



EAST PALO ALTO CITY COUNCIL REGULAR SESSION AGENDA

Tuesday, July 2, 2024, 6:30 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/86830915057>

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
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+ 1 929 205 6099 or
+ 1 301 715 8592

Webinar ID: 868 3091 5057

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 **Monthly Cash Treasury Report for May 2024**

Recommendation: Accept Cash Report for May 2024

3.2 **2024 Military Equipment Annual Report**

Recommendation: Adopt a Resolution:

Accepting the annual Military Equipment report, and based thereon, finding that each type of Military Equipment that remains complies with the standards for approval set forth in Chapter 9.25 of the East Palo Alto Municipal Code through May 30, 2024, except as provided for herein

3.3 **Disability Pride Month Proclamation**

Recommendation:

Present the proclamation for Disability Pride Month.

3.4 **Bishop Dr. Cleveland P. Prince Proclamation**

Recommendation:

Present the proclamation for Bishop Dr. Cleveland P. Prince.

3.5 **City Council Meeting Minutes**

Recommendation:

Adopt the June 4, 2024 City Council Meeting Minutes.

4. **CLOSED SESSION**

Property: 141 Demeter St., East Palo Alto, CA

Agency Negotiation: Melvin Gaines, City Manager, John D. Lê ., City Attorney

Under Negotiation: Price and Terms

5. **PUBLIC COMMENT**

6. **INFORMATIONAL REPORTS**

7. **SPECIAL PRESENTATIONS**

8. **PUBLIC HEARINGS**

9. POLICY AND ACTION

9.1 **Discussion of Draft Nexus Study and Draft Financial Feasibility Analysis for Updating the City's Development Impact Fees for Funding Parks and Trails, Public Facilities, Transportation, Water, and Storm Drainage Infrastructure Improvements.**

Recommendation: Discuss and provide comments on the Draft Development Impact Fee Nexus Study Update, Draft Development Impact Fee Financial Feasibility Analysis, and Development Program Fee Options

9.2 **Economic Development Strategic Plan RFP (Authorization to Release & Appointment of City Council Adhoc Subcommittee).**

Recommendation:

1. By motion, authorize the City Manager to issue a Request for Proposal (RFP) for the East Palo Alto Economic Development Strategic Plan (ED Strategic Plan) project
2. By motion, appoint a two-member City Council Ad Hoc Subcommittee to provide input and advice to City Staff and Project Team members on the ED Strategic Plan project

9.3 **Citizen Initiative**

Recommendation:

Adopt a resolution:

1. Calling for the consolidation of the measure with the General Municipal Election scheduled for November 5, 2024, for the purpose of submission of a measure to the voters;
2. Determining the City's interest in ballot arguments (for, against, or rebuttal), including determining certain details concerning such arguments, such as how and when they will be finalized and approved; and
3. If desired, order a report on the initiative's effect on municipal operations, with direction as to when the report must be returned to the Council, no later than 30 days.

10. COUNCIL REPORTS

11. ADJOURNMENT

Upcoming meetings:

Meeting	Date	Time
Regular Meeting	July 16, 2024	6:30 PM
Special Meeting	July 25, 2024	6:00 PM
Regular Meeting	September 3, 2024	6:30 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: June 25, 2024

ATTEST:

James Colin

City Clerk



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Tomohito Oku, Finance Director
Bo-kyoung Kim, Finance Services Manager
Jessica Y Caballero, Senior Accountant

SUBJECT: Monthly Cash Treasury Report for May 2024

Recommendation

Accept and file the Cash Treasury Report for the month of May 2024.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority No. 4: Ensure Our Financial and Organizational Health

Background

Pursuant to Section 53646 of the Government Code of the State of California, the City Treasurer may submit a quarterly report to the City Council regarding the funds and investments of the City. Further, City Investment Policy Section XVIII requires monthly reporting of investment transactions, as specified. Because the City participates in State and County investments pools and does not independently broker or engage outside investment advisors to transact investments, the monthly reporting provides a snapshot of overall cash receipts, transfers, and disbursements on a monthly basis.

Analysis

The Monthly Cash Treasury Report ("Report") covers cash and investments of the City in the four cash and investment accounts: Wells Fargo Bank, San Mateo County Pool, California State Local Agency Investment Fund, and the California Asset Management Program (CAMP). The Report does not include petty cash, or the California State Community Infrastructure Program



CONSENT ITEM 3.1

(SCIP) bond proceeds held by a trustee in the name of the City. For investment purposes, City cash is pooled, except for bond proceeds held by a trustee. The City does not have, nor is it legally required to have, separate bank accounts for each individual fund. However, all cash is segregated in the City's accounting records. Monthly cash transactions for the monthly period ending May 31, 2024, are as follows:

Account	Beginning Balance	Receipts	Disbursements	Interest Allocation	Inter-Account Transfers	Ending Balance
Wells Fargo Bank	4,893,865.55	6,544,157.51	(2,884,938.02)	-	(5,820,000.00)	2,733,085.04
LAIF	14,909,893.50	-	-	-	-	14,909,893.50
San Mateo County Pool	41,443,981.42	3,153,880.39	-	-	(5,180,000.00)	39,417,861.81
CAMP	79,389,500.17	-	-	388,927.30	11,000,000.00	90,778,427.47
Total	140,637,240.64	9,698,037.90	(2,884,938.02)	388,927.30	-	147,839,267.82

The Wells Fargo cash balance reflects the book value balance (i.e., total outstanding checks not cashed are deducted from the account balance). The month-to-date cash and investment balance increased by approximately \$7.2M compared to the balance as of April 30, 2024.

May receipts, a total of approximately \$9.7M, primarily consist of a reimbursement from the U.S. Department of Commerce Economic Development Administration (EDA) for the grant close-out of the Ravenswood-Bay Road Stormwater Infrastructure project (\$4.4M), a reimbursement from the San Mateo County Transit Authority (SMCTA) for Measure A Program Bicycle Transportation Plan (\$0.36M), Tax distribution (\$0.34M), Veolia (\$0.34M), a reimbursement from the Department of Transportation (DOT) for Hwy 101/University Avenue Pedestrian/Bicycle Overpass Project (\$0.24M), Four Seasons (\$0.22M), and other various receipts.

May disbursements, a total of approximately \$2.9M, primarily consist of Payroll costs (\$1.1M), MCM Construction Inc. for the Hwy 101/University Avenue Pedestrian/Bicycle Overpass project (\$0.29M), Kaiser Foundation Health Plan for Medical Benefits (\$0.1M), and other recurring operating expenditures.

The table below reflects recent treasury yield comparisons up to five-year notes since that is the maximum maturity the City may invest:¹

	May-24	Apr-24	May-23
6-Month Treasury Bill	5.17	5.18	5.23
2-Year Treasury Note	4.89	5.04	4.40
5-Year Treasury Note	4.52	4.72	3.74

Local Agency Investment Fund (LAIF) average monthly effective yields were 4.332% in May which increased by 0.06% from April 2024. San Mateo County monthly gross earnings for May were 4.007% compared to 3.949% in April 2024. The County Pool earnings estimates for FY 23-24 are at 3.75%.

Staff believes the City has investment liquidity and anticipated revenues to meet the City's anticipated expenditure requirements for the ensuing six months.

¹ Daily US Treasury Yield Curve. Treasury.gov



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The following table shows a breakdown of cash and investment balance by fund type.

Summary May 31, 2024		
	Deposit Value	Market Value
General Fund (Inc. Petty cash of \$10,800)	\$ 37,541,674	\$ 37,541,674
General Sub-Funds (Committed/Reserved)	\$ 19,739,657	\$ 19,739,657
City Funds Restricted and Committed	\$ 87,610,231	\$ 87,610,231
Successor Agency Trust	\$ 3,694,319	\$ 3,694,319
Unrealized Gain on Investment Pools	\$ -	\$ (573,968)
	\$ 148,585,880	\$ 148,011,913

The book market value totals \$148,011,913 including an unrealized loss² of \$573,968, reflecting treasury yields during the calendar year. All except for the General Fund balance is restricted by either City Council or external parties for specific purposes. Unrestricted cash and investment balance under General Fund (\$37,541,674) may be used at Council discretion.

Fiscal Impact

None. This report is informational.

Public Notice

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

Environmental

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

Government Code § 84308

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

Analysis of Levine Act Compliance: Not applicable.

² Investment FMV factor is provided Quarterly basis. Thus, as of 03/31/2024 FMV factor is used to calculate Unrealized Gain on Investments.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

Date: July 2, 2024
To: Honorable Mayor and Members of the City Council
From: Melvin E. Gaines, City Manager
Jeff Liu, Chief of Police
Subject: Military Equipment Annual Report Fiscal Year 2023/24

Recommendation

Adopt a resolution accepting the annual Military Equipment report, and based thereon, finding that each type of Military Equipment that remains complies with the standards for approval set forth in Chapter 9.25 of the East Palo Alto Municipal Code through May 30, 2024, except as provided for herein.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority No. 1: Enhance Public Safety and Emergency Preparedness
Priority No. 2: Increase Organizational Effectiveness and Efficiency

Executive Summary

In accordance with Government Code Sections 7070 through 7072, the East Palo Alto Police Department is reporting the annual use of Military Equipment

Background

On September 30, 2021, Governor Newsom signed a series of policing reform bills aimed at increasing transparency of peace officer misconduct records, improving policing responsibility and accountability guidelines, raising eligibility standards, banning harmful restraint techniques, and

CONSENT ITEM 3.2

creating a public forum for the purchase of military equipment. Assembly Bill (AB) 481, codified as Government Code Sections 7070 through 7072, focused upon law enforcement's acquisition, use, and funding of military equipment. The information presented in this report and its attachments fulfills the requirements of AB 481.

AB 481 requires each specified California law enforcement agency to obtain approval from the applicable governing body via adoption for a "military equipment" use policy by ordinance, prior to the law enforcement agency funding, acquiring, or using tools identified as "military equipment." AB 481 also requires law enforcement agencies to produce annual reports and comply with annual approval, ordinance review, and community engagement requirements. The Council, in 2022, adopted an ordinance codifying a use policy under East Palo Alto Municipal Code Chapter 9.25. The ordinance further establishes procedures for any future acquisition of military equipment as defined in AB 481, in addition to ensuring transparency and public engagement.

Analysis

The East Palo Alto Police Department only possesses two (2) pieces of equipment (40mm launchers) meeting the definition of "Military Equipment," under Government Code section 7070. The launchers, for the past 20 plus years, have been used to project sponge rounds as a less lethal option to the use of deadly force.

During the 2023 Military Equipment Annual Report, City Council authorized the destruction of our department's 40mm launchers. Although the launchers have been de-commissioned, the department has not completed a firearm destruction event due to a change in personnel and capacity. A firearm destruction event is planned for the near future and staff anticipates the launchers will be destroyed, as directed by Council, within this fiscal year.

Staff would like the Council to note aspects of the annual report. First, the inclusion of patrol rifles in the annual report is designed to enhance transparency only. Although the thirty-seven (37) patrol rifles do not fit the definition of "Military Equipment," the Department recognizes the public perception that patrol rifles may meet this definition. Thus, the Department is including patrol rifles as part of this report for full transparency. Patrol rifles are assigned individually to sworn personnel, who are responsible for the daily maintenance of the equipment.

Second, the County Sheriff's 2024 Annual Military Equipment Report is included as an attachment given that some level of coordination, though rare, does happen with the County. Specifically, the Department works in partnership with the San Mateo County Sheriff's SWAT Team for tactical operations. Accordingly, Department personnel assigned to SWAT may be called upon to use County Sheriff's equipment. Because the Sheriff's SWAT Team operates within the City of East Palo Alto in this capacity, we are including the Sheriff's military equipment as part of our annual report.

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The Military Equipment Annual Report has been posted on the East Palo Alto Police Department website for public review since June 14, 2024.

Staff is recommending that the Council accept this evening's report and find that each type of Military Equipment that remains on the annual report list complies with the standards for approval set forth in Chapter 9.25 of the East Palo Alto Municipal Code. Further, staff has completed a review of Chapter 9.25 in its entirety and recommends that the Council enact no changes.

Fiscal Impact

The proposed destruction of the (2) 40mm launchers will occur with the budgeted, court approved, annual destruction of weapons seized as evidence. There is no fiscal impact for receiving this report.

Public Notice

The public was provided notice of this agenda item by posting the City Council agenda on the City's official bulletin outside City Hall and making the agenda and report available at the City's website and the San Mateo County Library at 2415 University Avenue.

Environmental

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

Government Code § 84308

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

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. East Palo Alto Military Equipment report
2. San Mateo County SWAT Military Equipment
3. Resolution



Military Equipment Annual Report

June 14, 2024

In accordance with CA Government Code Sections 7070/7071/7072, the East Palo Alto Police Department is reporting the annual use of Military Equipment

On September 30, 2021, Governor Newsom signed a series of policing reform bills aimed at increasing transparency of peace officer misconduct records, improving policing responsibility and accountability guidelines, raising eligibility standards, banning harmful restraint techniques, and creating a public forum for the purchase of military equipment. Assembly Bill (AB) 481 focused upon law enforcement's acquisition, use, and funding of military equipment.

AB 481 requires law enforcement agencies to produce annual reports and comply with outreach/transparency requirements regarding:

- CA Assembly Bill 481 (AB 481)
 - Requires governing body approval prior to taking certain actions regarding the funding, acquisition, or use of "military equipment" as defined
 - Accomplished through adoption of a Military Equipment Use Policy, by ordinance
 - Requires renewal of authorization annually based upon an Annual Military Equipment Report
- CA Government Code Sections 7070, 7071, 7072
 - Codify requirements of AB 481
 - Define "Military Equipment" and other terms
 - Establish requirement for a City ordinance
 - Establish requirements of a "Military Equipment Use Policy"
 - Establish an Annual Military Equipment Report requirement
 - Establish public outreach/transparency requirements
- Established in 2022, East Palo Alto Municipal Code Chapter 9.25 complies with state law and established procedures for the annual reporting for use of the military equipment by the East Palo Alto Police Department. The ordinance further establishes procedures for any future acquisition of military equipment as defined in AB 481.
 - 9.25.050 Reports on the Use of Military Equipment.



Military Equipment Annual Report

June 14, 2024

- A. The Department shall submit to Council an annual Military Equipment Report for each approved type of Military Equipment within one year of approval, and annually thereafter for as long as the Military Equipment is available for use.
- B. The Department shall make each annual Military Equipment Report publicly available on its website for as long as the Military Equipment is available for use.
- C. The annual Military Equipment Report shall, at a minimum, include the following information for the immediately preceding calendar year for each type of Military Equipment:
 - A summary of how the Military Equipment was used and the purpose of its use.
 - A summary of any complaints or concerns received concerning the Military Equipment.
 - The results of any internal audits, any information about violations of the Military Equipment Use Policy, and any actions taken in response.
 - The total annual cost for each type of Military Equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the Military Equipment in the calendar year following submission of the annual Military Equipment Report.
 - The quantity possessed for each type of Military Equipment.
 - If the Department intends to acquire additional Military Equipment in the next year, the quantity sought for each type of Military Equipment.

The East Palo Alto Police Department only possesses two (2) 40mm launchers which fit the definition of "Military Equipment" as defined by Government Code section 7070. The launchers, for the past 20 plus years, have been used to project sponge rounds as a less lethal option to the use of deadly force.



Military Equipment Annual Report

June 14, 2024

While evaluating the use of the 40mm launcher, the department found the equipment had not been used outside of training since 2019. Additionally, the equipment has been in service for over 20 years and has exceeded the life span. The department has taken both 40mm launchers out of circulation and moved them into secure storage pending disposal. We have no plans to replace the 40mm launchers.

