEST

- A spreadsheet should be included that indicates each line item and cost associated.
- Example:

DATE	TRANSACTION TYPE	NAME	MEMO/DESCRIPTION	AMOUNT	BUDGET CATEGORY

- Invoices from Funding Recipients and Vendor are paid upon reimbursement only. ***Costs and Invoices must be incurred during the contract period.*** Costs incurred prior the contract start date will not be paid.
- Minor home repairs need to be completed in a single contract year.

REIMBURSEMENT REQUESTS

COST ITEM	SUPPORTING DOCUMENTS
Salaries	<ul style="list-style-type: none">Signed personnel activity reports (timesheets) summarizing the distribution of time of each employee. Timesheets should also identify the amount of time spent on serving CDBG-funded clients, or directly on the program.Timesheets shall be signed by the employee and their direct supervisorDocumented payrolls or payroll reports approved by a responsible official of the organization to show proof of payment.
Fringe Benefits	<ul style="list-style-type: none">Proof of payment of fringe benefits including health insurance statements, life insurance statements, etc. Fringe benefits will be calculated as a percentage of salaries invoiced.
Materials and Supplies	<ul style="list-style-type: none">Copies of invoices/receipts/proof of payment
Utilities	<ul style="list-style-type: none">Copies of invoices/receipts/proof of payment
Other expenses	<ul style="list-style-type: none">Copies of invoices/receipts/billing statements/proof of payment

REIMBURSEMENT REQUESTS – CONT.

In addition, the Funding Recipient must provide proof of payment to those vendors or contractors. Proof of payment may be documented in a number of ways.

Examples include:

- Copy of check; (front and back)
- Copy of bank statement showing ETF or check payment;
- Copy of payroll report;
- Copy of credit card statement showing payment credit card payment; or
- Copy of statement from on-line account or application showing payment.

FINAL REIMBURSEMENT AND CLOSEOUT

- All files are to be kept for five years after close of the grant
- Files may be kept electronically
- Final Reimbursement to include:
 - Reimbursement Request
 - Back up Documentation
 - Final Demographic Report
 - Leveraging
 - Contractor MBE/WBE information

EQUAL ACCESS TO HUD PROGRAMS

Recipients must not exclude from participation in the Program, or deny benefits to any person on the grounds of race, color, national origin, religion, Vietnam-era or disabled veteran status, familial status, sex, sexual orientation or status with regard to public assistance under the Program.

https://www.hud.gov/press/press_releases_media_advisories/HUD_No_21_069

CDBG RESOURCES

- CDBG Regulations – 24 CFR 570
- Uniform Administrative Requirements – 2 CFR Part 200
- HUD Exchange - <https://www.hudexchange.info/programs/cdbg/>

OTHER IMPORTANT WEBSITES TO REMEMBER

- HUD Income Calculator - <https://www.hudexchange.info/incomecalculator/>
- HUD Income Limits - <https://www.hudexchange.info/resource/5334/cdbg-income-limits/>

Summary of City Home Repair Priorities

Summary

Staff is currently working on implementing two home repairs programs resulting from the City Council's priorities and Housing Element commitments: a Minor Home Repairs and a Major Home Repairs program. The Minor Home Repairs program will focus on senior low-income households due to Council's allocation of funding and direction on March 2, 2023. Council also provided direction that the Major Home Repair will focus on any low-income households. Staff anticipate an RFP for Major Home Repairs to be released in early 2026, and to go to Council with a request for allocation of funding before the end of 2026.

City Council Key Actions

Key actions over the years include:

- June 7, 2022¹ - Council adopted the FY 2022-23 budget
- September 20, 2022² - Council directed staff to return with recommendations for allocating the General Fund savings created through ARPA, using the following focus areas as guiding principles:
 1. Improving the City's infrastructure.
 2. Strategies to address the City's structural deficit.
 3. Direct assistance to the community.
- October 18, 2022³ - Council reviewed an itemized list of recommended allocations of these ARPA-related General Fund savings, including \$350,000 for a Community Resource Fund, intended to support community organizations through a competitive application process.
- April 4, 2023⁴ - Council formally committed General Fund dollars (ARPA Savings) to the uses identified in the October 18, 2022 list, including \$350,000 for the Community Resource Fund.
- May 2, 2023⁵ - Council and staff discussed the Community Resource Fund, and the Council recommended proposed grant framework. The Council suggested four

¹ June 7, 2022 City Council meeting (item 11.1):

https://eastpaloalto.iqm2.com/Citizens/Detail_LegiFile.aspx?Frame=&MeetingID=1813&MediaPosition=4902.585&ID=2286&CssClass=

² September 20, 2022 City Council meeting (9.1):

https://eastpaloalto.iqm2.com/Citizens/Detail_LegiFile.aspx?Frame=&MeetingID=1819&MediaPosition=&ID=2403&CssClass=

³ October 18, 2022 City Council meeting (item 9.3):

https://eastpaloalto.iqm2.com/Citizens/Detail_LegiFile.aspx?Frame=&MeetingID=1822&MediaPosition=14154.831&ID=2441&CssClass=

⁴ April 4, 2023 City Council meeting (item 9.2):

https://eastpaloalto.iqm2.com/Citizens/Detail_LegiFile.aspx?Frame=&MeetingID=1819&MediaPosition=&ID=2403&CssClass=

⁵ May 2, 2023 City Council meeting (item 9.1):

https://eastpaloalto.iqm2.com/Citizens/Detail_LegiFile.aspx?Frame=&MeetingID=1980&MediaPosition=&ID=2656&CssClass=

funding categories:

1. Senior Support
2. Direct Aid to Vulnerable Populations
3. Youth Programs
4. Small Business Assistance

- March 5, 2024⁶ - Council further discussed the Community Resource Fund and there was collective interest from Council to provide direct support to homeowners in rehabilitating their homes with a particular seniors^{OB}. The Council's approved motion included:
 - \$125,000 for small business support
 - \$100,000 for Community Services Division to focus on youth programs
 - \$125,000 for senior rehab services

The ultimate Council recommendation varied from the staff report and thus the recording link is also linked here for reference.⁷

Additional actions that support home repairs programs, include:

1. The 2024-2028 Affordable Housing Strategy (adopted February 6, 2024),⁸
2. The 2023-2031 Housing Element (adopted March 19, 2024).⁹
3. City Council Strategic Priorities for Fiscal Years 2025-2029 (adopted June 3, 2025).¹⁰

Affordable Housing Strategy and Housing Element Goals

On February 6, 2024, Council adopted the Affordable Housing Strategy,¹¹ a 5-year plan to implement the City's 8-year Housing Element¹² plan that was first adopted in February 21, 2023 and later updated on March 19, 2024. The Housing Element and Affordable Housing Strategy state the following goals:

Program 4.7. Research establishing and funding a City home repair program to assist low-income homeowners with major repairs and rehabilitation to address

⁶ March 5, 2024 City Council meeting (item 9.2):

<https://d3n9y02raazwpg.cloudfront.net/cityofepa/f85efe9b-c608-11ee-8fe8-0050569183fa-3408cd31-ecd7-4429-9d91-65986d552499-1709339900.pdf>

⁷ March 5, 2024 Meeting Recording: https://archive-video.granicus.com/cityofepa/cityofepa_110e929e-73a3-430d-9f86-9eb8139963fb.mp4

⁸ February 6, 2024 City Council Meeting (item 9.4):

<https://d3n9y02raazwpg.cloudfront.net/cityofepa/816f1e6a-9eb7-11ee-a93d-0050569183fa-39972565-ea93-428b-b9ca-2046ed62e07d-1706747421.pdf>

⁹ March 19, 2024 City Council Meeting (item 8.1):

<https://d3n9y02raazwpg.cloudfront.net/cityofepa/16abdc1d-c609-11ee-8fe8-0050569183fa-3408cd31-ecd7-4429-9d91-65986d552499-1710432004.pdf>

¹⁰ June 3, 2025 City Council Meeting (item 9.2):

<https://d3n9y02raazwpg.cloudfront.net/cityofepa/88de242d-ddcb-11ef-a9e2-005056a89546-3408cd31-ecd7-4429-9d91-65986d552499-1748993791.pdf>

¹¹ <https://www.cityofepa.org/housing/page/affordable-housing-strategy>

¹² <https://www.cityofepa.org/housing/page/housing-element-update-1>

acute safety and livability issues. The program would also assist seniors to “age-in-place” and install necessary accessibility improvements. Develop a public outreach plan and inform homeowners of financial assistance available from other agencies such as energy conservation and electrification incentives. Assistance will be targeted to lower-resource neighborhoods outlined in the AFFH analysis (including, but not limited to, westside of State Highway 101 and south of Bay Road west of University). The City has a goal of assisting five to ten low-income homeowners between 2024 and 2028.

Program 4.6: Develop a City housing rehabilitation program for City Council consideration that covers both single-family homes and multi-family apartments to preserve affordable housing opportunities, encourage proper maintenance and repairs, promote renovation, and increase energy conservation. The City will prioritize neighborhoods with a concentration of units in need of rehabilitation (as outlined in the Housing Element, including, but not limited to, westside of State Highway 101, south of Bay Road west of University Avenue, and multi-family housing on southside of Bay Road east of University Avenue). Target: Propose a program with a goal of renovating a minimum of four single-family and 13 multi-family homes between 2024 and 2028.

Policy 1.14: Seek available public and private sources of rehabilitation/repair funding and strengthen partnership with organizations (such as Habitat for Humanity, Rebuilding Together, and others) to produce ADUs. Seek assistance for correcting code compliance issues to legalize or upgrade existing ADUs. Target: Annually research available funds and partnerships and implement incentives with the goal of approving at least 72 new or legalized ADUs in single-family zoning districts between 2024 and 2028.

Council approved the budget goals in the table below in the 2024-2028 Affordable Housing Strategy. While Council had a goal of \$25,000 for Minor Home Repairs, Council later allocated a total of \$125,000.

Summary: Housing Program Costs and Sources			
Program	Amount	Source of Funds	Proposed Outcomes
Master Temporary Use Permits	\$30,000	Fee waivers	Assist 5 RVs with Master TUP waivers
Rental Assistance	\$500,000	Operating Funds	Assist 150 households
Tenant Stability Programs	\$1,400,000	Measure O/L Funds	Annual grants to non-profits for legal services, tenant outreach, and case management.
Major Home Repairs	\$800,000	Measure HH Housing Funds, County CDBG Funds	Repair 3 single family and 13 multi-family units
Minor Home Repairs	\$25,000	County CDBG Funds	Assist 5 homeowners
Foreclosure Prevention	\$114,000	Low Mod Successor Agency Funds	Assist 3 homeowners
Workforce Development	\$775,215	Measure HH Workforce Development Funds	Assist 80 individuals
Homebuyer Financial Assistance	\$474,742	Housing Assistance Fund	Assist 8 homebuyers
Tenant & Non-Profit Property Purchases	\$2,157,000	Transient Occupancy Taxes	Assist purchase of 2 single family homes and 1 multi-family home
Affordable Housing Development	\$14,596,706	Inclusionary Housing In-Lieu Fees, Low Mod Successor Agency Funds, Measure HH Housing Funds. Transient Occupancy Taxes	Build 80 to 120 affordable housing units, depending on land costs

Source: City of East Palo Alto 2024-2028 Affordable Housing Strategy



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Tomohito Oku, Finance Director

SUBJECT: CalPERS Pension Prefunding

Recommendation

Adopt a resolution:

1. Appropriating \$3.0 million from the City's previously committed fund balance to make Additional Discretionary Payments (ADP) to the California Public Employees' Retirement System (CalPERS) to reduce the City's unfunded actuarial accrued liability (UAAL);
2. Authorizing the City Manager, Finance Director, and/or their designees to take all actions necessary to implement this resolution, including coordinating with CalPERS to process and remit the Additional Discretionary Payments in accordance with CalPERS requirements; and
3. Finding that the proposed action does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is related to government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability

Background

The City of East Palo Alto participates in the California Public Employees' Retirement System (CalPERS), a defined benefit pension system that provides retirement benefits to eligible

 **CONSENT ITEM 3.4**

employees. Like many public agencies statewide, the City has experienced significant increases in pension cost over the past decade. These increases are primarily due to changes in CalPERS funding policies, lower assumed investment returns (discount rates), and the growth of unfunded pension liabilities, also known as unfunded actuarial accrued liabilities (UAAL).

In 2018 and 2019, the San Mateo County Civil Grand Jury issued reports examining rising pension costs across all cities in the County. The reports concluded that CalPERS contribution requirements were increasing faster than revenues for many jurisdictions, placing pressure on general fund resources and limiting funding available for core services. The Grand Jury emphasized the importance of proactive, long-term pension planning and specifically identified strategies such as additional discretionary payments and pension prefunding mechanisms (e.g., reserves or Section 115 trusts) as tools cities should evaluate.

On April 21, 2020, the City Council formally acknowledged these findings in its response to the Grand Jury, recognizing pension costs as a long-term structural challenge, and committing to continued evaluation of cost mitigation strategies as part of the City's overall fiscal sustainability efforts.

Consistent with this policy direction, the City conducted further analysis and held City Council study sessions focused on CalPERS liabilities. In March 2022, the City Council set aside \$3.0 million for future pension prefunding. At that time, the Council did not direct staff to proceed immediately with either an Additional Discretionary Payment to CalPERS or the establishment of a Section 115 pension prefunding trust. As a result, the funds remained committed but unspent, pending further Council action.

Between March 2022 and December 2025, the \$3.0 million remained invested through the City's participation in the California Asset Management Program (CAMP). Based on actual CAMP monthly distributions, the committed funds generated approximately \$540,000 in investment earnings, equivalent to an annualized return of approximately 4.45 percent. This demonstrates that the funds were not idle during the evaluation period and were invested in accordance with prudent public-sector investment practices.

Importantly, the investment performance achieved during this period was comparable to the range of long-term expected returns commonly referenced for pension prefunding vehicles such as Section 115 trusts, but without requiring the City to assume additional market risk or make an irrevocable policy decision. As a result, the City did not forgo a meaningful investment opportunity while allowing time for further analysis.

Looking forward, expected returns for short- to intermediate-term investment pools such as CAMP and LAIF are expected to moderate due to recent and expected federal interest rate reductions. These changing market conditions, combined with the City Council's prior commitment of funds specifically for pension prefunding, provide an appropriate opportunity to move forward with implementation.

Analysis

Overview of Pension Prefunding Options

Since the City Council's March 2022 action, staff has evaluated two primary options for implementing the \$3 million pension prefunding commitment:

1. Making Additional Discretionary Payments (ADP) directly to CalPERS, and
2. Contributing funds to a Section 115 pension prefunding trust, such as the CalPERS Employers' Pension Prefunding Trust (CEPPT).

As part of this evaluation, staff reviewed updated actuarial analyses prepared by Foster & Foster (Attachment 2) and assessed both the financial impacts and risk considerations associated with each approach as well as the opportunity cost of maintaining the committed funds in the City's investment pool during the evaluation period.

Summary of Foster & Foster Findings

The most recent analysis prepared by Foster & Foster confirms that the City's CalPERS unfunded actuarial accrued liability (UAAL) remains a significant long-term cost driver. Employer contribution requirements are highly sensitive to investment performance, actuarial assumption changes, and the length of amortization periods. Key conclusions of the analysis include:

- Making lump-sum payments toward the UAAL reduces the outstanding balances on which CalPERS applies interest, directly lowering long-term pension costs.
- Additional Discretionary Payments (ADP) reduce unfunded liabilities and eliminate future interest that would otherwise accrue, resulting in lower projected employer costs over time compared to taking no action.
- ADP payments do not introduce additional governance complexity, unlike market-based prefunding strategies.

While total long-term savings cannot be guaranteed and depend on future actuarial experience, the analysis demonstrates that ADP payments are projected to reduce total employer costs over the amortization period relative to maintaining the status quo.

Comparison of ADP Payments to Section 115 Strategies

Both ADP payments and Section 115 trusts are tools designed to manage long-term pension costs, but they operate differently and carry different risk profiles.

Section 115 trusts, such as the CalPERS Employers' Pension Prefunding Trust (CEPPT), allow employers to invest assets in advance of making pension contributions and may offer higher long-term expected investment returns than short-term investment pools. According

 **CONSENT ITEM 3.4**

to CalPERS informational materials as of June 30, 2025, expected net rates of return range from approximately 4.9 percent to 5.4 percent, depending on the investment strategy selected. These figures and long-term assumptions are not guaranteed.

In contrast, Additional Discretionary Payments (ADP) are not directly dependent on the performance of a separate investment portfolio selected by the City. When an ADP is made, the City's unfunded pension liability is immediately reduced, and future interest that would otherwise accrue on that liability at the CalPERS discount rate is avoided. However, because ADP payments increase the City's share of assets in the CalPERS investment pool, outcomes remain subject to overall CalPERS investment performance and actuarial experience.

From a financial and risk-management perspective:

- ADP payments immediately reduce unfunded liabilities, while Section 115 assets do not reduce the UAAL until they are later applied to CalPERS pension contributions.
- ADP payments avoid future interest costs, providing a strong, risk-adjusted financial benefit relative to retaining liability.
- Section 115 trusts introduce market risk, investment return variability, and timing risk, and require ongoing monitoring and administrative oversight.

Relative Advantages and Considerations:

Additional Discretionary Payments (ADP)

Advantages:

- Immediate reduction of unfunded actuarial accrued liabilities
- Avoidance of future interest on UAAL at the CalPERS discount rate
- No separate investment selection, asset allocation, or active investment management by the City

Considerations:

- Payments are irrevocable and cannot be withdrawn once made
- Funds are converted from liquid assets into permanent liability reduction rather than retained as investable assets
- Results are subject to CalPERS investment and actuarial experience following payment

Section 115 Pension Prefunding Trusts (e.g., CEPPT)

Advantages:

- Potential for higher long-term investment returns under favorable market conditions
- Assets remain available to offset future pension contributions
- Professional investment management and pooled investment structure

Considerations:

- Exposure to market risk and investment volatility
- Ongoing need for investment monitoring, performance evaluation, and policy analysis
- Additional accounting, reporting, and financial statement disclosure requirements
- No immediate reduction of reported UAAL until assets are applied to CalPERS contributions

Conclusion of Analysis

Taken together, the Foster & Foster actuarial analysis and the City's comparative evaluation of prefunding strategies support proceeding with Additional Discretionary Payments (ADP) at this time. While future savings depend on actuarial and market conditions, ADP payments provide an immediate and measurable reduction in unfunded pension liabilities, eliminate future interest costs while avoiding the additional administrative complexity and separate investment governance associated with Section 115 trusts.

This recommended action implements the City Council's prior \$3.0 million commitment, converts available resources into permanent pension liability reduction, and aligns with a risk-conscious approach to managing long-term pension obligations. For these reasons, staff recommends adoption of the proposed resolution appropriating the committed funds to make Additional Discretionary Payments to CalPERS.

Fiscal Impact

The proposed action would appropriate \$3.0 million from the City's previously committed fund balance for the purpose of making Additional Discretionary Payments (ADP) to the California Public Employees' Retirement System (CalPERS).

This appropriation represents the use of a one-time allocation that was committed by City Council action in March 2022 and does not rely on, nor include, any related investment earnings, which remain classified as unassigned fund balance. The action does not increase ongoing operating expenditures and has no impact on General Fund service levels in the year of appropriation.

The ADP payment is expected to reduce the City's unfunded actuarial accrued liability and lower future CalPERS employer contribution requirements over time. Actual savings will depend on future actuarial experience and CalPERS investment performance and will be reflected in future contribution rate determinations.

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.



CONSENT ITEM 3.4

Environmental

The proposed action does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(4) in that it is related to government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Government Code § 84308

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

Analysis of Levine Act Compliance: Not applicable.

Attachment:

1. Resolution
2. CalPERS Actuarial Analysis Report provided by Foster & Foster

RESOLUTION NO. XX- 2026**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF EAST PALO ALTO****APPROPRIATING \$3.0 MILLION FROM PREVIOUSLY COMMITTED FUND BALANCE FOR ADDITIONAL
DISCRETIONARY PAYMENTS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(CalPERS)**

WHEREAS, The City of East Palo Alto (City) participates in the California Public Employees' Retirement System (CalPERS), a defined benefit pension system that requires employer contributions based on actuarial assumptions, investment performance, and amortization of unfunded actuarial accrued liabilities; and

WHEREAS, The City has experienced increasing CalPERS employer contribution requirements over time, consistent with statewide trends, due to changes in CalPERS funding policy, actuarial assumptions, and investment experience; and

WHEREAS, On March 15, 2022, the City Council committed a one-time allocation of \$3.0 million from available fund balance for future pension prefunding purposes, consistent with the City's long-term fiscal sustainability objectives; and

WHEREAS, At the time of the March 2022 commitment, the City Council did not provide direction to proceed with either Additional Discretionary Payments (ADP) to CalPERS or the establishment of a Section 115 pension prefunding trust, and the funds remained set aside pending further Council action; and

WHEREAS, The City has since reviewed updated actuarial analyses prepared by Foster & Foster and evaluated available pension prefunding implementation options, including Additional Discretionary Payments to CalPERS and establishment of a Section 115 pension prefunding trust; and

WHEREAS, The City Council finds that making Additional Discretionary Payments to CalPERS will immediately reduce unfunded actuarial accrued liabilities, avoid future interest accrual on those liabilities, and improve the predictability of future employer contribution requirements, while avoiding market risk and additional administrative complexity; and

WHEREAS, The \$3.0 million proposed for appropriation represents a previously committed, one-time resource, and the appropriation does not rely on or include any related investment earnings, which remain classified as unassigned fund balance in accordance with GASB Statement No. 54; and

WHEREAS, The City Council desires to implement its prior policy commitment by appropriating the committed funds and authorizing their use for pension liability reduction through Additional Discretionary Payments to CalPERS.

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. Appropriates \$3,000,000 from the City's previously committed fund balance for the purpose of making Additional Discretionary Payments (ADP) to the California Public Employees' Retirement System (CalPERS);
3. Authorizes the City Manager, Finance Director, and/or their designees to take all actions necessary to implement this resolution, including coordinating with CalPERS to process and remit the Additional Discretionary Payments in accordance with CalPERS requirements; and
4. Finds that the proposed action does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is related to government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

PASSED AND ADOPTED 3rd day of February 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



CITY OF EAST PALO ALTO CALPERS MISCELLANEOUS & SAFETY PLANS



Independent Actuarial Report – 6/30/24 Valuation Preliminary Results

Drew Ballard, FSA, EA, MAAA
D. Patrick McDonald, FSA, EA, MAAA
Matthew Childs
Foster & Foster, Inc.

January 8, 2026

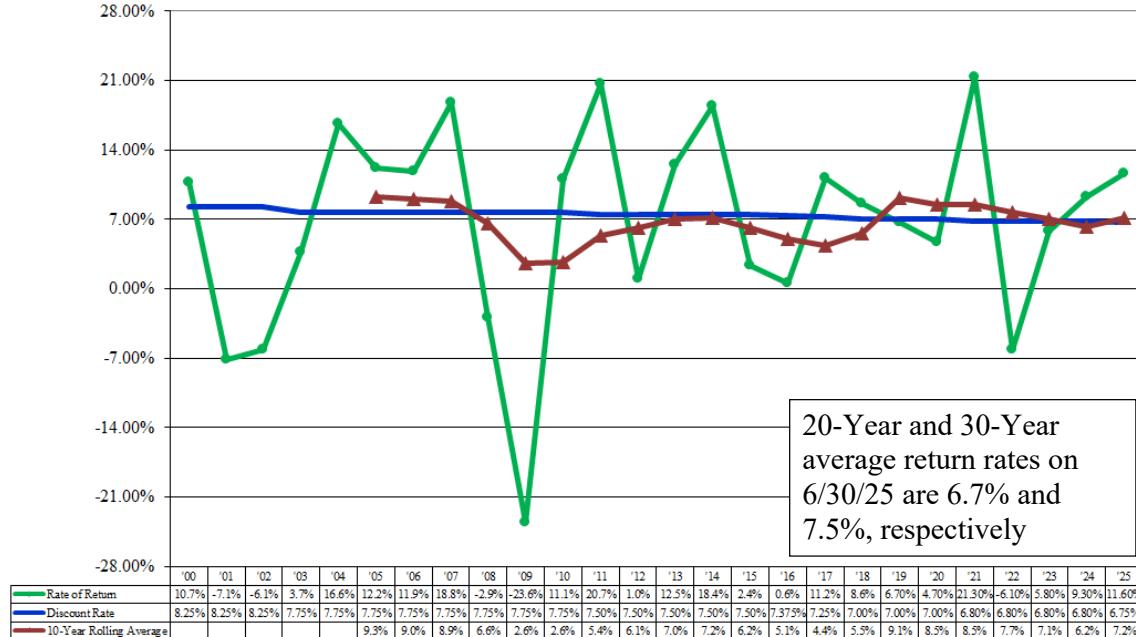
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INVESTMENT RETURN

Annual Return on Market Value of Assets



Discount rates are expected returns net of administrative expenses.

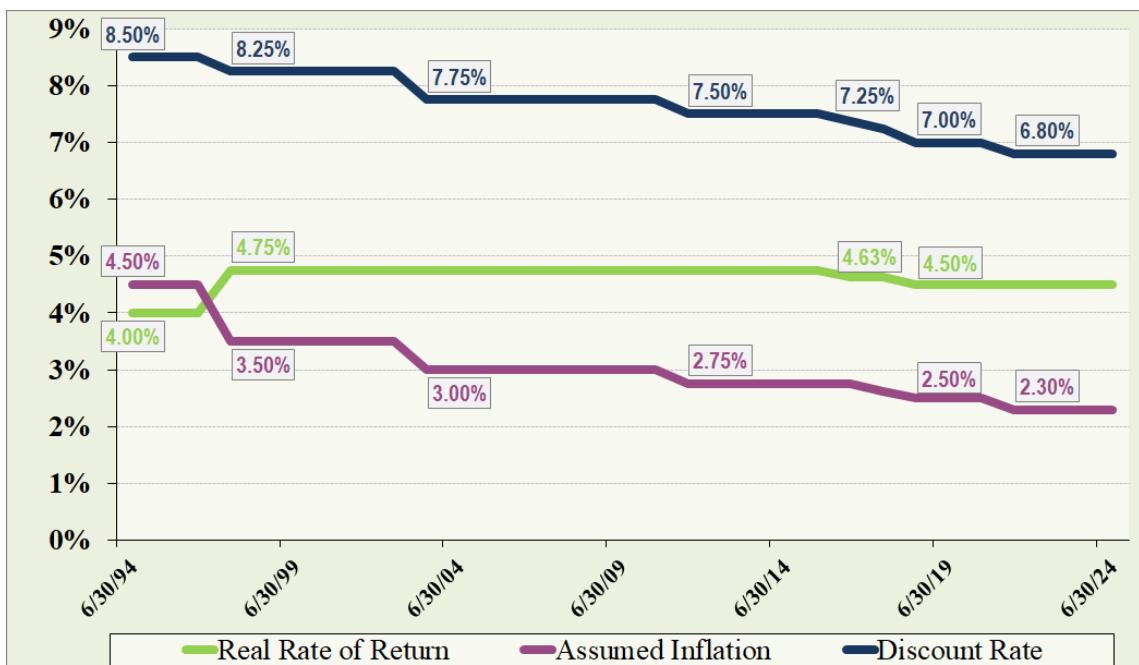
2013/14 through 2024/25 “money-weighted” returns reported in CalPERS AFCR (without lags on private equity and real estate) are 18.3%, 2.2%, 0.5%, 11.2%, 8.4%, 6.5%, 5.0%, 22.4%, -7.5%, 6.1%, 9.5%, and 12.1%, respectively.



1

INVESTMENT RETURN

Historical Discount Rates



2

DEMOCRAPHICS

- Around the State
 - Large retiree liability compared to actives
 - State average: 61% for Miscellaneous, 64% for Safety
 - Declining active population and increasing number of retirees
 - Higher percentage of retiree liability increases contribution volatility
- City of East Palo Alto percentage of liability belonging to retirees:
 - Miscellaneous 34%
 - Safety 50%



3

CITY BENEFITS

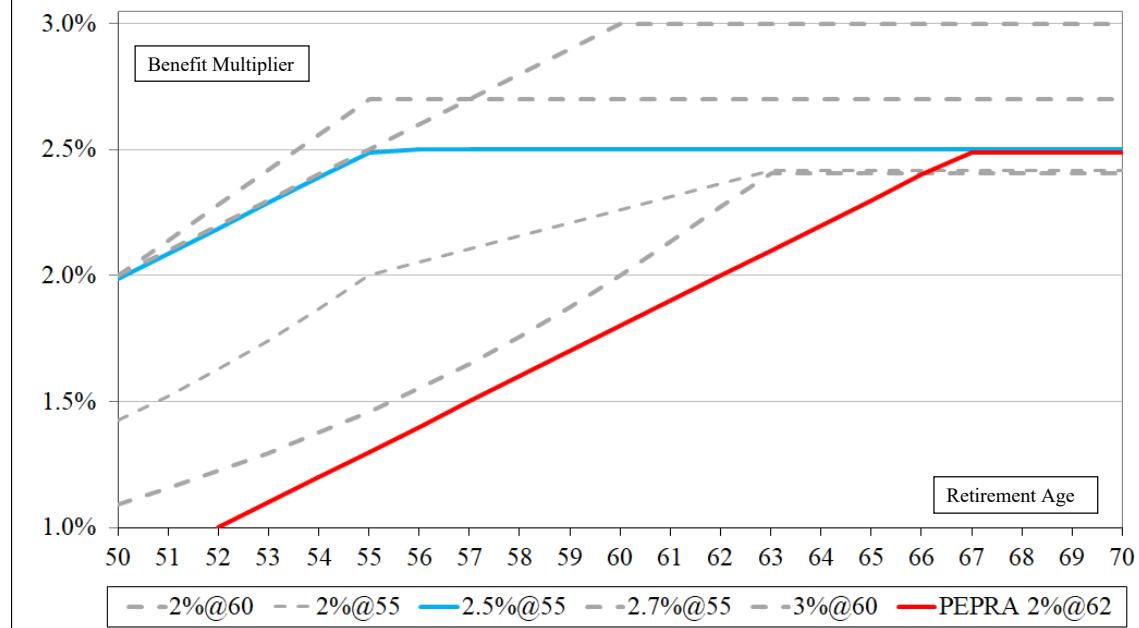
- At CalPERS, Enhanced Benefits implemented using all (future & prior) service
- Typically not negotiated with cost sharing
- City of East Palo Alto
 - | | Tier 1 | PEPRA |
|---------------|--------------|--------------|
| Miscellaneous | 2.5%@55 FAE3 | 2%@62 FAE3 |
| Safety | 3%@55 FAE3 | 2.7%@57 FAE3 |
 - Benefit = (Years of City Service) x Percentage x FAE
 - Percentage varies by retirement age (see following charts)
 - FAE1 is highest one year (typically final) average earnings
 - FAE3 is highest three years (typically final three) average earnings
 - PEPRA tier implemented for new employees hired after 1/1/13
 - Employee pays half of total normal cost
 - 2026 Compensation limit
 - Social Security participants: \$159,733
 - Non-Social Security participants: \$191,679



4

CITY BENEFITS

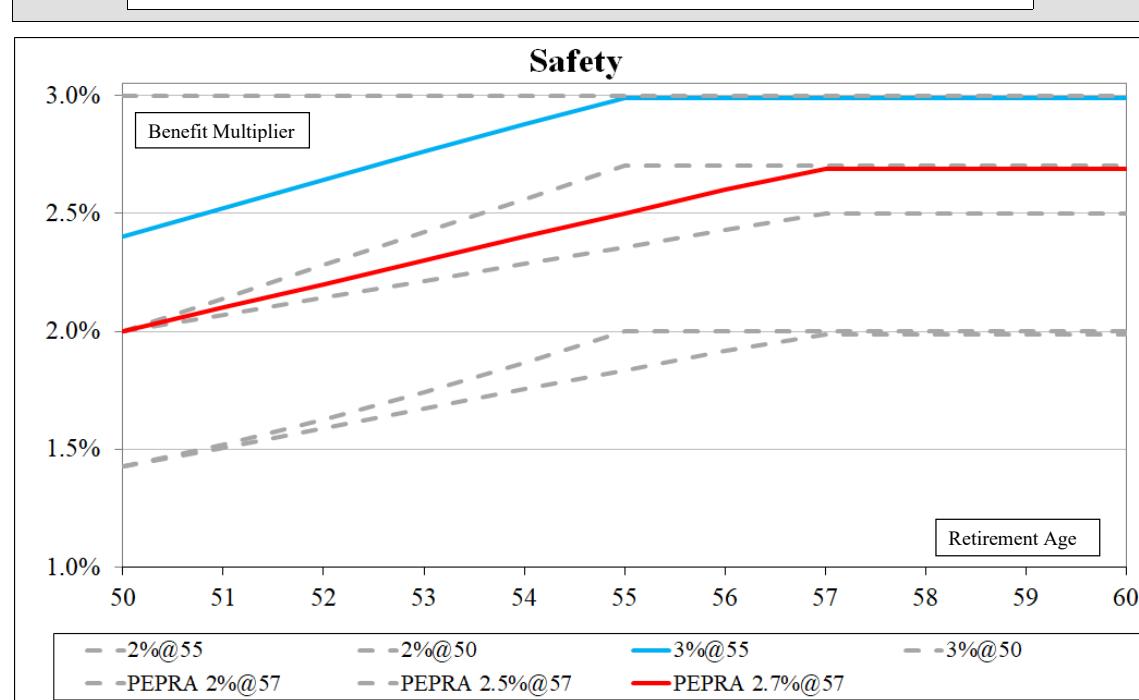
Miscellaneous



5

CITY BENEFITS

Safety



6

RISK MITIGATION

Overview

- Move to more conservative investments over time to reduce volatility/risk
 - Only when investment return is better than expected
 - Lower discount rate in concert

Excess Investment Return	Reduction in Discount Rate
<i>If the actual investment returns exceed the discount rate by:</i>	<i>Then the discount rate will be reduced by:</i>
2%	0.05%
7%	0.10%
10%	0.15%
13%	0.20%
17%	0.25%

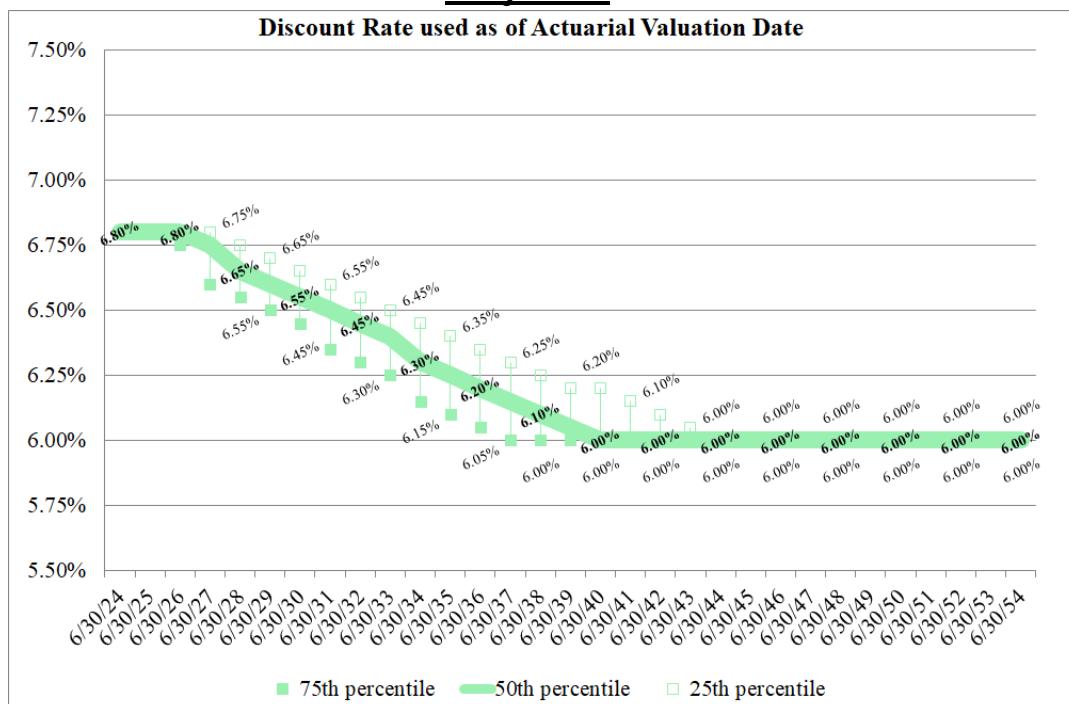
- Essentially use ≈50% of investment gains to pay for cost increases
- Ultimate goal of 8% standard deviation on portfolio
- Likely get to 6.0% discount rate over 20+ years
 - Risk mitigation suspended from 6/30/16 to 6/30/18 valuation
 - Not triggered for 6/30/19 or 6/30/20 valuations
- First triggered for 6/30/21 valuation – 6.8% discount rate
- Not triggered for 6/30/22 or 6/30/23 valuations
- April 16, 2024 CalPERS Board removed automatic trigger
- September 17, 2024 staff recommends no change to the discount rate for June 30, 2024



7

RISK MITIGATION

Projection



8

RISK MITIGATION

Portfolio Target Allocations

	Prior Portfolio	11/17/21 Portfolio
Asset Classification		
Liquidity	1%	-
Real Assets	13%	15%
Private Debt	-	5%
EM Sov Bonds	1%	5%
High Yield	4%	5%
Investment Grade Corp.	6%	10%
Mtge-backed Securities	7%	5%
Treasury	10%	5%
Private Equity	8%	13%
Global Equity ¹	50%	42%
Leverage	<u>-</u>	<u>(5)%</u>
Total	100%	100%
Standard Deviation	11.2%	12.1%

¹ Cap and non-cap weighted combined for this table; actual portfolios have specific allocations for each classification.