Although our thirty-seven (37) patrol rifles do not fit the definition of “Military Equipment” our department recognizes that people commonly envision the rifles as such. Our department is including patrol rifles as part of this report for full transparency. Patrol rifles are assigned individually to sworn personnel, who are responsible for the daily maintenance of the equipment.

The department works in partnership with the San Mateo County Sheriff’s SWAT Team for tactical operations and our personnel assigned to SWAT may be called upon to use Sheriff’s Office equipment. Because the Sheriff’s SWAT Team operates within the City of East Palo Alto in this capacity, we are including the Sheriff’s military equipment as part of our annual report.

The following pages detail the East Palo Alto Police Department’s use of Military Equipment as well as the San Mateo County Sheriff SWAT Team equipment.

Equipment Type: Semiautomatic Rifles and Ammunition

CA Gov't Code §7070(c)(10)

Quantity Owned/Sought: 37 owned	Lifespan: Indefinite
Equipment Capabilities: The semiautomatic rifle is capable of firing 5.56mm / .223 caliber projectiles.	
Manufacturer Product Description: Various models The standard issue patrol rifles issued to East Palo Alto Police Department sworn members are AR-15 platform rifles with 10.3 inch barrels. Colt The Colt OEM Series offers a no-compromise solution for consumers and dealers to build and offer customized rifles based on the proven Colt M4 Platform. Handguards, Buttstock, Trigger Guard, Magazine, and Rear Sight have been omitted completely. The OEM1 is ready to accept most aftermarket Drop-In style Handguards that utilize the factory barrel nut and retaining ring. Also Available with Low Profile Gas Block and without Handguard Retaining Ring (LE6920-OEM2). (https://www.colt.com/detail-page/colt-le6920-oem1-556-161-a2-blk) Smith and Wesson M&P15 Rifles are the ideal modern sporting rifle. Built to perform multiple uses under various conditions, M&P15 Rifles are as versatile as they are reliable. Engineered for a wide variety of recreational, sport shooting and professional applications, M&P15 Rifles are easy to accessorize, but hard to put down. M&P15 Rifles are lightweight and rugged embodying the best combination of function and form. (https://www.smith-wesson.com/product/mp-15-sport-ii) Bushmaster The Heart Of Every Bushmaster™, M4 Patrolman's™ is a staple in every collector's set. Handcrafted in America, Quality Control, and Proven to Perfection. (https://www.bushmaster.com/m4-patrolmans-ca)	
Purpose/Authorized Uses: Members may deploy the patrol rifle in any circumstance where the member can articulate a reasonable expectation that the rifle may be needed. Examples of some general guidelines for deploying the patrol rifle may include, but are not limited to: a. Situations where the member reasonably anticipates an armed encounter. b. When a member is faced with a situation that may require accurate and effective fire at long range. c. Situations where a member reasonably expects the need to meet or exceed a suspect's firepower. d. When a member reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage. e. When a member reasonably believes that a suspect may be wearing body armor. f. When authorized or requested by a supervisor.	

g. When needed to euthanize an animal.
(Excerpt from East Palo Alto Police Policy 305)
Fiscal Impacts: The initial cost of equipment varied as the equipment was purchased incrementally. The current replacement cost for a single patrol rifle is approximately \$1200.00. The ongoing costs for ammunition will vary and maintenance is conducted by departmental staff.
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various San Bruno Police Department Policies on Use of Force and Firearms.
Training Required: Officers must successfully complete a CA POST certified 24-hour patrol rifle course as well as regular department firearms training and qualifications as required by law and policy.
Other Notes: These rifles are standard issue service weapons for our officers and therefor exempted from this Military Equipment Use Policy per CA Gov't Code §7070 (C)(10). They have been included in this document in an abundance of caution and in the interest of transparency.
Use during FY 2023/24: Training only
Complaints during FY 2023/24: None
Internal Audits & Violations of policy during FY 2023/24: None
Approximate maintenance cost (personnel, training, etc): \$15,000.00 (Training and ammunition)
Plan to acquire additional equipment: None

Equipment Type: 40mm Less Lethal Launchers and Kinetic Energy Munitions

CA Gov't Code §7070(c)(14)

Quantity Owned/Sought: 2 owned	Lifespan: Approximately 20 years
Equipment Capabilities: The 40mm Less Lethal Launcher is capable of firing 40mm Kinetic Energy Munitions, which are essentially rubber projectiles.	
Manufacturer Product Description: Manufactured exclusively for Defense Technology®, the 40LMTS is a tactical single shot launcher that features an expandable ROGERS Super Stoc and an adjustable Integrated Front Grip (IFG) with light rail. The ambidextrous Lateral Sling Mount (LSM) and QD mounting systems allow both a single and two point sling attachment. The 40LMTS will fire standard 40mm less lethal ammunition, up to 4.8 inches in cartridge length. The Picatinny Rail Mounting System will accept a wide array of enhanced optics/sighting systems. (https://www.defense-technology.com/product/40mm-lmt-tactical-single-launcher-expandable-stock/) The eXact iImpact™ 40 mm Sponge Round is a point-of-aim, point-of-impact direct-fire round. This lightweight, high-speed projectile consisting of a plastic body and sponge nose that is spin stabilized via the incorporated rifling collar and the 40 mm launcher's rifled barrel. The round utilizes smokeless powder as the propellant, and, therefore, have velocities that are extremely consistent. Used for Crowd Control, Patrol, and Tactical Applications. (https://www.defense-technology.com/product/exact-impact-40-mm-standard-range-sponge-round/)	
Purpose/Authorized Uses: The 40mm Less Lethal Launchers and Kinetic Energy Munitions are intended for use as a less lethal use of force option.	
Fiscal Impacts: The replacement cost of a 40mm launcher is currently \$1,035.00. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.	
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. Various San Bruno Police Department Policies on Use of Force and Crowd Control.	
Training Required: Officers must complete a department certified 40mm course as well as regular training and qualifications as required by law and policy.	
Other Notes: None.	
Use during FY 2023/24: None	
Complaints during FY 2023/24: None	
Internal Audits & Violations of policy during FY 2023/24: None	
Approximate maintenance cost (personnel, training, etc): None	
Plan to acquire additional equipment: None	



2024 Annual Military Equipment Report

The following list of military equipment (as defined in California Government Code §7070) includes equipment that has been purchased, owned, or used by the San Mateo County Sheriff's Office. This list also includes such equipment for which the purchase and/or use may be sought.

The San Mateo County Board of Supervisors will use the Annual Military Equipment Report as a mechanism to ensure the San Mateo Sheriff's Office compliance, and to help it determine whether to approve, revise, or revoke components of the Military Equipment Use Policy for the subsequent year.

While Government Code section §7070 defines what constitutes "military equipment" for the purposes of this policy, most of the items listed herein have been procured directly from private retailers, dealers or manufacturers. Few, if any, were obtained through the Department of Defense Law Enforcement Support Office (LESO) program. Furthermore, numerous items deemed "military equipment" by Government Code section §7070 are substantially similar or, in some cases, identical, to items available for civilian purchase. It should also be noted that some quantities and prices have been estimated.

Pursuant to California Government Code §7070(d)(7), members of the public may register complaints or concerns or submit questions about the use of each specific type of Military Equipment in this policy to the San Mateo County Sheriff's Office Professional Standards Bureau by any of the following means:

Via email to: SHERIFFS_PSB@SMCGOV.ORG
Via phone call to: (650) 363-4395
Via mail sent to: San Mateo County Sheriff's Office
Professional Standards Bureau
Attn: Captain Brian Philip - Military Equipment Coordinator
400 County Center
Redwood City, CA 94063

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Section One: Qualifying Equipment Owned/Utilized by the San Mateo County Sheriff's Office

Definitive Section:	CA Gov't Code §7070(c)(1)	
Equipment Type:	<i>Unmanned, remotely piloted, powered ground vehicles</i>	
Common Name:	Bomb Squad Robot	
Quantity Owned/Sought:	3 owned	Lifespan: 15-20 years
Equipment Capabilities: Bomb Squad Robots are capable of being remotely navigated to provide scene information and intelligence in the form of audio/video/data transmitted to operators. Robots are capable of remotely manipulating and examining items. Robots are also capable of remotely deploying disrupting tools.		
Manufacturer Product Description: Remotec Andros F5 – A robotic tracked vehicle, equipped with cameras and microphone. The robot is equipped with an arm capable of manipulating objects. The robot can be configured to carry remote disrupting tools. Qinetic Talon – A robotic tracked vehicle, equipped with chemical, biological, radiological sensors, cameras and microphones. The robot is equipped with an arm capable of manipulating objects. The robot can be configured to carry remote disrupting tools. Qinetic Bobcat – A robotic tracked vehicle, equipped with cameras and microphone. The robot can be equipped with a standard bucket, gripper claw or fork-lift attachment. The robot can be configured to carry remote disrupting tools.		
Fiscal Impacts: The initial cost of the equipment, licensing, software and training was approximately \$750,000. Ongoing cost associated with operations and maintenance is estimated to be approximately \$10,000 a year. These funds come from the Sheriff's Office budget.		
Purpose/Authorized Uses: To enhance the safety of potentially dangerous situations by providing first responders with the ability to remotely examine suspicious / dangerous items and manipulate or disrupt them prior to, or in lieu of, sending in personnel. Uses in Prior Year: Any or all of these assets were deployed during (60) different Bomb Squad activations during the prior year. These activations included protective sweeps and disposals of destructive devices and/or materials.		
Legal/Procedural Rules Governing Use: The use of unmanned, remotely piloted, powered ground vehicles potentially involves privacy considerations. Absent a warrant or exigent circumstances, operators and observers shall adhere to all applicable privacy laws and shall not intentionally record or transmit images of any location where a person would have a reasonable expectation of privacy (e.g., residence, yard, enclosure). San Mateo County Sheriff's Office Policies including: Lexipol 800 – Property and Evidence Lexipol 407 – Response to Bomb Calls		
Training Required: Operators of these robots are all currently certified Hazardous Device Technicians. As such Operators regularly train monthly in the use of the robots.		

Definitive Section:	CA Gov't Code §7070(c)(1) – Military Equipment Use	
Equipment Type:	Unmanned Aircraft Systems (UAS/Drones)	
Quantity Owned: (2) M300s owned, (3) Mavic 2 Enterprise Advanced owned, (5) Mavic 2 Enterprise Dual owned, (1) unserviceable/damaged Mavic 2 Enterprise Dual, (4) DJI Mavic 3 Enterprise/Thermal, (2) DJI Avata Sought: (4) DJI Mavic 3 Enterprise/Thermal, (2) DJI M30T, (2) DJI Mini 4, (2) DJI Avata		Lifespan: Approximately 5 years
Equipment Capabilities: Remotely piloted aerial vehicles capable of providing live and recorded video images captured from aerial positions, including images enhanced by Forward Looking Infrared (FLIR) and optical zoom lenses.		
Manufacturer Product Description: <u>Matrice 300 RTK:</u> The DJI Matrice 300 RTK is a powerful, industrial-grade flight platform with world-class agility and speed, two barometers, and redundant IMUs for maximum reliability, and new smart flight features that make capturing complex shots easy. The aircraft's visual sensors enable enhanced hovering precision even when flying indoors or in environments where GNSS is unavailable. The drone's new airframe design gives it an IP45 Ingress Protection Rating, in accordance with the global IEC 60529 standard. The M300 RTK's mechanical design, along with quick release landing gears and mounted folding arms, makes it easy to transport, store, and prepare for flight. 15km Max Transmission, 55 minutes of flight time, six directional sensing and positioning sensors, hot-swappable battery, -20°C to 50°C operating temperature, with a Zenmuse H20 series camera (200x zoom, 640p thermal camera). <u>DJI Mavic 2 Enterprise Dual/Advanced & DJI Mavic 3 Enterprise/Thermal:</u> The DJI Mavic 2 Enterprise series features omnidirectional Vision Systems and Infrared Sensing Systems and comes with a fully stabilized 3-axis gimbal camera with an equivalent 24-48 mm2x optical enterprise lens capable of shooting 4k videos and 12-megapixel photos that support up to 6x FHD zoom. DJI signature technologies such as Obstacle Sensing and the Advanced Pilot Assistance System, help you capture complex shots effortlessly. Additional features like the built in AirSense make you aware of your surrounding airspace, and password protection helps you maintain secure access to your aircraft and protect your data. The Mavic 2 Enterprise also has attachable modular accessories like the M2E spotlight, M2E Beacon, and M2E Speaker that are purpose built for various applications. The Mavic 2 Enterprise boasts a maximum flight speed of 44.7 mph and a maximum flight time of 31 minutes. Both the Dual and Advanced variants are equipped with thermal cameras, which enable first responders to see thermal gradient on the screen. The Advanced version is equipped with a high-resolution thermal camera (640p), and the Dual is equipped with a low-resolution thermal camera (160p). The 2023 model year Mavic 3 is the manufacturer's replacement for the older Mavic 2 aircraft (no longer available for purchase). The Mavic 3 features a newer wide-angle camera with 56x hybrid zoom, a high-resolution thermal camera (640p) and a 4/3 CMOS sensor on the mapping version for high resolution photo mapping. <u>DJI Avata:</u> The DJI Avata is a first-person view drone capable of indoor flight. The model features a 4k		

high resolution camera system, and up to 23 minutes of flight. The aircraft is equipped with downward obstacle sensing system which allows it to perform low altitude or indoor flight. The Avata is built with a durable frame that reduces the risk of damage to the drone. It also has built in propeller guards which allow it to bounce back and continue flying if in contact with an object. The Avata has HD low latency transmission and emergency brake. This compact model is extremely portable and can fly in very confined spaces, which is suited for search and rescue missions and tactical operations within structures.

DJI M30T: The DJI M30T is a versatile drone featuring an integrated payload with a 48MP wide camera, a 12MP tele zoom camera, and a thermal camera for diverse operational needs. It offers advanced flight performance, easily handling challenging weather with an IP55 rating, and ensures safety with comprehensive sensors and collision avoidance system. Its intuitive DJI RC Plus remote control enhances mission efficiency. The DJI M30T has a 41-minute flight time.

DJI Mini 4: The DJI Mini 4 is a lightweight compact drone capable of indoor flight. This model features a 4K high resolution camera system, and up to 45 minutes of flight with an optional larger battery. The aircraft is equipped with omnidirectional obstacle sensing and the controller includes a video screen for the pilot to use for flight control and camera field of view. This model is extremely portable and can fly in confined spaces, which is suited for search and rescue missions and tactical operations within structures.

Fiscal Impacts: The initial costs of equipment, licensing, software and training was approximately, \$70,000 in 2020, which was funded with Equitable Sharing Asset Forfeiture Funds. Ongoing cost associated with UAS operation and maintenance is estimated to be approximately \$15,000 per year. New aircraft purchases for 2024 are expected to be approximately \$80,000 for replacement of aging fleet and the addition of smaller flight indoor capable aircraft.

Purpose/Authorized Uses: UAS/Drones may be utilized to enhance the Department's mission of protecting lives and property when other means and resources are not available or are less effective. Uses may include but are not limited to:

Search and rescue missions, investigative scenes for video/photograph documentation, Hazardous Materials (hazmat) response, public safety and life preservation missions (i.e., barricaded suspects, hostage situations, active shooters, high-risk tactical operations), disaster response (i.e., flood, earthquake, fire), suspected explosive devices, pursuant to a warrant (search or arrest), special events, outside public agency assists and mutual aid support when the underlying mission meets the uses outlined in agency policy, training flights as required to meet FAA and Sheriff's Office certification standards, searching for wanted suspects, and demonstrations to the public (i.e. flight demonstrations to the public)

Uses in Prior Year: Unmanned Aerial Systems were deployed **(49)** times in the past year, including search and rescue missions, scene mapping, suspect search and apprehension missions, community events, and training evolutions.

Legal/Procedural Rules Governing Use: Any use of a UAS will be in strict accordance with constitutional and privacy rights and Federal Aviation Administration (FAA) Part 107 regulations. All flights conducted in public (other than training and demonstrations) will be reported to the FAA monthly per the requirements of the agency COAs on file. The use of the UAS potentially involves privacy considerations. Absent a warrant or exigent circumstances, operators and observers shall adhere to FAA altitude regulations and shall not intentionally record or transmit images of any location where a person would have a reasonable expectation of privacy (e.g., residence, yard,

enclosure). Operators and observers shall take reasonable precautions to avoid inadvertently recording or transmitting images of areas where there is a reasonable expectation of privacy. Reasonable precautions can include, for example, deactivating or turning imaging devices away from such areas or persons during UAS operations.

UAS recordings of the following should be retained for a minimum of two years (Penal Code 832.18):

- Incidents involving use of force by a deputy
- Officer-involved shootings
- Incidents that lead to the detention or arrest of an individual
- Recordings relevant to a formal or informal complaint against a deputy of the San Mateo County Sheriff's Office

Recordings containing evidence that may be relevant to a criminal prosecution should be retained for any additional period required by law for other evidence relevant to a criminal prosecution (Penal Code § 832.18). All other recordings should be retained for a period consistent with the requirements of the agency's records retention schedule.

All recordings made by members on any office-issued device at any time, and any recording made while acting in an official capacity for this office, regardless of ownership of the device it was made on, shall remain the property of the Sheriff's Office. Members shall have no expectation of privacy or ownership interest in the content of these recordings.

Training Required: Prior to piloting any UAS/Drone staff members shall acquire an FAA Remote Pilot Certificate under the FAA's Small UAS Rule (Part 107). Before a member can be authorized to conduct flight operations as a UAS operator, they must complete at least eight hours of flight training with UAS instructors to show proficiency of the flight training exercise and the airframe. This must be accomplished to show their ability and knowledge of the UAS. To maintain a level of proficiency with the UAS, operators shall be required to attend regular training. Training will be coordinated through the Program Coordinator. All members in the assignment shall maintain proficiency in their piloting skills. Members who do not have any documented training or flight time within a span of six months will need to demonstrate proficiency before being a pilot during a deployment or exercise.

All members will have a training file on record that detail their training history. All deployments or exercises will be documented and count towards a member's training.

Definitive Section:	CA Gov't Code §7070(c)(1)
Equipment Type:	CTS CS Gas and Defense Tech CS liquid
Quantity Owned/Sought: 134 owned	Lifespan: Approximately 5 years
Equipment Capabilities: All three CS gas types can be deployed by ARV gas spike, burn box/tomahawk, 37mm launcher, or hand thrown.	
Manufacturer Product Description: CTS CS Gas - 5230B – Pyrotechnic grenade designed for indoor use delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire. CTS CS Gas - 8230 – The smallest diameter burning grenade that discharges a high volume of smoke and chemical agent through multiple emission ports. Specifically for outdoor use and it should not be deployed on rooftops, in crawl spaces or indoors due to fire producing capability. Can be hand thrown or launched. CTS CS Gas - 4330 – 40mm CS Liquid Barricade, Spin Stabilized, 4.1" Long, Liquid CS filled projectile penetrates intermediate barriers and delivers irritant agents into an adjacent room. Defense Tech CS liquid - The Ferret® 37 mm CS Round is a frangible projectile filled with chemical agent. Upon impacting the barrier, the nose cone ruptures and instantaneously delivers the .16 oz. agent payload inside a structure. The munitions is 4.8 in. by 1.5 in. and travels at 650fps within an effective range of 50 yards.	
Purpose/Authorized Uses: Chemical agents may be deployed to incapacitate dangerous or hostile subjects, unruly persons, or to overcome resistance to lawful law enforcement actions. SWAT may tactically deploy chemical agents to induce suspect(s) movement or deny or restrict movement and access to areas.	
Uses in Prior Year: 0 deployments	
Fiscal Impacts: The initial costs of equipment is approximately \$40 per device which was purchased though the SMSO SWAT Budget. Ongoing cost associated with the CTS CS Gas devices and Def Tech CS Liquid Ferret rounds during operation and training is estimated to be approximately \$3600 per year.	
Legal/Procedural Rules Governing Use: The use governing the deployment of diversionary device is located in the SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11c (Use of Chemical Agents) San Mateo County Sheriff's Office Policies including: Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies	
Training Required: Team certified instructors shall complete a POST certified Chemical Agent Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the chemical agents.	

Other Notes: None.		
Definitive Section:	CA Gov't Code §7070(c)(1)	
Equipment Type:	40mm Less Lethal Launchers, 37mm Liquid Gas Launcher	
Quantity Owned/Sought:	4 owned	Lifespan: Indefinite
Equipment Capabilities: The 40mm Less Lethal Launcher is capable of firing 40mm Kinetic Energy Munitions, which are essentially rubber projectiles and Liquid CS Gas round. The 37mm Less Lethal Launcher is capable of firing 37mm Liquid Ferret CS Gas round.		
Manufacturer Product Description: Penn Arms 40MM launcher are manufactured using 4140 hardened steel, 6061-T6 mil-spec anodized aluminum and DuPont super tough glass filled nylon. These launchers are light weight, versatile and used worldwide by police and corrections officers. The 40MM launcher family of products is available in single-shot, spring-advance multi, and pump-advance multi-versions. Federal M201-Z Gas Riot Gun (37x122mm) The Federal M201-Z is an upgrade to the Federal L-5 grenade launcher. It's a simple, single-shot, break-open smoothbore launcher intended to fire non-lethal tear gas grenades. Defense Technology 37mm Single Shot Launcher Manufactured exclusively for Defense Technology, launcher that features a fixed rear stock and an Integrated Front Grip (IFG). The ambidextrous Lateral Sling Mount (LSM) and QD mounting systems allow both a single and two point sling attachment. It will fire standard 37mm less lethal ammunition,		
Purpose/Authorized Uses: The 40mm and 37mm Less Lethal Launchers and Kinetic Energy Munitions are intended for use as a less lethal use of force option.		
Uses in Prior Year: 0 deployments		
Fiscal Impacts: The initial cost of this equipment was approximately \$4,000. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. The use governing the deployment of chemical agents and less lethal munitions is located in the SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11c (Use of Chemical Agents) and 2-11d (Use of Less Lethal Munitions) San Mateo County Sheriff's Office Policies including: Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies		

Training Required: Team certified instructors shall complete a POST certified Chemical Agent or Less Lethal Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the 40mm and 37mm launchers.
Other Notes: None.

Definitive Section:	CA Gov't Code §7070(c)(3)		
Equipment Type:	<i>Wheeled vehicles that have a breaching apparatus attached</i>		
Common Name:	Lenco Bearcat		
Quantity Owned/Sought: 1 owned		Lifespan: 20+ years.	
Equipment Capabilities: To be used in response to critical incidents to enhance officer and community safety, improve scene containment and stabilization, and assist in resolving critical incidents.			
Manufacturer Product Description: The ARV is designed to provide ballistic protection during tactical events (designed to withstand multiple bullet strikes from small arms fire as well as low level explosions). Equipped with nuclear/radiological detection devices, self-contained breathing apparatus, explosive gas detection devices, and thermal imaging camera. Equipped with emergency lights/siren and a public address system. Common uses for the ARV include citizen and officer rescues, evacuations, and the deployment of officers and chemical agents. The ARV is currently deployed at large events in San Mateo County including parades, and festivals. The ARV is a regional mutual-aid asset that has been requested and deployed to allied agencies in San Mateo County. The ARV responded to high profile events and incidents where local officers were injured/killed in the line of duty			
Fiscal Impacts: Initial cost: \$300,000.00 Annual maintenance cost of approximately \$2,500. These funds will come from the Sheriff's Office budget.			
Proposed/Authorized Uses: The use of armored vehicle shall only be authorized by a watch commander or SWAT commander, based on the specific circumstances of a given critical incident. Armored vehicles shall be used only by officers trained in their deployment and in a manner consistent with Department policy and training. The driver of the vehicle shall have a valid California driver license.			
Uses in Prior Year: 30 deployments including community events			
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. The use governing the operation of the Armored Rescue Vehicle is located in the SMC Sheriff's Office SWAT/CNU Procedures Section : 2-08 (Armored Vehicle (Bear Cat) Operations)			
Training Required: Training Required: Selected operators will attend a 24 hour POST certified course. SWAT Team members that have attended the POST certified course will instruct SWAT Team member on the operating procedures, mounting and dismounting techniques, firearms deployment procedures, vehicle road operations and ensuring the vehicle is properly serviced and maintained. .			

Definitive Section:	CA Gov't Code §7070(c)(5)	
Equipment Type:	<i>Command and control vehicles</i>	
Common Name:	Mobile Command Vehicle (MCV)	
Quantity Owned/Sought:	1 owned	Lifespan: 20 years.
Equipment Capabilities: The MCV serves as a field command post and communications hub during different types of incidents. These include emergencies or natural disasters, community events and trainings where operations are in the field away from the office and normal communications capabilities may be impacted.		
Manufacturer Product Description: The MCV serves as a field command post providing an incident with a dispatch center, satellite & cellular based internet, a wireless hotspot, a high-definition video downlink platform, voice over ip (VOIP) phone lines and office space. The MCV is designed to share IT resources with additional vehicles and be use as a communications hub for a Mobile Emergency Operations Center.		
Fiscal Impacts: Initial cost: \$875,000 Annual maintenance & service costs of approximately \$12,500.		
Proposed/Authorized Uses: The use of the Mobile Command Vehicle shall be authorized by the Emergency Services Bureau Sergeant, Emergency Services Bureau Lieutenant, or Homeland Security Captain. Due to the size and complexity of the vehicle, the vehicle is deployed with a Driver & Operator. Both personnel must be familiar with the vehicle and their training must be current.		
Uses in Prior Year: 12		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing the operation of the vehicle on the roadways, drivers licensing requirements and official use guidelines must be followed. The vehicle must be operated in accordance with the County of San Mateo Driving Policy & Safe Driver Program.		
Training Required: The driver must have a California Commercial Class B Driver's License with Air Brake Endorsement and be familiar with the mechanical operation of the vehicle. The operator must complete a yearly OSHA safety training and vehicle familiarization course. Topics covered in these trainings include pneumatic mast and satellite dish safety, vehicle setup procedures, equipment setup configurations and troubleshooting common issues.		

Definitive Section:	CA Gov't Code §7070(c)(8)	
Equipment Type:	<i>Firearms of .50 caliber or greater</i>	
Common Name:	<i>.50 caliber Rifle</i>	
Quantity Owned/Sought:	4 owned	Lifespan: Indeterminate.
Equipment Capabilities: The Barrett .50 caliber semi-automatic rifle is capable of firing a .50 caliber bullet.		
Manufacturer Product Description: Barret – various models and configurations – all semi-automatic – all chambered in .50cal 1. Hard case storage. 2. Affixed folding sights. 3. Various type and range of magnification scopes. 4. 5 round detachable magazines.		
Purpose/Authorized Uses: These rifles are authorized for use by Sniper-trained members of the San Mateo County Sheriff's Office SWAT Team. They are for deployment in circumstances where the personnel can articulate a reasonable expectation that the rifle may be needed. Examples for situations that may require the deployment of these rifles include but are not limited to: 1. Situations where the personnel reasonably anticipate an armed encounter. 2. Situations where a suspect may need to be engaged at extended distances with accurate fire. 3. Situations where a vehicle may need to be disabled, to include from an extended distance. 4. Situations where personnel reasonably expect the need to exceed a suspect's firepower. 5. Situations where the suspect is wearing body armor. 6. Situations where the suspect is in an armored vehicle. 7. Situations where the suspect has taken a hostage(s). 8. Situations where a barricade, armor or similar barrier needs to be penetrated. When authorized or requested by a supervisor.		
Uses in Prior Year: 0 deployments		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing law enforcement use of force. Various San Mateo County Sheriff's Office Policies on the Use of Force and Firearms.		
Fiscal Impacts: The equipment and ammunition was seized over the course of several investigations. The ongoing cost after all ammunition is expended would be the cost of ammunition. Cleaning and maintenance is conducted by the Sniper Team.		
Training Required: In addition to patrol rifle and standard SWAT Operator training, SWAT Snipers must successfully complete a CA POST certified sniper course as well as regular SWAT Sniper training and qualifications as required by law and policy. Snipers currently hold training once a month for 6 hours.		
Additional Quantities Sought: None.		

Definitive Section:	CA Gov't Code §7070(c)(8)	
Equipment Type:	<i>Firearms of .50 caliber or greater</i>	
Common Name:	<i>.50 caliber Ammunition</i>	
Quantity Owned/Sought:	1450 owned	Lifespan: Indeterminate.
Equipment Capabilities: .50 caliber bullets/projective capable of being fired from associated SWAT .50 cal Barrett rifles.		
Manufacturer Product Description: TTI Armory brand ammunition, full metal jacket .50 caliber.		
Fiscal Impacts: The ammunition was seized over the course of several investigations. The ongoing cost after all ammunition is expended would be the cost of ammunition.		
Purpose/Authorized Uses: The ammunition is for SWAT Sniper Team Barrett .50 cal rifles that are authorized for use by Sniper-trained members of the San Mateo County Sheriff's Office SWAT Team. The rifles are for deployment in circumstances where the personnel can articulate a reasonable expectation that the rifle may be needed. The above listed TTI ammunition could be used in the associated Barret rifles for the following situations. Examples of situations that may require the deployment of these rifles and associated ammunition include but are not limited to: 1. Situations where the personnel reasonably anticipate an armed encounter. 2. Situations where a suspect may need to be engaged at extended distances with accurate fire. 3. Situations where a vehicle may need to be disabled, to include from an extended distance. 4. Situations where personnel reasonably expect the need to exceed a suspect's firepower. 5. Situations where the suspect is wearing body armor. 6. Situations where the suspect is in an armored vehicle. 7. Situations where the suspect has taken a hostage(s). 8. Situations where a barricade, armor or similar barrier needs to be penetrated. When authorized or requested by a supervisor.		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing law enforcement use of force. Various San Mateo County Sheriff's Office Policies on the Use of Force and Firearms.		
Uses in Prior Year: 0 deployments		
Training Required: In addition to patrol rifle and standard SWAT Operator training, SWAT Snipers must successfully complete a CA POST certified sniper course as well as regular SWAT Sniper training and qualifications as required by law and policy. Snipers currently hold training once a month for 6 hours.		

Definitive Section:	CA Gov't Code §7070(c)(10)	
Equipment Type:	<i>Projectile launch platforms</i>	
Common Name:	Pepperball Launcher	
Quantity Owned/Sought:	11 owned	Lifespan: Indeterminate.
Equipment Capabilities: .68 caliber pepper ball round, which essentially projects a plastic round containing non-lethal pepper (PAVA) in a powder form.		
Manufacturer Product Description: The Pepperball VKS Launcher a non-lethal weapon. Kinetic impact is adjustable to between 10-28 Joules, and with VXR projectiles, has effective accurate distance up to 150 feet.		
Fiscal Impacts: The initial cost of this equipment was approximately \$8500. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.		
Purpose/Authorized Uses: The San Mateo County Sheriff's Office permits the use of less lethal munitions to assist with the de-escalation of potentially violent confrontations. Only personnel who have successfully completed training approved by the Range Master in the proper use and deployment of less lethal impact projectiles/Pepperball shall be authorized to use them during actual operations.		
Uses in Prior Year: 0 deployments		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. San Mateo County Sheriff's Office Policies including: SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11d (Use of Less Lethal Munitions) Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies		
Additional Quantities Sought: None.		