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RISK MITIGATION

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SUMMARY OF DEMOGRAPHIC INFORMATION

Miscellaneous

	2012	2018	2023	2024
Actives				
■ Counts	55	65	70	73
■ Average				
• Age	n/a	n/a	44	44
• City Service	n/a	n/a	8	7
• PERSable Wages	\$75,000	\$82,900	\$91,200	\$96,600
■ Total PERSable Wages	4,100,000	5,400,000	6,400,000	7,100,000
Inactive Members				
■ Counts				
• Transferred	21	48	71	72
• Separated	33	40	51	56
• Retired	11	26	42	48



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SUMMARY OF DEMOGRAPHIC INFORMATION

Safety

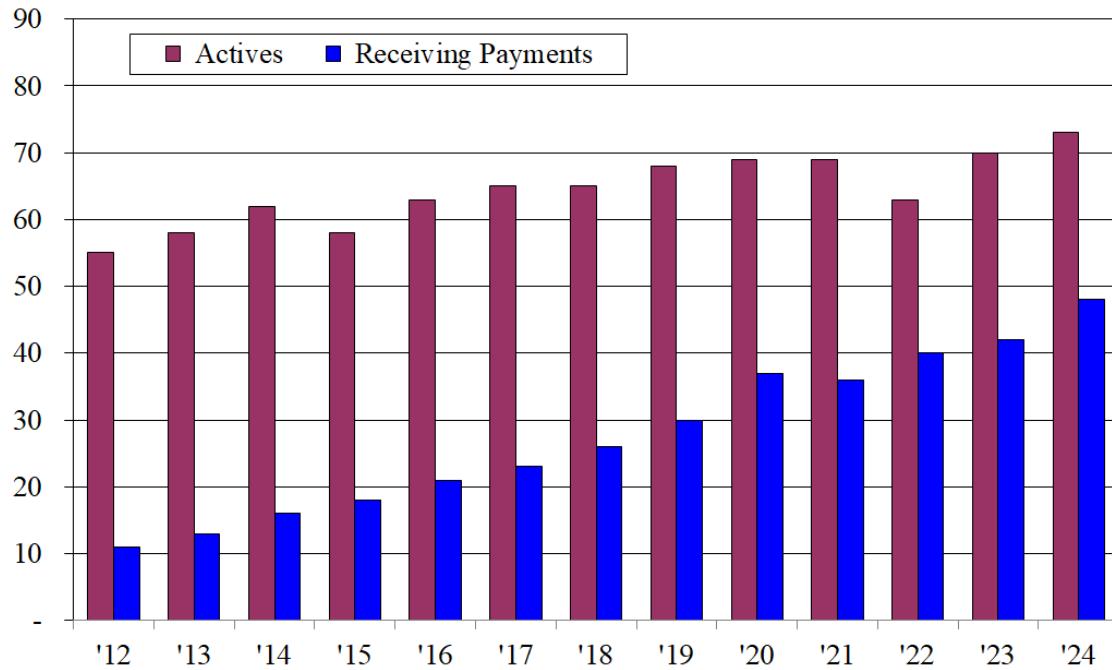
	2012	2018	2023	2024
Actives				
■ Counts	36	35	29	27
■ Average				
• Age	n/a	n/a	41	40
• City Service	n/a	n/a	8	7
• PERSable Wages	\$101,200	\$104,100	\$128,000	\$135,400
■ Total PERSable Wages	3,600,000	3,600,000	3,700,000	3,700,000
Inactive Members				
■ Counts				
• Transferred	15	19	29	31
• Separated	7	12	15	18
• Retired	7	20	31	33



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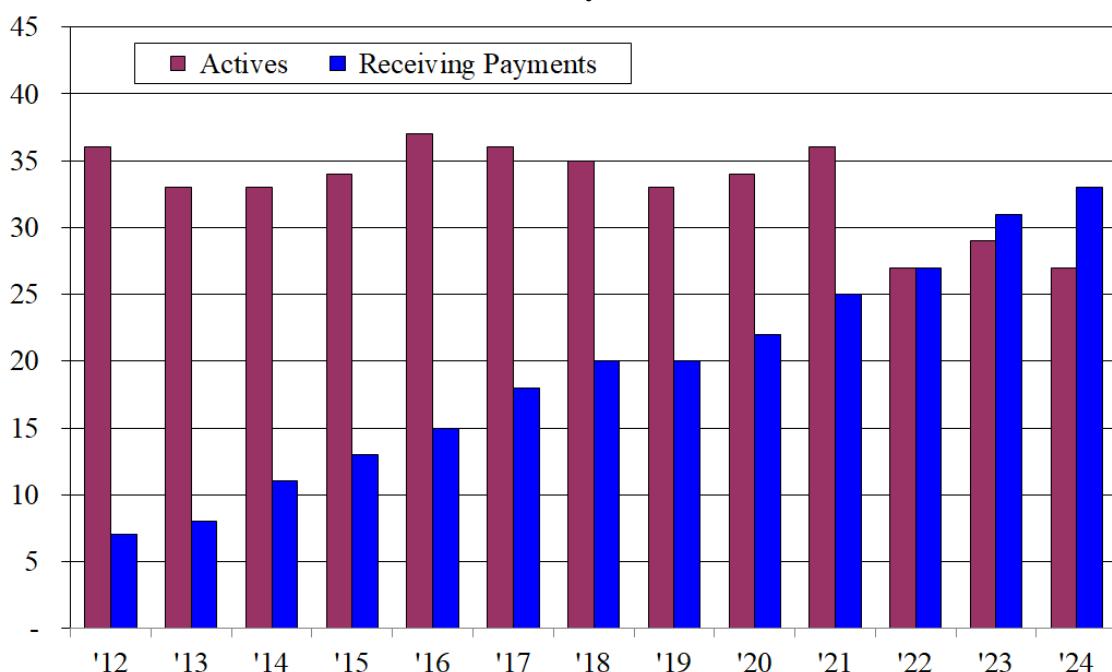
SUMMARY OF DEMOGRAPHIC INFORMATION

Miscellaneous



SUMMARY OF DEMOGRAPHIC INFORMATION

Safety



PLAN FUNDED STATUS

Miscellaneous

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
■ Actuarial Accrued Liability		
● Active	\$13,700,000	\$13,600,000
● Retiree	9,900,000	12,100,000
● Inactive	<u>8,900,000</u>	<u>9,400,000</u>
● Total	32,500,000	35,100,000
■ Assets	<u>25,000,000</u>	<u>27,900,000</u>
■ Unfunded Liability	7,500,000	7,200,000
■ Funded Ratio	77.1%	79.4%
■ Average funded ratio for CalPERS Miscellaneous:		
● Public Agency Plans	73.3%	75.5%
● City & Town Plans	73.8%	75.8%



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PLAN FUNDED STATUS

Safety

	<u>June 30, 2023</u>	<u>June 30, 2024</u>
■ Actuarial Accrued Liability		
● Active	\$12,200,000	\$10,900,000
● Retiree	18,000,000	20,600,000
● Inactive	<u>8,800,000</u>	<u>9,700,000</u>
● Total	39,000,000	41,200,000
■ Assets	<u>28,400,000</u>	<u>31,000,000</u>
■ Unfunded Liability	10,600,000	10,200,000
■ Funded Ratio	72.9%	75.3%
■ Average funded ratio for CalPERS Safety:		
● Public Agency Plans	70.9%	72.9%
● City & Town Plans	70.9%	72.7%

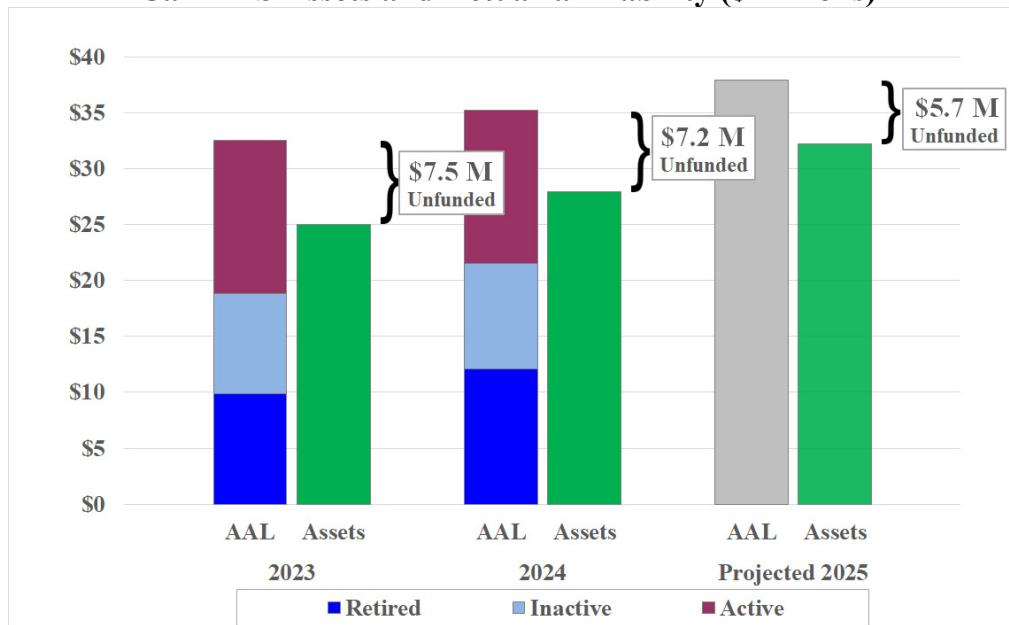


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PLAN FUNDED STATUS

Miscellaneous CalPERS Assets and Actuarial Liability (\$Millions)²



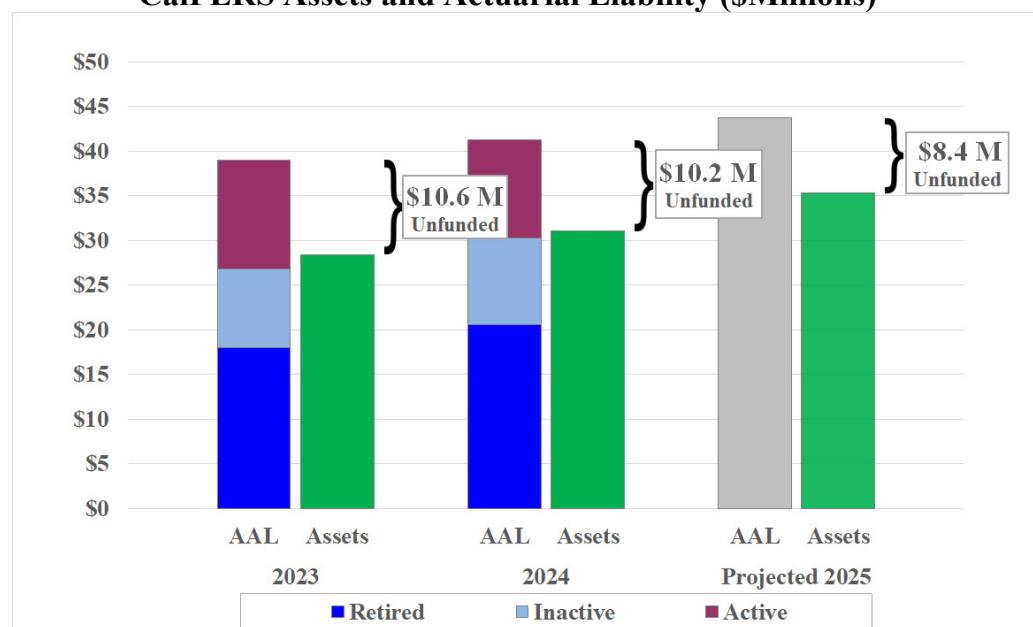
² Projected 2025 assets reflect 12.1% investment return for 2024/25.



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PLAN FUNDED STATUS

Safety CalPERS Assets and Actuarial Liability (\$Millions)³



³ Projected 2025 assets reflect 12.1% investment return for 2024/25.



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PLAN FUNDED STATUS

Miscellaneous

Unfunded Accrued Liability Changes

■ Unfunded Accrued Liability on 6/30/23	\$7,500,000
■ Expected 6/30/24 Unfunded Accrued Liability	7,500,000
■ Changes	
• Asset Loss (Gain) (9.5% return for FY 2024)	(700,000)
• Contribution & Experience Loss (Gain)	<u>400,000</u>
• Total	<u>(300,000)</u>
■ Unfunded Accrued Liability on 6/30/24	7,200,000
■ Projected Unfunded Accrued Liability on 6/30/25⁴	5,700,000

⁴ Projected 2025 assets reflect 12.4% investment return for 2024/25.



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PLAN FUNDED STATUS

Safety

Unfunded Accrued Liability Changes

■ Unfunded Accrued Liability on 6/30/23	\$10,600,000
■ Expected 6/30/24 Unfunded Accrued Liability	10,500,000
■ Changes	
• Asset Loss (Gain) (9.5% return for FY 2024)	(800,000)
• Contribution & Experience Loss (Gain)	<u>500,000</u>
• Total	<u>(300,000)</u>
■ Unfunded Accrued Liability on 6/30/24	10,200,000
■ Projected Unfunded Accrued Liability on 6/30/25⁵	8,400,000

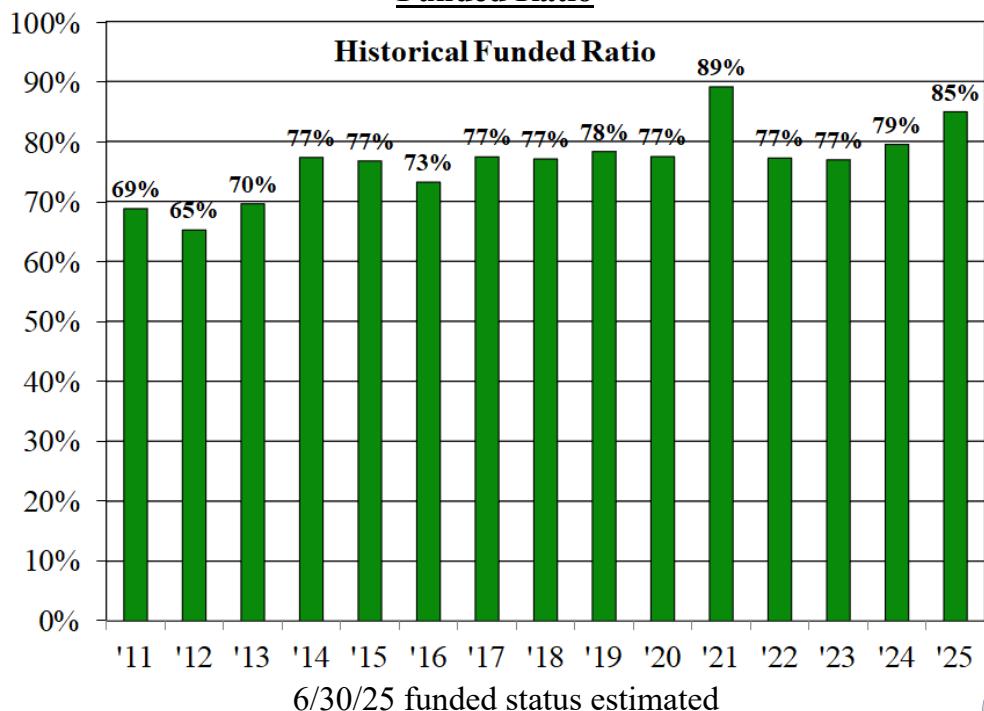
⁵ Projected 2025 assets reflect 12.1% investment return for 2024/25.



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FUNDED RATIO

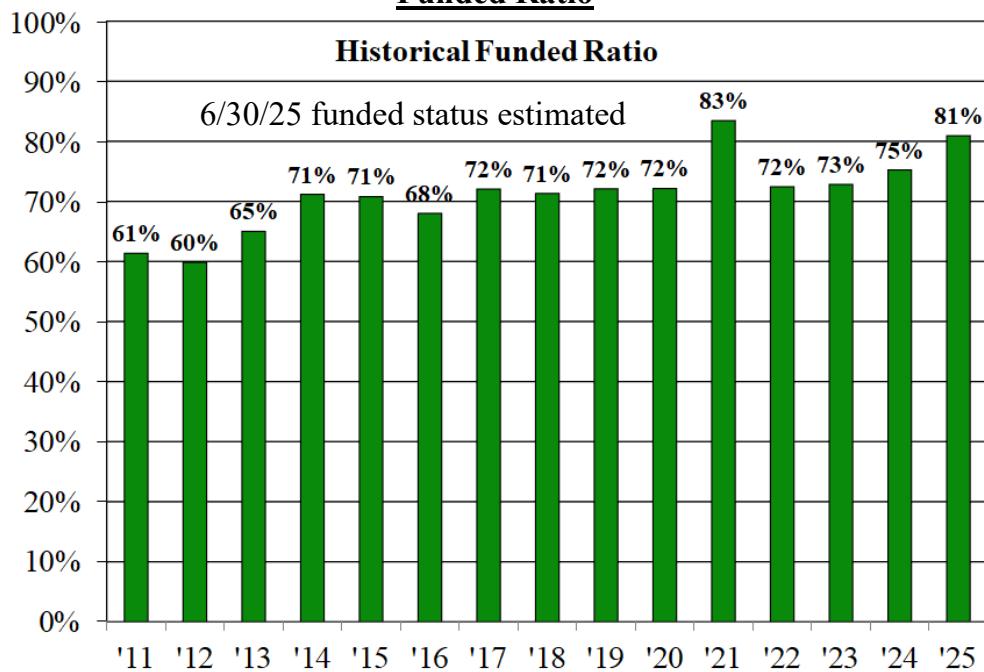
Miscellaneous Funded Ratio



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FUNDED RATIO

Safety Funded Ratio



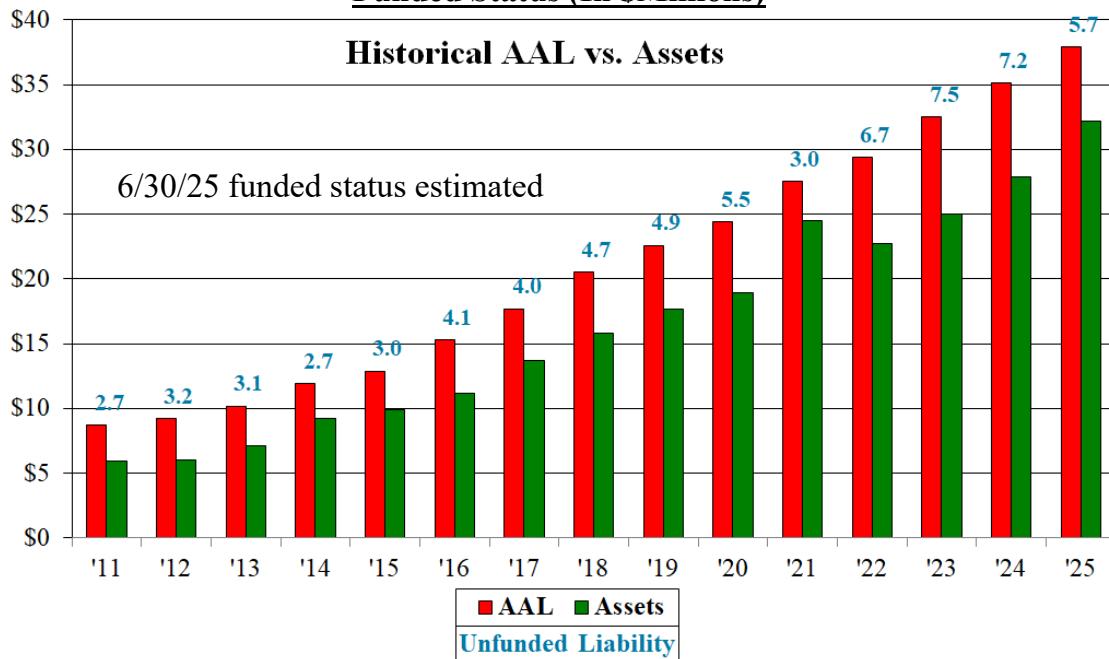
22

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FUNDED STATUS

Miscellaneous

Funded Status (In \$Millions)

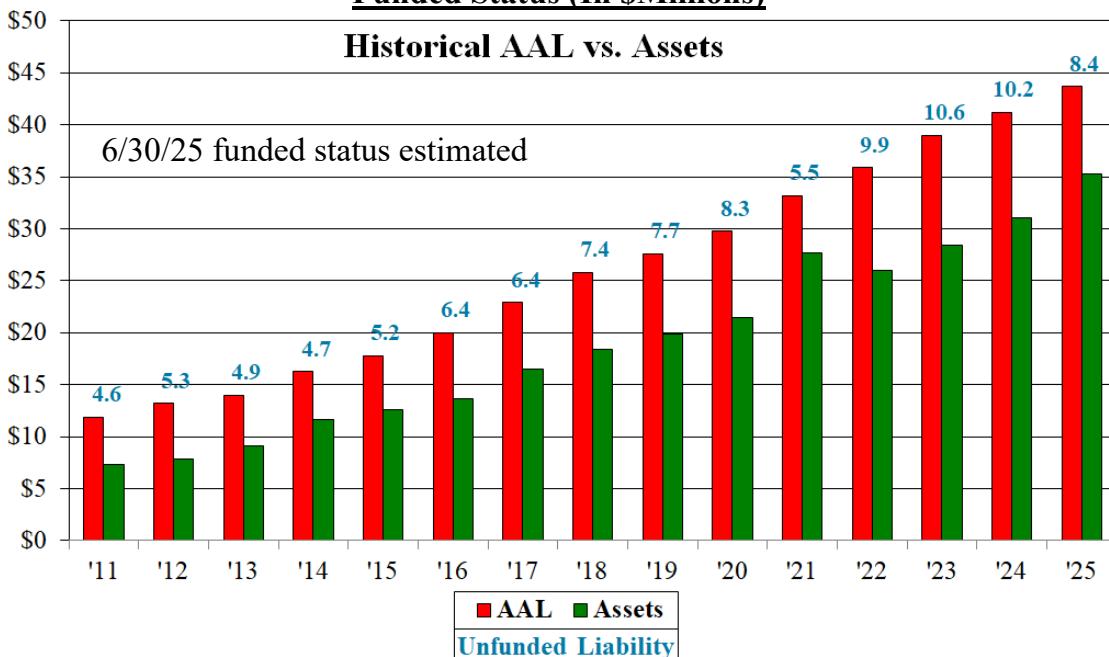


23

FUNDED STATUS

Safety

Funded Status (In \$Millions)



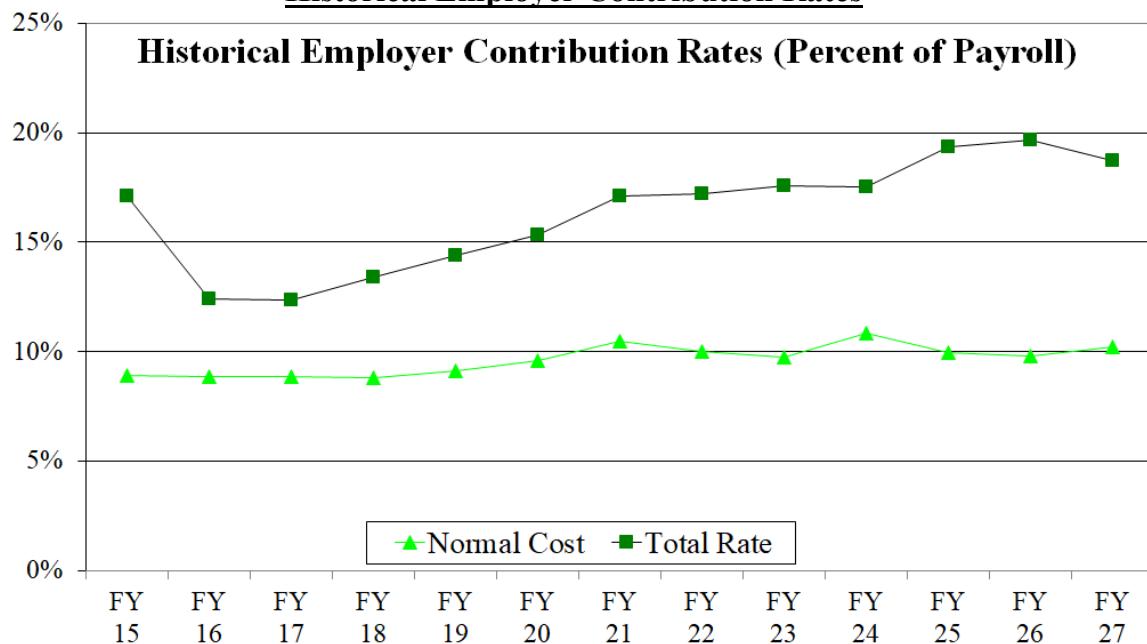
24

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CONTRIBUTION RATES

Miscellaneous

Historical Employer Contribution Rates

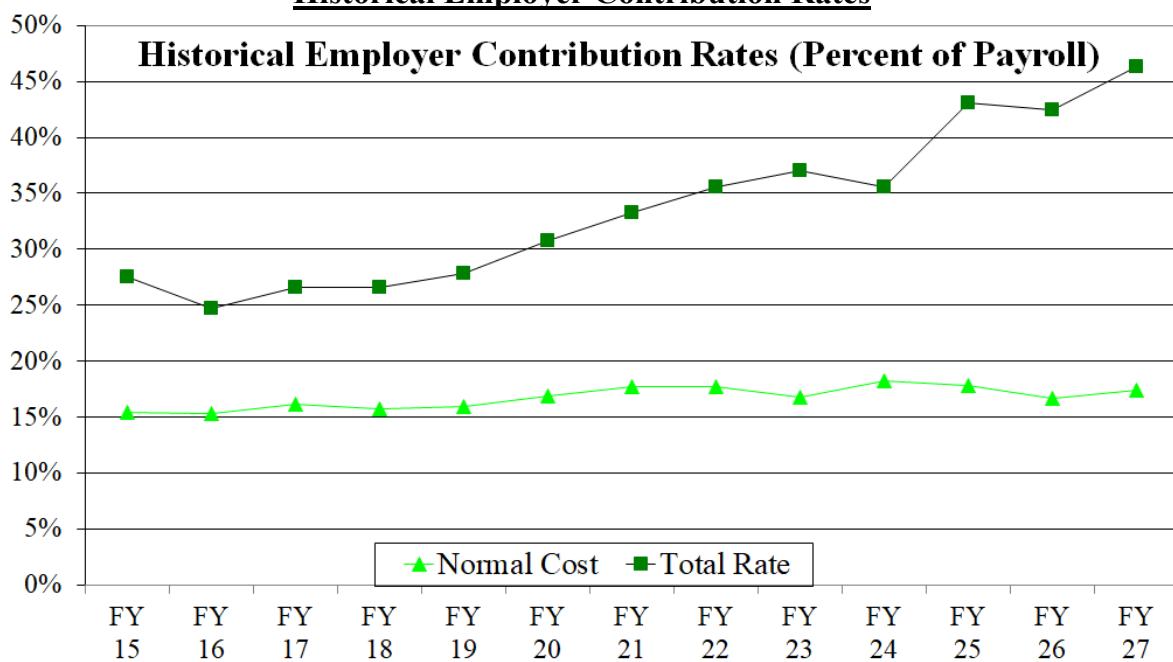


25

CONTRIBUTION RATES

Safety

Historical Employer Contribution Rates



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CONTRIBUTION RATES

Miscellaneous

	<u>6/30/23</u>	<u>6/30/24</u>
	<u>2025/2026</u>	<u>2026/2027</u>
■ Total Normal Cost	17.6%	18.0%
■ Employee Normal Cost	<u>7.8%</u>	<u>7.8%</u>
■ Employer Normal Cost	9.8%	10.2%
■ Amortization Payments	<u>9.9%</u>	<u>8.5%</u>
■ Total Employer Contribution Rate	19.7%	18.7%



CONTRIBUTION RATES

Safety

	<u>6/30/23</u>	<u>6/30/24</u>
	<u>2025/2026</u>	<u>2026/2027</u>
■ Total Normal Cost	29.0%	29.3%
■ Employee Normal Cost	<u>12.3%</u>	<u>11.9%</u>
■ Employer Normal Cost	16.7%	17.4%
■ Amortization Payments	<u>25.8%</u>	<u>28.9%</u>
■ Total Employer Contribution Rate	42.5%	46.3%



CONTRIBUTION RATES

Miscellaneous 2026/27 Amortization Payment

- Amortization payment is 9.2% of UAL
(one year interest on UAL is 6.8%)
 - Payment exceeds interest on the UAL
 - No “negative amortization.”
- Amortization payment equivalent to:
 - 18.0 years on level dollar amortization schedule
(all payments are the same amount)
 - 13.7 years on level percent of payroll schedule
(payments increase 2.8% annually)



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CONTRIBUTION RATES

Safety 2026/27 Amortization Payment

- Amortization payment is 11.6% of UAL
(one year interest on UAL is 6.8%)
 - Payment exceeds interest on the UAL
 - No “negative amortization.”
- Amortization payment equivalent to:
 - 12.1 years on level dollar amortization schedule
(all payments are the same amount)
 - 10.2 years on level percent of payroll schedule
(payments increase 2.8% annually)



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CONTRIBUTION PROJECTIONS

- Investment returns:
 - June 30, 2025 12.1%⁶
 - Future returns based on stochastic analysis using 1,000 trials
 - Single year returns⁷ with current investment mix, no risk mitigation:

	Percentile		
	25 th	50 th	75 th
First 6 years	-2.2%	5.7%	14.5%
After 6 years	-0.6%	7.5%	16.4%

- Assumes investment returns will generally be lower over the next 6 years and higher beyond that
- No Discount Rate decreases due to Risk Mitigation policy – Ultimate rate 6.8%
- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- Different from CalPERS projection

⁶ Gross return based on CalPERS Basic Financial Statements for fiscal year ending June 30, 2025.