Definitive Section:	CA Gov't Code §7070(c)(12)	
Equipment Type:	<i>Tear Gas</i>	
Common Name:	37mm Tear Gas Launcher	
Quantity Owned/Sought:	4 owned	Lifespan: Indefinite
Equipment Capabilities: The 37mm Launcher is capable of firing 37mm Liquid Ferret CS Gas round.		
Manufacturer Product Description: Federal M201-Z Gas Riot Gun (37x122mm): The Federal M201-Z is an upgrade to the Federal L-5 grenade launcher. It's a simple, single-shot, break-open smoothbore launcher intended to fire non-lethal tear gas grenades. Defense Technology 37mm Single Shot Launcher: Manufactured exclusively for Defense Technology, this is a launcher that features a fixed rear stock and an Integrated Front Grip (IFG). The ambidextrous Lateral Sling Mount (LSM) and QD mounting systems allow both a single and two point sling attachment. It will fire standard 37mm less lethal ammunition.		
Fiscal Impacts: The initial cost of this equipment was approximately \$3,000. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.		
Purpose/Authorized Uses: The 37mm Launchers and Tear Gas Munitions are intended to deliver tear gas through windows, doors, etc. when necessary as a less lethal option to a resistive subject.		
Uses in Prior Year: Tear gas launchers were utilized for training and qualification only over the past year.		
Training Required: Team certified instructors shall complete a POST certified Chemical Agent or Less Lethal Instructor Course.		
Additional Quantities Sought: None.		

Definitive Section:	CA Gov't Code §7070(c)(12)	
Equipment Type:	Tear gas	
Common Name:	Tear Gas	
Quantity Owned/Sought:	134 owned	Lifespan: Approximately 5 yrs.
Equipment Capabilities: All three CS gas types can be deployed by ARV gas spike, burn box/tomahawk, 37mm launcher, or hand thrown.		
Manufacturer Product Description: CTS CS Gas - 5230B – Pyrotechnic grenade designed for indoor use delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire. CTS CS Gas - 5230 – Large diameter burning grenade that discharges a high volume of smoke and chemical agent through multiple emission ports. Specifically for outdoor use and should not be deployed on rooftops, in crawl spaces or indoors due to potential fire hazard. Can be hand thrown or launched. Discharge duration can reach up to 40 seconds. CTS CS Gas - 8230 – The smallest diameter burning grenade that discharges a high volume of smoke and chemical agent through multiple emission ports. Specifically for outdoor use and it should not be deployed on rooftops, in crawl spaces or indoors due to fire producing capability. Can be hand thrown or launched. Defense Tech CS liquid - The Ferret® 37 mm CS Round is a frangible projectile filled with chemical agent. Upon impacting the barrier, the nose cone ruptures and instantaneously delivers the .16 oz. agent payload inside a structure. The munition is 4.8 in. by 1.5 in. and travels at 650fps within an effective range of 50 yards.		
Fiscal Impacts: The initial costs of equipment is approximately \$40 per device which was purchased through the SMSO SWAT Budget. Ongoing cost associated with the CTS CS Gas devices and Def Tech CS Liquid Ferret rounds during operation and training is estimated to be approximately \$3600 per year.		
Purpose/Authorized Uses: Chemical agents may be deployed to incapacitate dangerous or hostile subjects, unruly persons, or to overcome resistance to lawful law enforcement actions. SWAT may tactically deploy chemical agents to induce suspect(s) movement or deny or restrict movement and access to areas		
Legal/Procedural Rules Governing Use: San Mateo County Sheriff's Office Policies including: SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11c (Use of Chemical Agents)Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies		
Uses in Prior Year: Tear gas was utilized for training and qualification only over the past year.		
Complaints/Concerns raised: None.		
Internal Audits, Violations and Actions Taken in Response: None.		
Training Required: Team certified instructors shall complete a POST certified Chemical Agent Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the chemical agents.		

Definitive Section:	CA Gov't Code §7070(c)(12)	
Equipment Type:	<i>Flashbang and explosive breaching tools</i>	
Common Name:	Diversionsary Flashbang Devices	
Quantity Owned/Sought:	43 owned	Lifespan: Approximately 5 yrs.
Equipment Capabilities: ATF-controlled Class-C explosive device that emits a bright light and thunderous noise to distract potentially dangerous individuals.		
Manufacturer Product Description: The CTS 7290 is the standard for diversionsary flash-bang devices. The 7290 produces an 175db and 6-8 million candela of light output. The patented design of the 7290, incorporates a porting system that eliminates movement of the body at detonation even if the top or bottom of the device should be in contact with a hard surface. In addition, internal adjustments have greatly reduced smoke output.		
Fiscal Impacts: The initial costs of equipment is approximately \$40 per device, which was purchased though the SMSO SWAT Budget. Ongoing cost associated with the CTS diversionsary devices during operation and training is estimated to be approximately \$2000 per year.		
Purpose/Authorized Uses: Flashbangs are used by special tactical units during hostage rescue and high-risk warrants.		
Legal/Procedural Rules Governing Use: San Mateo County Sheriff's Office Policies including: SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11B (Use of Diversionsary Devices) Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms		
Uses in Prior Year: (7) Devices were deployed during two different high-risk search warrant operations in the past year.		
Complaints/Concerns raised: None.		
Internal Audits, Violations and Actions Taken in Response: None.		
Training Required: Team certified instructors shall complete a POST certified diversionsary device instructor course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of diversionsary devices.		
Additional Quantities Sought: None.		

Definitive Section:	CA Gov't Code §7070(c)(14)	
Equipment Type:	<i>Launch platforms and their associated munitions</i>	
Common Name:	Bean Bag launcher	
Quantity Owned/Sought:	2 owned	Lifespan: Indefinite.
Equipment Capabilities: 12 Gauge 870 Remington Less Lethal Shot Gun is capable of firing 12 Gauge Drag Stabilized Bean Bag munitions.		
Manufacturer Product Description: Remington Model 870 Shot Gun: The Remington Model 870 is a U.S. made pump-action shotgun. It is widely used by law enforcement as a defensive weapon and by the public for target shooting, hunting and self-defense. The Model 870 features a bottom-loading, side ejecting receiver, tubular magazine under the barrel, dual action bars, internal hammer, and a bolt which locks into and extension in the barrel. A pump action is a repeating firearm action that is operated manually by moving a sliding handguard on the gun's fore stock. When shooting, the sliding forend is pulled reward to eject any expended cartridge and to cock the hammer/striker, and then pushed forward to load a new cartridge into the chamber. This action is required for each cartridge to be fired. The Model 870 is capable of firing any 12-gauge shotgun cartridge; however, the San Mateo County SWAT Team uses this platform exclusively to fire a Less Lethal Drag Stabilize Bean Bag rounds. The shotgun had been visibly marked with bright orange furniture to commonly signify it has been converted from a lethal platform to a Non-Lethal platform. Fiscal Impacts: The initial cost of this equipment was approximately \$1000. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff. Purpose/Authorized Uses: The Remington 870 Shotgun and its Drag Stabilized Bean Bag Munitions are intended for use as a less lethal use of force option. The SWAT Team permits the use of less lethal platforms to assist with the de-escalation of potentially violent confrontations. Only personnel who have successfully completed training approved by the SWAT Commander in the proper use and deployment of less lethal impact weapons shall be authorized to use them during actual operations. Uses in Prior Year: 0 deployments Training Required: Team certified instructors shall complete a POST certified Less Lethal Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the Remington 870 Shotgun and its munitions.		

Definitive Section:	CA Gov't Code §7070(c)(14)	
Equipment Type:	<i>Launch platforms and associated munitions</i>	
Common Name:	Bean Bag munition	
Quantity Owned/Sought:	12 rounds	Lifespan: One use each.
Equipment Capabilities: 12 Gauge Drag Stabilized Bean Bag Round. Velocity of 270 FPS with a maximum effective range of 75 feet.		
Manufacturer Product Description: Defense Technology Model 3027: Drag Stabilized 12 Gauge Bean Bag Round is a translucent 12 Gauge shell loaded with a 40-Gram tear shaped bag made from cotton and ballistic material blend and filled with #9 shot. This design utilizes four stabilizing tails and utilizes smokeless powder as the propellant.		
Fiscal Impacts: The initial cost of this equipment was approximately \$5 per round totaling \$600 for the current inventory. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.		
Purpose/Authorized Uses: The SWAT Team permits the use of less lethal munitions to assist with the de-escalation of potentially violent confrontations. Only personnel who have successfully completed training approved by the SWAT Commander in the proper use and deployment of less lethal impact projectiles shall be authorized to use them during actual operations.		
Uses in Prior Year: 0 deployments		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. The use governing the deployment of less lethal munitions is in the SMC Sheriff's Office SWAT/CNU Procedures Section: 2-11d (Use of Less Lethal Munitions) San Mateo County Sheriff's Office Policies including: Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies		
Training Required: Team certified instructors shall complete a POST certified Less Lethal Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the 12 Gauge Drag Stabilized Bean Bag round		

Definitive Section:	CA Gov't Code §7070(c)(14)	
Equipment Type:	<i>Projectile launch platforms</i>	
Common Name:	40mm Less Lethal Launchers	
Quantity Owned/Sought:	114 owned	Lifespan: Indefinite
Equipment Capabilities: The 40mm Less Lethal Launcher is capable of firing 40mm Kinetic Energy Munitions, which are essentially soft rubber sponge projectiles.		
Manufacturer Product Description: Penn Arms 40MM launcher are manufactured using 4140 hardened steel, 6061-T6 mil-spec anodized aluminum and DuPont super tough glass filled nylon. These launchers are light weight, versatile and used worldwide by police and corrections officers. The 40MM launcher family of products is available in single-shot, spring-advance multi, and pump-advance multi-versions.		
Fiscal Impacts: The initial cost of this equipment was approximately \$79,621.40. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.		
Purpose/Authorized Uses: The 40mm Less Lethal Launchers and Kinetic Energy Munitions are intended for use as a less lethal use of force option.		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. San Mateo County Sheriff's Office Policies including: SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11c (Use of Chemical Agents) and 2-11d (Use of Less Lethal Munitions) Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies Uses in Prior Year: 0 deployments		
Training Required: Certified instructors shall complete a POST certified Chemical Agent or Less Lethal Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the 40mm launchers.		
Additional Quantities Sought: None.		

Definitive Section:	CA Gov't Code §7070(c)(14)	
Equipment Type:	<i>Projectile launch platforms</i>	
Common Name:	40mm Less Lethal Munitions	
Quantity Owned/Sought:	340 owned	Lifespan: One use each.
Equipment Capabilities: 40mm Kinetic Energy Munitions, which are essentially rubber projectiles.		
Manufacturer Product Description: The CTS The Model 4557 Sponge Baton is a spin-stabilized projectile delivering blunt trauma effect. Although it is extremely accurate and consistent, accuracy is dependent on the launcher, using open sights vs. an improved sight, environmental conditions, and the operator. Effectiveness depends on many variables, such as distance, clothing, stature, and the point where the projectile impacts		
Fiscal Impacts: The initial cost of this equipment was approximately \$20 per round totaling \$6,800 for the current inventory. The ongoing costs for munitions will vary and maintenance is conducted by departmental staff.		
Purpose/Authorized Uses: The San Mateo County Sheriff's Office permits the use of less lethal munitions to assist with the de-escalation of potentially violent confrontations. Only personnel who have successfully completed training approved by the Range Master in the proper use and deployment of less lethal impact projectiles shall be authorized to use them during actual operations.		
Uses in Prior Year: 0 deployments		
Legal/Procedural Rules Governing Use: All applicable State, Federal and Local laws governing police use of force. San Mateo County Sheriff's Office Policies including: SMC Sheriff's Office SWAT/CNU Procedures Section : 2-11d (Use of Less Lethal Munitions) Lexipol Policy 300 - Use of Force, Conducted Energy Device (Taser), Control Devices and Techniques Lexipol Policy 306 – Firearms Lexipol Policy 426 – First Amendment Assemblies		
Training Required: Certified instructors shall complete a POST certified Less Lethal Instructor Course. Each team member shall be instructed by the POST certified trainers on the use, deployment, and storage of the 40mm less lethal round.		
Additional Quantities Sought: None.		

RESOLUTION NO. XX – 2023

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

MILITARY EQUIPMENT ANNUAL REPORT

WHEREAS, in 2022 Assembly Bill 481 was enacted which requires specified California law enforcement agencies to produce annual reports to their governing bodies and comply with annual approval, ordinance review, and community engagement requirements; and

WHEREAS, in 2022 the East Palo Alto City Council adopted ordinance codifying a use policy under East Palo Alto Municipal Code Chapter 9.25; and

WHEREAS, The ordinance further establishes procedures for any future acquisition of military equipment as defined in AB 481, in addition to ensuring transparency and public engagement; and

WHEREAS, the Police Department evaluated the effectiveness of the 40mm launchers and found them beyond their useful life; and

WHEREAS, the Police Department intends to dispose of existing 40mm launchers within this fiscal year; and

WHEREAS, the Police Department satisfied all legal requirements pertaining to the use of military equipment.

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

1. Accepting the annual Military Equipment report, and based thereon, finding that each type of Military Equipment that remains complies with the standards for approval set forth in Chapter 9.25 of the East Palo Alto Municipal Code through May 30, 2024, except as provided for herein;
2. Finding that the annual review pursuant to Subsection (D) of Chapter 9.25 of the East Palo Alto Municipal Code is complete and no changes to said Chapter are required;
3. Direct staff to update any related departmental policy, including Policy No. 705 (Military Equipment), to conform with any changes directed by resolution.

PASSED AND ADOPTED this 2nd day of July 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Antonio Lopez, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: James Colin, City Clerk
SUBJECT: Disability Pride Month Proclamation

Recommendation

Present the proclamation for Disability Pride Month.

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO CELEBRATING DISABILITY PRIDE MONTH

WHEREAS, Disability Pride Month is a time to celebrate the history, achievements, experiences, and struggles of the disability community; and

WHEREAS, Disability Pride Month commemorates the signing of the Americans with Disabilities Act (ADA) on July 26, 1990, a landmark civil rights law that prohibits discrimination against individuals with disabilities in all areas of public life, including jobs, schools, transportation, and all public and private places open to the general public; and

WHEREAS, the City of East Palo Alto recognizes that people with disabilities are an integral part of our community and contribute significantly to the diversity and vitality of our city; and

WHEREAS, the City of East Palo Alto is committed to promoting the inclusion, independence, and empowerment of people with disabilities, and to ensuring that our community is accessible and welcoming to all; and

WHEREAS, Disability Pride Month is an opportunity to raise awareness about the barriers faced by people with disabilities and to advocate for policies and practices that promote accessibility, equity, and justice; and

WHEREAS, the City of East Palo Alto acknowledges the importance of the disability rights movement and the ongoing efforts of advocates, activists, and allies to achieve full inclusion and equality for people with disabilities.

THEREFORE, BE IT RESOLVED, that the City Council of the City of East Palo Alto does hereby proclaim July as Disability Pride Month and encourages all residents to recognize and celebrate the contributions of people with disabilities to our community and to commit to making East Palo Alto a more inclusive and accessible city for all.

July 2, 2024



Antonio Lopez
Mayor



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: Bishop Dr. Cleveland P. Prince Proclamation

Recommendation

Present the proclamation for Bishop Dr. Cleveland P. Prince.

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO CONGRATULATING BISHOP DR. CLEVELAND P. PRINCE FOR HIS PASTORAL ANNIVERSARY

WHEREAS, Bishop Dr. Cleveland P. Prince is a native of East Palo Alto, California, who accepted Jesus Christ as his Lord and Savior at the age of 14 and accepted the call into the Gospel Ministry at the age of 16. A dedicated servant of the Lord, Dr. Prince served under his father, Rev. Roger Prince, Pastor of the East Menlo Park Church of God, Inc. He was licensed on October 19, 1986, and ordained on August 16, 1987;

WHEREAS, on December 10, 2017, Bishop Dr. Prince was ordained as a Baptist minister after an intense examination by Dr. Fred Campbell, Dr. Thomas Fisher, Dr. Michael S. Williams, Pastor M.D.F. Washington, Pastor Lee Wilson, Pastor E.C. Wilson, and Dr. Leroy Gainey from Gateway Seminary (formerly Golden Gate Theological Seminary);

WHEREAS, obedient to the calling that God had on his life, Bishop Dr. Prince began his life's mission and ministry to serve others as an ambassador of Jesus Christ. He served as the Director of Chaplaincy for Hillcrest Chaplaincy & Ministries from 1986 to 1996, providing pastoral care, counseling support, and significantly increasing both attendance and volunteer participation during his tenure;

WHEREAS, Bishop Dr. Prince served as the President of The Peninsula Omega Youth Club, Inc. from 1996 until 2005. Under his leadership, the organization grew from a grassroots effort to an incorporated nonprofit serving at-risk youth in San Mateo and San Francisco Counties, offering educational services, counseling, and life skills programs;

WHEREAS, over a span of more than 20 years, Bishop Dr. Prince served in the Santa Clara County Probation Department in various capacities, including Deputy Probation Officer, gang officer, diversion officer, supervisor, and Division Manager. He has been recognized as a court expert on gangs, youth, and the criminal justice system, and has contributed his expertise as a guest lecturer and speaker at various institutions and conferences;

WHEREAS, Bishop Dr. Prince has published works in the American Bar Association national publication and has been profiled in the book "Somebody Else's Children" by Pulitzer Prize-winning author John Hubner. He retired as the Human Resources Manager for The Alameda County Social Services Agency on January 20, 2024;

WHEREAS, Bishop Dr. Cleveland Prince is a devoted husband to Karen Prince, a loving father, grandfather, uncle, brother, and friend, with a family comprising 8 children and 15 grandchildren.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO hereby proclaims recognition and honor to Bishop Dr. Cleveland P. Prince for his unwavering dedication, service, and contributions to the community and the spiritual guidance he has provided throughout his life and congratulates him on his pastoral anniversary, celebrating his many years of faithful ministry and leadership.

July 2, 2024



Antonio Lopez
Mayor



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk

SUBJECT: City Council Meeting Minutes

Recommendation

Adopt the June 18, 2024, City Council Meeting Minutes.

Attachments

1. June 18, 2024, Minutes.



EAST PALO ALTO CITY COUNCIL REGULAR SESSION MINUTES

Tuesday, June 18, 2024, 6:30 PM
EPA Government Center
2415 University Avenue, First Floor
East Palo Alto, CA 94303

1. CALL TO ORDER AND ROLL CALL

The City Council meeting was called to order by Mayor Lopez at 6:31 PM.

Attendee Name	Title	Status
Antonio Lopez	Mayor	Present
Martha Barragan	Vice Mayor	Remote
Carlos Romero	Councilmember	Present
Ruben Abrica	Councilmember	Absent
Lisa Gauthier	Councilmember	Present

2. APPROVAL OF THE AGENDA

A motion to approve the agenda was made by Councilmember Romero, seconded by Councilmember Gauthier, and passed unanimously.

3. APPROVAL OF CONSENT CALENDAR

Councilmember Romero pulled item 3.6 and Mayor Lopez pulled items 3.1 and 3.2 for discussion.

A motion to approve the consent calendar except for items 3.1, 3.2 and 3.6 was made by Councilmember Romero, seconded by Councilmember Gauthier, and passed unanimously.

3.1 Amika Guillaume Proclamation

Mayor Lopez presented the proclamation to Principal Amika Gauillaume.

The following speakers provided public comment on this item:

- Amika Guillaume
- Nicole Sbragia,
- Mora Oomen
- Donna Rutherford

A motion to approve item 3.1 was made by Councilmember Gauthier, seconded by Councilmember Romero, and passed unanimously.

3.2 Gun Violence Awareness Day Proclamation

Mayor Lopez presented the proclamation.

The following speakers provided public comment on this item:

- LeeAndra Matthews
- Michael Francois

A motion to approve item 3.2 was made by Councilmember Romero, seconded by Councilmember Gauthier, and passed unanimously.

3.3 Adoption of Municipal Code Amendments to Chapters 15.11 and 15.25 - Reach Codes

3.4 Amendment of Conflict of Interest Code

3.5 City Council Meeting Minutes

3.6 Amendment of Code of Ethics and Conduct for Elected and Appointed Officials

The Council approved Councilmember Romero's request to move this item to the next City Council meeting.

3.7 FY 2024-25 Budget Personnel Staffing Changes

4. CLOSED SESSION (NONE)

5. PUBLIC COMMENT

The following speakers provided public comment:

- Donna Rutherford
- Gail Wilkerson
- Luella Parker

6. INFORMATIONAL REPORTS (NONE)

7. SPECIAL PRESENTATIONS (NONE)

8. ADJOURN CITY COUNCIL REGULAR MEETING TO THE JOINT SUCCESSOR AGENCY BOARD SPECIAL MEETING

9. JOINT SUCCESSOR AGENCY BOARD SPECIAL MEETING

9.1 Adoption of Fiscal Year 2024-25 Successor Agency Budget

Tomo Oku, Finance Director, provided a presentation on the Successor Agency Budget.

A motion to approve item 9.1 was made by Councilmember Romero, seconded by Councilmember Gauthier, and passed unanimously.

10. ADJOURN JOINT SUCCESSOR AGENCY BOARD SPECIAL MEETING AND RECONVENE CITY COUNCIL REGULAR MEETING

11. PUBLIC HEARINGS

11.1 Proposition 218 Public Hearing Solid Waste Rate Increase

Interim Management Analyst, Fatima Khan and Dave Hilton from HF&H provided a presentation regarding Proposition 218.

A motion to approve item 11.1 was made by Mayor Lopez, seconded by Vice Mayor Lopez, and passed unanimously.

11.2 Residential Permit Parking Program Ordinance (RPP) First Reading

Senior Engineer, Batool Zaro and Michelle Hunt presented on the residential permit parking program ordinance.

The following speakers provided public comment:

- Mark Dinan
- Adrienne Bryant
- Donna Rutherford
- Luella Parker
- Gail Wilkerson
- Michael Francois

Item 11.2 was tabled to a future meeting.

11.3 Adoption of FY2024-25 Budget

Finance Director, Tomo Oku, provided a presentation regarding the FY2024-25 Budget.

Adrienne Bryant provided a public comment.

A motion to approve item 11.3 was made by Councilmember Romero, seconded by Councilmember Gauthier, and passed unanimously.

11.4 Establishing the Fiscal Year 2024-25 Appropriation Limit.

Finance Director, Tomo Oku, provided a presentation regarding the FY2024-25 Budget.

A motion to approve item 11.4 was made by Councilmember Gauthier, seconded by Vice Mayor Barragan, and passed unanimously.

12. POLICY AND ACTION

12.1 Certificate of Sufficiency for Citizen Initiative

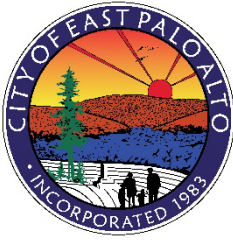
City Clerk, James Colin, briefly presented on the recommendation to accept the County Clerk's Certification of the Verification of Signatures. Council decided to approve the recommendation but decided to continue the item to the next meeting.

13. COUNCIL REPORTS

Councilmember Gauthier reminded the public about the Juneteenth event on June 15.

14. ADJOURNMENT

The meeting was adjourned at 10:26 PM



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Hanson Hom, Deputy Manager, Special Projects
Humza Javed, Public Works Director

SUBJECT: Discussion of Draft Nexus Study and Draft Financial Feasibility Analysis for Updating the City's Development Impact Fees for Parks and Trails, Public Facilities, Transportation, Water, and Storm Drainage Infrastructure Improvements

Recommendation

Receive a presentation from staff, allow for public comments, and discuss and comment on the Draft Development Impact Fee Study Update, Draft Financial Feasibility Analysis, and Development Fee Program Options.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Implement the Comprehensive Transportation and Mobility Plan
Priority: Ensure Our Financial and Organizational Health
Priority: Improve the City's Water Infrastructure
Priority: Develop and Implement a Comprehensive Facilities Master Plan
Priority: Enhance Community Services and Parks for Residents

Background

The City's authority to assess development impact fees is defined by East Palo Alto Municipal Code Chapter 13.24, Article V, for water system development fees, and

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Chapter 13.28 for transportation infrastructure, storm drainage, parks and trails, and public facilities impact fees. Development impact fees were adopted pursuant to California Government Code Section 66000 et seq. ("Mitigation Fee Act") and other applicable state laws. The purpose of the fees is to ensure that future development will contribute a reasonable fair share contribution to fund the construction of necessary public facility and infrastructure improvements to serve future development, and to ensure that existing residents and developments will not bear a disproportionate share of the cost for these improvements. Development impact fees apply to new, expanded, or intensified residential, office, industrial, and retail development. They are one-time fees that are typically collected at building permit issuance and are placed into special fund accounts that are earmarked for identified projects in the City's Capital Improvement Program ("CIP").

The water capacity development fee was enacted on July 17, 2018, at the end of a two-year water moratorium after the City was able to secure the necessary water supply allocation from Palo Alto and Mountain View to accommodate planned growth in the City's Vista 2035 General Plan. The fee funds water supply and capital improvements necessitated by new development. The transportation infrastructure, storm drainage, parks and trails, and public facilities impact fees were enacted on March 19, 2019, to fund CIP infrastructure improvements that are necessary to serve future development. These fees were established through a nexus study in compliance with applicable law and are adjusted annually equal to the change in the Construction Cost Index as published by the Engineering News Record (20-Cities Average). Information on current impact fees are posted on the City's website at [City-wide Development Impact Fee Program](#).

2023-24 Updated Study

Since the adoption of development impact fees in 2018 and 2019, the conditions and underlying assumptions for the nexus study have changed, which warrants a new study and updated impact fees. Most significant is the current update of the Ravenswood Business District/4 Corners Specific Plan ("Specific Plan") which proposes increasing the development capacity in the Specific Plan area from approximately 1.3 million square feet of office space per the existing Specific Plan (2013) to 2.82 to 3.35 million square feet of office space in the pending Specific Plan Update. The City has also updated its Capital Improvement Program ("CIP") and the Nexus Study reflects the more current list of projects and cost estimates.

On April 18, 2023, the City Council authorized the issuance of request for proposals ("RFP") to obtain an economic consultant to prepare an updated nexus study and financial feasibility analyses. After completion of the RFP process, on October 17, 2023, the City Council authorized entering into an agreement with Willdan Financial Services (Willdan) to prepare both update reports. Work on the nexus study update and financial feasibility analysis began in November 2023.

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On April 2, 2024, the City Council discussed the legal framework, accepted methodologies, financial and market factors, qualifying capital improvement projects, and other key considerations for preparing the nexus study update in compliance with the Mitigation Fee Act and other state laws, including recent regulations enacted through Assembly Bill (AB) 602. The Council further discussed proposed residential, mixed use, office/life science, and industrial land use prototypes for evaluating the cumulative impact of development impact fees on the financial feasibility of development projects. The staff report is [Item 9.1 on the April 2, 2024 City Council Meeting Agenda](#).

The April 2, 2024 staff report describes the methodology or approach for calculating each impact fee; however, the preliminary project lists, cost estimates, and fair share allocations have been adjusted since the Council meeting. The input from the City Council was incorporated into the preparation of the Draft Development Impact Fee Nexus Study Update (“Nexus Study”), dated June 14, 2024 (*Attachments 1 and 2*), and the Draft Development Impact Fee Financial Feasibility Analysis (“Feasibility Analysis”), dated June 19, 2024 (*Attachment 3*).

Analysis

Prior to adopting development impact fees, a nexus study must be prepared pursuant to the Mitigation Fee Act and other applicable state laws to establish the fair share or proportional responsibility of developers to fund public infrastructure and facilities improvements that are necessary to serve their projects. A complementary financial feasibility analysis is commonly prepared to assess the possible financial effect of development impact fees on project feasibility, although this analysis is not required by the Mitigation Fee Act. The below discussion summarizes the conclusions of the Nexus Study which establishes the maximum justifiable development impact fees.

A discussion of the Feasibility Analysis follows which applies the results of the Nexus Study. Through analysis of development prototypes, the Feasibility Analysis provides insights for considering policy objectives and options for adjusting or offsetting impact fees. For Ravenswood Business District (“RBD”) developments, through the calculation of residual land value, the Feasibility Analysis also suggests the extent that projects could potentially contribute additional community benefits under the proposed framework in the Specific Plan Update.

This report concludes with a summary of possible policy options for the City Council’s consideration when updating the City’s Development Impact Fee Program.

Nexus Study

The Nexus Study was released for public review and posted on the City’s website on June 14, 2024. Two similar versions of the Nexus Study were prepared based on the development scenarios under consideration for the update of the Ravenswood Business District/4 Corner Specific Plan (“Specific Plan”). Scenario 1 to allow up to 2.82 million

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square feet of office/research and development (“R&D”) space, and Scenario 2 allows up to 3.35 million square feet of office/R&D space. Both versions of the Nexus Study follow the same methodology for calculating the maximum justifiable development impact fee for the five fees and there are minor or no differences in the project lists in both scenarios. The primary difference is that the calculated per square-foot fees for Scenario 2 are slightly lower because project costs are distributed among a larger potential development pool. Additionally, for each scenario, the Nexus Study calculates the Transportation Impact Fee with and without the Loop Road, which is shown in the Specific Plan as an optional northerly access road serving the RBD.

The Nexus Study makes the specific findings for each impact fee in compliance with the Mitigation Fee Act to comply with the following statutory requirements:

- **Purpose of Fee:** Identify that the fees will fund public facilities which are needed to meet the demands of new development and to avoid burdening the existing population.
- **Use of Fee Revenue:** Identify the public facilities serving new development that will be funded with the fee revenue.
- **Benefit Relationship:** Determine the reasonable relationship between the use of the fees and the benefit to new development that will be imposed the fees.
- **Burden Relationship:** Determine the reasonable relationship between the public facilities and the need created by new development that fees will be imposed on.
- **Proportionality:** Determine the reasonable relationship between the fees and the cost of facilities attributable to new development that fees will be imposed on.

The City Council will adopt the version of the Nexus Study that corresponds to the development capacity (2.82 vs 3.35 million square feet) scenario reflected in the updated Specific Plan and will make the above findings when adopting the updated impact fees.

The following factors have been considered in establishing the maximum justifiable development impact fees:

- The horizon year for the Nexus Study is 2045 and reflects planned growth based on the City’s General Plan and Housing Element. Population, demographic, and development estimates are based on federal, state, and local sources, such as the U.S. Census, the California Department of Finance, the Specific Plan, and development characteristics in East Palo Alto.
- The calculated impact fees reflect the community’s facility standards as primarily represented by the City’s updated CIP project lists. These projects provide the foundation and methodology for calculating the impact fees.
- Existing project funding (e.g., from grants and other non-City sources) is deducted from project costs prior to calculating the maximum justifiable development impact fees.