⁷ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS

- New hire assumptions:
 - All new hires assumed PEPRA members and none are Classic members
- Miscellaneous 6/30/24 employee distribution:

Benefit Tier	Count	% of Total	23/24 Payroll	% of Total
2.5%@55 FAE3	26	35.6%	\$2,893,400	41.0%
2%@62 FAE3 (PEPRA)	47	64.4%	4,157,200	59.0%
Total	73	100.0%	7,050,600	100.0%

- Safety 6/30/24 employee distribution:

Benefit Tier	Count	% of Total	23/24 Payroll	% of Total
3%@55 FAE3	8	29.6%	\$1,400,000	38.3%
2.7%@57 FAE3 (PEPRA)	19	70.4%	2,254,500	61.7%
Total	27	100.0%	3,654,500	100.0%

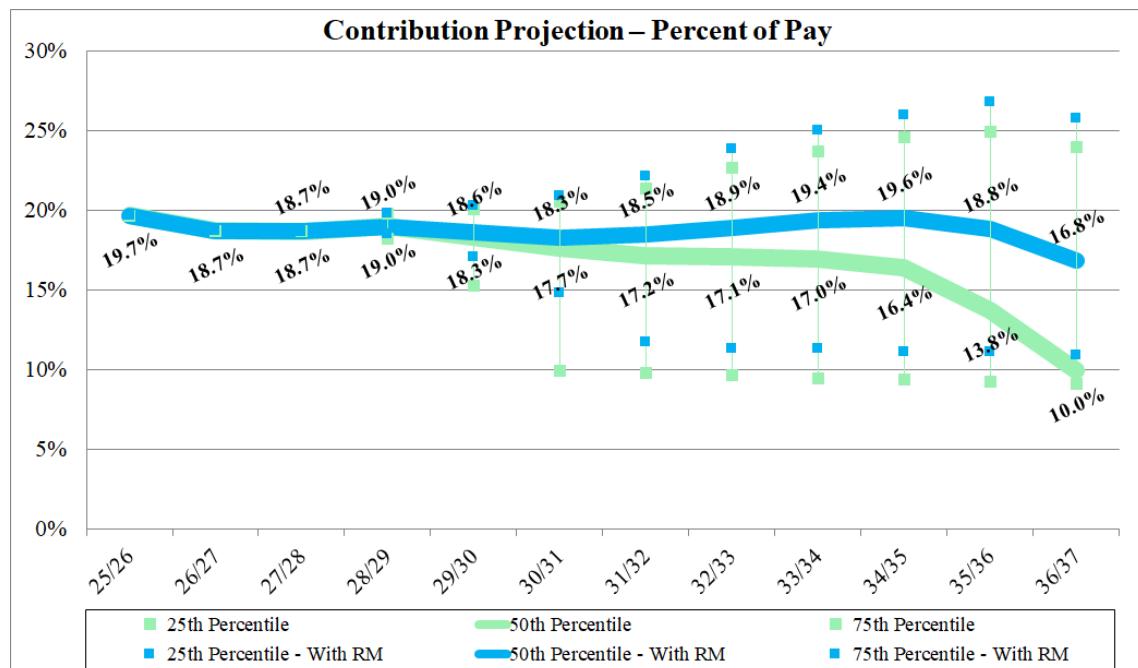


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CONTRIBUTION PROJECTIONS

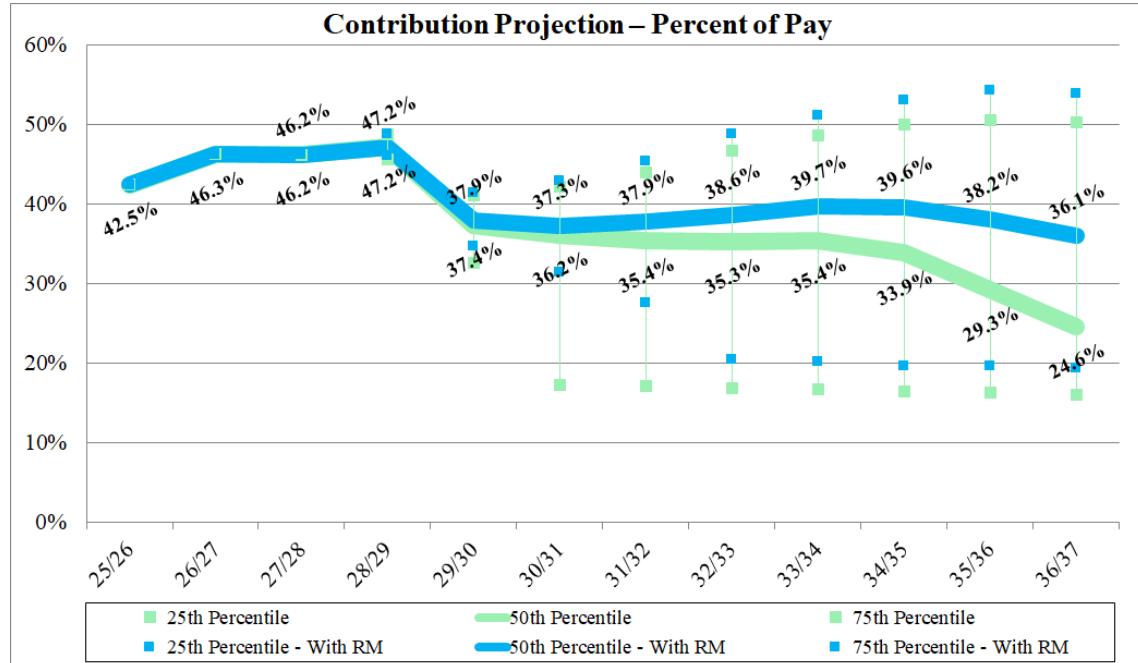
Miscellaneous Risk Mitigation Impact



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CONTRIBUTION PROJECTIONS

Safety Risk Mitigation Impact



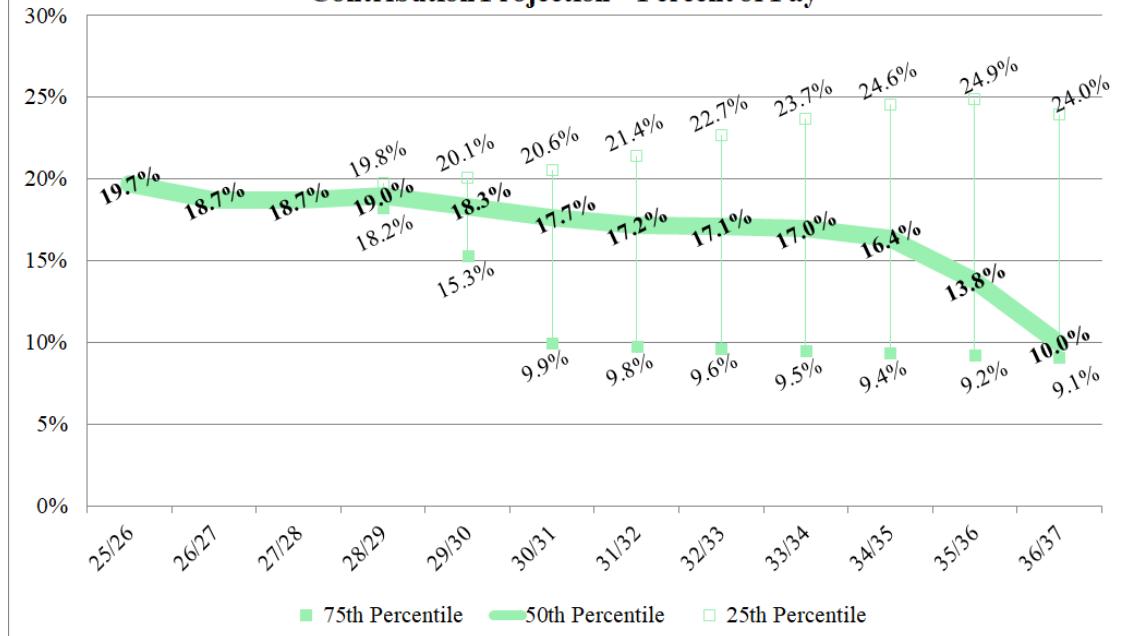
131

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CONTRIBUTION PROJECTIONS

Miscellaneous

Contribution Projection – Percent of Pay

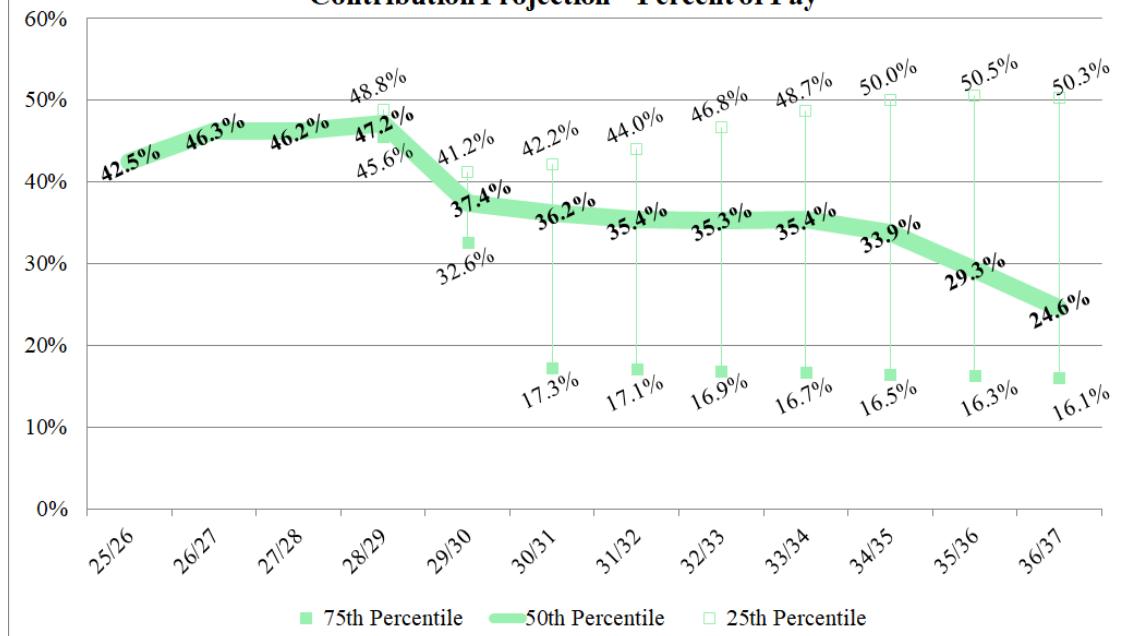


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CONTRIBUTION PROJECTIONS

Safety

Contribution Projection – Percent of Pay



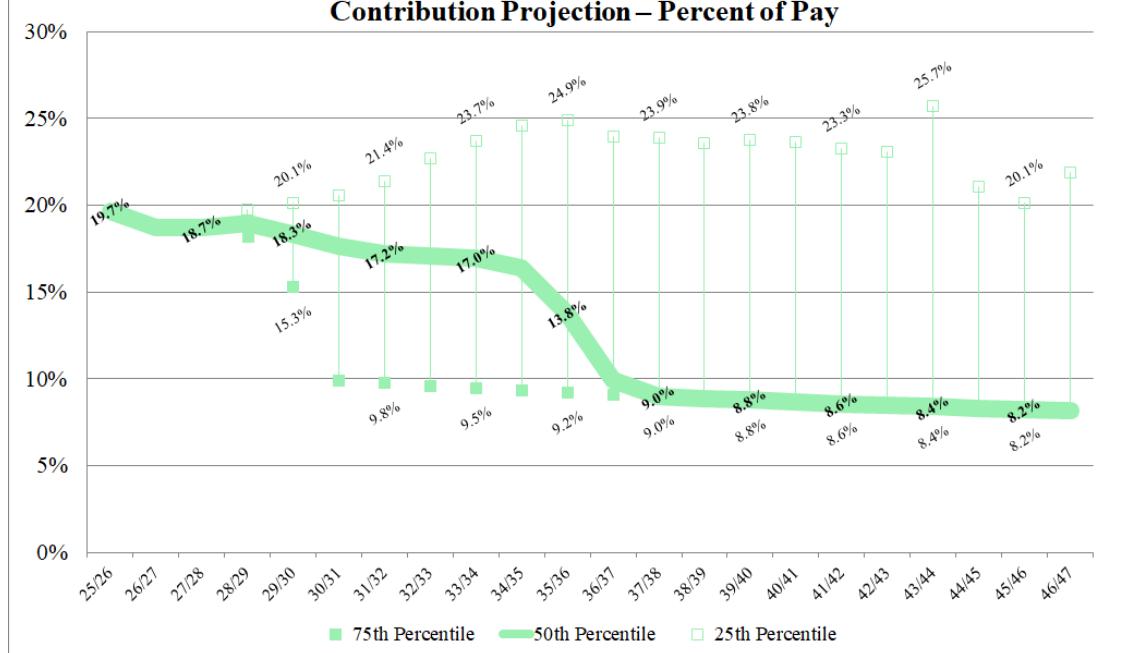
36

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CONTRIBUTION PROJECTIONS

Miscellaneous

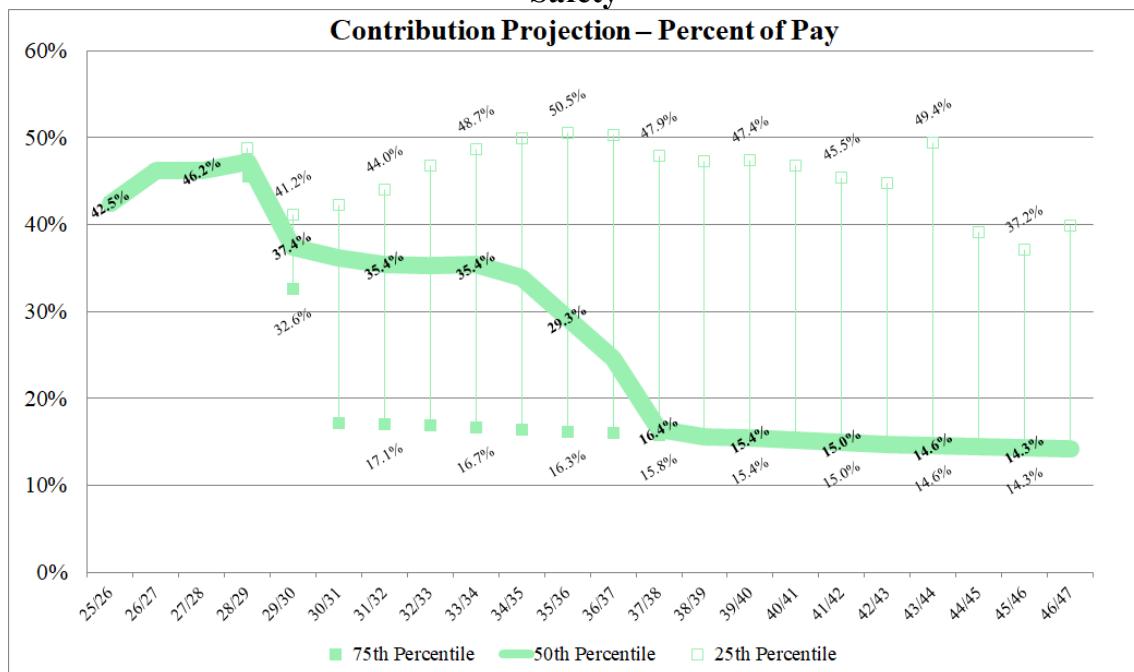
Contribution Projection – Percent of Pay



CONTRIBUTION PROJECTIONS

Safety

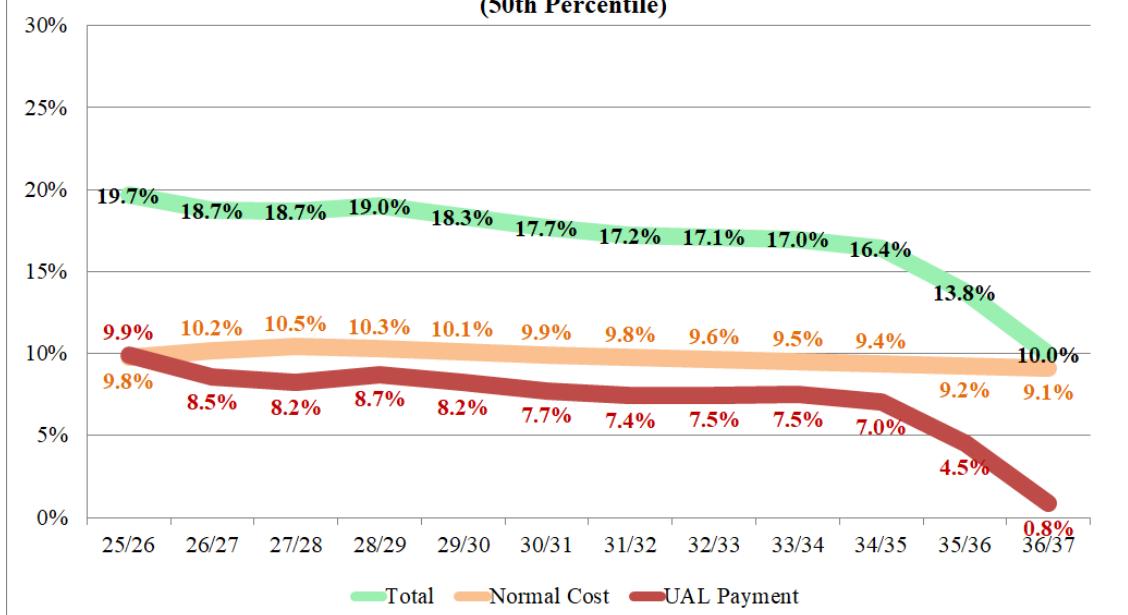
Contribution Projection – Percent of Pay



CONTRIBUTION PROJECTIONS

Miscellaneous

Contribution Projection – Percent of Pay (50th Percentile)

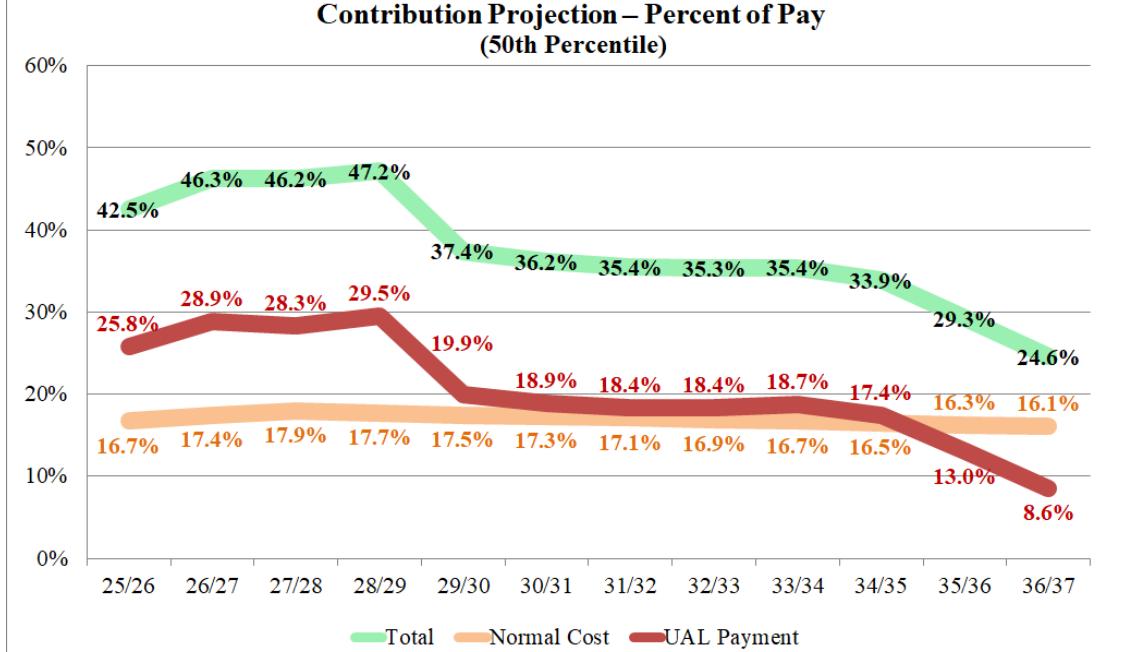


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CONTRIBUTION PROJECTIONS

Safety

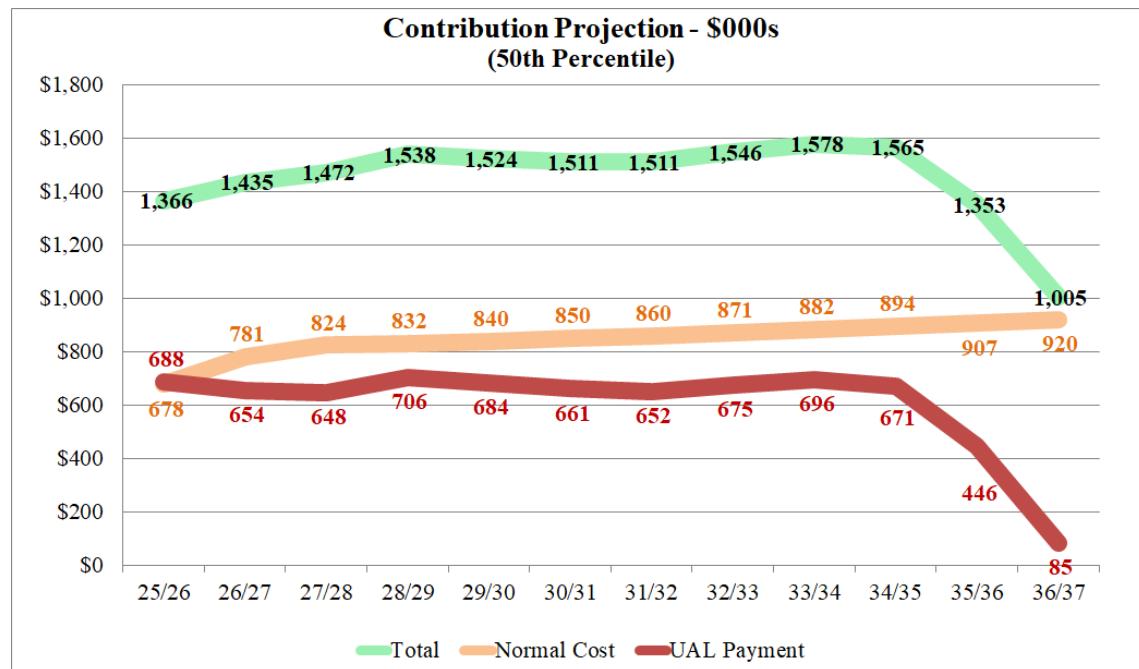
Contribution Projection – Percent of Pay (50th Percentile)



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CONTRIBUTION PROJECTIONS

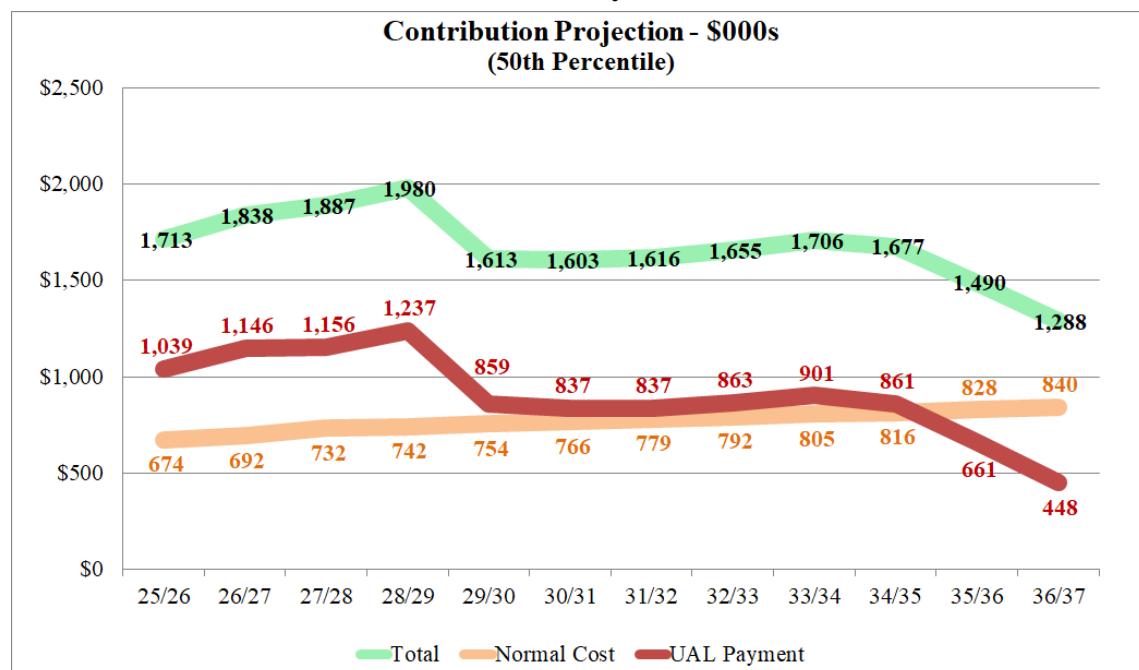
Miscellaneous



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CONTRIBUTION PROJECTIONS

Safety

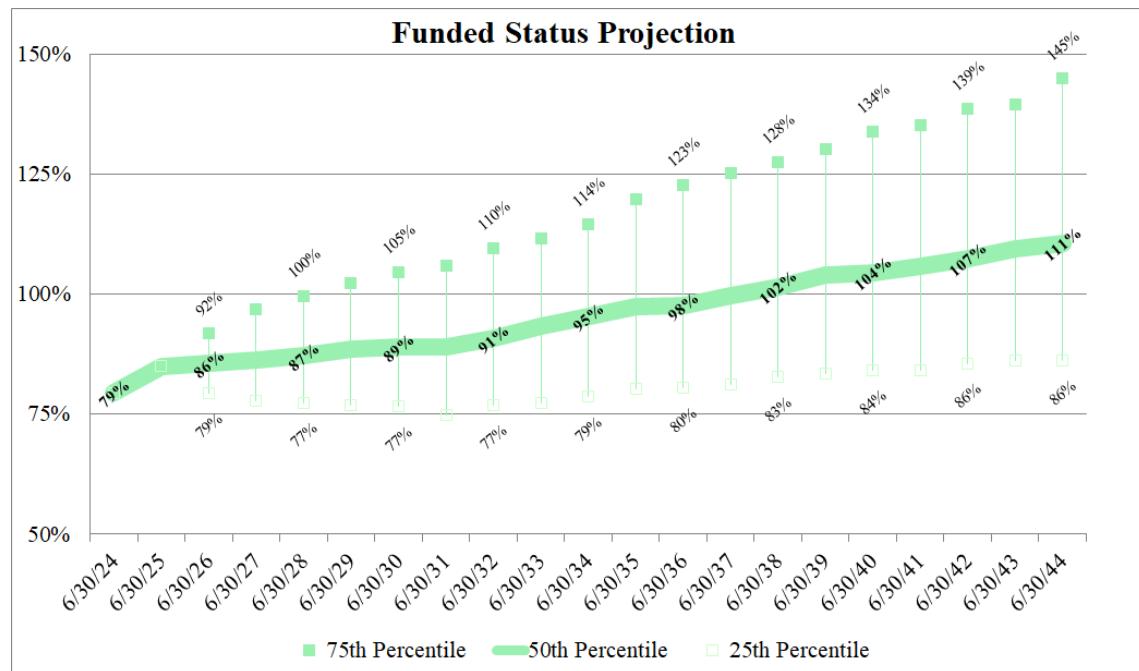


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FUNDED STATUS

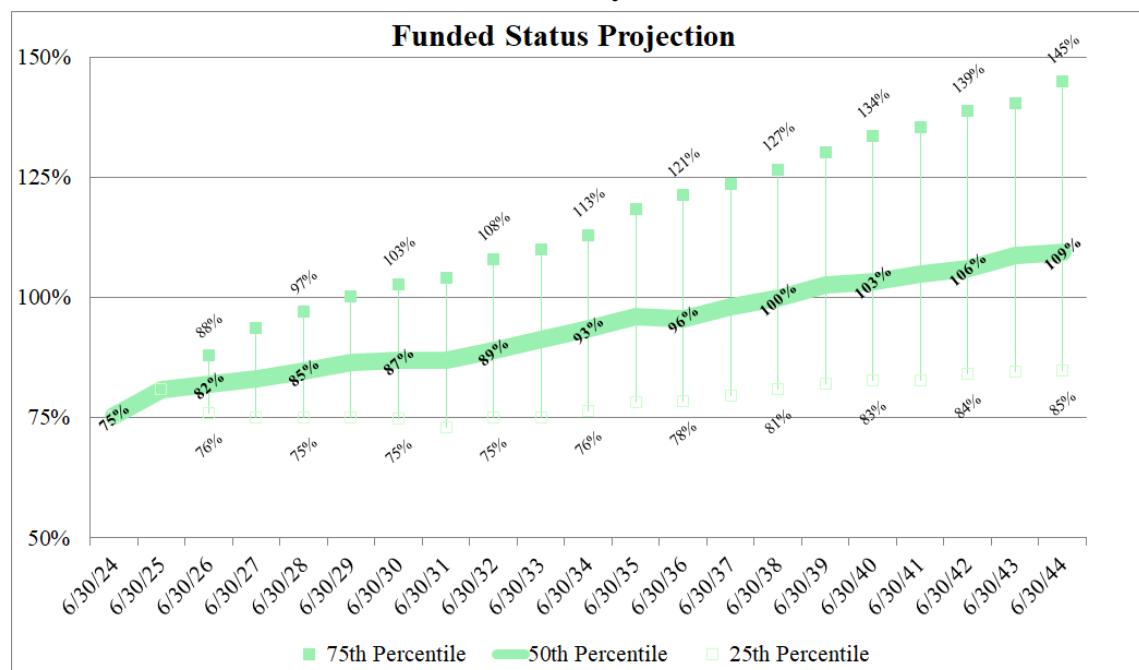
Miscellaneous



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FUNDED STATUS

Safety

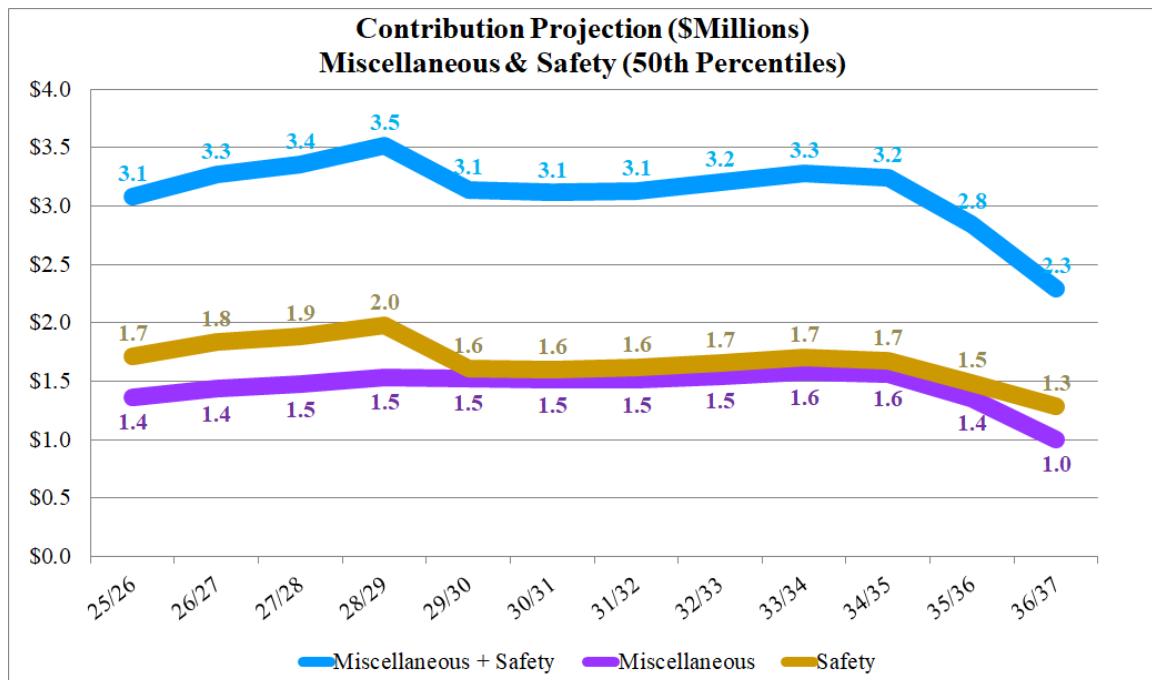


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COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety



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COMBINED MISCELLANEOUS AND SAFETY

Miscellaneous and Safety

Funded Status Summary on June 30, 2024 (Amounts in \$Millions)

	Miscellaneous	Safety	Total
■ AAL	\$35.1	\$41.2	\$76.3
■ Assets	<u>27.9</u>	<u>31.0</u>	<u>58.9</u>
■ Unfunded AAL	7.2	10.2	17.4
■ Funded Ratio	79.4%	75.3%	77.2%

Projected Funded Status Summary on June 30, 2025⁸ (Amounts in \$Millions)

	Miscellaneous	Safety	Total
■ AAL	\$37.9	\$43.7	\$81.6
■ Assets	<u>32.2</u>	<u>35.3</u>	<u>67.5</u>
■ Unfunded AAL	5.7	8.4	14.1
■ Funded Ratio	85.0%	80.8%	82.7%

⁸ Projected 2025 assets reflect 12.1% investment return for 2024/25.



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LEAVING CALPERS

- Participation in CalPERS is governed by State law and CalPERS rules
- The following are considered “withdrawing” from CalPERS:
 - Exclude new hires from CalPERS & giving them a different pension
 - Stop accruing benefits for current employees
- “Withdrawal” from CalPERS:
 - Treated as plan termination
 - Liability increased for conservative investments
 - Liability increased for future demographic fluctuations
 - Liability must be funded immediately by withdrawing agency
 - Otherwise, retiree benefits are cut



LEAVING CALPERS

CalPERS Termination Estimates on June 30, 2024 (Amounts in Millions)

Discount Rate	Ongoing Plan	Termination Basis	
	6.80%	3.61%	5.61%
Miscellaneous			
Actuarial Accrued Liability	\$35.1	\$51.9	\$38.5
Assets	<u>27.9</u>	<u>27.9</u>	<u>27.9</u>
Unfunded AAL (UAAL)	7.2	24.0	10.6
Safety			
Actuarial Accrued Liability	\$41.2	\$64.4	\$46.6
Assets	<u>31.0</u>	<u>31.0</u>	<u>31.0</u>
Unfunded AAL (UAAL)	10.2	33.4	15.6
Total			
Unfunded AAL (UAAL)	17.4	57.4	26.2
Funded Ratio	77.2%	50.6%	69.2%



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PEPRA COST SHARING

- Target of 50% of total normal cost paid by all employees
- *PEPRA members* must pay greater of 50% of total normal cost or bargained amount if higher
- Employer cannot pay any part of *PEPRA member* required employee contributions
- Employer may impose current employees pay 50% of total normal cost (limited to 8% of pay for Miscellaneous and 12% for Safety) if not agreed through collective bargaining
- Miscellaneous Plan 2026/27:

	<u>Classic Members</u>	<u>New Members</u>
	<u>Tier 1</u>	<u>PEPRA</u>
	<u>2.5%@55 FAE3</u>	<u>2%@62 FAE3</u>
● Employer Normal Cost	13.4%	7.93%
● Member Normal Cost	<u>8.0%</u>	<u>7.75%</u>
● Total Normal Cost	21.4%	15.68%
● 50% Target	10.7%	7.84%



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PEPRA COST SHARING

■ Safety Plan 2026/27:

	<u>Classic Members</u>	<u>New Members</u>
	Tier 1 <u>3%@55 FAE3</u>	PEPRA <u>2.7%@57 FAE3</u>
● Employer Normal Cost	23.1%	13.91%
● Member Normal Cost	<u>9.0%</u>	<u>13.75%</u>
● Total Normal Cost	32.1%	27.66%
● 50% Target	16.1%	13.83%

■ PEPRA Member Contributions:

Group	2025/26		2026/27			
	Total NC (Basis)	Member Rate	Total Normal Cost	Change	Member Rate	Method
Miscellaneous	15.43%	7.75%	15.68%	0.25%	7.75%	PEPRA Members
Safety	27.29%	13.75%	27.66%	0.37%	13.75%	PEPRA Members



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PAYING DOWN THE UAL & RATE STABILIZATION

- Where do you get the money from?
- How do you use the money?



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WHERE DO YOU GET THE MONEY FROM?

- POB:
 - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
 - No guaranteed savings
 - PEPRA prevents contributions from dropping below normal cost
 - Savings offset when investment return is good
 - GFOA Advisory
- Borrow from General Fund similar to State
- One time payments
 - Governing body resolution to use a portion of one time money, e.g.
 - 1/3 to one time projects
 - 1/3 to replenish reserves and
 - 1/3 to pay down unfunded liability



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ADDITIONAL PAYMENTS TO CALPERS

- Internal Service Fund
 - Typically used for rate stabilization
 - Restricted investments:
 - Likely low (0.5%-1.0%) investment returns
 - Short term/high quality, designed for preservation of principal
 - Assets can be used by governing body for other purposes
 - Does not reduce Unfunded Liability



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ADDITIONAL PAYMENTS TO CALPERS

- Make payments directly to CalPERS:
 - Likely best long-term investment return
 - Must be considered an irrevocable decision
 - Extra payments cannot be used as future “credit”
 - PEPRA prevents contributions from dropping below normal cost
 - Option #1: Request shorter amortization period (Fresh Start):
 - Higher short term payments
 - Less interest and lower long term payments
 - Likely cannot revert to old amortization schedule
 - Savings offset when investment return is good (PEPRA)



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ADDITIONAL PAYMENTS TO CALPERS

- Make payments directly to CalPERS (continued):
 - Option #2: Target specific amortization bases with an Additional Discretionary Payment “ADP”:
 - Extra contribution’s impact muted by reduced future contributions
 - CalPERS can’t track the “would have been” contribution
 - No guaranteed savings
 - Larger asset pool means larger loss (or gain) opportunity
 - Paying off shorter amortization bases: larger contribution savings over shorter period:
 - e.g. 10 year base reduces contribution 13.6¢ for \$1 (level dollar)
 - Less interest savings vs paying off longer amortization bases
 - Paying off longer amortization bases: smaller contribution savings over longer period:
 - e.g. 25 year base reduces contribution 8.2¢ for \$1 (level dollar)
 - More interest savings vs paying off shorter amortization bases
 - Maintaining the current payment schedule – not letting payments reduce due to extra payment – gives the greatest long-term savings



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Can only be used to:
 - Reimburse City for CalPERS contributions
 - Make payments directly to CalPERS
- Investments significantly less restricted than City investment funds
 - Fiduciary rules govern Trust investments
 - Usually, designed for long term returns
- Assets don't count for GASB accounting
 - Are considered Employer assets
- Hundreds of trusts established, mostly since 2015
 - Trust providers: PARS, PFM, Keenan
 - California Employers' Pension Prefunding Trust (CEPPT) effective July 2019
 - Strategy 1: 48% stocks / 52% bonds
 - Strategy 2: 22% stocks / 78% bonds



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- More flexibility than paying CalPERS directly
 - City decides if and when and how much money to put into Trust
 - City decides if and when and how much to withdraw to pay CalPERS or reimburse City
- Funding strategies typically focus on:
 - Reducing the unfunded liability
 - Fund enough to make total CalPERS UAL = 0
 - Make PEPRA required payments from Trust when overfunded
 - Stabilizing contribution rates
 - Mitigate expected contribution rates to better manage budget
 - Combination
 - Use funds for rate stabilization/budget predictability
 - Target increasing fund balance to pay off UAL sooner



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

■ Consider:

- How much can you put into Trust?
 - Initial seed money?
 - Additional amounts in future years?
- When do you take money out?
 - Target budget rate?
 - Year target budget rate kicks in?
 - Before or after CalPERS rate exceeds budgeted rate?



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COMPARISON OF OPTIONS

■ Supplemental Trust

- Flexible
- Likely lower long-term return
- Investment strategy choice
- Does not reduce net pension liability for GASB reporting
- More visible

■ CalPERS

- Locked In
- Likely higher long-term return
- No investment choice
- Reduces net pension liability for GASB reporting
- More restricted



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ILLUSTRATION OF ADDITIONAL PAYMENTS

- Following illustrates additional \$3 million contribution on 6/30/2026 to a Section 115 Supplemental Trust
- Assets split 50%/50% between Miscellaneous and Safety
- Analysis assumes no future investment (gains)/losses



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ILLUSTRATION OF ADDITIONAL PAYMENTS

Direct Payment to CalPERS

- Estimated Savings net of ADP

	ADP:	Miscellaneous	Safety
		\$1,500,000	\$1,500,000
Pay Off Longest Bases – pay reduced future payments as billed by CalPERS:			
\$ Savings		\$1,172,000	\$1,269,000
Present Value Savings @ 3%		537,000	585,000
Pay Off Shortest Bases – pay reduced future payments as billed by CalPERS	ADP:	\$1,500,000	\$1,500,000
		\$ 540,000	\$ 270,000
Present Value Savings @ 3%		269,000	139,000



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ILLUSTRATION OF ADDITIONAL PAYMENTS

Payment to 115 Trust

- Savings will depend on the length of time funds are left in the Trust before being applied to CalPERS payments.

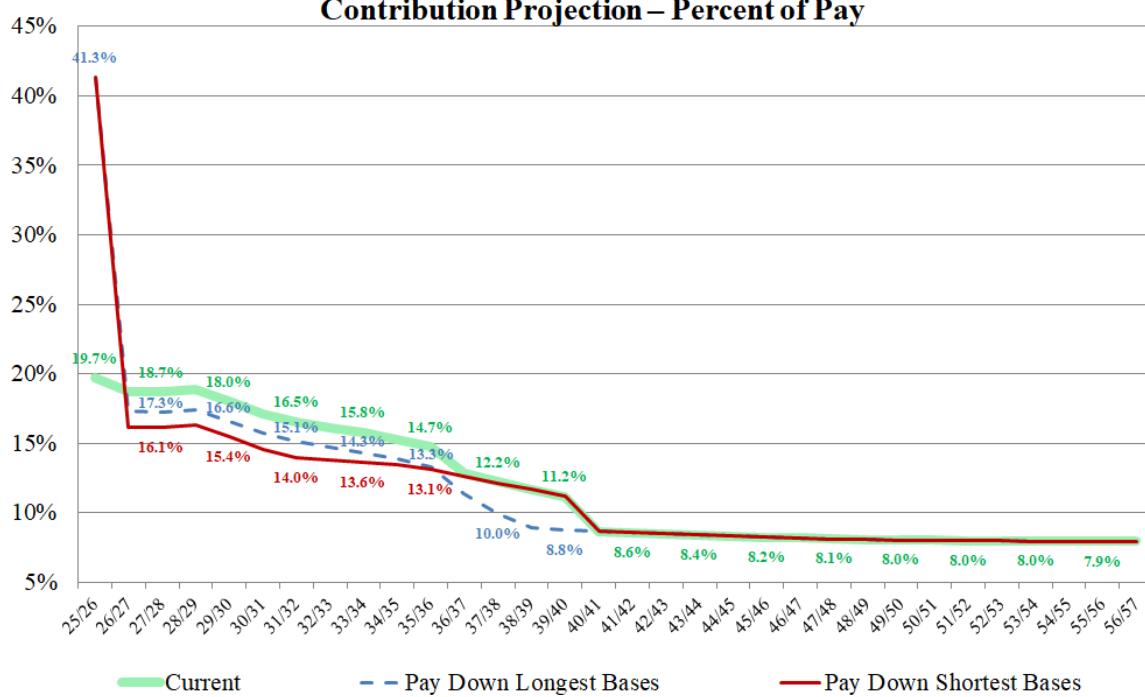
	Miscellaneous	Safety
Trust Contributions	\$1,500,000	\$1,500,000
Trust Earnings	5%	5%
Trust Target Example:		
- Target Contribution Rate	14.8%	34.1%
- 1st Year of Trust Withdrawals	2026/27	2026/27
- Last Year of Trust Withdrawals	2033/34	2029/30
\$ Savings	\$288,000	\$171,000
Present Value of Savings @ 3% discount rate	130,000	88,000



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ILLUSTRATION OF ADDITIONAL PAYMENTS

Direct Payment to CalPERS – Miscellaneous Contribution Projection – Percent of Pay



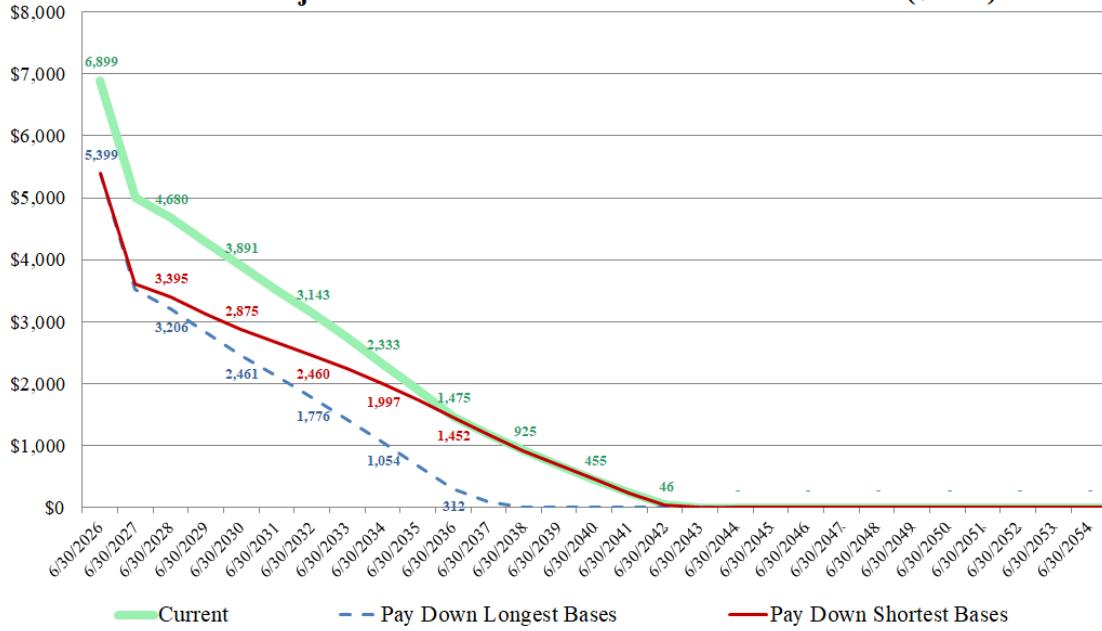
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ILLUSTRATION OF ADDITIONAL PAYMENTS

Direct Payment to CalPERS Miscellaneous

UAAL Projection 6/30/26 Bases with 24/25 Investment Gain (\$000s)

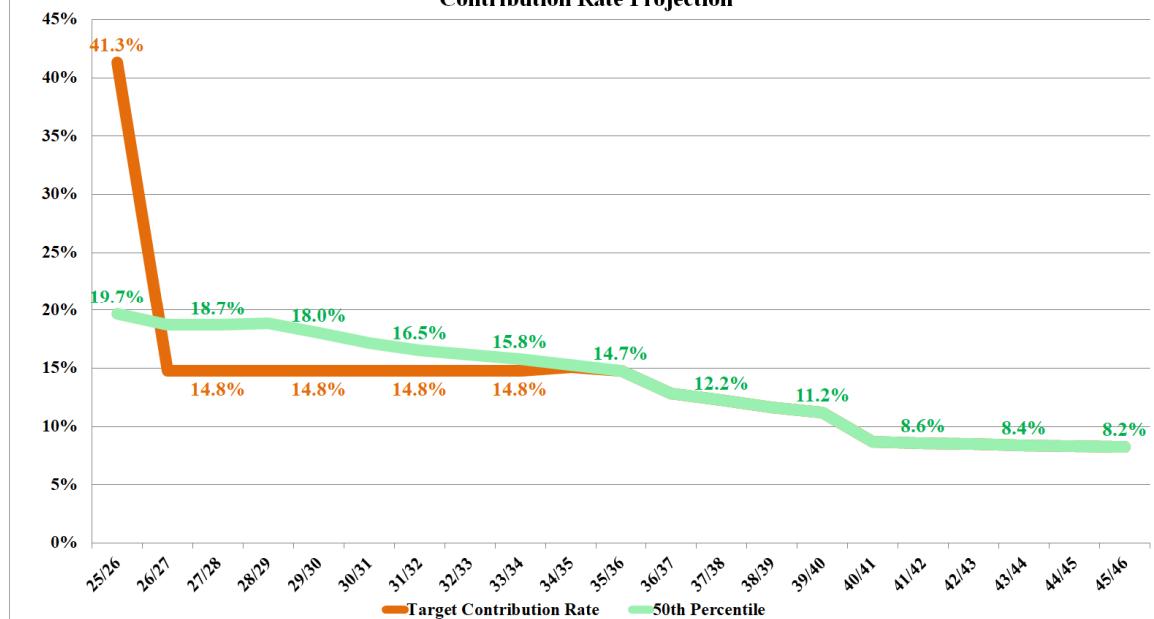


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ILLUSTRATION OF ADDITIONAL PAYMENTS

Payment to 115 Trust Miscellaneous – Illustration of One Option

Contribution Rate Projection

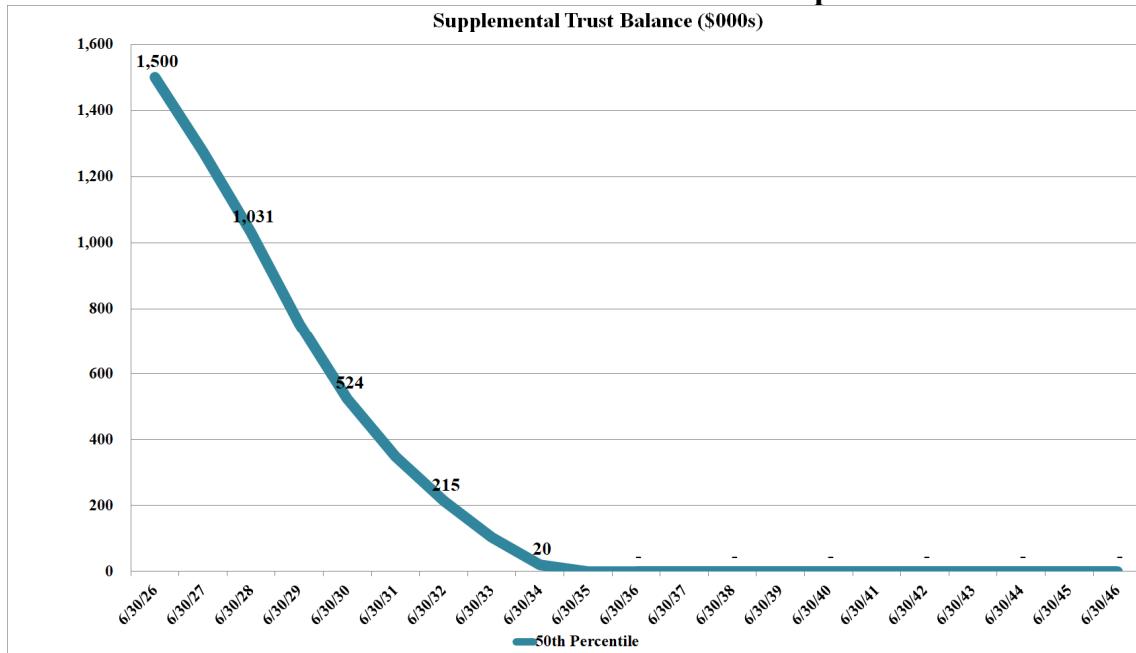


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ILLUSTRATION OF ADDITIONAL PAYMENTS

Payment to 115 Trust Miscellaneous – Illustration of One Option



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ACTUARIAL CERTIFICATION

This report presents analysis of the City of East Palo Alto's CalPERS pension plans. The purpose of this report is to provide the City:

- Historical perspective on the plan investment returns, assets, funded status and contributions.
- Projections of likely future contributions and the impact of investment volatility.

The calculations and projections in this report are based on information contained in the City's June 30, 2024 and earlier CalPERS actuarial valuation reports. We reviewed this information for reasonableness, but do not make any representation on the accuracy of the CalPERS reports.

Future investment returns and volatility are based on Foster & Foster's Capital Market model which results in long term returns summarized on page 31.

Information provided in this report may be useful to the City for the Plan's financial management. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

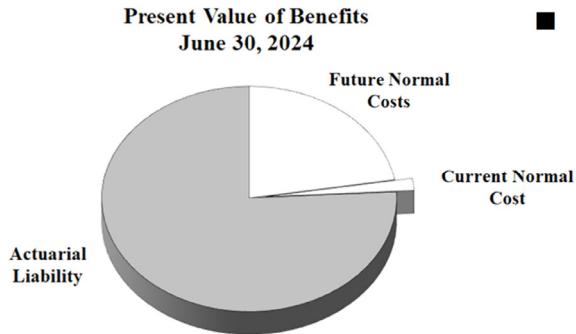
Respectfully submitted,

Drew Ballard, FSA, EA, MAAA
Foster & Foster, Inc.

D. Patrick McDonald, FSA, EA, MAAA
Foster & Foster, Inc.



DEFINITIONS



■ PVB - Present Value of all Projected Benefits:

- The value now of amounts due to be paid in the future
- Discounted value (at valuation date - 6/30/24), of all future expected benefit payments based on various (actuarial) assumptions

■ Current Normal Cost (NC):

- Portion of PVB allocated to (or “earned” during) current year
- Value of employee and employer current service benefit

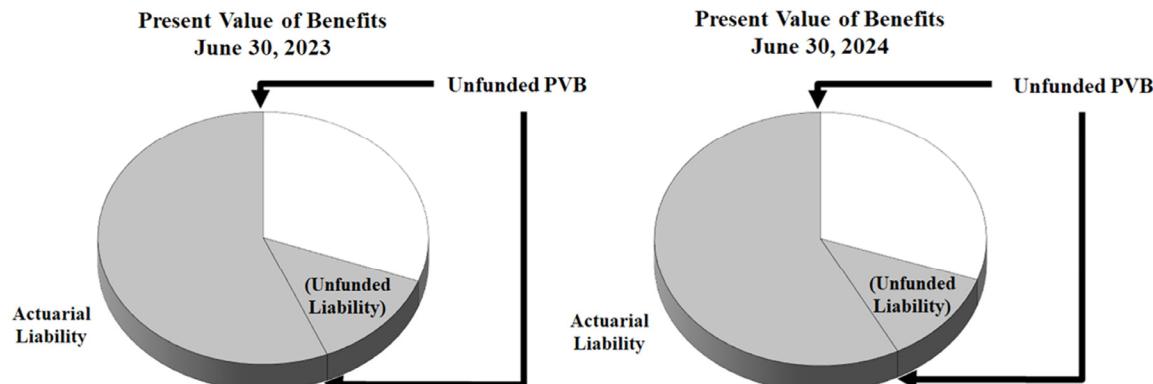
■ Actuarial Liability (AAL):

- Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
- Portion of PVB “earned” at measurement



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DEFINITIONS



■ Target- Have money in the bank to cover Actuarial Liability (past service)

■ Unfunded Liability (UAAL or UAL) - Money short of target at valuation date

- If all actuarial assumptions were always exactly met, then the plan assets would always equal AAL
- Any difference is the unfunded (or overfunded) AAL
- Every year, the actuary calculates the difference between the expected UAAL and Actual UAAL. This is a new layer or amortization base
- Each new layer gets amortized (paid off) over a period of time as part of the contribution [rate]



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HOW WE GOT HERE

Significant Factors

- Investment Losses
- CalPERS Contribution Policy
- Enhanced Benefits
- Demographics



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HOW WE GOT HERE

Old Contribution Policy

- Effective with 2003 valuations:
 - Slow (15 year) recognition of investment losses into funded status
 - Rolling 30 year amortization of all (primarily investment) losses
- Designed to:
 - First smooth rates and
 - Second pay off UAL
- Mitigated contribution volatility



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HOW WE GOT HERE

CalPERS Changes

- April 2013: CalPERS adopted new contribution policy
 - No asset smoothing or rolling amortization
- February 2018: New amortization policy for 2021/22 contributions
 - Fixed dollar (level) 20-year amortization rather than % pay (escalating)
 - 5-year ramp up (not down) for investment gains and losses
- CalPERS Board changed the discount rate to 7%, still phasing in to rates:

	Rate	Initial Impact	Full Impact
● 6/30/16 valuation	7.375%	18/19	22/23
● 6/30/17 valuation	7.25%	19/20	23/24
● 6/30/18 valuation	7.00%	20/21	24/25
- In the November 2021 meeting, CalPERS Board adopted
 - Discount rate and investment allocation
 - Discount rate: 6.8% for 6/30/2021. UAL impact matches investment gain amortization (5-year ramp-up). Initial impact in 23/24 and full impact in 27/28.
 - Asset allocation has higher investment risk than current portfolio
 - Experience study (Demographic assumptions)



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ADDITIONAL ASSUMPTIONS & METHODS

- Retiree benefit payments increase at 3%
- Tier 1, and current PEPRA members' payroll increase/decrease according to similar large client projected payroll using same mortality, retirement, withdrawal, and disability assumptions as CalPERS 2000-2019 Experience Study
- PEPRA payroll added to above projected payroll to make aggregate payroll increase at CalPERS' assumption of 2.8%
- All other assumptions same as CalPERS valuation assumptions



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EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Shiri Klima, Assistant City Manager

Maurice Baker, Community Services & Recreation Manager

SUBJECT: EPACENTER FY26 TOT Program Update

Recommendation

Receive an informational report from staff updating Council on the use of EPACENTER's FY26 TOT Grant Funding and a change to programming schedule.

Executive Summary

In May 2025, EPACENTER was awarded TOT grant funding for host family and community events at no cost to the community. During the City Council's strategic priority sessions, it was determined that supporting organizations like this further would only benefit the residents. In July, Council set aside an additional \$70k to bring their total amount received to \$100,000. EPACENTER proposed a schedule of Friday Night Flicks, Second Saturday, and Concert Sundays. After testing the programming with seven events, EPACENTER would like to propose a program shift.

Alignment with City Council Strategic Plan

Priority: Parks, Recreation, and Community Facilities

Background

Following the receipt of the TOT Grant funding, EPACENTER was able to begin implementing programming in November up through June 2026. During this time, attendance was to be tracked and participant feedback was to be sought. During their initial seven events, EPACENTER averaged 75 attendees across the board not counting its Elf Workshop at the City's Holiday

Winterfest that saw over 700 children participate. The model of hosting one singular event on select weekend dates was successful; however, this didn't provide the full family experience that EPACENTER is seeking. After joining in with the City and East Palo Alto Police to host the annual Holiday Winterfest, EPACENTER sought out to improve its model.

Analysis

Originally, EPACENTER proposed 37 events from November to the end of June 2026. They planned to host a series of weekend events called Friday Night Flicks, Saturday Family Day, and Concert Sundays. Each event was to stand alone and contribute to the 37 programs.

Now, EPACENTER proposes to move to a once-a-month festival model that provides several activities across one day. This would yield less events overall, but each event would allow EPACENTER to provide experiences for the full family, whether that be haircuts for teenagers while the rest of the family can enjoy a movie in their theater. There would be multiple components taking place in one day that would count individually towards the goal of delivering the grant requirements. Starting in late February, the programming would kick off honoring Black History Month with an event honoring local leaders in the community and then continue with a Gospel Choir Concert and closing out with a Black History and Futures event.

Along with this festival model, EPACENTER is also heavily investing in the concert space by adding a signature event with major headliners to the schedule. Each month starting in March through July, they are seeking to bring a different musical genre to East Palo Alto.

- March: Latin Jazz headliner
- April: Latin Rock headliner
- May: Funk/Soul headliner
- June: R&B Headliner
- July: TBD

These events would be ticketed to accommodate the requests of signature artists but each of event will have a number of tickets complimentary to East Palo Alto residents. With this, EPACENTER is proposing to offer 52 event components nestled within 25 days of programming including the seven previous events. Events will continue to be tracked for attendance and participant feedback will be gathered anonymously through surveying and site visits in accordance with the TOT model.

Fiscal Impact

There is no fiscal impact for this item.

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.

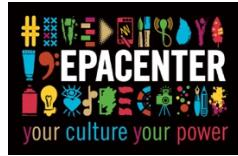
Government Code § 84308

Applicability of Levine Act: NO

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Proposed Programming Schedule



EPACENTER

Proposal Revision Request: Expanding Cultural Amenities in East Palo Alto Large Grants Program Presented to the City of East Palo Alto February 2026

Purpose

EPACENTER requests an adjustment to the City of East Palo Alto Community Arts Grant implementation plan based on observations at events conducted in November and December 2025. This document outlines the original program model, what EPACENTER learned during the first two months of activation, and the rationale for shifting to a consolidated festival approach while still meeting the grant's event delivery requirements.

Original Plan

In our July 2025 proposal, EPACENTER committed to delivering a full season of free weekend arts experiences that would activate multiple EPACENTER spaces on Fridays, Saturdays, and Sundays, including a recurring film night, hands-on family workshops, and rotating live music programming such as concerts, jazz gatherings, and gospel events, paired with quarterly narrative and financial reporting to track attendance, reach, and community feedback.

Launch And Early Progress: The grant period began in November 2025, and EPACENTER moved immediately into implementation following contract execution, delivering eight community events across November and December 2025, including a major City Holiday Winterfest that served as a strong early indicator of community demand for large, high-value cultural gatherings that combine entertainment with family supports.

Observations

The first two months of implementation provided critical real-world operational data, and these lessons are now guiding a practical refinement of our approach to ensure

safety, maximize attendance, and deliver the strongest possible public benefit with the grant resources. Areas of learning included:

- Audience Engagement: High participation occurs when events combine multiple elements into a single experience, including live music, hands-on activities, food, and visible family incentives. Single high-value events can drive significantly greater attendance and community enthusiasm than smaller weekly activations.
- Community Need: For many East Palo Alto residents, entertainment alone is not the primary driver of attendance. Events that include meaningful supports such as giveaways, service pop-ups, and family resources can substantially increase participation and help the City's investment translate into tangible benefits for residents.
- Marketing: Social media promotion, consistent door-to-door distribution, and neighborhood-based outreach are essential for equitable access and for ensuring the city-funded events reach residents who are not online or who do not follow institutional pages. In addition, bundling communications about events is important for building awareness and momentum while keeping costs low.
- Safety and Facility Access: Expanding from youth-only programming into open public access requires a higher level of security planning, including protocols for intoxication or substance use, stronger controls to prevent unauthorized access to restricted spaces, and clear staffing roles that support crowd management across multiple areas of the facility during events.
- External Risk Factors: Conditions outside our immediate control can still materially affect participant safety and our liability exposure, including the recurring presence of loose dogs from adjacent lots that have chased guests and children during events, and the limited availability of weekend response from public systems, which requires us to strengthen our own risk mitigation plans.
- Operational Capacity: Strong community turnout increases the need for dedicated event production, guest flow management, and consistent technical readiness for film and live sound.

- Staffing and Infrastructure Actions: Operational realities identified during the first two months necessitated key hires to ensure readiness for expanded community access. New hires were made in event operations and program operations leadership, production support, program assistants, and security protocol enhancements. Technical repairs were also made to support reliable public programming at scale.

Our takeaway from these assessments is that EPACENTER can successfully attract large audiences, but that an every-weekend model can dilute attendance, fragment marketing efforts, and limit our ability to concentrate resources into the kinds of feature-rich experiences that best serve East Palo Alto families, and that a more consolidated model would better align our staffing, safety protocols, and community resource partnerships with the realities of implementation.

Scope of Services Change Request

EPACENTER is requesting approval to modify the scope of service from the original every-weekend cadence to a monthly festival model, where we consolidate multiple distinct activities into fewer, larger community days that function as cultural anchors, while maintaining consistent, no-cost access for residents and strengthening our ability to deliver meaningful family supports such as food, clothing swaps, haircuts, and other community-serving pop-ups.

The festival model allows EPACENTER to pool program budgets and staff capacity into fewer dates to achieve higher attendance, stronger community visibility, more diverse offerings in one visit, and safer operations through more predictable staffing and security deployment, while also freeing calendar space for separately funded ticketed signature events that help build the long-term sustainability of EPACENTER as an all-ages cultural institution.

EPACENTER remains committed to fulfilling the City's event delivery requirements, and we are requesting that the City approve a counting methodology that recognizes a festival as a collection of distinct grant deliverables, meaning each separately programmed component within a festival can be counted as an individual grant event when it is a standalone activity serving a defined audience or purpose, such as separate film screenings, concerts, workshops, and resource pop-ups occurring under a single festival umbrella.

EPACENTER will continue to track attendance, demographic reach, and participant feedback and will provide narrative and financial reporting that clearly documents how each festival's components map to the City's event counts, including a transparent breakdown of festival activities and the grant-supported costs associated with each deliverable.

The following table reflects the revised schedule shared with the City, including City Community Event Grant Count estimates per event date, as well as EPACENTER's signature concert event dates.

Community Event Overview									
Month		Event Type	Scope of Services	Event Count	Event Name	Date	Time	Admissions Type	Activities
NOVEMBER 2025	Community Event	Yes		1	Family Fun Day: Dia de Los Muertos	Saturday, November 01, 2025	1:30 - 4:00	Free Admission	Art Activities: Dia De Los Muertos Ofrenda & Making Sugar Skulls Food: Cookie Decorating Station & Taco Bar
	Community Event	Yes		1	Family Fun Day: Thanksgiving Day Film Screening	Saturday, November 08, 2025	1:30 - 4:00	Free Admission	Film: Free Birds Food: Popcorn Bar
	Community Event	Yes		2	After Hours at EPACENTER: Jazz Jam & Open Mic	Saturday, November 15, 2025	5:00 - 8:00	Free Admission	Bands: Will Roc Experience & Open Mic Hosted by the Hood Starz
	Community Event	Yes		1	Family Fun Day: Thanksgiving Day Kids Concert	Saturday, November 22, 2025	1:30 - 4:00	Free Admission	Bands: Samba Kids and Andy Z Food: Pie Party
DECEMBER 2025	Community Event	Yes		1	Family Fun Day: Holiday Sing-A-Long Concert	Saturday, December 06, 2025	1:30 - 4:00	Free Admission	Bands: Samba Kids and Andy Z Food: Pie Party
	Community Event	Yes		1	Family Fun Day: Holiday Winterfest	Saturday, December 13, 2025	10:00 - 3:00	Free Admission	Art Activities: Elf Toy Making Workshop Band: EPACENTER Youth Band
	Community Event	Yes		3	Family Fun Day: Holiday Movie & Cookie Extravaganza	Sunday, December 14, 2025	1:30 - 4:00	Free Admission	Art Activity: Elf Toy Making Workshop Films: The Grinch (2018) and The Grinch (2021) Engagement Activity: Coat Donation Store Food: Cookie Extravaganza
FEBRUARY 2026	Community Event	Yes		1	Standing on the Shoulders of Giants	Friday, February 20, 2026	TBD	Free Admission	Honorary Event: Rose Gipson, Nevada Butler, Sharifa Wilson
	Community Event	Yes		4	Concert Festival: Gospel Choir Concert	Sunday, February 22, 2026	3:00 - 6:00	Free Admission + Ticketed Dinner	Bands: Lawrence Matthews, Men of Endurance, Perfect Harmony, Peninsula Interfaith Community Choir Food: Soul Food
	Community Event	Yes		5	Family Fun Day: Black History & Black Futures Festival	Saturday, February 28, 2026	5:00 - 9:00	Free Admission + Ticketed Bites	Films: Black Panther, Wakanda Forever Art Activity: The Color Black (Black Icons in Art) Engagement Activity: Black Owned Business Pop-Up & Living Legends Community Story Booth Concert: African Drumming with Hands on Fire & Pawai Bassmint Quartet
MAR 2026	Community Event	Yes		6	Family Fun Day: Girl Power Festival	Saturday, March 14, 2026	2:00 - 6:00	Free Admission	Films: Moana, Brave, Akeelah and the Bee, Inside Out Art Activity: Girl Power (Female Icons in Art) Engagement Activity: High Fashion Clothing Swap Concert: Freeze Dance Party & Girl Power Jam (Beyonce, Alicia Keys, Lady Gaga, Taylor Swift) with DJ Hey Love
	Community Event	Yes		1	After Hours at EPACENTER: Spring Social	Saturday, March 21, 2026	7:00 - 10:00	Free Admission + Ticketed Bites	Band: Jazz with Luqman Frank (pending)
	Ticketed Event	No		0	Signature Concert: Latin Jazz Headliner	Saturday, March 28, 2026	5:00 - 8:00	Free Admission	Band: Latin Jazz Headliner
SPONSOR	Community Event	Yes		0	Signature Concert: Latin Jazz Headliner	Saturday, April 4, 2026	4:00 - 5:00 (DJ) 5:00 - 7:00	Ticketed Admission	Band: Latin Jazz Headliner
	Community Event	Yes		6	Family Fun Day: Children's Spring "Fresh Fest"	Saturday, April 11, 2026	2:00 - 6:00	Free Admission	Films: A Bugs Life, Bee Movie, Wizard of Oz, Tangled, Ferngully Art Activity: Cherry Blossom Wish Tree Engagement Activity: Get Fresh with Free Haircuts + Kids Clothing & Essentials Pop-Up + Mobile Dental Care Food: Global Street Food Market
	Community Event	Yes		2	After Hours at EPACENTER: Spring Social	Saturday, April 18, 2026	7:00 - 10:00	Free Admission + Ticketed Bites	Bands: Roots Samba with Grupo Falso Baiano
	Community Event	Yes		3	Concert Festival: Gospel Choir	Sunday, April 26, 2026	2:30 - 5:00	Free Admission + Ticketed Dinner	Bands: Three Gospel Choir Groups Food: Soul Food Dinner
MAY 2026	Community Event	Yes		3	Family Fun Day: Celebrating Mom	Saturday, May 02, 2026	1:30 - 4:00	Free Admission	Activities
									Film: Coco and Encanto Art Activity: Art for Mother's Day - Cards & Gift Making for Mom Engagement Activity: Career Wear Clothing Swap + Make-Up Giveaway + Free Hair Cuts for Children Food: Sweets from Around the World
	Community Event	Yes		1	After-Hours at EPACENTER: Mother's Day Dinner	Saturday, May 9, 2026	7:00 - 10:00	Free Admission + Ticketed Dinner	Band: TBD Food: Drinks and food available for purchase
	Ticketed Event	No		0	Signature Concert: Latin Rock Headliner	Friday, May 22, 2026	5:00 - 7:00	Ticketed Admission	Latin Rock Headliner
JUNE 2026	Ticketed Event	No		0	Signature Concert: Latin Rock Headliner	Saturday, June 06, 2026	5:00 - 8:00	Ticketed Admission	Band: Latin Rock Headliner
	Community Event	Yes		1	Juneteenth Celebration	Saturday, June 20, 2026	11:00 - 5:00	Free Admission	Art Activity: Exhibition: The Color Black (Local Black Icons in Art) Engagement Activity: Soul Food Tasting Contest

Community Event	Yes	4	Family Fun Day: Celebrating Dad	Sunday, June 21, 2026	1:30 - 4:30	Free Admission	Films: Luca + Vivo + Incredibles 1 & 2 Engagement Activity: Sports Bar and Games Food: BBQ Cookout
Community Event	Yes	2	Film Series: Pride Celebration	Saturday, June 27, 2026	7:00 - 10:00	Free Admission	Film: Frida Art Activity: Art with Rainbows and Light
Community Event	Yes	3	Concert Festival: Gospel Choir	Sunday, June 28, 2026	2:30 - 5:00	Free Admission + Ticketed Dinner	Choirs: TBD Food: Soul Food Dinner
JULY 2026	City Sponsored Event	Scope of Services Event Count	EVENT NAME	DATE	TIME	STATUS	ACTIVITIES
Ticketed Event	No		Signature Concert: R&B Headliner	Saturday, July 25, 2026	5:00 - 8:00	Ticketed Admission	Band: R&B Headliner
Total Scope of Services Event Count:		52					