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- For applicable projects, cost estimates are reduced to remove a portion of the cost attributable to the existing population or workforce (i.e., percentage of projects that address existing facility and infrastructure needs).
- Two impact zones (RBD and non-RBD) have been defined for the transportation, water, and storm drainage impact fees to differentiate projects that solely or more substantially benefit developments located in the RBD or non-RBD zones (rest of the City). The impact zone for the RBD currently corresponds to the boundary of the Specific Plan.
- For parks and trails and public facilities impact fees, uniform citywide fees are proposed since the defined CIP projects generally benefit all developments and land use categories equally throughout the City.
- Except for the storm drainage fees which are based on acres of impervious area, the other four impact fees are defined by land use categories: single-family/townhomes, multi-family, office/R&D, retail, and industrial uses based on the square feet of new or expanded building space.
- Comparatively, the calculated impact fees for residential development generally reflect a greater increase from current fees than for non-residential development. Two factors affect this outcome:
 - 1) The average household size was increased based on current demographic information for East Palo Alto that shows more densely populated residential units, which translates to a higher demand for public facilities per dwelling unit; and
 - 2) The projected employee or daytime population was reduced using a commonly accepted factor of 0.31 per employee to recognize the comparatively lesser impact of employees than residents on public facilities.
- The updated ordinances (Chapters 13.24 and 13.28) will continue to allow for fee adjustments or credits based on specific project attributes or land uses. The City Council decided in 2019 to reduce the impact fees levied on new retail space. The Council could similarly adjust the impact fees levied on specific development types up to the maximum justifiable fee or as low as it desires.

Since 2018/2019 when the current development impact fees were adopted, the City has updated its list of citywide CIP projects that are necessary to meet the public facility and infrastructure demands of new development. The City's Parks Master Plan (2023), Water System Master Plan (2022), and just updated CIP (2024) identify parks and trails, public facilities, transportation, water capacity, and storm drainage projects that are necessary to meet the City's community standards. Additionally, a Transportation Impact Analysis ("TIA") and Utilities Infrastructure Study ("UIS") were prepared for the Specific Plan Update to identify transportation, water system, and storm drainage improvements that are necessary to accommodate the potential increase in the development capacity within the RBD. Based on these policy plans and technical analyses, along with updating cost estimates to reflect current construction costs, the

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net cost of CIP projects that are included in the Nexus Study have changed from the 2018/2019 nexus studies as represented in Table 1.

Table 1
Nexus Study Total Project Cost

Impact Fee	2018/19 Nexus Studies	2024 Nexus Study	Change
Parks and Trails	\$ 37,190,000	\$ 88,799,000	\$ 51,609,000
Public Facilities	\$ 65,219,000	\$127,120,000	\$ 61,901,000
Transportation	\$ 98,641,000	\$ 73,324,477	(\$ 25,316,523)
Water Capacity	\$ 71,956,450	\$ 68,854,000	(\$ 3,102,450)
Storm Drainage	\$ 54,132,000	\$ 79,857,000	\$ 25,725,000
TOTAL	\$327,138,450	\$437,954,477	\$110,816,027

An initial step in the nexus study approach is to adjust the total project costs, as needed, to only include the proportional or percentage share of facility and infrastructure projects that will serve new development. For some projects, new development is responsible for 100% of the project cost, while for other projects, the cost is divided between the share that is the responsibility of new development and share that is the responsibility of the City to address existing service needs. Where applicable for certain projects, existing funds secured from non-City sources were also deducted.

Table 2 (Table E.2 in Nexus Study for Scenario 2 (3.35 MSF development capacity)) shows the total project costs, the maximum potential revenue that is calculated in the Nexus Study for each fee, and the additional funding that will be required to construct the projects. The additional required funding is not included in calculating the maximum justifiable development impact fees. Other financing beyond impact fees will have to be identified such as grants, new taxes, or special assessment districts. The unfunded percentage of project costs for Scenario 2 varies for each impact fee: Parks and Trails - 32.0%; Public Facilities – 60.0%; Citywide Transportation – 46.6%; RBD Transportation – 25.1%; Water – 41.6%; and Storm Drainage – 35.8%. The unfunded amount for Scenario 1 (2.82 MSF development capacity) is higher, which reflects the lower development capacity in the RBD, and ranges from a negligible change to approximately 10% higher depending on the impact fee.

Table 2
Scenario 2

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Table E.2: Non-Impact Fee Funding Required

Fee Category	Total Project Cost	Development Fee Revenue	Additional Funding Required
Parks and Trails	\$ 88,799,000	\$ 60,406,016	\$ 28,392,984
Public Facilities	127,120,000	50,882,304	76,237,696
Citywide Transportation	19,175,203	10,229,746	8,945,457
RBD Transportation ¹	54,149,274	40,576,887	13,572,387
Water	68,854,000	40,235,500	28,618,500
Storm Drainage	79,857,000	51,292,500	28,564,500
Total	\$ 437,954,477	\$ 253,622,954	\$ 184,331,524

¹ "With Loop Road" fee scenario shown.

Sources: Tables 3.7, 4.6, 5.3, 6.3, 7.4, and 8.3.

Using the methodology recommended in the Nexus Study for each impact fee, the maximum justifiable development impact fees are shown in Table 3 for Scenario 2 (Table E.1 from Nexus Study). The maximum fees are slightly higher for Scenario 1.

**Table 3
Scenario 2**

E.1: Maximum Justified Development Impact Fee Schedule

Land Use	Parks and Trails	Public Facilities	Citywide Transportation	RBD Transportation	Water	Storm Drainage	Administration ⁴	Total
Non RBD								
<u>Residential per Sq. Ft.</u>								
Single Family	\$ 10.06	\$ 8.47	\$ 0.64	\$ -	\$ 8.81	Varies	\$ 0.56	\$ 28.54
Multifamily	13.98	11.78	0.72	-	10.61	Varies	0.74	37.83
<u>Nonresidential per Sq. Ft.</u>								
Retail	\$ 2.33	\$ 1.97	\$ 3.00	\$ -	Varies	Varies	\$ 0.15	\$ 7.45
Office and R&D	3.50	2.95	1.59	-	Varies	Varies	0.16	8.20
Industrial	1.40	1.18	0.89	-	Varies	Varies	0.07	3.54
RBD								
<u>Residential per Sq. Ft.</u>								
Single Family	\$ 10.06	\$ 8.47	\$ 0.64	\$ 3.76	\$ 2.67	Varies	\$ 0.51	\$ 26.11
Multifamily	13.98	11.78	0.72	4.20	3.22	Varies	0.68	34.58
<u>Nonresidential per Sq. Ft.</u>								
Retail	\$ 2.33	\$ 1.97	\$ 3.00	\$ 17.53	Varies	Varies	\$ 0.50	\$ 25.33
Office and R&D	3.50	2.95	1.59	9.31	Varies	Varies	0.35	17.70
Industrial	1.40	1.18	0.89	5.19	Varies	Varies	0.17	8.83

¹ Shows "with Loop Road" fee scenario. Refer to Table 6.5 for without Loop Road fee scenario.

² Nonresidential water fee varies by meter size. Refer to Table 7.9 for more information.

³ Storm drainage fee based on impervious surface. Refer to Table 8.4 for more information.

⁴ Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 3.9, 4.7, 5.5, 6.6, 7.9 and 8.5.

The potential percentage fee changes from current fees if the maximum justifiable impact fees are assessed is summarized in Table 4 on the next page. Attachment 4 further details the potential fee change for each land use type for Scenarios 1 and 2 and

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indicates the percentage increase or decrease for RBD and non-RBD development. Supporting documentation with tables that explain the steps in arriving at these fees are included in the Nexus Study.

Table 4
Summary of Maximum Justifiable Impact Fee Increase
(percent change from current fees – varies based on land use type)

Impact Fee	Unit	Scenario 1	Scenario 2
Parks and Trails	Building SF	159% to 266%	150% to 256%
Public Facilities	Building SF	22% to 75%	19% to 71%
Transportation			
• RBD	Building SF	7% to 168%	6% to 163%
• Non-RBD	Building SF	-59% to -84%	-62% to -85%
Water Capacity			
• RBD	Meter Size	-45%	-54%
• Non-RBD	Meter Size	52%	52%
Storm Drainage			
• RBD	Impervious Acres	93%	93%
• Non-RBD	Impervious Acres	186%	186%

The following points are noted regarding the calculation of the maximum justifiable fees for each impact fee.

Parks and Trails

As currently adopted, it is recommended that the City continue to adopt a citywide fee that applies the same per square-foot rate to all development in the City based on land use types. Considerable parks and trails projects are proposed that would better meet the recreational needs of future residents and the anticipated daytime population. The maximum justifiable parks and trails impact fees incorporate the projects identified in the Parks Master Plan to expand parks, trails, and recreation facilities in the community, including a new park in the RBD. The current fee funds a limited number of parks and trails CIP projects. As a result, the calculated impact fees are significantly higher than the current fees (over two to three-fold increase) and represent the largest percentage increase among the five impact fees analyzed in the Nexus Study. *(See Attachments 1 & 2: Draft Nexus Study, Table 3.5, p. 22, for the list of parks and trails projects.)*

Public Facilities

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Similar to the Parks and Trails Impact Fee, it is recommended that the City continue to adopt a citywide fee that applies the same per square-foot rate to all development in the City based on land use types. The maximum justifiable per square foot fee has increased from 19 to 75 percent depending on the development scenario and land use type due to recent updates to project scopes and costs. In recent years, public facility projects have been more fully defined in the CIP (e.g., for the City Hall, police station, and library). Cost estimates have been increased to reflect current facility requirements, design standards, and construction costs. New public facilities have also been added to the project list, including new community space in the RBD. *(See Attachments 1 & 2: Nexus Study, Table 4.3, p. 29, for the list of public facility projects.)*

Transportation

Since preparation of the previous nexus study, certain transportation projects were completed and have been removed from the Nexus Study project list. Other planned projects were carried over from the list, and RBD projects were added based on the Transportation Impact Analysis (“TIA”) prepared for the Specific Plan Update to mitigate the projected transportation impacts from increased traffic on the City’s street system. It should be noted that the transportation mitigation measures identified in the TIA assume a 40 percent reduction in vehicle trips from the standard International Institute of Engineers (“ITE”) trip generation rates to comply with the requirements in the City’s Transportation Demand Management (“TDM”) Ordinance. *(See Attachments 1 & 2: Nexus Study, Table 5.3, p. 36, for City-wide transportation projects with cost allocation, and Table 6.3, p. 43, for RBD-specific transportation projects with cost allocation.)*

The 2019 nexus study calculated transportation impact fees that would apply equally to all development in the City based on land use types. Because many of the required transportation projects will primarily serve RBD development, this draft Nexus Study proposes two impact zones - RBD and non-RBD. The projects were distributed into the two zones based on the nexus study methodology. The result is that the maximum justifiable transportation impact fees for non-RBD development are significantly less than the current fees, whereas the impact fees for RBD development have increased. However, if the optional Loop Road project is deleted from the project list, the RBD transportation impact fees (square-foot rate) would generally be less than current fees with the reduction varying by land use type. Total potential revenue would increase, however, with a higher level of non-residential development allowed in the Draft Specific Plan Update versus the 2013 Specific Plan.

Water Capacity

The current water capacity impact fee is a citywide fee that applies equally to all development projects in the City and varies based on land use types. The Nexus Study evaluated the water capacity projects based on two impact zones – RBD and non-RBD. The projects defined in the Water System Master Plan that are necessary for future development were distributed into these two zones. The result is that the majority of the

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projects were found to primarily benefit non-RBD development. However, projects were also added as described in the TIA that are necessary to meet the demands of future RBD development. (*See Attachments 1 & 2: Nexus Study, Table 7.4, pp. 52-53, for the list of water infrastructure projects with cost allocation.*) Additionally, all development projects will continue to be assessed a proportional share of the cost of the water supply allocation that was secured by the City in 2018 to accommodate future growth. An adjustment to the calculated water capacity impact fee is pending to recognize several projects that are covered by the City's water capital surcharge rates that are paid by water customers based on meter size. It is expected that this adjustment will only affect the impact fee for non-RBD developments

The total cost of water capacity projects is similar to the total project cost in the 2018 nexus study. The Nexus Study concludes, however, that the maximum justifiable water impact fee for non-RBD development will increase by approximately 52% from current fees (slightly less increase once the above surcharge rate adjustment is factored in.) This is due to the proportional higher demand for water infrastructure improvements by new development located outside of the RBD per the Water System Master Plan. For non-RBD development, responsible project costs are distributed among a limited potential development pool which affects the calculation of the per square-foot impact fee. Conversely, the maximum justifiable per square-foot impact fee for RBD development will decrease by approximately 54% from current fees, but potential revenue would be collected from a larger development capacity.

Storm Drainage

The current storm drainage capacity impact fee is a citywide fee that applies equally to all development projects in the City and varies based on assumptions regarding impervious surface area for each land use type. Similar to the transportation and water impact fees, the Nexus Study delineates storm drainage projects based on two impact zones – RBD and non-RBD. The updated storm drainage project list includes new city-wide CIP projects and RBD-specific projects defined in the TIA. (*See Attachments 1 & 2: Nexus Study, Table 8.3, pp. 62-63, for the list of storm drainage projects with cost allocation.*)

A large portion of added projects would solely or primarily serve RBD development. The TIA has identified the need for significant storm drainage improvements in the RBD, including a major upgrade to the Cooley Landing Pump Station and two additional pump stations. While the identified storm drainage improvements reflect the system upgrades that will be required to accommodate the future SAFER Bay project overseen by the San Francisquito Creek Joint Powers Authority, the proposed levee is not included in the scope of storm drainage improvements for the impact fee.

The Nexus Study concludes that the maximum supportable storm drainage impact fees are significantly higher than the current fees (93% increase for RBD development and 186% increase for non-RBD development. However, a higher fee would be assessed on RBD development; the lower percentage increase is partially due to project costs being spread among a larger development capacity. Conversely, while the impact fees for

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non-RBD development would be lower, the greater fee increase reflects the expanded citywide storm drainage projects that are necessary to serve non-RBD development.

Financial Feasibility Analysis

Methodology

As noted above, although a financial feasibility analysis is not required by law (Mitigation Fee Act), the Council directed staff to retain a consultant to prepare both a nexus study and financial feasibility study. The purpose of the Feasibility Analysis is to estimate the potential impact on the financial feasibility of development projects from the assessment of development impact fees. The analysis uses the maximum justifiable impact fees that were calculated in the Nexus Study for each impact fee. Nine development prototypes were tested for financial feasibility, which were developed with input from the development community. They are listed below and further details on project assumptions are shown in Table 5 (Table E.1 in Feasibility Analysis).