EAST PALO ALTO SANITARY DISTRICT STAFF REPORT

DATE: February 3, 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 November 2025

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



EPASD BOARD MEETING CONSENT CALENDAR 7.1

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 November 30, 2025, as approved by the District Treasurer. As of November 30, 2025, actual expenses remain within the District's approved budget. Year-to-date expenditures total \$2.5 million, compared to the adopted budget of \$6.6 million, representing 39% 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 November 30, 2025

Vendor Name	Invoice Number	Description	Check Amount	Check Number
AA LOCK & ALARM INC.	32288	Service call and standard lock repair with spring cage	\$ 359.56	73402
AppleOne, Inc	01-7166045	Staffing Services	\$ 1,521.60	73507
AppleOne, Inc	01-7185994	Staffing Services	\$ 1,521.60	73407
AppleOne, Inc	01-7189788	Staffing Services	\$ 1,521.60	73457
AppleOne, Inc	01-7195727	Staffing Services	\$ 1,521.60	73507
AT&T	287239974171X11092025	Usage summary monthly phone service charges for Oct-Nov 1 and final installments	\$ 495.22	73509
CIARDELLA'S GARDEN SUPPLY	208974	Di for landscaping at EPASD facility	\$ 238.82	73414
CITY OF PALO ALTO	7800007551	2ND QUARTER FY25/26 Q&M OF RWQCP	\$ 718,208.29	73460
COMCAST	5362 1125	Recurring charges for ACCT#8155 20 007 0165362 for Nov 2025 EPASD	\$ 450.86	73461
Degree HVAC, Inc	40385	Quarterly Maintenance	\$ 250.00	73522
Everon, LLC	159883178	Service at EPASD for 11/18/25-12/17/25	\$ 1,169.13	73423
FASTRAK VIOLATION PROCESS	T712514225982	Violation number T712514225982	\$ 13.00	73424
FREYER & LAURETA INC.	25-703	Development plan review and technical support	\$ 3,426.00	73469
HORIZON	1N648904	EPASD LANDSCAPING SPRINKLER SYSTEM	\$ 96.32	73533
KREFELD'S AWARDS INC.	36672	Name plates	\$ 54.69	73479
MacLeod Watts Inc	110625EPASD	Prepare GASB 75 actuarial report for fiscal year end June 30, 2025	\$ 2,240.00	73540
PACIFIC GAS & ELECTRIC	2164215266-0 1025	PACIFIC GAS & ELECTRIC EPASD	\$ 7,016.88	73487
U.S.BANK CORPORATE PAYMENT SYSTEM	Sep-25	Vehicle Maintenance Service	\$ 8.00	73450
U.S.BANK CORPORATE PAYMENT SYSTEM	Sep-25	Membership	\$ 16.47	73450
VEOLIA WATER NORTH AMERICA	385576 1125	WATER BILL FOR EPASD FOR 10/6/25-11/5/25 acct#385576	\$ 425.70	73557
VEOLIA WATER NORTH AMERICA	386303	Charges for account 386303 10/6/25-11/5/25 EPASD	\$ 113.94	73557
VEOLIA WATER NORTH AMERICA	415720 1125	EPASD WATER BILL 10/6/25-11/5/25 acct#415720	\$ 31.13	73557
VEOLIA WATER NORTH AMERICA	501630 1125	EPASD WATER BILL 10/24/25-11/24/25 acct#501630	\$ 2,001.30	73557
WEST BAY SANITARY DISTRICT	2025/26-050	Maintenance services agreement 10/2025	\$ 133,817.69	73560
Grand Total			\$ 876,519.40	



EPASD BOARD MEETING CONSENT CALENDAR 7.1

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: February 3, 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 December 2025

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



EPASD BOARD MEETING CONSENT CALENDAR 7.2

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 December 31, 2025, as approved by the District Treasurer. As of December 31, 2025, actual expenses remain within the District's approved budget. Year-to-date expenditures total \$2.9 million, compared to the adopted budget of \$6.6 million, representing 43% 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 December 31, 2025

Vendor Name	Invoice Number	Description	Check Amount	Check Number
ADP	H839	ADP PAYROLL FEES	\$ 52.85	839
AppleOne, Inc	01-7199316	Staffing Services	\$ 1,217.28	73565
AppleOne, Inc	01-7202242	Staffing Services	\$ 1,819.44	73645
AppleOne, Inc	01-7207172	Staffing Services	\$ 1,512.96	73645
AppleOne, Inc	01-7209805	Staffing Services	\$ 1,521.60	73696
AppleOne, Inc	01-7213507	Staffing Services	\$ 1,521.60	73741
AppleOne, Inc	01-7218774	Staffing Services	\$ 1,217.28	73778
CALIF PUBLIC EMPLOYEES'	H840	EPASD HEALTH PREMIUM	\$ 9,456.63	840
CALIF PUBLIC EMPLOYEES'	H840	EPASD HEALTH PREMIUM	\$ 10,300.15	840
Caltronics Business Systems	4509593-CAL	Equipment base charge and Usage	\$ 129.00	73570
Caltronics Business Systems	4532556-CAL	Equipment base charge and Usage	\$ 129.09	73701
COMCAST	255294622	Recurring charges for ACC#905067630 EPASD Nov 2025	\$ 409.45	73654
COMCAST	257772977	Recurring charges for ACC#905067630 EPASD Dec 2025	\$ 416.08	73704
COMCAST	5362 1225	Recurring charges for ACCT#B155 20 007 0165362 EPASD Dec 2025	\$ 465.90	73653
Everon, LLC	160052824	Service at EPASD for 12/18/25-1/17/25	\$ 1,169.13	73661
Everon, LLC	160058721	Everon Brivo access panel upgrade material and labor	\$ 801.02	73752
FREYER & LAURETA INC.	25-800	On-Call EPASD Master Plan update	\$ 2,531.00	73754
Green Source Janitorial	2025/11/0014	Janitorial Services for Nov 2025	\$ 1,953.00	73713
Green Source Janitorial	2025/12/0007	Janitorial Services Dec 2025	\$ 1,953.00	73713
Green Source Janitorial	2025-10-0007	Janitorial Services for Oct 2025	\$ 1,953.00	73664
JARVIS FAY LLP	21152	Outside Counsel	\$ 2,992.00	73760
KIMBALL MIDWEST	103962915	Supplies	\$ 224.78	73626
Marquee Pest Management, Inc.	208021	R&M Ants/Roach /GP	\$ 77.00	73590
Marquee Pest Management, Inc.	208623	SERVICE FOR E.B.S	\$ 125.00	73787
PACIFIC GAS & ELECTRIC	2164215266-0 1125	PACIFIC GAS & ELECTRIC EPASD 2164215266-0 for Nov 2025	\$ 220.45	73674
PACIFIC GAS & ELECTRIC	2205881930-5 1125	PACIFIC GAS & ELECTRIC EPASD 2205881930-5 FOR 10/15/2-11/13/25	\$ 78.95	73596
PACIFIC GAS & ELECTRIC	2205881930-5 12/25	PACIFIC GAS & ELECTRIC EPASD for DEC 2025	\$ 352.26	73788

*Manual Checks have three-digit check numbers.



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EPASD Cash Disbursement Reports For Period Ending December 31, 2025 (Continued)

Vendor Name	Invoice Number	Description	Check Amount	Check Number
Recology San Mateo County	59629923	Waste for month of Nov 2025	\$ 206.80	73678
SLOAN SAKAI YEUNG & WONG	57344 AA	2025 Labor and Employment Advise for EPASD	\$ 1,612.50	73603
Star Elevator Inc	INV-11975-S4L1	SEMI-ANNUAL REQLAR SERVCIE FOR ELEVATOR	\$ 435.14	73604
SWRCB	SW-0329027	NPDES SW CONSTRUCTION CGO	\$ 619.00	73684
SWRCB	WD-0301945	WASTE DISCHARGE REQUIREMENT	\$ 3,947.00	73684
SWRCB	WD-0303276	WQC LOW IMPACT DISCHARGES	\$ 563.00	73684
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	General Office Supplies	\$ 40.61	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	General Office Supplies	\$ 59.90	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	General Office Supplies	\$ 32.82	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	General Office Supplies	\$ 79.97	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	Catering for Internal Meeting 10.14.2025	\$ 108.26	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	Catering for Meeting 10.22.2025	\$ 197.79	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	Membership	\$ 16.47	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	Catering for Interdepartmental Meeting 10.30.2025	\$ 69.48	73642
U.S.BANK CORPORATE PAYMENT SYSTEM	Nov-25	General Office Supplies	\$ 64.82	73642
VEOLIA WATER NORTH AMERIC	385576 12/25	WATER BILL FOR EPASD 11/6/25-12/5/25 acct#385576	\$ 367.18	73734
VEOLIA WATER NORTH AMERIC	386303 12/25	WATER BILL FOR EPASD 11/6/25-12/5/25 acct#386303	\$ 94.44	73734
VEOLIA WATER NORTH AMERIC	415720 12/25	WATER BILL FOR EPASD 11/6/25-12/5/25 acct#415720	\$ 31.13	73734
VEOLIA WATER NORTH AMERIC	501630 12/25	WATER BILL FOR EPASD 11/24/25-12/24/25 acct#501630	\$ 723.59	73791
WEST BAY SANITARY DISTRIC	2025/26-054	Maintenance services agreement 11/2025	\$ 108,271.15	73690
WILLDAN FINANCIAL SERVICE	010-63775	Impact fee Nexus study, financial feasibility analysis and transportation infrastructure, utilities	\$ 1,620.00	73612
WILLDAN FINANCIAL SERVICE	010-64121	Impact fee Nexus study, financial feasibility analysis and transportation infrastructure, utilities	\$ 950.00	73641
WILLDAN FINANCIAL SERVICE	010-64407	Impact fee Nexus study, financial feasibility analysis and transportation infrastructure, utilities	\$ 875.00	73792
Grand Total			\$ 165,585.95	

*Manual Checks have three-digit check numbers.

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 CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Batool Zaro, Senior Engineer

Humza Javed, Public Works Director

SUBJECT: Residential Permit Parking Program Ordinance (RPP) First Reading

Recommendation

By motion, the City Council should:

1. Waive the first reading and adopt an ordinance adding a new Chapter 10.40 (Residential Permit Parking Program) to the East Palo Alto Municipal Code (or any other substantive amendments proposed by staff or the Council to the original ordinance, in which case, waive the first reading and introduce the ordinance, as amended);
2. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines sections 15301 (minor alterations) and 15061(b)(3) (common sense exemption); and
3. Direct staff to return to City Council with proposed RPP program details which include permit costs, citation fees, recommended residential Permit Parking Areas, and maximum number of permits per household per area.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Public Health, Safety, and Quality of Life

Executive Summary

The City of East Palo Alto has been working on a Residential Permit Parking (RPP) Ordinance

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since December 2023, with multiple drafts presented to the Public Works and Transportation Commission (PWTC) and City Council. The ordinance aims to address parking issues in residential areas by allowing the creation of Residential Permit Parking Areas. The originally proposed ordinance included one free parking permit per residence, with additional permits available for purchase, and criteria for establishing Residential Permit Parking Areas (RPPAs) based on neighborhood petitions or City Council action.

Staff introduced the ordinance in a first reading at the March 18, 2025, city council meeting. The City Council made various changes to the proposed ordinance at the March meeting, including updating program eligibility based on vehicle type, registration and unsettled parking citations, removing the petition requirement for establishing an RPPA, and introducing automatic implementation for areas with 75% parking occupancy.

This modified ordinance was considered for adoption in second reading on July 8, 2025. Following community input and council deliberation, the ordinance was not adopted. Feedback from the community highlighted concerns about costs of permits, the impact those costs would have on low-income community members, and lack of community input on the modified ordinance.

The City Council directed staff to further revise the ordinance and return for reintroduction at a later date. The City Council revisions included reintroducing neighborhood-led petitions and re-evaluating the automatic implementation provision. The city council also directed staff to make revisions based on the community's feedback and directed staff to increase enforcement of existing parking codes.

This report outlines the proposed RPP ordinance. Staff is recommending that the city council waive the first reading of the ordinance and direct staff to conduct studies to determine maximum numbers of permits available per neighborhood/potential RPPA's, and permit costs. A citywide parking study will be conducted to define potential RPPAs, assess parking occupancy, and recommend enforcement hours. Once the details are finalized, staff will present the full program details to the city council for approval and implementation. RPPPA's will not be established without a neighborhood survey and City Council approval as detailed in section 10.40.050 of the ordinance.

Background

City staff presented a draft residential permit parking ordinance to the Public Works and Transportation Commission (PWTC) on December 20, 2023. The City's transportation consultant, Hexagon Transportation Consultants, Inc., presented a revised draft at the PWTC meeting on April 17, 2024, responding to questions and comments. Staff and Hexagon presented a further refined draft to the PWTC on May 15, 2024.

On June 18, 2024, staff presented the updated draft ordinance to the City Council. City Council instructed staff to delay the first reading and further investigate additional concerns. A study session was conducted on November 12, 2024, for staff to provide updates on the items further investigated and to receive feedback and comments on the draft ordinance.

Additionally, at the November meeting, staff provided information on the outreach efforts taken



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place - including a citywide mailer, social media posts, and a survey - and presented the survey results. The feedback from the City Council and public was used to draft the proposed ordinance introduced March 18, 2025.

Staff's Proposed Ordinance (March 18, 2025)

At the March 18, 2025, city council meeting, staff introduced an ordinance for the first reading, highlighting these key provisions:

- Allows the City to create Residential Permit Parking Areas (RPPAs).
- Grants one free parking permit per residence, with a second permit available for purchase (subject to availability).
- Clarifies that permits do not guarantee parking spaces.
- Excludes commercial and oversized vehicles
- Requires all four of the following:
 - Initiation by a 67% neighborhood petition or initiation by City Council;
 - 75% on-street occupancy during proposed enforcement hours;
 - Approval of the establishment of RPPA if survey results showed 67% of residents in the designated area ; and
 - Establishment of the RPPAs by City Council action (retained by Council as the sole option for establishment of the RPPA).

The City Council's Modifications and Ordinance Introduced at First Reading (March 18, 2025)

The City Council waived the first reading and introduced the ordinance with the following changes:

- **Updated Definitions (Section 10.40.020):**
 - Added a definition of a Commercial Vehicle matching the State law definition: i.e.,- motor vehicle used or maintained for the transportation of persons for hire, compensation, or profit or designed, used, or maintained primarily for the transportation of property. Passenger vehicles and house cars are excluded from this definition, unless used for transportation for hire, in which case they could constitute commercial vehicles. Any vanpool vehicle—which is a vehicle designed for carrying 11 to 15 persons, maintained and used primarily for nonprofit work-related adults ridesharing—is also not a commercial vehicle.
 - Revised the definition of Resident
- **Vehicle Eligibility (Section 10.40.120):** A new section titled Vehicle Eligibility was included in the ordinance restricting eligibility to vehicles without delinquent parking citations, without an expired registration, and vehicles not registered as commercial vehicles. Additionally, recreational vehicles (RVs), boats, trailers, or oversized vehicles exceeding 22 feet in length or 7 feet in height would also be ineligible.
- **Removed Petition Language (Sections 10.40.040 and 10.40.050):** The City Council removed all language related to petition requirements. This meant RPPAs could only be



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created by City Council action. Council further removed the subsection regarding community outreach; this language required a survey of resident support within the RPPA and encouraged additional outreach, such as neighborhood meetings. The Council also removed the subsection requiring Public Works and Transportation Commission review.

- **Added Automatic Implementation (Section 10.40.040B):** A new section labeled “Automatic Implementation” was added. Subsection A stated that the City Council may, by motion, initiate consideration of a RPP area by directing staff to undertake a data collection and outreach process. New subsection B clarified that the Council option in Subsection A did not preclude the Council from adopting a resolution establishing automatic implementation of the parking permit program in RPP areas where parking was 75% occupied. Such a resolution would specify standards for the automatic establishment of permit parking requirements, including establishing RPP areas to which the occupancy threshold would apply, the means of measuring whether the threshold is met (e.g., based on an occupancy study conducted or some other threshold or metric), timeframe or scope of the parking occupancy study, the applicable fees and penalties, and other standards or considerations.
- **Permit Issuance Requirements (Section 10.40.070):** The permit issuance requirements section was modified to explicitly state that permits require proof of residence at an address within the permit area.
- **All permits shall require payment of a fee as established by City Council resolution:** Language regarding providing the first permit at no cost was removed.

After making the foregoing amendments, the Council introduced the attached ordinance with the following vote:

AYES: Mayor Barragan, Vice Mayor Dinan, and Councilmember Lincoln.
NOES: NONE.
ABSTAIN: NONE.
ABSENT: Councilmember Romero and Councilmember Abrica.

Failed Adoption and Council Direction at Second Reading (July 8, 2025)

At the July 8, 2025, city council meeting, the ordinance was scheduled for a second reading. However, the City Council voted to defer action and instead directed staff to return the ordinance for a future first reading after incorporating requested changes. The city council provided the following direction to staff:

Ordinance Modifications:

- **Petition Language (Sections 10.40.040 and 10.40.050):** Reinstate the community-initiated (resident-led) establishment process, consistent with the March version of the ordinance, while retaining all subsequent changes except the voter registration requirement.
- **Automatic Implementation (Section 10.40.040B):** Remove the automatic implementation language.



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- **Updated Definitions (Section 10.40.020):** Remove all references to voter registration.
- **Permit Issuance Requirements (Section 10.40.070):** Allow for one to two free permits, with the final number to be determined by the City Council at the first reading.

Additional Direction:

- Increase enforcement of existing parking regulations.
- Incorporate public input into the revised ordinance to be brought back for a first reading.

Staff summarized several of the public suggestions raised during the meeting in Table 1 below.

Table 1: Community Feedback

No.	Comment/ Ordinance Modification	Impact of the Modification	Ordinance Modification	Language Modification
1	Free permits: Allow 1 free permits due to the financial burden of an additional cost on residents.	Once a permit area is established, the available street parking will be determined and that would determine if there is availability for additional permits to be issued at a cost. The cost will depend on the level of cost recovery that the City Council intends. Low income subsidy options can potentially be made available to help reduce the burden.	The Ordinance, attached as attachment 1, incorporates allowing one free permit to each residence, with additional being available at a cost.	No additional language modification would be necessary as this change is incorporated in Attachment 1.
2	Free permits: Allow two (2) or more free permits due to the financial burden of an additional cost on residents.	If the City Council intends to fully cover the costs associated with permit parking to reduce the burden on residents	Section "10.40.070 Issuance of permits." would be modified.	If the City Council would like to allow 2 or more permits the section would be modified as followed: "each residence within an RPP area may receive, upon application, one parking permit at no cost to the applicant, subject to conditions established by the Director to effectuate the purposes of this Chapter. Additional parking Permits may be given at no cost or purchased by applicants , upon application, subject to the availability, as determined by the Director."
3	Lack of community input:	At the July 8 th meeting, City Council directed staff to include language pertaining to	The Ordinance, attached as attachment 1, incorporates	No additional language modification would be necessary as this change is incorporated in Attachment 1.



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	Several community members requested additional community input	neighborhood led petition efforts.	allowing residents to initiate the establishment/ removal of a permit parking area.	
4	Several community members requested that additional survey efforts take place to gauge public receptivity to a permit parking ordinance.	The City Council may direct staff to perform additional community survey efforts.	This would not result in a modification to the ordinance.	No language modification would be associated with this item.

Analysis

The modified ordinance reflecting the changes described above is attached as Attachment 1, the revised guidelines are attached as Attachment 2, and draft RPPP FAQ's attached as Attachment 3. A redlined version of the ordinance is provided as Attachment 4 and a redlined version of the guidelines is provided as Attachment 5.

Overall, the modified ordinance reinstates petition language allowing for community initiated (resident-led) establishment of permit parking areas, removes the automatic implementation provision, revises the definition of "Resident," and modifies permit issuance requirements to allow one free permit.

Adoption of the ordinance establishes a programmatic framework, with many implementation details to be developed at a later date. These details will require additional staff analysis and recommendations for the City Council review, potential modification, and eventual adoption through resolutions. In other words, adoption of the ordinance represents only an initial step toward establishing a residential permit parking program; additional actions, described below, are required before the program can be implemented.

Public input to date indicates that most community members do not oppose the concept of a residential permit parking ordinance. Rather, concerns have focused on specific program details that have not yet been defined. These include potential permit costs, impacts on low-income households, limits on the number of permits per household, and the management of visitor passes. While these concerns are important, they are premature, as the ordinance does not yet establish these parameters.

Next Steps

Following adoption of the Ordinance, staff will proceed to the next phase of program development, which will focus on defining the details of the RPP program. This work will include recommendations on permit costs and citation fees, enforcement phases, maximum permits per household, and recommended Residential Permit Parking Areas (RPPAs). Robust community engagement will be a central component of this process.

Significant preparatory work will be required prior to establishing any RPPAs. Staff would conduct a citywide parking study to define proposed RPPAs and, for each area, analyze



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occupancy rates and recommend enforcement hours. These conditions would need to be reassessed periodically to ensure that occupancy patterns and enforcement hours remain appropriate over time. Because staff does not currently conduct ongoing, citywide parking occupancy analysis and lacks capacity to do so, this effort would require an amendment to the City's existing contract with Hexagon to perform occupancy studies.

Further, staff would issue one or more requests for proposals (RFPs) for permit management platforms, enforcement options, and consultant services to support program implementation, including analysis of costs and fee structure options.

Finally, staff would return to the City Council with proposed RPPAs as well as providing the full program details listed above. This would include recommendations for third-party enforcement services, staffing recommendations or vendor support for program administration (such as permit issuance, program updates, and fee collection), and the allocation of resources for long-term parking occupancy monitoring.

Fiscal Impact

There is no fiscal impact for this item.

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 exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines: 1) Section 15301, which applies to minor alterations of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of use, in that adopting an ordinance regulating existing off-street parking would not constitute any significant expansion of use; and 2) Section 15061(b)(3) in that adoption of the ordinance can be seen with certainty to have no possibility of a significant effect on the environment.

Government Code § 84308

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

Analysis of Levine Act Compliance: Not applicable.

Attachments



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1. Attachment 1 – RPPP Ordinance
2. Attachment 2– RPPP Guidelines
3. Attachment 3 – Draft RPPP FAQ's
4. Attachment 4 – RPPP Ordinance Redline
5. Attachment 5– RPPP Guidelines Redline

Chapter 10.40 - RESIDENTIAL PARKING PERMIT (RPP) PROGRAM

Sections:

- 10.40.010 Purpose.**
- 10.40.020 Definitions.**
- 10.40.030 Findings.**
- 10.40.040 Designation of residential parking permit areas.**
- 10.40.050 Procedure for establishment of residential parking permit areas.**
- 10.40.060 Authority of Director.**
- 10.40.070 Issuance of permits.**
- 10.40.080 Guest parking permits.**
- 10.40.090 Display of permits.**
- 10.40.100 Enforcement.**
- 10.40.110 Exempt vehicles.**
- 10.40.120 Vehicle Eligibility**
- 10.40.130 Removal of residential parking permit area.**

10.40.010 Purpose.

The purpose of this chapter is to regulate and manage residential curb parking at locations at which a high demand for parking on residential streets has been determined by the City Council to be adverse to the health, safety, welfare, and interest of the public, including residential property owners, businesses, pedestrians, and other users of the City's streets, roads, and infrastructure in a manner that provides for the health, safety, welfare and interests of the public, including ensuring productive use of off-street parking for those who need it. The procedures and standards in this chapter are intended to provide flexibility so that the City Council may adopt, after consultation with various stakeholders, including residents, businesses and institutions, parking programs that appropriately protect each neighborhood's unique characteristics.

10.40.020 Definitions.

"Commercial vehicle(s)" mean(s) as commercial vehicle as that term is defined in the California Vehicle Code Section 260.

"Director" means the Director of the Department of Public Works.

"Residential parking permit area" or *"RPP area"* means a geographical area set by City Council resolution establishing a preferential parking permit system, including the parking restrictions applicable thereto, pursuant to California Vehicle Code Section 22507.

"Residence" or *"dwelling unit"* means each legal dwelling unit located immediately adjacent to a street, or portion of street, within a RPP area and with an assigned postal address. The term includes single-family dwellings, apartments, condominiums, and other distinct residential units including accessory dwelling units and junior accessory dwelling units.

"Resident" means an adult person who lives in a RPP area as his/her permanent place of residence, either as a tenant, occupant, or owner, as evidenced by Department of Motor Vehicle records.

"Residential parking permit program guidelines" or *"guidelines"* shall mean the City of East Palo Alto Residential Parking Permit Program Guidelines, as promulgated by the Director of the Department of Public Works.

10.40.30 Findings.

Each RPP area may be designated by the City Council only upon findings that such RPP area is required to enhance or protect the quality of life in the proposed RPP area and that such designation is necessary to provide reasonably available and convenient parking for the benefit of the residents in the RPP area. Such findings shall be based upon the following criteria established to the satisfaction of the City Council:

- A. Vehicles parked in the RPP area create traffic congestion, noise, or other disruption that disrupts neighborhood life; or a shortage of reasonably available and convenient off street parking spaces exist in the proposed RPP area;
- B. The establishment of the proposed RPP area would benefit a majority of the residents in the proposed RPP area and balance the impacts to adjoining areas outside of the proposed RPP area, and the proposed RPP program would be feasible in terms of cost, administrability, and enforcement; and
- C. No alternative solution is feasible or practical.

10.40.040 Designation of residential parking permit areas.

Through this ordinance a residential parking permit program is established. RRP areas may be designated, expanded, or amended by resolution of the City Council. The City Council shall consider designation of those areas satisfying the criteria set forth in this chapter. If the City Council determines that the criteria have been met, it may adopt a resolution designating a residential parking permit area. The designation or expansion of an RPP area may be initiated by utilizing either of the following methods:

- A. Initiation by City Council. The City Council may, by motion, initiate consideration of a RPP area by directing staff to undertake the data collection and outreach process set forth in Section 10.40.050B and C.
- B. Initiation by neighborhood petition. Residents may request the formation of an RPP area in their neighborhood or the expansion of an existing RPP area. The request and process shall be made, and considered, in accordance with the forms and procedures set forth in the guidelines. The petition must be signed by residents representing at least sixty seven percent (67%) -of the residences on each block upon which permit parking is proposed. Only one signature is needed per residence. The residence owner, renter, or occupant is eligible to sign the petition.

10.40.050 Procedure for establishment of residential parking permit areas.

The establishment or expansion of a residential parking permit areas shall be made, and considered, in the following manner, except as otherwise provided for in this Chapter:

- A. Staff Review of Neighborhood Application/Petition. The Director shall review applications to establish or expand RPP areas initiated by neighborhood residents. The applications are to be made on a form approved by the Director. Failure to provide information requested by the

Director that is reasonably necessary to implement this Chapter will be grounds for denial. Through discussions with the applicant, the Public Works Director will identify the draft program parameters, as set forth in the Guidelines, which may be amended from time to time, including, days and time limits when permit parking will be enforced and the geographic area of enforcement. The applicant will coordinate collection of signatures on a petition. The City Clerk shall review the signed neighborhood petition and verify that it meets the signature requirements set forth in this chapter and the guidelines. If the RPP area request does not meet the signature requirements set forth in section 10.40.040.A., the Director shall send a letter to the petitioners denying their request.

- B. Staff Review of Council Requests. The Director shall review requests to establish or expand RPP areas. The Public Works Director will identify the draft program parameters, as set forth in the Guidelines, which may be amended from time to time, including, days and time limits when permit parking will be enforced and the geographic area of enforcement. The Council may appoint an ad hoc committee to provide guidance to the Public Works Director on various different issues, including the formulation of program parameters, which would return to the Council for consideration by the entire Council.
- C. Data Collection. For applications initiated by neighborhood petition and applications initiated by City Council City staff shall promptly complete parking occupancy studies to analyze and quantify, to the extent possible, the nature of the problem, or to determine whether a threshold is met for the automatic establishment of a parking permit program for an RPP area or set of RPP areas, as set forth in Section 10.40.040. For eligibility to establish or expand an RPP area, parking surveys must meet a minimum threshold of seventy-five percent (75%) occupancy of all the on-street parking spaces within the proposed RPP area during the proposed permit hours, unless otherwise provided for in this Chapter. The Director shall determine whether the minimum threshold is met and thus whether a permit parking restriction will be implemented. If the RPP area does not meet the minimum parking occupancy requirement, the Director may send a letter to the petitioners denying their request
- D. Community Outreach. Upon completion of data collection, City staff shall prepare a draft resolution containing the proposed boundaries and hours of enforcement. Staff shall undertake an online survey of resident support within the RPP area. The recommended threshold for the creation or expansion of an RPP area is a vote of 67% of the returned surveys in favor of the program; however, the City Council may approve an RPP area with a simple majority (50% + 1) of the returned surveys in favor of the program. Staff shall mail notices to all residences within the proposed RPP area including the following information:
 - 1. basic parameters of the proposed RPP program (proposed RPP area, hours/days of enforcement and parking prohibitions for non-permit holders, maximum number of permits per residence, and fees),
 - 2. a link to the City's website with the full text of the draft resolution,
 - 3. a link to an online survey where residents within the proposed RPP area can indicate their support or opposition to the designation of an RPP area in their neighborhood,
 - 4. contact information for a City staff who can answer questions and assist residents without internet access with completing the survey, and
 - 5. dates of upcoming public meetings (Public Works and Transportation Commission and City Council).

The applicant is encouraged to conduct additional outreach including holding neighborhood meeting(s) and going door to door to distribute a second copy of the notice mailed by the City to urge residents to complete the survey and attend the Public Works and Transportation

Commission and City Council meetings. The results of this survey shall be reported to the Public Works and Transportation Commission and the City Council.

- E. Public Works and Transportation Commission Review and Recommendation. Staff shall provide the Public Works and Transportation Commission an opportunity to consider the proposed RPP area at a noticed public hearing. The Commission shall review the draft resolution and make a recommendation to the City Council regarding the RPP area. This recommendation may include proposed modifications of the boundaries, hours of enforcement, or other matters as the Commission may deem necessary and desirable.
- F. Adoption of Resolution Establishing or Expanding an RPP Area. Following the completion of the above procedures, staff shall bring a resolution designating the proposed RPP area for Council consideration. At a minimum, the resolution shall specify:
 - 1. The findings that the criteria set forth in this Chapter have been met;
 - 2. The boundaries and the name of the RPP area;
 - 3. Hours and days of enforcement of parking time restrictions and parking prohibitions that shall be in effect for non-permit holders; and
 - 4. The procedure for obtaining parking permits, including the fee therefor.

The City Council shall hold a public hearing on a proposed resolution to establish the Residential Parking Permit area. The Council may adopt, modify, or reject the proposed resolution.

- G. Resident Notice of Newly Adopted RPP Area. Upon designation or expansion of an RPP area, the City shall provide notice informing residents about implementation of the RPP area and its details.

10.40.060 Authority of Director.

The Director is authorized to establish the Guidelines, and rules and procedures to effectuate or implement the purposes and provisions of this Chapter, as limited herein, and to produce signs, forms, and other materials necessary, or appropriate, to effectuate or implement the provisions of this Chapter.

10.40.070 Issuance of permits.

Applications to authorize parking within a residential parking permit area may be made by any resident of a dwelling unit within the residential parking permit area. Such application shall be the sole responsibility of the applicant, and shall be filed with the Director, or his or her designated representative. Applications for a resident parking permit must include all the following documentation:

- 1. A current DMV driver's license for each resident requesting a permit showing an address within the permit area; and
- 2. A current DMV vehicle registration for each vehicle showing an address within the permit area;
- 3. A current vehicle insurance policy showing the vehicle insured at the same address within the permit area; and
- 4. The Director is authorized to require any other information the Director requires by rules and procedures; and

5. Any information reasonably necessary for implementation of this Chapter, as determined by the Director.

Unless otherwise prescribed by the resolution establishing the residential parking permit area, each residence within an RPP area may receive, upon application, one parking permit at no cost to the applicant, subject to conditions established by the Director to effectuate the purposes of this Chapter. Additional parking Permits may be given at no cost or purchased by applicants, upon application, subject to the availability, as determined by the Director. Permits issued to residents pursuant to this section shall require annual renewal. The City Council may, by resolution, establish fees for the issuance of permits or the transfer of a permit to a different vehicle or different address.

10.40.080 Guest parking permits.

Unless otherwise prescribed in the resolution establishing a residential parking permit area, each residence within an RPP area may receive twenty (20) one-day guest parking permits per year upon application, the form and conditions of which are approved by the Director to effectuate the purposes of this Chapter. Upon application, applicants may receive additional guest permits for one-day special events as approved by the Director.

10.40.090 Display of permits.

- A. Parking permits shall be displayed in a manner determined by the Director.
- B. The Director shall notify each permittee in writing of the proper manner in which to display a parking permit.
- C. The proper display on a vehicle of a valid parking permit issued pursuant to this chapter grants only the privilege of parking the vehicle in the RPP area for which the permit was issued.
- D. A valid parking permit issued under this chapter shall not guarantee or reserve to the holder an on-street parking space on any street or portion of street within the RPP area for which the permit was issued.

10.40.100 Enforcement.

- A. The Director shall cause appropriate signs to be erected at the entrance of a residential parking permit area and at intermediate locations as deemed necessary by the Director.
- B. The signs that the Director causes to be erected pursuant to this section shall provide clear notice of the days and times of the parking prohibition applicable to the street upon which the sign is erected.
- C. No person shall park a vehicle in an RPP area in violation of any posted or noticed time restriction or parking prohibition unless the person has a valid and current parking permit for that vehicle or is otherwise exempt. Violations of this subsection shall constitute an infraction offense.
- D. Any willful misuse of the parking permits, selling permits to others, altering permits, forging permits, copying permits, providing false or failing to provide reasonably necessary information to obtain permits, or any other basis for revocation, as determined by the Director that would effectuate the purposes of this Chapter, are not permitted and shall constitute an

infraction. Such misuse shall also result in revocation of the parking permits for a period of one (1) year. A revocation of a parking permit may be appealed to the Director by filing a request for an appeal, on a form approved by the Director, within twenty-one (21) calendar days of the revocation. The appeal must state why the permit should not be revoked. Failure to state this basis shall be grounds for revocation without an appeal. The Director shall respond within twenty-one (21) calendar days and the Director's decision shall be final.

E. Parking permit holders are not exempt from state and local traffic and parking rules.

F. Parking permits are only valid in the RPP area for which the permit is issued.

10.40.110 Exempt vehicles.

The following vehicles are exempt from parking restrictions applicable to any RPP area: (1) vehicles owned or operated by any government agency, or contractor of a government agency, being used in the course of business; (2) refuse collection, utility, or other public agency service vehicles being used in the course of business; (3) commercial vehicles actively providing or performing services or making a pickup or delivery if parked in a manner consistent with applicable law, including the East Palo Alto Municipal Code 10.04.080; (4) any authorized emergency vehicle as defined in the California Vehicle Code when such vehicle is responding to an emergency, (5) vehicles displaying a valid disabled placard or license plate in a designated disabled parking.

10.40.120 Vehicle Eligibility.

No residential parking permits will be issued to:

1. Vehicles with delinquent parking citations; or
2. Vehicles with expired registration; or
3. Vehicles registered under the California Vehicle Code as commercial vehicles; or
4. Recreational vehicles (RVs), boats, trailers, or oversized vehicles exceeding 22 feet in length or 7 feet in height.

10.40.130 Removal of residential parking permit area.

The City Council may, by resolution, terminate and dissolve any previously established RPP area or portion thereof. Such termination may be considered following receipt of a petition signed by residents representing at least 67 percent (67%) of the residences within the RPP area proposed for dissolution. Only one signature is needed per residence. The Director shall remove permit parking signs in accordance with any such resolution.

City of East Palo Alto Residential Parking Permit (RPP) Program Guidelines

PURPOSE

The goal of the Residential Parking Permit (RPP) Program is to regulate and manage on-street parking in residential neighborhoods. This document clarifies the procedures used by the City to implement the program.

BACKGROUND

On [DATE], the City Council adopted a Residential Parking Permit (RPP) Program Ordinance where neighborhood parking is regulated for non-permit holders. The Ordinance sets forth mechanisms to automatically enact permit parking restrictions within a RPP area based upon findings of a parking occupancy survey conducted under the direction of City staff or as otherwise initiated by City Council. Three documents govern the creation of an RPP area in the City of East Palo Alto:

1. Chapter 10.40 of the East Palo Alto Municipal Code, which outlines the criteria that must be met and the process that must be taken for the designation, expansion, or dissolution of an RPP area.
2. A RPP area-specific resolution, which must be adopted by the City Council and outlines the specific characteristics of the individual RPP area.
3. The document within, “Residential Parking Permit (RPP) Program Guidelines”, which provides additional detail on RPP Program implementation. The Residential Parking Permit (RPP) Program Guidelines (Guidelines) may be modified by the Public Works Director and provide detail on policies and procedures related to RPP areas.

All three documents work in concert to govern the development and operation of the City's RPP areas.

POLICIES

The Guidelines establish the framework for initiating, operating, and removing residential parking permit areas. The RPP program is intended to regulate on-street parking in parking permit areas within the City in order to enhance or protect the quality of life in the proposed RPP area according to these policies:

The RPP program is intended for use in single family and multi-family residential areas, not in mixed-use areas where residents and businesses are expected to share parking.

Implementation of an RPP area *does not* guarantee the availability of parking spaces on a public street, or within a specific neighborhood, because more parking permits may be issued than there are available on-street parking spaces.

The hours and days of enforcement of parking time restrictions and parking prohibitions in effect for non-permit holders will be set forth in the RPP area-specific resolution.

Blocks within each parking permit area will be determined based on the potential of parked cars to overflow and impact adjacent streets, via a collaborative process between residents and Public Works Department staff.. The final limits of the residential parking permit program area will be determined by the Public Works Director and subject to approval by the City Council via resolution.

Parking permits will be issued only for *passenger vehicles* registered to residents of a property with at least one frontage within an RPP area. Commercial trucks, boat

trailers, RV's (camping trailers, motor homes, etc.), trailers and work-type commercial vehicles, including taxis and limousines, or any oversized vehicles are not eligible for resident parking permits. Other exclusions are contained within Chapter 10.40.

The maximum number of resident parking permits that may be issued per residence will be determined by the Public Works Director based on the characteristics of each neighborhood, but only one permit is issued per vehicle.

Up to twenty (20) one-day guest permits may be issued per residence each calendar year.

Permits may be transferred when the permit holder moves or the vehicle for which a permit has been issued is sold.

Signs will be posted in each RPP area indicating the time limitation and days during which parking is restricted.

Parking permits are not intended for use at parking meters, parking lots, or parking garages.

RPP parking permits are only valid for the RPP area for which they are issued.

Vehicles displaying parking permits are subject to all other parking restrictions, including loading zones, red zones, and accessible parking spaces.

Displaying a residential parking permit does not exempt the vehicle from the City's ordinance requiring a car to be moved every 72 hours.

By resolution of the City Council, a fee may be set for the permits.

Exceptions

RPP parking restrictions do not apply to vehicles owned or operated by any government agency, or contractor of a government agency, being used in the course of business.

Any refuse collection, utility, or other public agency service vehicles actively working for a property within the limits of an RPP area may park on-street in front of the property on which they are working without a permit.

Commercial vehicles actively providing or performing services or making a pickup or delivery are not required to have a parking permit when parked within an RPP area in a manner consistent with applicable law, including the East Palo Alto Municipal Code Section 10.04.080.

Any authorized emergency vehicle as defined in the California Vehicle Code when such vehicle is responding to an emergency is exempt from parking restrictions applicable to any RPP area.

PROCEDURES

The procedures below provide for consistent parking permit area development from one neighborhood to the next. The Public Works Director has the flexibility to modify the following procedures when appropriate.

Area Creation or Expansion

Initiating a new residential parking permit area or expanding an existing RPP area requires completion of the following steps:

1. Resident completes a Residential Parking Permit Program application form and submits it to the Public Works Director.

2. Through discussions with the applicant, the Public Works Director will identify the draft program parameters including days and time limits when permit parking will be enforced and the geographic area.
3. Applicant will coordinate collection of signatures on a petition. The petition will clearly identify the proposed streets to be included in the RPP area, the time limits, and general rules associated with the RPP program. At least 67% of the residences on each block must be reflected in the petition. Only one signature is needed per residence. The residence owner, renter, or occupant is eligible to sign the petition. Each house, apartment, condominium, accessory dwelling unit or junior dwelling unit will be considered a residence. City Council initiated requests may skip this step.
4. The City Clerk shall review applications to establish or expand RPP areas initiated by neighborhood petition to verify that it meets the signature requirements set forth in the RPP Program Ordinance and these guidelines. If the RPP area request does not meet the signature requirements, the Director shall send a letter to the petitioners denying their request.
5. Optional:
 - a. The applicant may request a neighborhood meeting to present the components of the RPP to the area.
 - b. The applicant may demonstrate the support of their homeowners'/ neighborhood association (if one exists) through the submittal of a letter of endorsement from that group. Any letters of support will be considered by the Public Works and Transportation Commission and the City Council.
6. Public Works staff will collect occupancy data on key street segments within the proposed RPP area. Only areas with an average occupancy rate of 75% or more during the proposed permit hours will continue in this process. If the RPP area does not meet the minimum parking occupancy requirement, the Director may send a letter to the petitioners denying the request.
7. After completion of the parking occupancy survey, City staff shall prepare a draft resolution containing the proposed boundaries and hours of enforcement. Staff shall undertake a survey of resident support **within the RPP area**. The applicant is encouraged to notify residents around the RPP area. The results of this survey shall be included in and reported to the Public Works and Transportation Commission and the City Council. The recommended threshold for the creation or expansion of an RPP area is a vote of 67% of the returned surveys in favor of the program, however the City Council may approve an RPP area with a simple majority (50% + 1) of the returned surveys in favor of the program.
8. Staff shall bring the proposed RPP area to the Public Works and Transportation Commission at a noticed public hearing. The Commission shall review the draft resolution and make a recommendation to the City Council regarding the RPP area. This recommendation may include proposed modifications of the boundaries, hours of enforcement, or other matters as the Commission may deem necessary and desirable.
9. Following the completion of the above procedures, staff shall bring a resolution designating the proposed RPP area for Council consideration. At a minimum, the resolution shall specify:
 - a. The findings that the criteria set forth in this chapter have been met;
 - b. The boundaries and the name of the RPP area;
 - c. Hours and days of enforcement of parking time restrictions and parking prohibitions that shall be in effect for non-permit holders;
 - d. The procedure for obtaining parking permits, including the fee therefor.

The City Council shall hold a public hearing on a proposed resolution to establish the Residential Parking Permit area. The Council may adopt, modify, or reject the proposed resolution.

10. Upon designation or expansion of an RPP area, the City shall provide notice informing residents about implementation of the RPP area and its details.
11. The Director shall cause appropriate signs to be erected at the entrance of a residential parking permit area and at intermediate locations as deemed necessary by the Director. The signs shall provide clear notice of the days and times of the parking prohibition.
12. If the request for permit parking is denied or terminated, a second study of the same or similar RPP area will not be conducted for a minimum of 24 months unless there is a significant, identifiable change in parking characteristics as determined by the Director of Public Works.

OBTAINING A PARKING PERMIT

The City of East Palo Alto uses a virtual system to issue and manage parking permits. Under this system, parking permit software is used to link the vehicle license plate number to an electronic permit. The virtual permit system eliminates the need for hang tags or stickers and allows residents to obtain RPP area parking permits online 24 hours a day, 7 days a week at [LINK]. Residents who do not have access to the internet or need assistance with the online permitting process may apply for RPP permits by calling (XXX) XXX-XXX or visiting the City Permit Center at 1960 Tate Street. Assistance is available Monday through Friday, between 9 a.m. and 5 p.m. Interpretation services are available in Spanish and XXXX at this number.

Two types of permits are available: annual resident parking permits and one-day guest parking permits. Annual resident parking permits are intended for use by residents of a specific property within the RPP Area. One-day guest parking permits may be obtained by residents in RPP areas for use by their occasional guests.

Resident Parking Permits

To obtain a resident parking permit, a resident of an RPP area must include all the following documentation :

1. A completed application form (online) in the residents' name and address; and
2. A current DMV driver's license for each resident requesting a permit showing an address within the permit area; and
3. A current DMV motor vehicle registration for each vehicle for which the applicant is requesting a resident parking permit, showing an address within the permit area; and
4. A current vehicle insurance policy showing the vehicle insured at the same address within the permit area; and
5. The Director is authorized to require other readily verifiable forms of proof of residency, which may include voter registration records or any other information the Director requires by rules and procedures; and
6. Any information reasonably necessary for implementation of this Chapter, as determined by the Director.

Guest Parking Permits

Unless otherwise prescribed in the resolution establishing a residential parking permit area, each residence with an RPP area may receive twenty (20) one-day guest parking permits per year upon application. Upon application, residents may receive additional guest permits for one-day special events as approved by the Director.

Parking Permit Fees

The City Council may, by resolution, establish a fee for the issuance of permits or the transfer of a permit to a different vehicle or different address.

ENFORCEMENT

No person shall park a vehicle in an RPP area in violation of any posted or noticed time restriction or parking prohibition unless the person has a valid and current parking permit for that vehicle or is otherwise exempt.

The parking permit software tracks electronic permits linked to the registered vehicle's license plate number. When license plates are scanned by the enforcement staff, registered license plate information is automatically referenced against the parking permit database. If the license plate is not connected to a valid virtual permit, the vehicle will be subject to a parking citation. Though not required, individuals who want to place a physical permit on their dashboard may print one with the link provided by [VENDOR] after payment has been made.

Any willful misuse of the parking permits, selling permits to others, altering permits, forging permits, copying permits, and providing false information to obtain permits or any other basis for revocation, as determined by the Director that would effectuate the purposes of this Chapter, are not permitted. Such misuse shall result in revocation of the parking permits for a period of one (1) year. A revocation of a parking permit may be appealed to the Director of Public Works by filing a request for an appeal within twenty-one (21) calendar days of the revocation. The appeal must state why the permit should not be revoked. Failure to state this basis shall be grounds for revocation without an appeal. The Director shall respond within twenty-one (21) calendar days and the Director's decision shall be final.

Violations of Chapter 10.40 of the East Palo Alto Municipal Code shall constitute an infraction offense subject to fine or penalty as set forth in the East Palo Alto Municipal Code.

Frequently Asked Questions

1. Which streets are eligible for residential parking permit areas?

Streets that are in a residential (single or multi-family) neighborhood

Streets where on-street parking meets minimum occupancy threshold (75% or as otherwise established by City Council) during the peak period

2. What are the time restrictions?

Time restrictions are set when the RPP area is created based on the characteristics of that neighborhood. Suggested options for parking permit enforcement include:

- Nighttime – permit required to park 8 PM - 8 AM 7 days/week
- Business hours – permit required to park > 3 hours M-F 8 AM – 6 PM
- All day – permit required to park any time of the day 7 days/week
- Overnight – Midnight - 5am

3. What do permits cost?

The City Council will impose fees for the issuance of the first and any additional permits or the transfer of a permit to recover all or a portion of the costs of administering the program.

4. How will the program be enforced?

Residents will provide their vehicle license plate information when obtaining their permit(s) online. The parking permit software will generate an electronic permit linked to the registered vehicle's license plate number. When license plates are scanned by East Palo Alto Community Service Officers, your registered license plate information is automatically referenced against the parking permit database. If the license plate is not connected to a valid virtual permit, the vehicle will be subject to a parking citation.

5. Do you require proof of residency to request a permit?

Yes, individuals must prove residency with a current DMV driver's license, current DMV vehicle registration, and current vehicle insurance policy all showing the same address within the permit area in order to be issued a parking permit.

6. Are vehicle registration, vehicle license plate number, proof of insurance, and a driver's license required to get a permit?

Applicants need to show a current driver's license for each resident requesting a permit, the current vehicle registration, and current vehicle insurance policy for the permitted vehicle and provide the license plate number for enforcement purposes..

7. Are permits neighborhood specific?

Yes, each parking permit is issued for a specific RPP area. With a valid parking permit, you may park within the boundaries of that specific RPP area only.

8. Are permits transferable?

Yes, the virtual parking permits are transferable. Individuals can add or remove vehicles on their RPP account at any time. This includes temporarily assigning loaner vehicles or rental cars. This also allows residents with multiple vehicles to change which of their vehicles is associated with a resident parking permit as needed.

9. How long will the permit be valid?

Residential parking permits are valid for one year. Renewal dates are set when each RPP area is created.

10. How do I get a new permit or renew my permit?

Residents may obtain RPP area parking permits online 24 hours a day, 7 days a week at [LINK]. Residents who do not have access to the internet or need assistance with the online permitting process may apply for RPP permits by calling (XXX) XXX-XXX or visiting the City Permit Center at 1960 Tate Street. Assistance is available Monday through Friday, between 9 a.m. and 5 p.m. Interpretation services are available in Spanish and XXXX at this number. The process for renewing a permit is the same as getting a new permit.

11. What if I have guests coming?

Each residence is eligible to obtain up to 20 guest parking permits per year. Residents may apply for additional guest permits for one-day special events at the discretion of the Director of Public Works.

12. How will people know that permits are required for street parking?

Parking signs will be posted on at the entrance to residential parking permit area and at intermediate locations with the neighborhood that list the time limit (if applicable), hours and days of enforcement, and the exception for people with parking permits. When a new area is established, a letter will be sent to residents notifying them of the change.

13. Will service providers (PG&E, Plumber, Cable/Internet, FedEx/UPS/USPS, etc.) be able to park in a RPP area without a guest permit in order to service my home?

Yes, public utility and commercial vehicles actively providing or performing services or making a pickup or delivery (i.e. plumber, cable/internet, FedEx/UPS/USPS, etc.) are not required to have a parking permit when parked within an RPP area. In addition, any emergency vehicle (police, fire, ambulance), or E-plated vehicles engaged in work or providing services are able to temporarily park without a permit in an RPP area.

14. Do I need a permit for my scooter or motorcycle to park in an area subject to permit parking restrictions?

Yes, scooters and motorcycles are considered a vehicle.

Chapter 10.40 - RESIDENTIAL PARKING PERMIT (RPP) PROGRAM

Sections:

- 10.40.010 Purpose.**
- 10.40.020 Definitions.**
- 10.40.030 Findings.**
- 10.40.040 Designation of residential parking permit areas.**
- 10.40.050 Procedure for establishment of residential parking permit areas.**
- 10.40.060 Authority of Director.**
- 10.40.070 Issuance of permits.**
- 10.40.080 Guest parking permits.**
- 10.40.090 Display of permits.**
- 10.40.100 Enforcement.**
- 10.40.110 Exempt vehicles.**
- 10.40.120 Vehicle Eligibility**
- 10.40.130 Removal of residential parking permit area.**

10.40.010 Purpose.

The purpose of this chapter is to regulate and manage residential curb parking at locations at which a high demand for parking on residential streets has been determined by the City Council to be adverse to the health, safety, welfare, and interest of the public, including residential property owners, businesses, pedestrians, and other users of the City's streets, roads, and infrastructure in a manner that provides for the health, safety, welfare and interests of the public, including ensuring productive use of off-street parking for those who need it. The procedures and standards in this chapter are intended to provide flexibility so that the City Council may adopt, after consultation with various stakeholders, including residents, businesses and institutions, parking programs that appropriately protect each neighborhood's unique characteristics.

10.40.020 Definitions.

"Commercial vehicle(s)" mean(s) as commercial vehicle as that term is defined in the California Vehicle Code Section 260.

"Director" means the Director of the Department of Public Works.

"Residential parking permit area" or *"RPP area"* means a geographical area set by City Council resolution establishing a preferential parking permit system, including the parking restrictions applicable thereto, pursuant to California Vehicle Code Section 22507.

"Residence" or *"dwelling unit"* means each legal dwelling unit located immediately adjacent to a street, or portion of street, within a RPP area and with an assigned postal address. The term includes single-family dwellings, apartments, condominiums, and other distinct residential units including accessory dwelling units and junior accessory dwelling units.

"Resident" means an adult person who lives in a RPP area as his/her permanent place of residence, either as a tenant, occupant, or owner, as evidenced by voter registration or Department of Motor Vehicle records.

"Residential parking permit program guidelines" or "guidelines" shall mean the City of East Palo Alto Residential Parking Permit Program Guidelines, as promulgated by the Director of the Department of Public Works.

10.40.30 Findings.

Each RPP area may be designated by the City Council only upon findings that such RPP area is required to enhance or protect the quality of life in the proposed RPP area and that such designation is necessary to provide reasonably available and convenient parking for the benefit of the residents in the RPP area. Such findings shall be based upon the following criteria established to the satisfaction of the City Council:

- A. Vehicles parked in the RPP area create traffic congestion, noise, or other disruption that disrupts neighborhood life; or a shortage of reasonably available and convenient off street parking spaces exist in the proposed RPP area;
- B. The establishment of the proposed RPP area would benefit a majority of the residents in the proposed RPP area and balance the impacts to adjoining areas outside of the proposed RPP area, and the proposed RPP program would be feasible in terms of cost, administrability, and enforcement; and
- C. No alternative solution is feasible or practical.

10.40.040 Designation of residential parking permit areas.

Through this ordinance a residential parking permit program is established. RRP areas may be designated, expanded, or amended by resolution of the City Council. The City Council shall consider designation of those areas satisfying the criteria set forth in this chapter. If the City Council determines that the criteria have been met, it may adopt a resolution designating a residential parking permit area. The designation or expansion of an RPP area may be initiated by utilizing either of the following methods:

- A. Initiation by City Council. The City Council may, by motion, initiate consideration of a RPP area by directing staff to undertake the data collection and outreach process set forth in Section 10.40.050B and C.
- B. Initiation by neighborhood petition. Residents may request the formation of an RPP area in their neighborhood or the expansion of an existing RPP area. The request and process shall be made, and considered, in accordance with the forms and procedures set forth in the guidelines. The petition must be signed by residents representing at least sixty seven percent (67%) -of the residences on each block upon which permit parking is proposed. Only one signature is needed per residence. The residence owner, renter, or occupant is eligible to sign the petition.
- C. Automatic Implementation. This Section does not preclude the City Council from adopting a resolution establishing areas based on a 75% occupancy threshold that would cause such requirements to spring into place, supported by an occupancy study, or some other threshold set by the Council, and providing for the automatic implementation of a parking permit program. The resolution would specify standards for the automatic establishment of permit parking requirements, including establishing RPP areas to which the occupancy threshold would apply, the means of measuring whether the threshold is met (e.g., based on an occupancy study)

~~conducted consistent with Section 10.40.050.B., or some other threshold or metric), timeframe or scope of the parking occupancy study, the applicable fees and penalties, and other standards or considerations, without satisfying other procedural requirements set forth in Section 10.40.050.~~

10.40.050 Procedure for establishment of residential parking permit areas.

The establishment or expansion of a residential parking permit areas shall be made, and considered, in the following manner, except as otherwise provided for in this Chapter:

- A. Staff Review of Neighborhood Application/Petition. The Director shall review applications to establish or expand RPP areas initiated by neighborhood residents. The applications are to be made on a form approved by the Director. Failure to provide information requested by the Director that is reasonably necessary to implement this Chapter will be grounds for denial. Through discussions with the applicant, the Public Works Director will identify the draft program parameters, as set forth in the Guidelines, which may be amended from time to time, including, days and time limits when permit parking will be enforced and the geographic area of enforcement. The applicant will coordinate collection of signatures on a petition. The City Clerk shall review the signed neighborhood petition and verify that it meets the signature requirements set forth in this chapter and the guidelines. If the RPP area request does not meet the signature requirements set forth in section 10.40.040.A., the Director shall send a letter to the petitioners denying their request.
- A.B. Staff Review of Council Requests. The Director shall review requests to establish or expand RPP areas. The Public Works Director will identify the draft program parameters, as set forth in the Guidelines, which may be amended from time to time, including, days and time limits when permit parking will be enforced and the geographic area of enforcement. The Council may appoint an ad hoc committee to provide guidance to the Public Works Director on various different issues, including the formulation of program parameters, which would return to the Council for consideration by the entire Council.
- C. Data Collection. For applications initiated by neighborhood petition and applications initiated by City Council City staff shall promptly complete parking occupancy studies to analyze and quantify, to the extent possible, the nature of the problem, or to determine whether a threshold is met for the automatic establishment of a parking permit program for an RPP area or set of RPP areas, as set forth in Section 10.40.040. For eligibility to establish or expand an RPP area, parking surveys must meet a minimum threshold of seventy-five percent (75%) occupancy of all the on-street parking spaces within the proposed RPP area during the proposed permit hours, unless otherwise provided for in this Chapter. The Director shall determine whether the minimum threshold is met and thus whether a permit parking restriction will be implemented. If the RPP area does not meet the minimum parking occupancy requirement, the Director may send a letter to the petitioners denying their request
- D. Community Outreach. Upon completion of data collection, City staff shall prepare a draft resolution containing the proposed boundaries and hours of enforcement. Staff shall undertake an online survey of resident support within the RPP area. The recommended threshold for the creation or expansion of an RPP area is a vote of 67% of the returned surveys in favor of the program; however, the City Council may approve an RPP area with a simple majority (50% + 1) of the returned surveys in favor of the program. Staff shall mail notices to all residences within the proposed RPP area including the following information:

1. basic parameters of the proposed RPP program (proposed RPP area, hours/days of enforcement and parking prohibitions for non-permit holders, maximum number of permits per residence, and fees).
2. a link to the City's website with the full text of the draft resolution.
3. a link to an online survey where residents within the proposed RPP area can indicate their support or opposition to the designation of an RPP area in their neighborhood,
4. contact information for a City staff who can answer questions and assist residents without internet access with completing the survey, and
5. dates of upcoming public meetings (Public Works and Transportation Commission and City Council).

The applicant is encouraged to conduct additional outreach including holding neighborhood meeting(s) and going door to door to distribute a second copy of the notice mailed by the City to urge residents to complete the survey and attend the Public Works and Transportation Commission and City Council meetings. The results of this survey shall be reported to the Public Works and Transportation Commission and the City Council.

B.E. Public Works and Transportation Commission Review and Recommendation. Staff shall provide the Public Works and Transportation Commission an opportunity to consider the proposed RPP area at a noticed public hearing. The Commission shall review the draft resolution and make a recommendation to the City Council regarding the RPP area. This recommendation may include proposed modifications of the boundaries, hours of enforcement, or other matters as the Commission may deem necessary and desirable.

C.F. Adoption of Resolution Establishing or Expanding an RPP Area. Following the completion of the above procedures, staff shall bring a resolution designating the proposed RPP area for Council consideration. At a minimum, the resolution shall specify:

1. The findings that the criteria set forth in this Chapter have been met;
2. The boundaries and the name of the RPP area;
3. Hours and days of enforcement of parking time restrictions and parking prohibitions that shall be in effect for non-permit holders; and
4. The procedure for obtaining parking permits, including the fee therefor.

The City Council shall hold a public hearing on a proposed resolution to establish the Residential Parking Permit area. The Council may adopt, modify, or reject the proposed resolution.

D.G. Resident Notice of Newly Adopted RPP Area. Upon designation or expansion of an RPP area, the City shall provide notice informing residents about implementation of the RPP area and its details.

10.40.060 Authority of Director.

The Director is authorized to establish the Guidelines, and rules and procedures to effectuate or implement the purposes and provisions of this Chapter, as limited herein, and to produce signs, forms, and other materials necessary, or appropriate, to effectuate or implement the provisions of this Chapter.

10.40.070 Issuance of permits.

Applications to authorize parking within a residential parking permit area may be made by any resident of a dwelling unit within the residential parking permit area. Such application shall be the sole responsibility of the applicant, and shall be filed with the Director, or his or her designated representative. Applications for a resident parking permit must include all the following documentation:

1. A current DMV driver's license for each resident requesting a permit showing an address within the permit area; and
2. A current DMV vehicle registration for each vehicle showing an address within the permit area,
3. A current vehicle insurance policy showing the vehicle insured at the same address within the permit area; and
4. The Director is authorized to require ~~voter registration records or~~ any other information the Director requires by rules and procedures; and
5. Any information reasonably necessary for implementation of this Chapter, as determined by the Director.

Unless otherwise prescribed by the resolution establishing the residential parking permit area, each residence within an RPP area may receive, upon application, one parking permit at no cost to the applicant, subject to conditions established by the Director to effectuate the purposes of this Chapter.

Additional parking Permits may be given at no cost or purchased by applicants, upon application, subject to the availability, as determined by the Director. Permits issued to residents pursuant to this section shall require annual renewal. The City Council may, by resolution, establish fees for the issuance of permits or the transfer of a permit to a different vehicle or different address.

10.40.080 Guest parking permits.

Unless otherwise prescribed in the resolution establishing a residential parking permit area, each residence within an RPP area may receive twenty (20) one-day guest parking permits per year upon application, the form and conditions of which are approved by the Director to effectuate the purposes of this Chapter. Upon application, applicants may receive additional guest permits for one-day special events as approved by the Director.

10.40.090 Display of permits.

- A. Parking permits shall be displayed in a manner determined by the Director.
- B. The Director shall notify each permittee in writing of the proper manner in which to display a parking permit.
- C. The proper display on a vehicle of a valid parking permit issued pursuant to this chapter grants only the privilege of parking the vehicle in the RPP area for which the permit was issued.
- D. A valid parking permit issued under this chapter shall not guarantee or reserve to the holder an on-street parking space on any street or portion of street within the RPP area for which the permit was issued.

10.40.100 Enforcement.

- A. The Director shall cause appropriate signs to be erected at the entrance of a residential parking permit area and at intermediate locations as deemed necessary by the Director.

- B. The signs that the Director causes to be erected pursuant to this section shall provide clear notice of the days and times of the parking prohibition applicable to the street upon which the sign is erected.
- C. No person shall park a vehicle in an RPP area in violation of any posted or noticed time restriction or parking prohibition unless the person has a valid and current parking permit for that vehicle or is otherwise exempt. Violations of this subsection shall constitute an infraction offense.
- D. Any willful misuse of the parking permits, selling permits to others, altering permits, forging permits, copying permits, providing false or failing to provide reasonably necessary information to obtain permits, or any other basis for revocation, as determined by the Director that would effectuate the purposes of this Chapter, are not permitted and shall constitute an infraction. Such misuse shall also result in revocation of the parking permits for a period of one (1) year. A revocation of a parking permit may be appealed to the Director by filing a request for an appeal, on a form approved by the Director, within twenty-one (21) calendar days of the revocation. The appeal must state why the permit should not be revoked. Failure to state this basis shall be grounds for revocation without an appeal. The Director shall respond within twenty-one (21) calendar days and the Director's decision shall be final.
- E. Parking permit holders are not exempt from state and local traffic and parking rules.
- F. Parking permits are only valid in the RPP area for which the permit is issued.

10.40.110 Exempt vehicles.

The following vehicles are exempt from parking restrictions applicable to any RPP area: (1) vehicles owned or operated by any government agency, or contractor of a government agency, being used in the course of business; (2) refuse collection, utility, or other public agency service vehicles being used in the course of business; (3) commercial vehicles actively providing or performing services or making a pickup or delivery if parked in a manner consistent with applicable law, including the East Palo Alto Municipal Code 10.04.080; (4) any authorized emergency vehicle as defined in the California Vehicle Code when such vehicle is responding to an emergency, (5) vehicles displaying a valid disabled placard or license plate in a designated disabled parking.

10.40.120 Vehicle Eligibility.

No residential parking permits will be issued to:

1. Vehicles with delinquent parking citations; or
2. Vehicles with expired registration; or
3. Vehicles registered under the California Vehicle Code as commercial vehicles; or
4. Recreational vehicles (RVs), boats, trailers, or oversized vehicles exceeding 22 feet in length or 7 feet in height.

10.40.130 Removal of residential parking permit area.

The City Council may, by resolution, terminate and dissolve any previously established RPP area or portion thereof. Such termination may be considered following receipt of a petition signed by residents representing at least 67 percent (67%) of the residences within the RPP area proposed for dissolution. Only one signature is needed per residence. The Director shall remove permit parking signs in accordance with any such resolution.

City of East Palo Alto Residential Parking Permit (RPP) Program Guidelines

PURPOSE

The goal of the Residential Parking Permit (RPP) Program is to regulate and manage on-street parking in residential neighborhoods. This document clarifies the procedures used by the City to implement the program.

BACKGROUND

On [DATE], the City Council adopted a Residential Parking Permit (RPP) Program Ordinance where neighborhood parking is regulated for non-permit holders. The Ordinance sets forth mechanisms to automatically enact permit parking restrictions within a RPP area based upon findings of a parking occupancy survey conducted under the direction of City staff or as otherwise initiated by City Council. Three documents govern the creation of an RPP area in the City of East Palo Alto:

1. Chapter 10.40 of the East Palo Alto Municipal Code, which outlines the criteria that must be met and the process that must be taken for the designation, expansion, or dissolution of an RPP area.
2. A RPP area-specific resolution, which must be adopted by the City Council and outlines the specific characteristics of the individual RPP area.
3. The document within, “Residential Parking Permit (RPP) Program Guidelines”, which provides additional detail on RPP Program implementation. The Residential Parking Permit (RPP) Program Guidelines (Guidelines) may be modified by the Public Works Director and provide detail on policies and procedures related to RPP areas.

All three documents work in concert to govern the development and operation of the City's RPP areas.

POLICIES

The Guidelines establish the framework for initiating, operating, and removing residential parking permit areas. The RPP program is intended to regulate on-street parking in parking permit areas within the City in order to enhance or protect the quality of life in the proposed RPP area according to these policies:

The RPP program is intended for use in single family and multi-family residential areas, not in mixed-use areas where residents and businesses are expected to share parking.

Implementation of an RPP area *does not* guarantee the availability of parking spaces on a public street, or within a specific neighborhood, because more parking permits may be issued than there are available on-street parking spaces.

The hours and days of enforcement of parking time restrictions and parking prohibitions in effect for non-permit holders will be set forth in the RPP area-specific resolution.

Blocks within each parking permit area will be determined based on the potential of parked cars to overflow and impact adjacent streets, via a collaborative process between residents and Public Works Department staff. The final limits of the residential parking permit program area will be determined by the Public Works Director and subject to approval set by the City Council via resolution.

Parking permits will be issued only for *passenger vehicles* registered to residents of a property with at least one frontage within an RPP area. Commercial trucks, boat

trailers, RV's (camping trailers, motor homes, etc.), trailers and work-type commercial vehicles, including taxis and limousines, or any oversized vehicles are not eligible for resident parking permits. Other exclusions are contained within Chapter 10.40.

The maximum number of resident parking permits that may be issued per residence will be determined by the Public Works Director based on the characteristics of each neighborhood, but only one permit is issued per vehicle.

Up to twenty (20) one-day guest permits may be issued per residence each calendar year.

Permits may be transferred when the permit holder moves or the vehicle for which a permit has been issued is sold.

Signs will be posted in each RPP area indicating the time limitation and days during which parking is restricted.

Parking permits are not intended for use at parking meters, parking lots, or parking garages.

RPP parking permits are only valid for the RPP area for which they are issued.

Vehicles displaying parking permits are subject to all other parking restrictions, including loading zones, red zones, and accessible parking spaces.

Displaying a residential parking permit does not exempt the vehicle from the City's ordinance requiring a car to be moved every 72 hours.

By resolution of the City Council, a fee may be set for the permits.

Exceptions

RPP parking restrictions do not apply to vehicles owned or operated by any government agency, or contractor of a government agency, being used in the course of business.

Any refuse collection, utility, or other public agency service vehicles actively working for a property within the limits of an RPP area may park on-street in front of the property on which they are working without a permit.

Commercial vehicles actively providing or performing services or making a pickup or delivery are not required to have a parking permit when parked within an RPP area in a manner consistent with applicable law, including the East Palo Alto Municipal Code Section 10.04.080.

Any authorized emergency vehicle as defined in the California Vehicle Code when such vehicle is responding to an emergency is exempt from parking restrictions applicable to any RPP area.

PROCEDURES

The procedures below provide for consistent parking permit area development from one neighborhood to the next. The Public Works Director has the flexibility to modify the following procedures when appropriate.

Area Creation or Expansion

Initiating ~~Except as otherwise provided in Chapter 10.40,~~ a new residential parking permit area or expanding an existing RPP area requires completion of the following steps:

1. Resident completes a Residential Parking Permit Program application form and submits it to the Public Works Director.

2. Through discussions with the applicant, ~~t~~he Public Works Director will identify the draft program parameters including days and time limits when permit parking will be enforced and the geographic area.
3. ~~Applicant will coordinate collection of signatures on a petition. The petition will clearly identify the proposed streets to be included in the RPP area, the time limits, and general rules associated with the RPP program. At least 67% of the residences on each block must be reflected in the petition. Only one signature is needed per residence. The residence owner, renter, or occupant is eligible to sign the petition. Each house, apartment, condominium, accessory dwelling unit or junior dwelling unit will be considered a residence. City Council initiated requests may skip this step.~~
4. ~~The City Clerk shall review applications to establish or expand RPP areas initiated by neighborhood petition to verify that it meets the signature requirements set forth in the RPP Program Ordinance and these guidelines. If the RPP area request does not meet the signature requirements, the Director shall send a letter to the petitioners denying their request.~~
5. Optional:
 - a. The applicant may request a neighborhood meeting to present the components of the RPP to the area.
 - a.b. ~~The applicant may demonstrate the support of their homeowners'/ neighborhood association (if one exists) through the submittal of a letter of endorsement from that group. Any letters of support will be considered by the Public Works and Transportation Commission and the City Council.~~
- 2.6. ~~Public Works staff will collect occupancy data on key street segments within the proposed RPP area. Only areas with an average occupancy rate of 75% or more during the proposed permit hours will continue in this process. If the RPP area does not meet the minimum parking occupancy requirement, the Director may send a letter to the petitioners denying the request.~~
7. ~~After completion of the parking occupancy survey, City staff shall prepare a draft resolution containing the proposed boundaries and hours of enforcement. Staff shall undertake a survey of resident support within the RPP area. The applicant is encouraged to notify residents around the RPP area. The results of this survey shall be included in and reported to the Public Works and Transportation Commission and the City Council. The recommended threshold for the creation or expansion of an RPP area is a vote of 67% of the returned surveys in favor of the program, however the City Council may approve an RPP area with a simple majority (50% + 1) of the returned surveys in favor of the program. The results of this survey shall be included in and reported to the City Council.~~
8. ~~Staff shall bring the proposed RPP area to the Public Works and Transportation Commission at a noticed public hearing. The Commission shall review the draft resolution and make a recommendation to the City Council regarding the RPP area. This recommendation may include proposed modifications of the boundaries, hours of enforcement, or other matters as the Commission may deem necessary and desirable.~~
- 3.9. ~~Following the completion of the above procedures, staff shall bring a resolution designating the proposed RPP area for Council consideration. At a minimum, the resolution shall specify:~~

 - a. The findings that the criteria set forth in this chapter have been met;
 - b. The boundaries and the name of the RPP area;
 - c. Hours and days of enforcement of parking time restrictions and parking prohibitions that shall be in effect for non-permit holders;
 - d. The procedure for obtaining parking permits, including the fee therefor.