- R1: For-Sale Townhomes/Single-Family Attached
- R2: Medium Density Residential - 3 to 5-story Building
- R3: High Density Residential - 8-story Building
- M1: Medium Density Mixed Commercial/Residential - 3 to 5-story Building
- M2: High Density Mixed Commercial/Residential - 8-story Building
- OL1: Medium Density Office/Life Science - 3 to 5-story Building
- OL2: High Density Office/Life Science – 8-story Building
- Flex: Low Density Flex Space – 2-story Building
- I1: Industrial (warehouse) – Single-story Building

Table 5
Development Prototypes

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Table E.1
Development Prototypes
East Palo Alto DIF Feasibility Analysis

	R1	R2	R3	M1	M2	OL1	Flex	OL2	I1
	Ownership Townhomes	Medium Density Residential	High Density Residential	Mixed Use (medium density)	Mixed Use (high density)	Office/Life Science	Office/LS/ R&D	Office/Life Science	Industrial/ Warehouse
Density (FAR)	0.76	0.76	1.49	0.99	1.49	1.00	0.7	1.50	0.4
Density (Units/Acre)	22	33	74	Varies	Varies				
Parking Type	Surface	Surface	Podium	Pod/Str	Pod/Str	Pod/Str	Surface	Pod/Str	Surface
Form Factor	3 stories	3-5 stories	<= 8 stories	3-5 stories	<= 8 stories	<= 4 stories	2 stories	<= 6 stories	1 story
Residential Units	22	33	74	80	165				
Unit Size	1,500	1,000	875	1000	875				
Residential SF	33,000	33,000	64,750	80,000	144,375				
Commercial SF				50,000	50,000	87,120	60,984	130,680	34,848
parcel size (acres)	1	1	1	3	3	2	2	2	2

Willdan Financial Services, 2024

The Feasibility Analysis uses a pro forma approach to calculate the projected return that the nine development prototypes are likely to generate. Each prototype's pro forma estimates the residual land value, a method of estimating the value of land for a project that calculates the total revenue generated by a project (either in the form of sales price or the present value of projected lease income) and subtracts the costs of developer and operations (as applicable) to arrive at a net amount that is attributable to the land value for the project site. The analysis assumes that all development prototypes are rental or lease property, with the exception of the R1 prototype (for-sale townhomes).

The analysis assumes that if a residual land value is negative, the project is not feasible. A low land value means a project is challenging to develop and may not be feasible. Staff estimates that a value below \$50 per square-foot (SF), or \$2.2 million per acre, indicates a low feasibility for development under forecasted economic conditions.

Expense assumptions and variables that are included in a pro forma include construction costs, development fees including permit and impact fees, soft costs including developer's profit, operating expenses, vacancy rate, and financing costs. Revenue assumptions and variables that are included in a pro forma include commercial and/or residential lease/rental rates, sales proceeds if for-sale units, and capitalization rates. Capitalization rates are the expected rate of return on a real estate investment, which varies depending on market and financing conditions and perceived investment risks.

For East Palo Alto, the proformas include the City's affordable housing requirements for residential development. While the City's policy is to strongly prefer inclusionary housing

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units, for the purpose of simplifying the pro formas, the current inclusionary housing in-lieu fee has been assumed. The housing linkage fee has also been included for the mixed-use and non-residential prototypes. Additionally, the pro formas incorporate the residential rental property tax (Measure L) as an annual operating expense for residential development and the City's \$2.50 per square foot parcel tax on commercial office space of 25,000 square feet or more (Measure HH) as an annual operating expense for office development.

At this time, certain operating expenses have not been included in the pro formas because the cost is uncertain. Most prominent is the cost to implement a Transportation Management Association ("TMA") for the RBD and, for all larger developments in the City, to implement and maintain a Transportation Demand Management ("TDM") Program per City requirements, including potential penalties for non-compliance which have not been formalized yet.

For the RBD, the Specific Plan also discusses formation of a Landscape Lighting and Maintenance District ("LLMD"), a property owners association, or a similar entity to maintain the private streets and common area improvements within the RBD, which will involve a formation cost and annual operating expense.

Finally, school mitigation fees were in the process of being updated by the school districts and have not been included at this time.

Conclusion

Reflecting the development assumptions and the results of the Nexus Study, the conclusions of the pro forma analyses for the development prototypes are shown in Table 6 (Table E.3 in Feasibility Analysis). A more detailed breakdown with assumptions is provided in Attachment 3: Table 2.2 of the Feasibility Analysis and pro formas for each prototype are found in Appendix B of the Feasibility Analysis.

Table 6
Residual Value Summary

Table E.3
Residual Value Summary
EPA DIF Feasibility Analysis

Item	R1	R2	R3	M1	M2	OL1	OL2	Flex	I1
Residual Lane Value Per Acre	2,766,294	(2,732,510)	(5,577,403)	(11,360,980)	(24,851,638)	(10,374,655)	(33,800,007)	2,214,049	940,507
Residual Land Value Per land SF	\$64	(\$63)	(\$128)	(\$261)	(\$571)	(\$238)	(\$776)	\$51	\$22
Residual Land Value Per Acre (no impact fees)	5,320,639	768,829	1,747,224	(8,788,018)	(19,544,904)	(8,897,212)	(31,660,783)	3,294,424	1,481,660
Residual Land Value Per land SF (no impact fees)	\$122	\$18	\$40	(\$202)	(\$449)	(\$204)	(\$727)	\$76	\$34

Willdan, 2024

Most of the prototypes were found to be infeasible in the near-term and inserting the maximum justifiable development impact fees calculated in the Nexus Study makes marginal difference to this overall conclusion. With inclusion of the calculated maximum fees, the feasible prototypes remain feasible (but less so), and the infeasible prototypes

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become more infeasible. The mixed-use (M1 and M2) and office/life science (OL1 and OL2) prototypes are particularly infeasible in the near-term. Only the townhouse (R1), office/R&D (Flex), and possibly the industrial (I1) prototypes remain feasible. The residual land values for the medium-density (R2) and high-density (R3) residential prototypes become positive, but only if modeled with existing and proposed impact fees removed (including the City's affordable housing requirements.) Nevertheless, the resulting residual land value is under \$50 per square foot, which is the current estimated market value for land. Both multifamily prototypes continue to be challenging unless a project site was previously purchased, or can be acquired, at a lower price.

The residual land values are affected by the inputs and assumptions contained in the pro formas and are particularly sensitive to capitalization rates, parking requirements, construction costs, and lease rates. The analysis and stakeholder process identified reasonable ranges for these factors, given current market conditions, and tested the sensitivity to the factors to financial feasibility for each of the prototypes. The analysis concludes that the City's impact fees, which represents approximately 3 to 6 percent of the total project value, do not significantly burden the financial feasibility of the nine representative prototypes under current and foreseeable development and financing conditions. However, when economic conditions improve, development fees may have a marginal effect on the decision or ability of a developer to proceed or not proceed on higher density projects.

It is important to note that impact fees are a cost recovery mechanism, not an assessment or tax. The impact fees are a calculation of the facility and infrastructure costs incurred by the City to accommodate development. With the maximum justifiable development impact fees, the City "breaks even" in recovering a developer's proportional fair share cost of facilities that are necessary to serve their project. As discussed in the Nexus Study, a substantial unfunded amount remains that ranges from 25 to 60 percent depending on the fee category. Any reduction of the fees results in the need to seek more outside revenues to make up the difference or, alternatively, reduce the level of service for a fee category by removing projects included in the impact fee calculation.

For this reason, Willdan looked at pro forma assumptions that reached beyond current market conditions to more typical rates over time. Their assessment of current market conditions generally is that construction costs have increased to historically high rates and that lease rates have not adjusted to current conditions. They also believe that inflation and interest rates have increased cap rates above historical trends and have adjusted the assumptions in the pro formas to reflect this judgment. It should also be acknowledged that because future economic conditions are uncertain, pro formas should be revisited as conditions change.

Comparison of Impact Fees from Surrounding Cities

Willdan conducted a comparison of impact fees charged by surrounding cities covering Menlo Park, Mountain View, Palo Alto, Redwood City, Menlo Park, San Mateo, and Union City. This fee comparison is not required for the Nexus Study but provides another lens for evaluating impact fees. The nine project prototypes defined in the Feasibility Analysis were used to calculate the fees. Attachment 5 shows the

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results of the survey for each prototype and compares the results with East Palo Alto's current fees and the maximum justifiable fees calculated in the Nexus Study. A simplified summary chart is included which shows the potential total maximum impact fees charged by each jurisdiction. For some cities, the fees vary based on factors such as the location of the project. This summary chart does not include each city's inclusionary housing requirements, but these are included in the tables for each prototype.

The fee comparison shows that total impact fees vary significantly among cities and land use types which likely reflect different CIP facility and infrastructure needs, community service standards, planned growth, city policies, potential revenue sources, and other factors. The fees for each CIP category also vary widely among cities such as the parks and transportation impact fees. Some cities also have additional fees beyond those levied by East Palo Alto.

The fee comparison indicates that, cumulatively, East Palo Alto's maximum justifiable impact fees are within the range of total fees charged by the surveyed cities and are neither the highest nor lowest for each prototype. This fee comparison provides additional information for the City Council's consideration when updating the City's impact fees. Since facility and infrastructure needs differ among cities along with other influencing factors, this fee comparison should be used for general information only.

Policy Options

The Nexus Study sets the upper justifiable limit for development impact fees based on the CIP projects that are necessary to meet the public facility demands of new development and the proportional amount of project costs that can be imposed on developers. However, cities can adopt impact fees at less than the maximum justifiable level with the Financial Feasibility Analysis providing insights on market and financing conditions and the impact of fees on project feasibility. As previously noted, reducing fees means the City would be subsidizing development and would have to seek additional funding to make up the revenue deficit. Additionally, the conclusion of the Feasibility Analysis is that, even if impact fees are reduced or deferred, in the current economic climate this will not likely influence the decision to proceed on most projects. Other factors are more influential, such as current construction and parking costs, interest rates, lease and vacancy rates, market demand, and capitalization rates.

Nevertheless, the City Council could consider policy options for offsetting the impact of impact fees on development to varying degrees, which are summarized below. The City Council's input or direction in any of these options would be beneficial for preparing an updated Development Impact Fee Program for Council consideration.

- 1) Parity with Surrounding Cities: Many cities would like to continue to attract quality development to their community and remain competitive in attracting development that provides economic and fiscal benefits (e.g., sales and property tax revenue, new employment opportunities, and support for retail businesses and restaurants.) The City can choose to adopt fees that are less than the maximum that is allowed and within the range of fees adopted by other cities as shown in

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the fee comparison survey conducted by Willdan. If the City reduces fees, it will have to seek alternative financing to cover the project costs that would have been covered by impact fees.

- 2) Deferral of Fees: Several options and variations fall into this category that would not necessarily reduce the fees, such as deferring collection of all or a portion of fees until issuance of certificate of occupancy instead of payment at the earlier building permit issuance or final map approval stage as is the current City requirement. This can benefit a developer's cashflow and financing situation.

Another option for phased projects is deferring all or a portion of fees to a later phase of the project when economic or financial conditions improve. This option may benefit from memorializing in a development agreement or similar instrument especially if a project may be sold in the future. The downside for the City is that expected funds for designing and constructing a CIP project will be delayed.

- 3) Phasing-In Fee Increase: When a significant fee increase is contemplated, some cities have chosen to phase-in fee increases to ease the impact on development, especially for projects that might already be in the planning stages that have not anticipated a significant fee increase. This option is essentially a temporary fee reduction for an interim period after fee adoption, so the City would be accepting less fees to fund public facilities from developments approved during this period and would need to fund the difference. However, projects qualifying under SB330 that meet prescribed criteria might already have the ability to lock-in certain fees in effect at submittal of a complete preliminary application.

- 4) Reducing/Offsetting Fees for Preferred Land Uses: When the City Council established impact fees in 2019, it was recognized that retail and restaurant uses are particularly affected by impact fees which can be an impediment to attracting these uses to the City. To further economic development or community enhancement goals, the City Council could choose to continue to reduce the impact fees for retail and restaurant uses as well as consider expanding the fee reduction to other preferred uses for the community. However, the reduced fee should not be passed on to other development types, and the City would need to identify alternative funding to cover the fee reduction. While the City would collect reduced fees, this could be offset by other fiscal and intangible benefits.

- 5) Residential Development: Several options can be considered for reducing financial impediments to residential development:

- a. Small Projects: Small projects are generally more impacted by high development impact fees. The City could consider reducing the fees for smaller residential projects such as single-family homes, small residential projects, and larger accessory dwelling units over 750 square feet that are not exempt from impact fees.
- b. Priority Housing: The City could consider exempting or reducing impact fees for certain types of housing, such as: extremely low-income housing; transitional housing; housing for large families, special needs populations, or seniors; or housing projects located in lower-resource areas. These types of

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housing have been cited in the Housing Element and Affirmative Furthering Fair Housing Assessment as priority needs.

- c. Inclusionary Housing Ordinance: Through an updated nexus study and feasibility analysis, the City could consider adjusting its affordable housing requirements and housing linkage fees. Any options explored should consider the possible consequences on the City's Housing Element goals and policies. The City will be participating in a County-wide nexus study in 2024/2025 to analyze inclusionary housing requirements.
 - d. Quimby Fee: Currently, the current park dedication in-lieu fee for residential subdivisions, which are typically ownership housing, are still considerably higher than the maximum justifiable parks and trails impact fee. While the Feasibility Analysis indicates that the for-sale townhouse prototype (R1) is still feasible, the City might wish to equalize the impact fee for ownership and rental housing units.
- 6) RBD Development: Certain fee options for fee adjustments or reductions can be considered for developments in the Specific Plan area:
- a. Loop Road: This project is a significant roadway improvement with an estimated cost of at least \$25 million and may be difficult to implement beyond cost alone if it needs to be designed in conjunction with a levee. The Loop Road is not a required transportation mitigation project per the TIA, but it provides benefits by potentially reducing cut-through traffic, provides an alternative access to relieve traffic on Bay Road, and offers an emergency and fire vehicular access route. Removing the project could reduce the RBD transportation impact fee by approximately 30 percent.
 - b. Scenario 2: Allowing for higher development capacity would reduce impact fees for RBD and non-RBD development without reducing potential revenue by spreading out the project costs among more development, although the difference in the per square-foot rates would only be slight.
 - c. RBD Impact Fee Zone: The City can consider adjusting the boundary of the impact fee zone or create sub-area zones for any of the fees if, upon further analysis, there is a difference in infrastructure needs among development sites within the RBD. A possible outcome is that the fees could increase for some properties and decrease for others.
 - d. Community Benefits: The Council could consider reducing or offsetting impact fees if a developer offers community benefits in exchange, such as dedication of land for a park, public facility, community space, infrastructure improvements, or affordable housing. Similar to other options, however, it could result in less revenue for CIP projects that are needed to serve development and the City would need to fund the difference.
 - e. Financing District: A substantial option is exploring the formation of a Mello-Roos Community Facilities District ("CFD") or an Enhanced Infrastructure Financing District ("EIFD") to fund selected RBD transportation and infrastructure improvements. These financing options can also be established

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as citywide districts and included projects could be deleted from the scope of improvements covered with impact fees. Bond financing could also be explored. The advantages and disadvantages of either option and the potential fiscal impact on the City would warrant further analysis.

Next Steps

Staff will continue to accept public comments on the Nexus Study until July 15, 2024, and the Feasibility Analysis until July 22, 2024, and then prepare a final draft of the Nexus Study for eventual City Council adoption later this year. The Nexus Study is required by AB 602 to be adopted by the City Council before updated development impact fees can be enacted. The Feasibility Analysis does not need to be approved by the City Council. Adoption of the appropriate version of Nexus Study is pending a decision on the preferred Specific Plan scenario. Once the preferred scenario is selected, a minimum 30-day review period will be provided for public comment on the final drafts of the Nexus Study and Feasibility Analysis. A community meeting will also be scheduled during the review period. Staff will then schedule the Nexus Study for adoption along with consideration of the updated Development Impact Fee Program per the City Council's direction.

Fiscal Impact

This item is a discussion item only with no action requested or resulting fiscal impact. The future fiscal impact will be assessed when a recommendation is developed for updating and City's development impact fees to funds CIP projects that are necessary to accommodate future planned growth.