The City Council shall hold a public hearing on a proposed resolution to establish the Residential Parking Permit area. The Council may adopt, modify, or reject the proposed resolution.

4.10. Upon designation or expansion of an RPP area, the City shall provide notice informing residents about implementation of the RPP area and its details.

5.11. The Director shall cause appropriate signs to be erected at the entrance of a residential parking permit area and at intermediate locations as deemed necessary by the Director. The signs shall provide clear notice of the days and times of the parking prohibition.

6.12. If the request for permit parking is denied or terminated, a second study of the same or similar RPP area will not be conducted for a minimum of 24 months unless there is a significant, identifiable change in parking characteristics as determined by the Director of Public Works.

OBTAINING A PARKING PERMIT

The City of East Palo Alto uses a virtual system to issue and manage parking permits. Under this system, parking permit software is used to link the vehicle license plate number to an electronic permit. The virtual permit system eliminates the need for hang tags or stickers and allows residents to obtain RPP area parking permits online 24 hours a day, 7 days a week at [LINK]. Residents who do not have access to the internet or need assistance with the online permitting process may apply for RPP permits by calling (XXX) XXX-XXX or visiting the City Permit Center at 1960 Tate Street. Assistance is available Monday through Friday, between 9 a.m. and 5 p.m. Interpretation services are available in Spanish and XXXX at this number.

Two types of permits are available: annual resident parking permits and one-day guest parking permits. Annual resident parking permits are intended for use by residents of a specific property within the RPP Area. One-day guest parking permits may be obtained by residents in RPP areas for use by their occasional guests.

Resident Parking Permits

To obtain a resident parking permit, a resident of an RPP area must include all the following documentation :

1. A completed application form (online) in the residents' name and address; and
2. A current DMV driver's license for each resident requesting a permit showing an address within the permit area; and
3. A current DMV motor vehicle registration for each vehicle for which the applicant is requesting a resident parking permit, showing an address within the permit area; and
4. A current vehicle insurance policy showing the vehicle insured at the same address within the permit area; and
5. The Director is authorized to require other readily verifiable forms of proof of residency, which may include voter registration records or any other information the Director requires by rules and procedures; and
6. Any information reasonably necessary for implementation of this Chapter, as determined by the Director.

Guest Parking Permits

Unless otherwise prescribed in the resolution establishing a residential parking permit area, each residence with an RPP area may receive twenty (20) one-day guest parking permits per year upon application. Upon application, residents may receive additional guest permits for one-day special events as approved by the Director.

Parking Permit Fees

The City Council may, by resolution, establish a fee for the issuance of permits or the transfer of a permit to a different vehicle or different address.

ENFORCEMENT

No person shall park a vehicle in an RPP area in violation of any posted or noticed time restriction or parking prohibition unless the person has a valid and current parking permit for that vehicle or is otherwise exempt.

The parking permit software tracks electronic permits linked to the registered vehicle's license plate number. When license plates are scanned by the enforcement staff, registered license plate information is automatically referenced against the parking permit database. If the license plate is not connected to a valid virtual permit, the vehicle will be subject to a parking citation. Though not required, individuals who want to place a physical permit on their dashboard may print one with the link provided by [VENDOR] after payment has been made.

Any willful misuse of the parking permits, selling permits to others, altering permits, forging permits, copying permits, and providing false information to obtain permits or any other basis for revocation, as determined by the Director that would effectuate the purposes of this Chapter, are not permitted. Such misuse shall result in revocation of the parking permits for a period of one (1) year. A revocation of a parking permit may be appealed to the Director of Public Works by filing a request for an appeal within twenty-one (21) calendar days of the revocation. The appeal must state why the permit should not be revoked. Failure to state this basis shall be grounds for revocation without an appeal. The Director shall respond within twenty-one (21) calendar days and the Director's decision shall be final.

Violations of Chapter 10.40 of the East Palo Alto Municipal Code shall constitute an infraction offense subject to fine or penalty as set forth in the East Palo Alto Municipal Code.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Tomohito Oku, Finance Director

SUBJECT: Mid-year Budget Amendment for Fiscal Year 2025-26

Recommendation

Adopt a resolution approving amendments to the Fiscal Year 2025-26 budget.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Governance, Organizational Strength, and Fiscal Sustainability

Background

The City Council adopted the FY 2025-26 Budget on June 17, 2025. The Adopted Budget (excluding the Successor Trust) includes total revenues of \$77.4 million and total expenditure of \$63.0 million, resulting in positive net change in fund balance of \$14.4 million across all City funds.

The following table summarizes the Citywide Adopted budget:



POLICY AND ACTION 12.1

FY 25-26 Adopted - Citywide Funds (In 000's)					
Description	General Fund / General Reserves	Restricted Funds	Capital Funds	Enterprise Funds	TOTAL CITY FUNDS
Total Revenues	35,682	12,050	4,533	25,157	77,423
Total Expenditures	(38,375)	(11,567)	(1,645)	(11,397)	(62,984)
Net Sources / (Uses)	(2,693)	483	2,888	13,761	14,439
Net Transfers	(875)	875	-	-	-
Change in Fund Balance	(3,568)	1,358	2,888	13,761	14,439

This Mid-Year Budget Amendment Report provides an updated assessment of the City's financial condition for the current fiscal year. It compares actual financial performance during the first six months of FY 2025-26 to the adopted budget to confirm that ongoing operating revenues remain sufficient to support operating expenses.

The report incorporates budget adjustments reflecting actions taken by the City Council since adoption of the budget, as well as carryover appropriations from FY 2024-25 for encumbered contracts and previously approved capital expenditures. In addition, the report proposes targeted modifications to certain revenue and expenditure categories based on updated economic conditions, mid-year actuals, and staff's recommended program and capital project adjustments. These recommendations are aligned with the City Council's adopted Strategic Priorities.

Analysis

Economic Condition and Fiscal Outlook

Financial Results for FY 2024-25:

As previously reported to the City Council, the City successfully completed the FY 2024-25 financial statement audit, reaffirming the City's strong overall financial position. The General Fund closed the fiscal year with a surplus for the fourth consecutive year, and total General Fund balance increased by \$6.3 million.

However, the composition of the fund balance warrants careful consideration. The City Council committed \$20.0 million in June 2025 toward the Civic Commons project, resulting in a decrease of \$12.6 million in the unassigned portion of the General Fund balance compared to the prior year. After this action, the unassigned fund balance totaled \$20.2 million at fiscal year end.



POLICY AND ACTION 12.1

While the City's unassigned fund balance remains healthy, the FY 2024-25 surplus was not driven by ongoing or structural revenue growth. As discussed with the City Council on January 6, 2026, the surplus largely resulted from one-time and non-recurring factors, including salary savings and delayed or incomplete expenditures for planned professional and technical services across multiple departments. In addition, the City received an unanticipated one-time revenue increase in property tax in-lieu of Vehicle License Fee (VLF) revenues that exceeded budget projections. These factors should not be expected to repeat in future fiscal years.

Fiscal Caution and Need for Strategic Financial Planning:

Despite the City's recent positive financial results, updated revenue forecasts and long-term financial projections indicate that growth in major General Fund revenue sources is slowing, while operating costs continue to rise. If these trends persist, the City is projected to experience operating deficits in the General Fund over the next several fiscal years unless corrective actions are taken.

The FY 2025-26 Adopted General Fund Budget relies on the use of \$3.6 million in General Fund reserves to maintain balance, largely due to increased investments in City Council Strategic Priority initiatives. Given the current economic outlook and projected structural imbalances, a conservative fiscal approach is appropriate for both the remainder of this fiscal year and the upcoming FY 2026-27 budget cycle.

The City's strong fund balance position provides flexibility to support one-time projects and non-recurring investments. However, new or expanded ongoing commitments that increase baseline operating costs should be carefully evaluated to ensure long-term fiscal sustainability. Disciplined financial planning will be essential to preserving the City's financial resilience.

General Fund

At budget adoption, the FY 2025-26 General Fund reflected a planned net use of fund balance of \$3.6 million. Based on changes between July 1, 2025 and December 31, 2025, the projected net use of fund balance deficit in the FY 2025-26 has increased by \$2.2 million. As a result, the mid-year projected change in fund balance is now negative \$5.7 million, i.e. a \$5.7 million deficit.

It is important to note that this increase does not materially affect the City's unassigned fund balance. The majority of the \$2.2 million change is attributable to encumbrances carried forward from the previous fiscal year, which are funded by assigned fund balance and do not represent new discretionary spending. A summary of General Fund budget amendments is provided the following table as well as in Attachment 2, "Mid-year General Fund Budget FY 2025-26."



POLICY AND ACTION 12.1

FY 2025-26 Q2 - General Fund and Reserves (In 000's)				
Description	FY25-26 Adopted	Amended/ Carry- Forward	Proposed	Total General Fund/Reserves
Total Revenues	35,682	-	400	36,082
Total Expenditures	(38,375)	(2,886)	305	(40,956)
Net Sources / (Uses)	(2,693)	(2,886)	705	(4,874)
Net Transfers	(875)	-	-	(875)
Change in Fund Balance	(3,568)	(2,886)	705	(5,749)

General fund revenues:

General Fund Revenue	FY2025-26 Adopted	Changes	FY2025-26 Mid-Year
Property Tax	17,773,000	-	17,773,000
Sales Tax	5,279,000	400,000	5,679,000
Business License Tax	800,000	-	800,000
Transient Occupancy Tax	2,200,000	-	2,200,000
Utility Users Tax	2,094,000	-	2,094,000
Other Taxes	90,000	-	90,000
Licenses, Fees, and Permits	1,552,000	-	1,552,000
Charges for Services	2,719,000	-	2,719,000
Fines and Forfeitures	495,000	-	495,000
Use of Money and Property	2,010,000	-	2,010,000
Grants and Intergovernmental	65,000	-	65,000
Other Miscellaneous Revenues	605,000	-	605,000
Total GF Revenues	\$ 35,682,000	\$ 400,000	\$ 36,082,000

Projected General Fund revenues for FY 2025-26 increased by approximately \$0.4 million, from \$35.7 million at budget adoption to \$36.1 million at mid-year. As summarized in the table above, this change reflects updated revenue projections based on mid-year actuals and trend analysis.

Overall, General Fund revenue assumptions remain largely consistent with the Adopted Budget. The only material change is an increase in projected sales tax revenues of \$0.4



POLICY AND ACTION 12.1

million. This increase is driven by stronger-than-anticipated performance in the first and second quarters of the fiscal year, as well as the opening of a new store at the Gateway 101 Shopping Center.

General fund expenditures:

Total General Fund expenditures, excluding transfers, increased by \$2.6 million at mid-year compared to the Adopted Budget. This net change reflects:

1. 2.9 million in encumbrances carried forward from FY 2024-25
2. \$10,000 in additional appropriations previously approved by the City Council, and
3. A proposed expenditure reduction of \$0.3 million for City Council consideration as part of this mid-year update.

The first two items have already been reviewed and approved by the City Council.

The \$2.9 million in carried-forward encumbrances represents unspent contracts and purchase orders from the prior fiscal year that remain legally committed. These amounts are funded by assigned fund balance and are incorporated into the budget through the mid-year carryforward process, as are not finalized at the time the annual budget is adopted..

The proposed \$0.3 million reduction in General Fund expenditures relates to several park projects originally budgeted within the Community Services Division. Staff recommends shifting the funding source for these projects from the General Fund to the Park Impact Fee Fund, subject to confirmation that the projects qualify as eligible impact fee expenditures. This change would reduce General Fund costs without affecting project delivery.

Restricted Funds¹

The projected net change in fund balance for Restricted Funds decreased by \$5.4 million, shifting from a projected increase of \$1.4 million in the Adopted Budget to a projected decrease of \$4.0 million at mid-year. This change reflects a \$0.6 million reduction in revenue projections, primarily due to uncertainty in the timing of Inclusionary Housing Fee collections, combined with increased expenditure appropriations for previously approved programs and carried-forward commitments.

Mid-year expenditure increases are concentrated in three primary areas:

1. **Housing Programs** – Housing related expenditures increased by \$3.1 million. The primary driver is a \$2.1 million reappropriation from the Housing In-Lieu Fund for the Affordable Housing Preservation Program previously approved by the City Council. Additional increases include \$357,000 in carried-forward encumbrances and \$0.6 million for the Measure JJ Anti-Displacement services contracts.

¹ Restricted Funds include Housing Programs, Transportation and Infrastructure Programs, and Community Programs, all of which are categorized as special revenue funds. For more detailed information on these funds, please refer to page FS-7 of the [FY26 Adopted Budget](#).



POLICY AND ACTION 12.1

In addition, Housing staff requests a \$45,000 allocation from Fund 218 (Transient Occupancy Tax) to continue staff augmentation services provided by HEART of San Mateo County through the end of FY 2025-26. This request supports anticipated increases in housing activity in early 2026 and ensures continuity of priority affordable housing initiatives aligned with City Council Strategic Priorities.

2. **Transportation and Infrastructure Programs** – Transportation and Infrastructure expenditures increased by \$1.4 million, primarily due to \$0.9 million in carried-forward encumbrances for the Annual Street Resurfacing Project, funded primarily by Measure A and Gas Tax revenues. An additional \$0.3 million reflects carryforward commitments for stormwater and drainage projects.
3. **Community Programs** – Community program expenditures increased by \$0.3 million, primarily due to carried-forward encumbrances for Transient Occupancy Tax–funded Community Grant contracts. Staff is also requesting a \$25,000 reappropriation to initiate youth program development, consistent with City Council direction provided on January 6, 2026.

Overall, the mid-year amendments to the Restricted Funds budget reflect a strategic and policy-aligned allocation of resources to housing, infrastructure, and community priorities, while maintaining prudent fund balance levels within the City's special revenue funds.

FY2025-26 Q2 - Restricted Funds (In 000's)				
Description	FY25-26 Adopted	Amended/ Carry- Forward	Proposed	Total Restricted
Total Revenues	12,050	122	(612)	11,560
Total Expenditures	(11,567)	(2,768)	(2,134)	(16,469)
Net Sources / (Uses)	482	(2,646)	(2,747)	(4,910)
Net Transfers	875	-	-	875
Change in Fund Balance	1,358	(2,646)	(2,747)	(4,035)



POLICY AND ACTION 12.1

Capital Improvement Program (CIP) Funds²

FY2025-26 Q2 - Capital Funds (In 000's)				
Description	FY25-26 Adopted	Amended/ Carry- Forward	Proposed	Total Capital
Total Revenues	4,533	25,440	(3,673)	26,300
Total Expenditures	(1,645)	(19,234)	(305)	(21,184)
Net Sources / (Uses)	2,888	6,206	(3,978)	5,116
Net Transfers	-	-	-	-
Balance	2,888	6,206	(3,978)	5,116

The projected net change in fund balance for the Capital Improvement Program (CIP) Funds increased by \$2.2 million, from a \$2.9 million increase in the Adopted Budget to \$5.1 million at mid-year. This change is primarily due to grant-funded capital projects carried forward from the prior fiscal year.

While expenditures for these projects have begun, grant reimbursements have not yet been received as of mid-year. This timing difference temporarily decreases fund balance until reimbursements are received.

Projected CIP revenues increased by \$25.4 million, reflecting reimbursement-based grant funding associated with these projects. Under this funding structure, the City advances project costs and is reimbursed by the granting agencies. This creates a timing difference between when costs are recorded and when grant revenues are recognized. Upon completion of the projects, a corresponding \$25.4 million in capital expenditures is expected to be reimbursed.

Offsetting this increase, CIP revenue projections were reduced by \$3.7 million due to uncertainty regarding the timing of impact fee collections from developers. The Mid-Year Budget also includes a proposed \$0.3 million increase in capital expenditures related to the park project funding shift discussed earlier.

The table below presents the projected CIP fund reserves, excluding CIP impact fee funds. The reserve projection also excludes restricted and committed fund balance amounts, which are legally constrained for specific capital purposes and are not available for general CIP funding flexibility.

² Capital Funds include both capital projects funds and impact fee funds. For more detailed information on these funds, please refer to page FS-15 of the [FY26 Adopted Budget](#).



POLICY AND ACTION 12.1

		Capital Project Fund - Reserve Projection *
Assigned Fund Balance as of June 30, 2025	\$	7,427,922
Budgeted capital expenditures		(20,015,403)
Grant revenues expected		25,548,684
Investment income		633,115
Projected Reserve as of June 30, 2026	\$	13,594,318

* Excluding CIP impact fee funds

Projected CIP reserves, excluding impact fee funds and other legally restricted or committed balances, are estimated at approximately \$13.6 million at fiscal year-end, assuming all projects are completed and fully reimbursed. While these reserves are available at the City Council's discretion, a significant portion of the capital program relies on reimbursement-based grants, making adequate reserves essential to maintaining cash flow.

Accordingly, staff recommends a fiscally prudent and strategic approach to the use of CIP reserves. This approach includes aligning reserve decisions with the City's 10-Year Capital Improvement Plan, consultation with the Public Works & Transportation Commission, and evaluation of unfunded or partially funded capital needs to ensure resources are deployed in a manner that supports long-term infrastructure priorities and financial sustainability.

Enterprise Funds³

The projected net change in fund balance for the Enterprise Funds decreased by \$13.2 million at mid-year, shifting from a projected surplus of \$13.8 million in the Adopted Budget to a projected surplus of \$0.5 million. This change is primarily driven by lower revenue projections and modest expenditure increases.

Enterprise Fund expenditures increased by \$1.5 million, largely due to carried-forward capital appropriations from the prior fiscal year. These include \$365,000 for the University Avenue and Weeks Street 12-inch Watermain Project, \$142,000 for the Water Storage Tank Siting Study, and \$571,000 carried-forward encumbrances related to engineering services supporting these capital projects. In addition, the Mid-Year Budget includes proposed expenditure increases of \$240,000 for a hydrant replacement project performed by Veolia within the Water Capital Fund and \$200,000 associated with an increase to the West Bay Sanitary District contract within the Sewer Fund.

Enterprise Fund revenue projections were reduced by \$11.3 million, primarily due to uncertainty regarding the timing of developer impact fee collections. While these revenues are expected to be realized over the life of the development projects, the mid-year projection reflects a more conservative assumption for the current fiscal year.

Overall, the mid-year adjustments to the Enterprise Funds reflect prudent revenue forecasting and continued investment in critical water and sewer infrastructure, while maintaining positive fund balances and supporting long-term enterprise system sustainability.

³ Enterprise Funds include garbage collection fund, water service fund and sewer service fund. For more detailed information on these funds, please refer to page FS-17 of the [FY26 Adopted Budget](#).



POLICY AND ACTION 12.1

FY2025-26 Q2 - Enterprise Funds (In 000's)				
Description	FY25-26 Adopted	Amended/ Carry- Forward	Proposed	Total Enterprise
Total Revenues	25,157	-	(11,266)	13,891
total Expenditures	(11,397)	(1,519)	(440)	(13,355)
Net Sources / (Uses)	13,761	(1,519)	(11,706)	536
Net Transfers	-	-	-	-
Change in Fund Balance	13,761	(1,519)	(11,706)	536

Fiscal Impact

Total proposed amended budget is as follows for the fiscal year 2025-26:

FY25-26 Mid Year Amended - Citywide Funds (In 000's)					
Description	General Fund/ General Reserves	Restricted Funds	Capital Funds	Enterprise Funds	TOTAL CITY FUNDS
Total Revenues	36,082	11,560	26,300	13,891	87,833
total Expenditures	(40,956)	(16,469)	(21,184)	(13,355)	(91,966)
Net Sources / (Uses)	(4,874)	(4,909)	5,116	536	(4,133)
Net Transfers	(875)	875	-	-	-
Balance	(5,749)	(4,034)	5,116	536	(4,133)

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.



POLICY AND ACTION 12.1

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 action does not involve an entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution.
2. Mid-year General Fund Budget
3. CIP Budget

RESOLUTION NO. XX – 2026

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

APPROVING AMENDMENTS TO THE FISCAL YEAR 2025-26 BUDGET

WHEREAS, the City Council, from time to time, reviews the annual spending plan for the City of East Palo Alto General, Special Revenue, Capital, Enterprise, and Trust Funds in order to account for anticipated revenues and to appropriate projected expenditures; and

WHEREAS, the East Palo Alto Municipal Code section 3.08.110 requires the adoption of an annual budget no later than June 30th prior to the beginning of the fiscal year; and

WHEREAS, the City Council adopted the Fiscal Year (“FY”) 2025-26 Budget on June 17, 2025, and has approved amendments of the budget since adoption; and

WHEREAS, City staff propose amendments to the budget based upon noted mid-year trends and information; and

WHEREAS, upon consideration of the information presented, the City Council desires to make amendments to the FY 2025-26 Budget.

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. Approves amendments to the FY 2025-26 Budget, attached hereto as **Exhibit A** and incorporated by this reference; and
3. Finds that 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.

PASSED AND ADOPTED this 3rd day of February 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

Exhibit A

FY 2025-26 Mid-Year Budget Summary								
Fund	Description	Operating		Capital Improvement Plan	Operating Transfers		Net Change Fund Balance	
		Revenues	Expenditures		In	Out		
110	General Fund	\$ 35,477,000	\$ (36,876,863)	\$ -	\$ -	\$ (3,753,216)	\$ (5,153,079)	
111	IT Replacement Fund	\$ -	\$ (2,157,846)	\$ -	\$ 1,707,214	\$ -	\$ (450,632)	
112	Equipment & Vehicles	\$ -	\$ (390,541)	\$ -	\$ 190,500	\$ -	\$ (200,041)	
113	Self Insurance	\$ -	\$ (980,690)	\$ -	\$ 980,690	\$ -	\$ -	
117	Com Dev Pass Thru	\$ 605,000	\$ (550,000)	\$ -	\$ -	\$ -	\$ 55,000	
ELIMINATING ENTRY		\$ -	\$ -	\$ -	\$ (2,878,404)	\$ 2,878,404	\$ -	
General Fund		\$ 36,082,000	\$ (40,955,939)	\$ -	\$ -	\$ (874,812)	\$ (5,748,751)	
213	Police Grants	\$ 249,839	\$ (170,000)	\$ -	\$ -	\$ -	\$ 79,839	
215	Misc Federal and State Grants	\$ 775,064	\$ (12,605)	\$ -	\$ -	\$ -	\$ 762,459	
230	Local Grants	\$ 424,095	\$ (878,563)	\$ (243,563)	\$ -	\$ -	\$ (698,031)	
231	CYSFF TOT	\$ 319,511	\$ (717,973)	\$ -	\$ -	\$ -	\$ (398,462)	
Community Programs		\$ 1,768,509	\$ (1,779,141)	\$ (243,563)	\$ -	\$ -	\$ (254,195)	
201	State Gas Tax	\$ 1,850,803	\$ (1,020,491)	\$ (941,180)	\$ 64,500	\$ -	\$ (46,368)	
202	Measure A	\$ 1,016,088	\$ (55,035)	\$ (16,819)	\$ -	\$ -	\$ 944,234	
203	NPDES	\$ 150,242	\$ (1,101,388)	\$ -	\$ 622,994	\$ -	\$ (328,152)	
206	Park In Lieu	\$ 13,193	\$ (1,080)	\$ -	\$ -	\$ -	\$ 12,113	
221	Lighting District	\$ 1,126,536	\$ (1,997,532)	\$ (2,509,915)	\$ -	\$ -	\$ (3,380,912)	
222	Drainage District	\$ 210,864	\$ (416,590)	\$ -	\$ 187,318	\$ -	\$ (18,408)	
234	County Measure W	\$ 409,788	\$ (20,596)	\$ -	\$ -	\$ -	\$ 389,192	
Infrastructure Programs		\$ 4,777,513	\$ (4,612,712)	\$ (3,467,914)	\$ 874,812	\$ -	\$ (2,428,301)	
204	Rent Stabilization	\$ 804,232	\$ (815,055)	\$ -	\$ -	\$ -	\$ (10,823)	
207	Housing In Lieu	\$ 260,317	\$ (2,380,137)	\$ -	\$ -	\$ -	\$ (2,119,820)	
209	Housing Assistance Program	\$ 14,223	\$ (17,736)	\$ -	\$ -	\$ -	\$ (3,513)	
216	Commercial IF	\$ -	\$ (42,500)	\$ -	\$ -	\$ -	\$ (42,500)	
217	Residential IF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
218	Affordable Housing TOT	\$ 355,058	\$ (80,640)	\$ -	\$ -	\$ -	\$ 274,418	
219	Measure HH	\$ 1,921,407	\$ (1,195,484)	\$ -	\$ -	\$ -	\$ 725,923	
220	Lo-Mod Housing Successor	\$ 37,774	\$ (427,885)	\$ -	\$ -	\$ -	\$ (390,111)	
233	Silicon Valley Community	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
235	Measure JJ	\$ 1,620,690	\$ (1,406,262)	\$ -	\$ -	\$ -	\$ 214,428	
Affordable Housing Programs		\$ 5,013,701	\$ (6,365,700)	\$ -	\$ -	\$ -	\$ (1,351,998)	
Total Special Revenue Funds		\$ 11,559,723	\$ (12,757,553)	\$ (3,711,477)	\$ 874,812	\$ -	\$ (4,034,494)	
301	Capital Improvement Fund	\$ 633,115	\$ (277,627)	\$ (4,698,645)	\$ -	\$ -	\$ (4,343,157)	
303	Capital Grant	\$ 25,548,684	\$ (189,267)	\$ (14,869,864)	\$ -	\$ -	\$ 10,509,553	
305	Parks & Trails	\$ 23,387	\$ (2,622)	\$ (305,000)	\$ -	\$ -	\$ (284,234)	
306	Public Facilities	\$ 41,706	\$ (2,622)	\$ (851,920)	\$ -	\$ -	\$ (812,836)	
307	Transportation	\$ 23,304	\$ (2,729)	\$ -	\$ -	\$ -	\$ 20,575	
308	RBD-I Storm D	\$ 13,060	\$ (2,370)	\$ -	\$ -	\$ -	\$ 10,691	
309	RBD-O Storm D	\$ 16,664	\$ (1,621)	\$ -	\$ -	\$ -	\$ 15,043	
Capital Funds		\$ 26,299,921	\$ (458,857)	\$ (20,725,429)	\$ -	\$ -	\$ 5,115,635	
510	Water Service Fund	\$ 506,368	\$ (634,987)	\$ -	\$ -	\$ -	\$ (128,620)	
511	Water Capital Fund	\$ 1,568,406	\$ (34,022)	\$ (1,516,008)	\$ -	\$ -	\$ 18,376	
512	Water Meter Fund	\$ 63,798	\$ (7,405)	\$ (273,871)	\$ -	\$ -	\$ (217,478)	
513	Water Capacity Fee Fund	\$ 42,695	\$ (3,162)	\$ -	\$ -	\$ -	\$ 39,534	
Water Enterprise		\$ 2,181,267	\$ (679,576)	\$ (1,789,879)	\$ -	\$ -	\$ (288,188)	
520	Garbage Service Fund	\$ 3,819,257	\$ (4,054,577)	\$ -	\$ -	\$ -	\$ (235,321)	
Garbage Service Enterprise		\$ 3,819,257	\$ (4,054,577)	\$ -	\$ -	\$ -	\$ (235,321)	
530	Sewer Service Fund	\$ 7,791,360	\$ (6,681,291)	\$ (150,000)	\$ -	\$ -	\$ 960,069	
533	Sewer Connection Fee Fund	\$ 99,251	\$ -	\$ -	\$ -	\$ -	\$ 99,251	
Sewer Enterprise		\$ 7,890,611	\$ (6,681,291)	\$ (150,000)	\$ -	\$ -	\$ 1,059,320	
Total Enterprise		\$ 13,891,135	\$ (11,415,444)	\$ (1,939,879)	\$ -	\$ -	\$ 535,811	
City-wide Total		\$ 87,832,779	\$ (65,587,794)	\$ (26,376,785)	\$ 874,812	\$ (874,812)	\$ (4,131,799)	

City of East Palo Alto

GENERAL FUND BUDGET FY 2025-26

For Second Quarter Ended December 31, 2025

	Adopted 2026	Amended Changes	Proposed Changes	Amended 2026	12/31/2025 Actual YTD	%	12/31/2024 Actual YTD	FY 2024-25 Audited	%
Revenues									
Property Tax	17,773,000	-	-	17,773,000	8,919,980	50%	8,455,849	18,988,778	45%
Sales Tax	5,279,000	-	400,000	5,679,000	2,225,795	39%	2,132,562	5,537,998	39%
Business License Tax	800,000	-	-	800,000	191,688	24%	158,780	2,528,951	6%
Transient Occupancy Tax	2,200,000	-	-	2,200,000	913,770	42%	977,830	2,233,764	44%
Utility Users Tax	2,094,000	-	-	2,094,000	783,706	37%	866,843	2,138,926	41%
Other Taxes	90,000	-	-	90,000	77,658	86%	88,763	140,163	63%
Licenses, Fees, and Permits	1,552,000	-	-	1,552,000	648,631	42%	626,533	1,788,772	35%
Charges for Services	2,719,000	-	-	2,719,000	783,876	29%	674,988	1,743,231	39%
Fines and Forfeitures	495,000	-	-	495,000	282,935	57%	166,467	556,245	30%
Use of Money and Property	2,010,000	-	-	2,010,000	889,352	44%	1,451,932	2,815,526	52%
Grants and Intergovernmental	65,000	-	-	65,000	74,995	115%	-	378,654	0%
Other Miscellaneous	605,000	-	-	605,000	46,644	8%	61,959	674,780	9%
Total Revenues	35,682,000	-	400,000	36,082,000	15,839,028	44%	15,662,506	39,525,788	40%
Expenditures									
City Council	272,105	-	-	272,105	95,529	35%	69,170	173,284	40%
City Attorney	1,461,060	-	-	1,461,060	671,050	46%	409,915	1,072,305	38%
City Clerk	581,228	21,690	-	602,918	181,832	30%	152,465	436,095	35%
City Manager's Office:									
City Manager Admin	3,282,587	362,653	-	3,645,240	1,137,667	31%	789,227	2,159,485	37%
Human Resources	1,351,914	266,932	-	1,618,846	559,647	35%	483,355	1,323,473	37%
Formerly Administrative svrs	-	-	-	-	-	-	45,016	#DIV/0!	
Community Programs	1,191,000	152,597	(305,000)	1,038,597	392,213	38%	371,917	671,394	55%
Senior Services	565,913	55,082	-	620,995	172,225	28%	160,814	438,517	37%
Finance	1,963,136	103,993	-	2,067,129	640,341	31%	558,961	1,337,806	42%
Community Development:									
Community Development Admin	686,231	150,000	-	836,231	375,447	45%	295,760	797,140	37%
Building Services	1,735,132	221,767	-	1,956,899	530,472	27%	524,273	1,169,012	45%
Planning	1,728,042	130,671	-	1,858,713	448,389	24%	507,930	1,297,864	39%
Housing & RSP	133,549	51,736	-	185,285	70,343	38%	72,142	440,356	16%
Public Works:									
Public Works Admin	862,349	-	-	862,349	218,439	25%	220,931	472,790	47%
Engineering Services	1,870,054	263,435	-	2,133,489	487,878	23%	499,642	1,180,541	42%
Maintenance	3,686,774	571,113	-	4,257,887	1,087,557	26%	1,243,830	2,912,486	43%
Environmental Services	207,490	93,634	-	301,124	188,362	63%	50,932	295,748	17%
Police:									
Police Admin	5,740,147	308,914	-	6,049,061	1,918,914	32%	2,950,000	5,367,764	55%
Operations	8,064,016	-	-	8,064,016	4,268,840	53%	3,488,039	7,211,528	48%
Investigations	2,582,994	-	-	2,582,994	562,345	22%	662,886	1,442,736	46%
Non-Departmental:									
Capital Outlay	-	-	-	-	-	0%	-	-	
Insurance and Settlements	1,066,347	-	-	1,066,347	1,011,081	95%	902,832	902,832	100%
Other Non-departmental	1,990,391	131,972	-	2,122,363	1,424,266	67%	830,728	1,190,133	70%
Overhead Allocation	(2,647,709)	-	-	(2,647,709)	(1,323,854)	50%	(464,591)	(929,182)	50%
Total Expenditures	38,374,750	2,886,189	(305,000)	40,955,939	15,118,983	37%	14,826,175	31,364,107	47%
Revenues Over / (Under)	(2,692,750)	(2,886,189)	705,000	(4,873,939)	720,045		836,331	8,161,681	
Other Financing Sources/Uses									
Transfers In	-	-	-	-	-	-	-	-	0%
Transfers Out	(874,812)	-	-	(874,812)	(437,406)	50%	(922,706)	(1,845,412)	50%
Net Operating Transfers	(874,812)	-	-	(874,812)	(437,406)	50%	(922,706)	(1,845,412)	50%
Change in Fund Balance	(3,567,562)	(2,886,189)	705,000	(5,748,751)	282,639		(86,376)	6,316,269	
Other Reserve Changes	-			2,876,189	1,438,095			(18,658,460)	
Projected Operating Reserves*									
Beginning Balance	20,158,090	-	-	20,158,090				32,500,281	
Ending Balance	16,590,528	-	-	17,285,528				20,158,090	

FY 2025-26 Amended CIP Budget						
Project No.	Project Name	CIP Local Fund	CIP Grant Fund	Transportation & Infrastructure Funds	Enterprize Funds	Total
ST-04 A/B	Street Light Upgrade	\$ -	\$ -	\$ 2,729,890	\$ -	\$ 2,729,890
ST-07	Annual Street Resurfacing Project	-	74,894	5,699,162	-	5,774,056
ST-12	Traffic Calming - Pulgas Roundabouts	427,266	400,000	103,519	-	930,785
ST-14 A/B	University avenue/101 Pedestrian Overcrossing	1,242,082	14,665,500	-	-	15,907,582
ST-17/ST-08	Univ Ave Safety Enhancements		1,113,004			1,113,004
ST-25	Signage and Bus Shelter Improvement project		805,548			805,548
ST-26	Addison Avenue Street Improvements	2,337,420				2,337,420
ST-28	East Bayshore Road Pedestrian and Cyclist Safety Enhancements Project	91,966	3,800,000			3,891,966
ST-29	University Avenue Grand Corridor	840,453	840,453			1,680,905
PK-05	Joel Davis Restroom	228,102	196,593			424,695
PK-18	Railspur Trail Improvement		1,530,000			1,530,000
PK-20	Rutgers Trail Gate	60,000	40,000			100,000
FA-02/FA-13/FA-17	City Facilities Improvements Project	896,965				896,965
FA-10	Electric Vehicle Charging Station Project		243,563			243,563
FA-15	Cummings Loft Improvements Project		109,135			109,135
FA-16	East Palo Alto Library Design	1,575,218	1,500,000			3,075,218
SD-06A/B	O'Connor Pump Station Improvements Phase I Project		357,267			357,267
SD-08/SD-09	Trash Capture Devices Installation Project		1,615,481			1,615,481
WS-09	Water Storage Tank Siting Study				153,549	153,549
WD-05	Water Meter Replacement				416,483	416,483
SP-02	Safer Bay Project	846,070	2,538,211			3,384,281
SP-02B	San Francisquito Creek Reach II	1,000,000				1,000,000
WS-01A	Woodland Avenue Waterline and City of Palo Alto Interconnect Project				47,418	47,418
N/A	12-Inch Watermain Project				7,830,319	7,830,319
N/A	Corpyard Security Project (Fencing)	100,000				100,000
N/A	Fordham St. Improvement	14,122	109,000			123,122
N/A	Urban Water Management Plan 2025				150,000	150,000
N/A	Manhole Replacement				150,000	150,000
						-
		\$ 9,659,665	\$ 29,938,647	\$ 8,532,572	\$ 8,747,769	\$ 56,878,653



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: February 3, 2026

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Shiri Klima, Assistant City Manager

Maurice Baker, Community Services Manager

SUBJECT: 2026 Summer Park Activation Recommendations

Recommendation

Adopt a resolution:

1. Authorizing the City Manager to award, negotiate and execute contracts with the following twelve (12) organizations listed alphabetically to provide programming for the 2026 Summer Park Activation series, in a form approved by the City Attorney, for various amounts, for a total not-to-exceed amount of \$192,015:
 - a. Bay Area Urban Eagles (up to \$16,000);
 - b. East Palo Alto Boxing Club (up to \$16,000);
 - c. East Palo Alto Razorbacks Rugby Club (up to \$20,000);
 - d. EPA Peninsula Rugby Football Club (Razorhawks) (up to \$16,000);
 - e. East Palo Alto T-Ball/Pitching Machine (up to \$16,000);
 - f. East Palo Alto Tennis & Tutoring (up to \$20,000);
 - g. Hope Horizon (up to \$16,000);
 - h. Lewis & Joan Platt East Palo Alto Family YMCA (up to \$16,000);
 - i. Mid-Peninsula Athletic Association (up to \$4,015);
 - j. Silverscape Ventures (up to \$16,000);

POLICY AND ACTION 12.2

- k. StreetCode Academy (up to \$16,000); and
- l. Youth Community Service (up to \$20,000).

2. Finding that the proposed action 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.

Alignment with City Council Strategic Plan

Priority: Enhance Community Services and Parks for Residents

Background

Starting in 2019, City Council directed the Community Services and Recreation Division of the City Manager’s Office to activate parks and facilities in our City, to provide free activities for our residents, and to deter other non-productive activities. Previously, this was accomplished through the summer disbursement of our Transient Occupancy Tax (TOT) grants program and the Measure C annual funding that ended in 2019

Since then, this has become a foundational service for the Division and allowed us to partner with local organizations to expand the efforts of their great work. The series has steadily grown in attendance over the years as we started out serving 382 participants and last year reached over 1000. Programs have ranged from STEM-based technology pop-ups in the park to curated field trips for the older adult community. The goal of finding diverse programming for all has been accomplished through a number of methods. To hold the providers accountable, payments have been tied to things like participation in the City events (such as the 40th Anniversary and Family Days) and program deliverables (such as registration data and survey distribution). Below is how the Summer Park Activation results have been over the years.

Table 1

Park Activation Results			
Year (FY)	City Investment	# of Providers	# of Participants
2019-2020	\$65,000	5	382
2020-2021	\$80,000	7	108
2021-2022	\$110,000	14	320
2022-2023	\$154,000	17	815
2023-2024	\$180,000	10	1841**
2024-2025	\$178,000	11	1714**

**may include duplicate participants due to individual participation across multiple programs

Analysis

POLICY AND ACTION 12.2

In previous years, the Summer Parks Activation program ran into delays that did not allow marketing to begin until late spring, which may have impacted the success of the programming. To improve upon this timeline, staff released the RFP on October 29, proposals were due by December 5, and proposals were reviewed by January 12. (The proposals are not attached to the staff report to save room, but they are available upon request.)

The City received 14 proposals requesting a total of \$258,835. Staff sought to narrow that number down to 12 providers (at or under the budgeted amount), as seen from the previous year's success and a demand for programming and funding in the community. This year, the review panel was comprised of the following staff who represented a range of departments/divisions and individuals with a strong knowledge of the community: Denise Garcia, Assistant to the City Manager; Hector Torres, Housing Specialist I; Juanita Ibarra, Recreation Leader II; Maurice Baker, Community Services Manager; and Vincent Amelio, Recreation Coordinator.

Review Rubric

All proposals were graded using the same rubric, with the possibility to earn up to 45 points, the rubric consisted of the following 7 categories:

- Proposal Completeness (10 points possible)
- Marketing Plan (5 points possible)
- Projected Participants (5 points possible)
- Past Participant Success (5 points possible)
- Program Uniqueness (10 points possible)
- Program Impact (5 points possible)
- Projected Program Hours (5 points possible)

12 Recommended Vendors

Following proposal review, staff recommends approval of the 12 vendors listed in Table 2 below for the 2026 Summer Park Activation Series at the respective amounts. After carefully considering all the of the proposals and while limiting funding to \$200,000 as announced during the NOFA, staff proposed a tiered based payment recommendation. Organizations that scored a 40 or higher according to the rubric (Attachment 2) would be recommended for the opportunity to receive up to the full \$20,000 (unless a lower amount was requested in their proposal). Organizations that ranked between 36 and 39 would be suggested to receive up to the \$16,000 and any that ranked 30-35 could receive up to \$12,000 (unless a lower amount was requested in their proposal).

Table 2

Vendor Name	Type of Programming	Recommended Amount (not to exceed)
Bay Area Urban Eagles	16 sessions of aviation STEM education & instruction for youth ages 8 – 18	\$16,000

 **POLICY AND ACTION 12.2**

East Palo Alto Boxing Club	8 hours of fitness activities for youth & adults, 4 days a week for 12 weeks	\$16,000
East Palo Alto Razorbacks	1 week of youth rugby summer camp (5 days per week), 8 weeks of competitive play (two days per week); & Family Wellness once a week for 8 weeks	\$20,000
East Palo Alto Razorhawks	Rugby skills and training with evening program & daytime camp for 76+ projected program hours (ages 8 – 18)	\$16,000
East Palo Alto T-Ball & Pitching Machine	Recreational baseball program partner with SF Giants, operating for 12 weeks with one practice & game per week	\$16,000
East Palo Alto Tennis & Tutoring	Six weeks of Tennis camp and competitive play (4-5 days per week)	\$20,000
Hope Horizon	5 day per week, 9am-3:15pm, summer camp for 1 st -9 th grade youth from June – July for 80-100 participants	\$16,000
(Lewis & Joan Platt) East Palo Alto YMCA	-12-week long social swim club for Seniors (3 hours per week) -Hour long Outdoor Group Exercise classes, 2 per week for 10 weeks for all ages -One week of Summer Day Camp for 30 youth	\$16,000
Mid-Peninsula Athletic Association (Mastodons)	Flag & tackle football training sessions, twice weekly, 5:30pm-7:30pm, ages 9-13 for 40-60 participants June 16 - August 27	\$4,015
Sign Gypsies (Silverscape Ventures)	Curated field trips and events for Seniors (60+)	\$16,000
StreetCode Academy	Tech themed pop-up events in the parks	\$16,000
Youth Community Services (YCS)	Variety of service-oriented projects and pop-up events	\$20,000
	TOTAL	\$192,015

The two additional vendors that sent in proposals are Snapology and Fit to the Core. Unfortunately, their proposals scored the lowest of all 14 proposals submitted, so staff is not recommending awarding contracts to these two vendors at this time. Attachment 2 is the scoring rubric staff used this year, and Attachment 3 is how each proposal scored.

As the Summer Park Activation has continued to evolve, staff has sought to make improvements to the how it selects and evaluates providers. In addition to considering final scores, staff also sought to ensure that there were programming opportunities for all demographic backgrounds (such as toddlers and seniors). All 12 of the recommended vendors have programming that is

POLICY AND ACTION 12.2

inclusive of all genders. Among the 11 proposals with youth programming, all of them have programming welcoming both boys and girls. Of the 14 proposals that were received, three had specific targeted programming catering to the older adult population. The two organizations that have not been recommended are being advised to apply for other funding opportunities that they are eligible for. These two organizations had good proposals and programming; however, due to budget and division capacity, the 12 vendors are being recommended to ensure the selected vendors have the funding needed to execute their proposed programming and staff has the capacity to successfully coordinate the program.

This year, the City is placing an emphasis on receiving data and analyzing it. Program providers will be required to submit registration information and return a percentage of survey responses from their participants. Having payments tied to deliverables increases the information and data the City receives. This information is vital as we assess our programs, identifying areas of growth and success. Based on conversations with City Council we will be asking vendors to provide:

1. Demographic information, including race, gender, age, and whether the participant would be eligible for free or reduced lunch at school. This is in an effort to ensure the programs are serving our community and assess whether a fee-based system could be reasonable to implement in future years for non-residents or families who can afford services.
 1. Data relative to the determinants of health, including pre- and post-program surveys regarding mental health, physical health, social interactions, and so forth.

In future years, we will use this data to modify our application process. Similar to last year we will be seeking greater collaboration in the City's Family Day events that take place during summer.

Three Payments

Minimum allocation: \$4,015 (amount can be amended if contract goals are not met)

Allocation distribution range (based on deliverables): \$12,000 - \$20,000

Total recommended allocation: \$200,000

Table 3

Payment	Requirement for payment distribution
First Payment	Acceptance into 2026 Summer Park Activation Series
Second Payment	Registration forms that meet the City requirements are distributed to all participants and all completed registration forms are sent to the City for all participants in the program by 14 days after program begins.

POLICY AND ACTION 12.2

	Program enrollment (based upon the registration forms) matches or exceeds the goals set forth in the contract.
	All program data is sent to the City (including total hours offered to participants for each program, average daily attendance, and maximum daily attendance)
Third Payment	<p>Program surveys are sent to all participants (over 18+) or their parents (if under 18 years of age) by the conclusion of the program. Completed surveys for all participants are sent to City no later than 14 days after program completion. If 50% - 79% completion rate will result in half payment & if 80% or more are received, will receive full payment.</p> <p>Participation in planning & execution of Family Night Events, vendor's staff must participate in at least 2/3 Family Nights & 50% of all planning meetings</p>

Fiscal Impact

There is no budget amendment necessary for this item. The FY25-26 budget includes \$200,000 for FY2026 Summer Parks Activation.

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: Yes.

Analysis of Levine Act Compliance: The signatories for the agreements are set forth below as "parties". Staff is unaware of any other parties or participants relevant to the Council's consideration of this item.

- Bay Area Urban Eagles: Michael Mashack, Executive Director.
- East Palo Alto Boxing Club: Michelle Carroll, Club Treasurer.

POLICY AND ACTION 12.2

- East Palo Alto Razorbacks: Samuel Vailala , President.
- East Palo Alto Razorhawks: Nicola Reidy, Club Secretary.
- East Palo Alto T-Ball & Pitching Machine: Sharifa Wilson, Club Treasurer.
- East Palo Alto Tennis & Tutoring: Amy Kohrman, Director of Fundraising.
- Hope Horizon (former Bayshore Christian Ministries): Josette Langevine Kim, Executive Director.
- Lewis & Joann Platt East Palo Alto Family YMCA: Andrea Gordon, Membership and Grants Coordinator.
- MPAA Mastodons: Jeffrey Austin, Executive Director.
- Sign Gypsies (Silverscape Ventures): Paris Hill, Owner.
- Streetcode Academy: Olatunde Sobomehin, Executive Director.
- Youth Community Service (YCS): Mora Oommen, Executive Director.

Attachments

1. Resolution
2. 2026 Summer Parks Activation Rubric
3. Vendor Proposal Score Summary

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 CONTRACTS WITH TWELVE (12) ORGANIZATIONS TO PROVIDE PROGRAMMING FOR THE 2026 SUMMER PARK ACTIVATION SERIES, IN A FORM APPROVED BY THE CITY ATTORNEY, FOR VARIOUS AMOUNTS, IN TOTAL, NOT-TO-EXCEED \$192,015

WHEREAS, starting in 2019, City Council directed the Community Services and Recreation Division to activate parks and facilities in our City, to provide free activities for our residents, and to deter other non-productive activities; and

WHEREAS, the series has steadily grown in attendance over the years as we started out serving 382 participants and last year reached over 1000, providing activities such as technology-based pop-ups in parks and curated field trips for seniors are being offered; and

WHEREAS, as the Summer Park Activation has continued to evolve, staff has sought to make improvements to the how it selects and evaluates providers. The data we will collect for this 2026 program will directly correlate with making sure we are serving our community through demographic information like race, gender, and income as well as whether the programs affect health indicators; and

WHEREAS, for 2026 we made added improvements to our rubric that include continuing to rate factors like program uniqueness, past participation, and projected goals but also included ensuring there was diverse programming across the board; and

WHEREAS, following proposal review, staff recommends approval of the following vendors for the 2026 Summer Park Activation Series at the respective amounts.

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 award, negotiate and execute contracts with the following vendors listed alphabetically to provide programming for the 2026 Summer Park Activation series for a total not-to-exceed of \$192,015:
 - a. Bay Area Urban Eagles (up to \$16,000).
 - b. East Palo Alto Boxing Club (up to \$16,000).
 - c. East Palo Alto Razorbacks Rugby Club (up to \$20,000).
 - d. EPA Peninsula Rugby Football Club (Razorhawks) (Up to \$16,000).
 - e. East Palo Alto T-Ball & Pitching Machine (up to \$16,000).
 - f. East Palo Alto Tennis & Tutoring (up to \$20,000).
 - g. Hope Horizon (up to \$16,000).

- h. Lewis & Joan Platt East Palo Alto YMCA (up to \$16,000).
- i. Mid-Peninsula Athletic Association (up to \$4,015).
- j. Silverscape Ventures (up to \$16,000).
- k. Streetcode Academy (up to \$16,000).
- l. Youth Community Services (up to \$20,000).

3. Finds that the proposed action 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.

PASSED AND ADOPTED this 3rd day of February 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

Vendor Proposal Score Summary

TOTAL POINTS	Vendor	Completeness (10 points)	Marketing points)	Projected (5 Participants (5 points)	Past			Projected Program Hours (5 points)
					Participant Success (5 points)	Program Uniqueness (10 points)	Program Impact (5 points)	
38.40	Bay Area Urban Eagles	10	4.3	5	3.5	9.2	3.4	3
37.60	EPA Boxing Club	9.5	2.7	5	3.5	8.2	3.7	5
40.90	EPA Razorbacks	10	4.8	5	5	7.1	4	5
36.20	EPA Razorhawks	10	4.6	5	0	7.6	4	5
38.30	EPA T-Ball & Pitching Machine	8.5	3.9	5	5	7	3.9	5
39.80	EPA YMCA	10	2.9	5	5	7.9	4	5
42.20	EPATT	10	3.1	5	5	9.4	4.7	5
35.40	Fit to the Core	10	4.8	5	0	6.4	4.2	5
38.90	Hope Horizon	10	5	5	0	9.1	4.8	5
35.00	Mid-Peninsula Athletic Association	10	4	5	0	8.2	2.8	5
37.70	SilverScape	8	3.5	5	5	8.5	3.7	4
34.30	Snapology	10	4.5	5	0	6.9	2.9	5
38.15	StreetCode	10	4	5	5	8.35	3.8	2
40.00	YCS	10	4.3	5	5	7.4	3.3	5

Proposal Grading Rubric

45 Total Points Possible

Element	Rubric	Points Possible/Point System
Completeness	The completeness of the proposal is graded based on each required element. For each element they are awarded up to one point. If the proposal contains the required element they earn 1 point. If they do not have the element they earn 0 points for that element. Half points for partially complete elements or elements that are present but not strong	10
<i>Marketing Plan</i>	No plan present	0
	A plan is present but it is very minimal and there are no details and specific actionable items	1
	A plan is present and contains some details and/or actionable items	2
	Marketing plan has many details and/or actionable items but may not be multi-pronged, does not cover every base and may be missing some important approaches	3
	Marketing plan is strong and has many specifics and many actionable items but may not cover every base and/or may not target an audience and specific EPA community	4
	Robust strong marketing plan that is multipronged (digital, paper, word of mouth, community based/influence) with specifics and actionable items that cover all bases and directly relate to target audience and specific EPA Community	5
<i>Projected Participants</i>	0-9 Participants	0
	10-19 participants	1
	20-29 participants	2
	30-39 participants	3
	40-49 participants	4
	50+ participants	5
<i>Past Participant Success</i>	0-5 participants	0
	6-10 participants	0.5
	11-14 participants	1
	15-20 participants	1.5
	21-25 participants	2
	26-30 participants	2.5
	31-35 participants	3
	36-40 participants	3.5
	41-49 participants	4
	50+ participants	5
<i>Program Uniqueness</i>	Cannot score program uniqueness because there is not enough information provided in the proposal	0
	The programming is extremely common and many other similar programs are offered for free and for payment in East Palo Alto and the surrounding area. The program does not have any historical or cultural significance in the community (see examples*).	2
	The programming is common and other similar programs are offered for free and for payment in East Palo Alto and the surrounding area. The program may or may not have any historical or cultural significance in the community (see examples*).	4
	The program is important but there are likely other programs in the area that offer something similar in East Palo Alto and the surrounding area but the programs may have a fee. The program has some historical or cultural significance in East Palo Alto (see examples*).	6
	The program is very unique, there is no other program like it offered for free or for payment in East	

	Palo Alto and the surrounding area. Programming has a strong history or is currently significant culturally to East Palo Alto (see examples*).	8
	The program is incredibly unique, there is no other program like it offered for free or for payment in East Palo Alto and the surrounding area. Programming has both a strong history and is currently significant or culturally relevant to East Palo Alto (see examples*).	10
Program Impact	Likely no positive impact in the short-term or long-term on youth and families in East Palo Alto in any of the key positive impact factors (physical wellness, mental & emotional wellness, social & community wellness, and academic/career/financial wellness)	0
	The impact on youth and families in East Palo Alto would likely be short-term and negligible and only include one of the key positive impact factors (physical wellness, mental & emotional wellness, social & community wellness, and academic/career/financial wellness).	1
	The program is likely to have a positive impact on East Palo Alto youth and their families in the short term with potential for long-term and will likely impact at least two key positive factors (physical wellness, mental & emotional wellness, social & community wellness, and financial wellness).	2
	The program is likely to have a positive impact on East Palo Alto youth and their families in the short term with potential for long-term and will likely impact at least three key positive factors (physical wellness, mental & emotional wellness, social & community wellness, and financial wellness).	3
	The program is very likely to have a positive impact on East Palo Alto youth and their families in the short term with potential for long-term and will likely impact at least four key positive factors (physical wellness, mental & emotional wellness, social & community wellness, and financial wellness).	4
	The program is extremely likely to have a positive impact on East Palo Alto youth and their families in the short term and long-term and will likely impact ALL key positive factors (physical wellness, mental & emotional wellness, social & community wellness, and financial wellness).	5
Projected Program Hours	0-5 hours	0
	6-10 hours	1
	11-20 hours	2
	21-30 hours	3
	31-40 hours	4
	41+ hours	5

Completeness Check-List

Item	Point Value
Coverletter	1
Work Plan and Schedule	1
Marketing Plan & Past Success	1
Approach and Understanding	1
Remote Programming Protocol	1
Insurance	1
Firm and Personnel Experience	1
Resumes	1
Proposed Budget	1
Presentation Quality	1
TOTAL	10

Wellness Factor Definitions

Wellness Factor	Description
Physical Wellness	Physical wellness is any activity that allows participants to move and be active in an age appropriate way or provides them with a nutrient rich diet that contributes to a healthy lifestyle. Positive physical wellness are activities that safely increase the heart rate and support bodily mobility (such as dancing, walking, sprinting, lifting weights, soccer, basketball and all other sports). Positive wellness in terms of diet often means receiving a full healthy meal (whole unprocessed foods such as - fruits, vegetables, whole grain, lean proteins) and no sodium or sugar filled drinks or snacks.
Mental & Emotional Wellness	Mental and emotional wellness allow individuals to operate through their world with a sense of stability and positivity. Individuals are able to handle difficult social situations with grace, wisdom, and strength; allowing them to control their emotions as opposed to their emotions controlling them.
Social & Community Wellness	Social & emotional wellness are defined as activities that contribute to an individual's ability to socialize with others, build friendships, relationships and partnerships with diverse people. It allows people to build a strong social network and feel that people can rely on in times of need and create positive social routines that contribute to a sense of belonging. This social wellness allows individuals to navigate through varying social circumstances and experience new social interactions and learn from new communities which enrich their own.
Academic, Career, & Financial Wellness	Academic, career, & financial wellness are defined as activities that help an individual gain knowledge, progress in their academic learning, gain new career skills, and have the potential to help the participant grow financially.



CITY OF EAST PALO ALTO

Mayor & City Council

MAYOR
Webster Lincoln

VICE MAYOR
Ruben Abrica

COUNCIL
Martha Barragan, Mark Dinan, Carlos Romero

Honorable Members of the City Council City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303

January 22, 2026

RE: Woodland Avenue Parking Restrictions – Clarification and Continued Concerns

Dear Councilmembers:

I am writing to address the January 20, 2026 discussion regarding parking restrictions along Woodland Avenue and San Francisquito Creek, and to clarify the record.

Contrary to some public reporting, the Council did not decline or reject the staff recommendation. The item was continued, with direction to Public Works to identify viable parking alternatives for nearby residents. I abstained from this vote. The required field study will delay Council action by several months.

I want to restate the evidentiary basis for the original proposal: City staff recommended the parking restrictions. The Public Works and Transportation Commission reviewed and approved the recommendation in April 2025. A survey of nearby residents showed >65% support for restrictions. Staff documented ongoing illegal dumping, encampment activity, and safety hazards along the corridor.

The pocket areas along Woodland Avenue are pull-out sections separate from the general roadway parking that residents rely upon. A recent site assessment documented that these pocket areas are being used for long-term vehicle storage, including recreational vehicles that appear occupied and potentially abandoned vehicles. Encampment activity and illegal dumping persists despite existing signage.

Staff has confirmed that there are currently no Resolutions or Ordinances on record that prohibit parking on Woodland Ave. The City Attorney's office is verifying this finding. Without formal Resolutions or Ordinances restricting parking in these areas, we lack enforcement authority for parking on Woodland Ave.

Additionally, I want to bring to the Council's attention a troubling discovery. A recent site visit documented multiple locations along the Woodland Avenue corridor where signage has been illegally removed. Attached photographs show bare metal posts where "No Parking" or "No Dumping" signs once stood. The deliberate removal of City signage undermines our enforcement

capabilities and represents vandalism of public property. I request that staff investigate these incidents and that replacement signage be installed promptly.

I remain concerned about the environmental justice implications of delaying action. San Francisquito Creek is a shared natural resource. Illegal dumping and encampments along its banks pose documented risks to the San Francisco Bay and the surrounding environment. These are harms our community bears disproportionately. I would ask my colleagues to consider whether we would accept similar conditions along waterways in neighboring jurisdictions, or whether we would demand immediate action.

I supported the development of a permit parking program precisely because it offers an equitable solution—prioritizing parking for residents who actually live in our community while addressing the legitimate concerns staff identified. I look forward to reviewing the results of the field study and returning to this matter with the same commitment to evidence-based decision-making.

Sincerely,

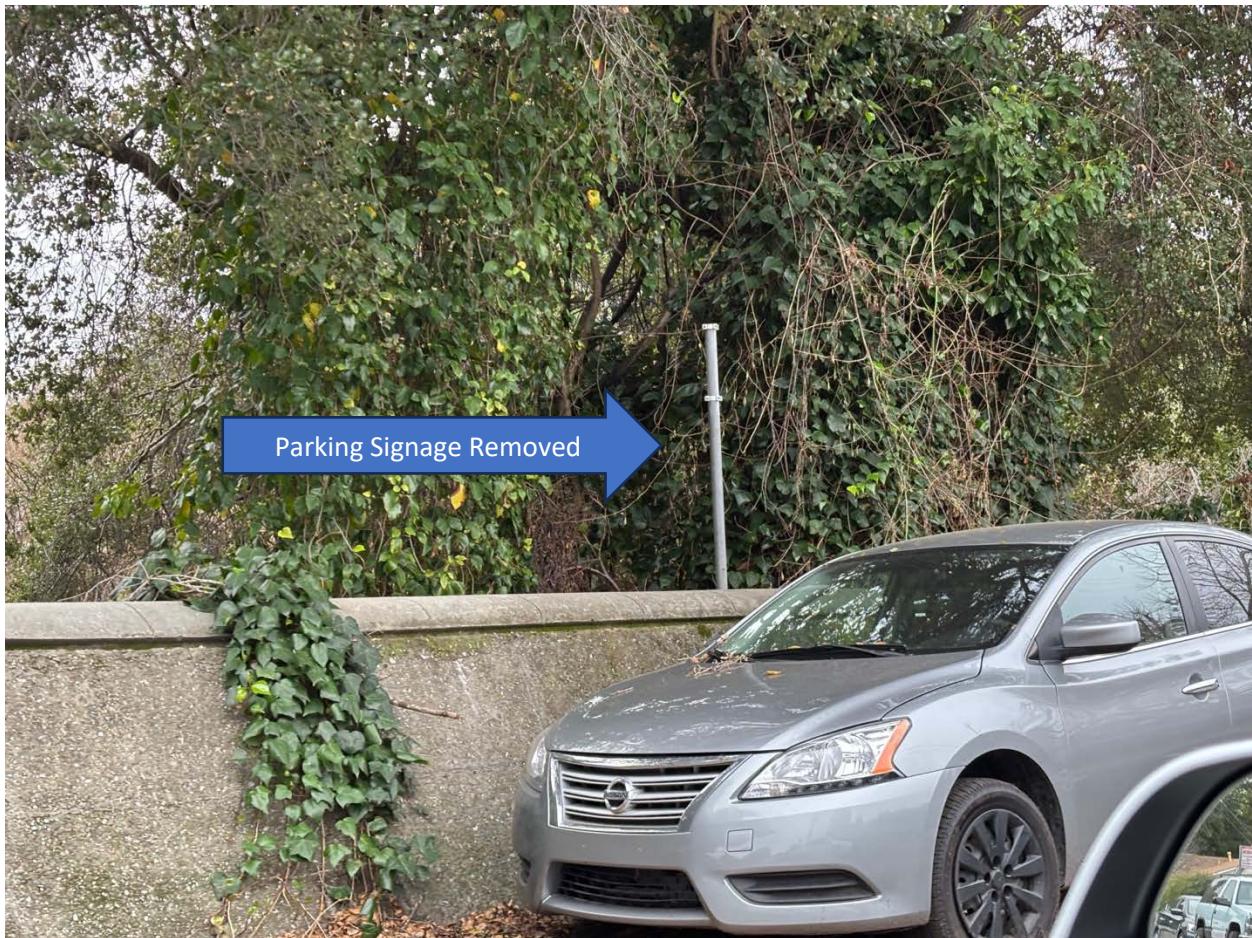
A handwritten signature in black ink that reads "Webster Lincoln". The signature is fluid and cursive, with "Webster" on the top line and "Lincoln" on the bottom line.

Webster Lincoln
Mayor, City of East Palo Alto

Attachments: A. Site photographs documenting current conditions and removed signage (10 images)

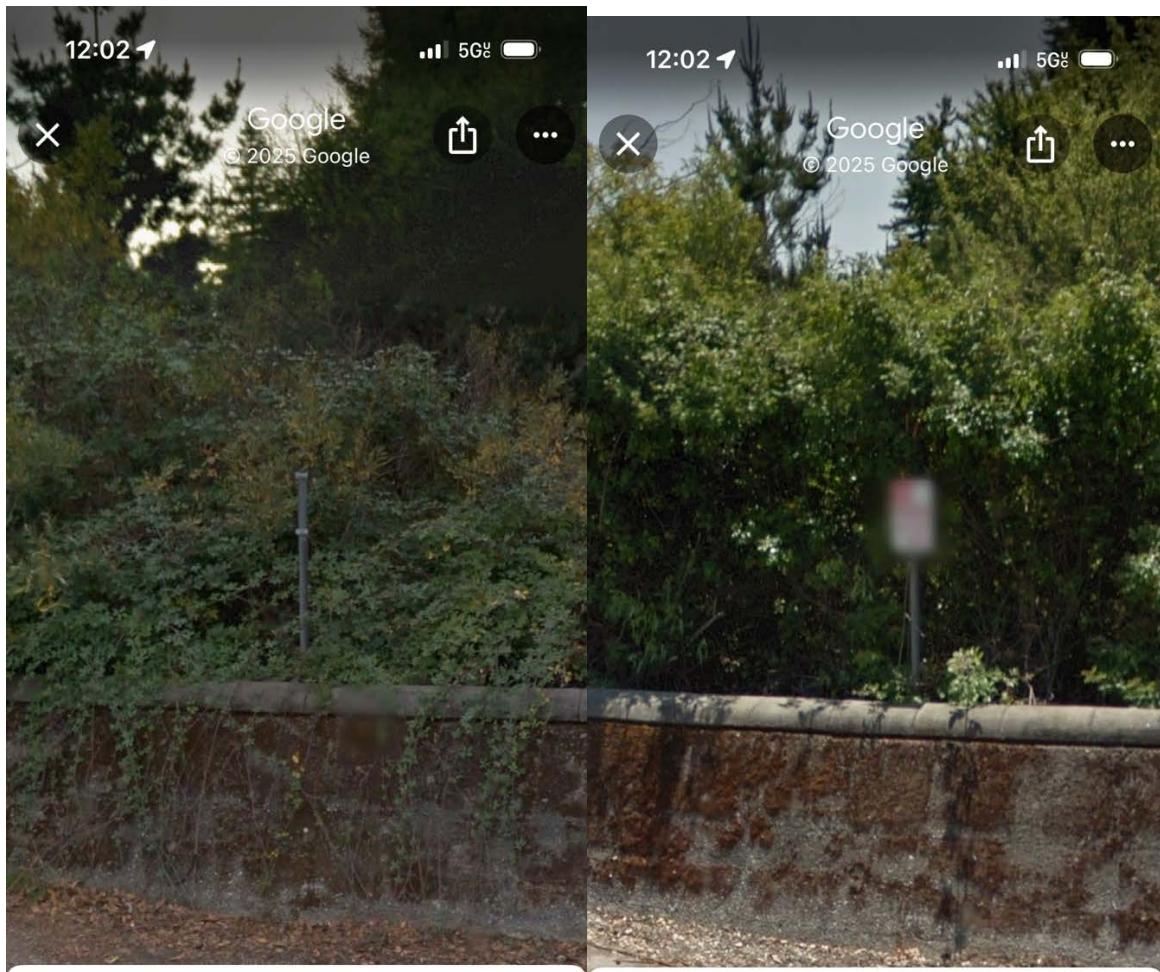






Parking Signage Removed





1829 Woodland Ave



May 2023



Dec 2022



Jan 2 2013



May 2011



May 2008



1829 Woodland Ave







CITY OF EAST PALO ALTO

Mayor & City Council

MAYOR
Webster Lincoln

VICE MAYOR
Ruben Abrica

COUNCIL
Martha Barragan, Mark Dinan, Carlos Romero

January 26, 2026

To: East Palo Alto Community and Council - specifically to residents along Woodland Ave

From: Ruben Abrica, Vice Mayor

RE: Reflections on January 20 meeting... Let's not eliminate viable parking areas.... and other topics

I first want to thank all the residents who spoke --although limited to only 1 minute-- expressing their concerns about the potential elimination of parking spots along Woodland Avenue- adjacent to San Francisquito Creek. I am writing this letter in order to elaborate on several issues that surfaced during the public meeting.

The City Council voted --with Mayor Lincoln Abstaining- to direct staff to comeback with a fuller report, including alternatives to preserve parking areas. This was better than accepting on January 20 the recommendation of the Public Works and Transportation Commission (PWTC) to put up signs and basically eliminate all parking along Woodland Avenue adjacent to the Creek.

1. The Issue of the Trash, inside and outside the Creek

I think unintentionally, the staff and the PWT Commission conflated trashing a place with parking in a place and signs..."In addition to parking issues, there is also concern with illegal dumping and encampments along Woodland Avenue". As many residents pointed out...dumping trash inside or outside of the Creek is a serious but separate issue in certain spots along Woodland Ave. I agree with them and feel that the connection is false and stigmatizes neighbors in that area. Let me explain:

There are and have been several hot spots throughout the City where illegal dumping occurs. At one point in past years trash was dumped regularly around Weeks and Pulgas near the Ecumenical Hunger Program (EHP) and the Montage Housing Community. Were we to assume that the neighbors in that area were responsible for the trash and that by putting up missing parking signs and restricting parking the trashing would go away? I don't think so. Why would we associate parking issues with trashing a place and indicting a whole sub-neighborhood?

It is clear that there are a couple of spots where cars park chaotically, where some cars and trucks have people living in them and they may be generating trash and dumping it around. But if you walk up and down Woodland Ave (I have done it 3 times in the last

week) you will observe that out of approximately 60 cars parked, those troubled spots may involve 10 or so cars. So why penalize and eliminate parking in the other potential 50 spaces that residents in that neighborhood need?

It is the City's responsibility to address the Trash issue. Neighbors in that area have always helped the Clean Zone project (housed in the Police Department) and Public Works assists with clean up activities at different times. More intensive work needs to be done, but let's not blame the people.

#2 *The issue of missing signs and preserving parking for residents.*

I look forward to a fuller report on signs and how to preserve much needed parking spaces. As most speakers pointed out, they work different shifts and need parking when coming back from work.

Why make the everyday life of residents harder than it already might be?. these days.