Public Notice

The public was provided with notice by making the agenda and report available on the City's website and on the bulletin board located at City Hall: 2415 University Avenue, East Palo Alto. Interested parties were also notified about this discussion item at the City Council's regular scheduled meeting on July 2, 2024. Additionally, a virtual meeting with the development community and interested parties was held on June 26, 2024, to receive comments on the Nexus Study and Financial Feasibility Analysis.

Environmental

The action being considered by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" pursuant to 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

POLICY AND ACTION ITEM 9..1

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

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Draft Development Impact Fee [Nexus Study Update, Scenario 1](#) (June 14, 2024)
2. Draft Development Impact Fee [Nexus Study Update, Scenario 2](#) (June 14, 2024)
3. Draft Development Impact Fee [Financial Feasibility Analysis](#) (June 19, 2024)
4. Comparison of Current Impact Fees with Maximum Justifiable Development Impact Fees
5. Comparison of Total Impact Fees Charged by Surrounding Cities

Attachment 4: Comparison of Current Fees with Maximum Justifiable Development Impact Fees

PARKS AND TRAILS IMPACT FEE (RBD and Non-RBD Projects)

Land Use Category	Current Fee			Maximum Justifiable Fee RBD Scenario 1 (2.82 MSF)				Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)			
Net Total Project Costs	\$37,190,000			\$88,799,000				\$88,799,000			
	Unit Fee	Unit	Total	Unit Fee	Unit	Total	% Change	Unit Fee	Unit	Total	% Change
Single-family (1)	-	-	4,987	10.32	SF	17,544	252%	10.06	SF	17,102	243%
Multi-family (2)	-	-	3,435	14.35	SF	12,556	266%	13.98	SF	12,233	256%
Office/Life Science	1.40	SF	-	3.59	SF	-	156%	3.50	SF	-	150%
Retail	0.92	SF	-	2.40	SF	-	161%	2.33	SF	-	153%
Industrial	0.55	SF	-	1.44	SF	-	162%	1.40	SF	-	155%

(1) Based on 1,700 SF Townhouse

(2) Based on 875 SF Rental Unit

PUBLIC FACILITIES IMPACT FEE (RBD and Non-RBD Projects)

Land Use Category	Current Fee			Maximum Justifiable Fee RBD Scenario 1 (2.82 MSF)				Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)			
Net Total Project Costs	\$65,219,000			\$127,120,000				\$127,120,000			
	Unit Fee	Unit	Total	Unit Fee	Unit	Total	% Change	Unit Fee	Unit	Total	% Change
Single-family (1)	-	-	8,746	8.69	SF	14,773	69%	8.47	SF	14,399	65%
Multi-family (2)	-	-	6,025	12.08	SF	10,570	75%	11.78	SF	10,308	71%
Office/Life Science	2.42	SF	-	3.03	SF	-	25%	2.95	SF	-	22%
Retail	1.61	SF	-	2.02	SF	-	25%	1.97	SF	-	22%
Industrial	0.99	SF	-	1.21	SF	-	22%	1.18	SF	-	19%

(1) Based on 1,700 SF Townhouse

(2) Based on 875 SF Rental Unit

STORM DRAINAGE IMPACT FEE (RBD and Non-RBD Projects)

Land Use Category	Current Fee		Maximum Justifiable Fee RBD Scenario 1 (2.82 MSF)		Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)	
Net Total Project Costs	\$54,132,000		\$79,857,000		\$79,857,000	
	Per Impervious Acre		Per Impervious Acre		Per Impervious Acre	
All RBD Projects	\$146,007		\$281,525		\$281,525	
All Non-RBD Projects	\$84,467		\$241,383		\$241,383	
			% Change		% Change	
			93%		93%	
			186%		186%	

CITY-WIDE TRANSPORTATION IMPACT FEE (Non-RBD Projects)

Land Use Category	Current Fee			Maximum Justifiable Fee RBD Scenario 1 (2.82 MSF)				Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)			
Net Total Project Costs				\$19,175,203				\$19,175,203			
	Unit Fee	Unit	Total	Unit Fee	Unit	Total	% Change	Unit Fee	Unit	Total	% Change
Single-family (1)	-	-	2,845	0.68	SF	1,156	-59%	0.64	SF	1,088	-62%
Multi-family (2)	-	-	2,142	0.76	SF	665	-69%	0.72	SF	630	-71%
Office/Life Science	8.84	SF	-	1.69	SF	-	-81%	1.59	SF	-	-82%
Retail	8.84	SF	-	3.18	SF	-	-64%	3.00	SF	-	-66%
Industrial	5.76	SF	-	0.94	SF	-	-84%	0.89	SF	-	-85%

(1) Based on 1,700 SF Townhouse

(2) Based on 875 SF Rental Unit

CITY-WIDE & RBD TRANSPORTATION IMPACT FEE (RBD Projects w/ Loop Road)

Land Use Category	Current Fee			Maximum Justifiable Fee RBD Scenario 1 (2.82 MSF)				Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)			
Met Total Project Costs	\$98,641,000			\$73,324,477				\$73,324,477			
	Unit Fee	Unit	Total	Unit Fee	Unit	Total	% Change	Unit Fee	Unit	Total	% Change
Single-family (1)	-	-	2,845	4.48	SF	7,616	168%	4.40	SF	7,480	163%
Multi-family (2)	-	-	2,142	5.01	SF	4,384	105%	4.92	SF	4,305	101%
Office/Life Science	8.84	SF	-	11.10	SF	-	26%	10.90	SF	-	23%
Retail	8.84	SF	-	20.90	SF	-	136%	20.53	SF	-	132%
Industrial	5.76	SF	-	6.19	SF	-	7%	6.08	SF	-	6%

(1) Based on 1,700 SF Townhouse

(2) Based on 875 SF Rental Unit

WATER CAPACITY IMPACT FEE (Non-RBD Projects)

Land Use Category	Current Fee			Maximum Justifiable Fee RBD Scenario 1 (2.82 MSF)				Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)			
Net Total Project Costs	\$71,956,450			\$68,854,000				\$68,854,000			
	Unit Fee	Unit	Total	Unit Fee	Unit	Total	% Change	Unit Fee	Unit	Total	% Change
Single-family (1)	-	-	9,831	8.81	SF	14,977	52%	8.81	SF	14,977	52%
Multi-family (2)	-	-	6,050	10.61	SF	9,284	53%	10.61	SF	9,284	53%
3/4" Meter	-	-	14,368	-	-	21,888	52%	-	-	21,888	52%
1 Inch Meter	-	-	23,946	-	-	36,461	52%	-	-	36,461	52%
1/1/2" Meter	-	-	47,894	-	-	72,979	52%	-	-	72,979	52%
2" Meter	-	-	76,629	-	-	116,755	52%	-	-	116,755	52%
3" Meter	-	-	n/a	-	-	218,880	n/a	-	-	218,880	n/a
4" Meter	-	-	n/a	-	-	364,781	n/a	-	-	364,781	n/a
GPD	37.80	GPD	-	57.60	GPD	-	52%	57.60	GPD	-	52%

(1) Based on 1,700 SF Townhouse

(2) Based on 875 SF Rental Unit

WATER CAPACITY IMPACT FEE (RBD Projects)

Land Use Category	Current Fee			Maximum Justifiable Fee RBD Scenario 2 (2.82 MSF)				Maximum Justifiable Fee RBD Scenario 2 (3.35 MSF)			
Net Total Project Costs	\$71,956,450			\$68,854,000				\$68,854,000			
	Unit Fee	Unit	Total	Unit Fee	Unit	Total	% Change	Unit Fee	Unit	Total	% Change
Single-family (1)	-	-	9,831	3.17	SF	5,389	-45%	2.67	SF	4,539	-54%
Multi-family (2)	-	-	6,050	3.81	SF	3,334	-45%	3.22	SF	2,818	-53%
3/4" Meter	-	-	14,368	-	-	7,866	-45%	-	-	6,635	-54%
1 Inch Meter	-	-	23,946	-	-	13,103	-45%	-	-	11,052	-54%
1/1/2" Meter	-	-	47,894	-	-	26,227	-45%	-	-	22,122	-54%
2" Meter	-	-	76,629	-	-	41,959	-45%	-	-	35,391	-54%
3" Meter	-	-	n/a	-	-	78,660	n/a	-	-	66,348	n/a
4" Meter	-	-	n/a	-	-	131,093	n/a	-	-	110,574	n/a
GPD	37.80	GPD	-	20.70	GPD	-	-45%	17.46	GPD	-	-54%

(1) Based on 1,700 SF Townhouse

(2) Based on 875 SF Rental Unit

Attachment 5

Summary: Comparison of Total Development Impact Fees Charged by Surrounding Cities

NOTES: Fees shown are the highest total fees charged by each city which varies due to different factors such as project location.
For East Palo Alto, the highest fee varies by RBD and Non-RBD locations and includes the optional Loop Road transportation project.
Mountain View is shown as a range for mixed use and non-residential uses because of the wide range based on the location of a project.

The total fees do not include inclusionary housing requirements.

(shown in \$000 dollars)

Prototype	Land Use Type	East Palo Alto (Current)	East Palo Alto (Nexus Study)	Menlo Park	Mountain View	Palo Alto	Redwood City	San Mateo	Union City
R1	Ownership Townhomes	709	1,182	3,438	11,846	2,268	1,501	1,158	2,547
R2	Medium Density Residential	714	1,493	3,521	14,134	2,437	1,890	1,168	3,181
R3	High Density Residential	1,438	2,718	1,157	1,028	5,013	4,199	1,090	1,729
M1	Mixed Use (medium density)	2,463	4,879	2,450	1,395 - 3,561	7,075	5,940	1,994	2,007
M2	Mixed Use (high density)	3,964	7,146	3,773	2,318 - 4594	12,823	11,058	3,085	3,981
OL1	Office/Life Science (medium density)	1,371	1,963	2,336	909 - 4,511	2,873	1,831	1,125	303
O L2	Office/Life Science (high density)	1,950	2,690	3,503	1,339 - 6,736	4,313	2,747	1,690	437
Flex	Offiee/Life Science/R&D	1,039	1,536	1,073	660 - 3,178	2,024	1,289	799	141
I1	Industrial/Warehouse	512	987	193	398 - 1,838	983	423	296	81

Table 1: Prototype Assumptions

Example	Product Type	Residential					Commercial		Total Parking Spaces	Form Factor (stories)	Parcel Size (acres)	Density (FAR)	Construction Cost
		Residential Units	Unit Size	Bedrooms (per unit)	Total Residential Sq. Ft.	Residential Water Meter Size (per unit)	Commercial Sq. Ft.	Commercial Water Meter Size					
R1	Ownership Townhomes ¹	22	1,500	2.5	33,000	3/4"			46	3	1	0.76	\$ 6,560,000
R2	Medium Density Residential ²	33	1,000	1.5	33,000	3/4"			61	3-5	1	0.76	6,560,000
R3	High Density Residential ³	74	875	1.0	64,750	3/4"			126	5-8	1	1.49	12,872,000
M1	Mixed Use (medium density) ⁴	80	1,000	1.5	80,000	3/4"	50,000	1"	348	3-5	3	0.99	27,568,000
M2	Mixed Use (high density) ⁴	165	875	1.0	144,375	3/4"	50,000	1"	481	5-8	3	1.49	41,219,000
OL1	Office/Life Science ⁵						87,210	1½"	363	2-4	2	1.00	20,202,000
OL2	Office/Life Science ⁵						130,680	2"	545	3-6	2	1.50	30,272,000
Flex	Office/Life Science/R&D ⁶						60,984	1½"	210	2	2	0.70	14,127,000
I1	Industrial/Warehouse						34,848	1"	17	1	2	0.40	8,073,000

¹ Subdivision

² Subdivision Rental

³ Non-Subdivision Rental

⁴ Office and Residential

⁵ 75% Office, 25% Life Science

⁶ 50% Office, 25% Life Science, 25% R&D

Table 2: Example R1 (Ownership Townhomes)

Fee Category	CURRENT East Palo Alto (Non RBD) ^{1,2}	CURRENT East Palo Alto (RBD) ^{1,2}	DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10,11}	Mountain View (High) ^{9,10,11}	Palo Alto ¹¹	Redwood City (Low) ^{11,12}	Redwood City (High) ^{11,12}	San Mateo ^{11,13}	Union City (Low) ^{8,14}	Union City (High) ^{8,14}
DIF Administration ³	\$ -	\$ -	\$ 22,832	\$ 23,155	\$ 20,439	\$ 23,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	-	-	17,056	17,056	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	-	102,900	-	-
Community Center	-	-	-	-	-	-	-	-	-	105,491	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	15,400	15,400
General Government	-	-	-	-	-	-	-	-	-	35,200	-	-	-	-	-
Infrastructure ¹⁵	-	-	-	-	-	-	-	-	-	-	-	-	-	-	269,082
Landscape-in-Lieu Fee ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	62,872	-	-	-	-	-
Parking In-Lieu Fee ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation Impact Fee ¹⁵	109,718	109,718	331,980	340,560	331,980	340,560	-	-	-	-	1,043,108	1,043,108	-	-	-
Parks and Recreation In-Lieu Fee ¹⁶	-	-	-	-	-	-	2,802,800	11,375,000	11,375,000	1,651,692	-	-	570,108	1,885,530	1,885,530
Public/Capital Facilities	192,410	192,410	279,510	286,770	279,510	286,770	-	-	-	-	-	-	-	269,082	269,082
Public Art	-	-	-	-	-	-	-	-	-	65,601	65,601	65,601	78,064	65,600	65,600
Public Safety	-	-	-	-	-	-	-	-	-	27,918	-	-	-	-	-
Storm Drain ²	74,331	128,486	217,245	217,245	253,373	300,400	3,300	-	-	-	-	-	-	-	-
Transportation/Traffic/Street ^{14,12}	62,595	62,595	21,120	22,440	67,980	125,400	453,065	134,640	182,244	121,088	66,000	106,260	162,953	42,438	42,438
Wastewater/Sewer ⁹	-	-	-	-	-	-	-	62,500	130,104	115,500	98,311	98,311	244,214	-	-
Water ⁹	216,276	216,276	291,720	290,730	89,100	105,270	178,640	93,720	141,324	82,500	187,418	187,418	-	-	-
Subtotal	\$ 655,330	\$ 709,485	\$ 1,164,407	\$ 1,180,900	\$ 1,042,382	\$ 1,181,568	\$ 3,437,805	\$ 11,702,916	\$ 11,845,729	\$ 2,267,862	\$ 1,460,438	\$ 1,500,698	\$ 1,158,239	\$ 2,278,050	\$ 2,547,132
Affordable Housing In-Lieu Fee ^{10,13}	\$ 1,142,240	\$ 1,142,240	\$ 1,142,240	\$ 1,142,240	\$ 1,142,240	\$ 1,142,240	\$ 1,074,184	\$ -	\$ -	\$ 2,022,570	\$ 825,000	\$ 825,000	\$ -	\$ 891,000	\$ 891,000
Total	\$ 1,797,570	\$ 1,851,725	\$ 2,306,647	\$ 2,323,140	\$ 2,184,622	\$ 2,323,808	\$ 4,511,989	\$ 11,702,916	\$ 11,845,729	\$ 4,290,432	\$ 2,285,438	\$ 2,325,698	\$ 1,158,239	\$ 3,169,050	\$ 3,438,132

¹ RBD = Ravenswood Business District² Current East Palo Alto Storm Drain Fee depends on location³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.⁹ Mountain View Transportation, Sewer and Water fees depend upon location¹⁰ Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.¹¹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.¹² Redwood City Transportation Impact fee depends upon location¹³ San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.¹⁴ Union City Infrastructure Fee only charged in DIPSA area¹⁵ Fee based on the standard established by the *Mitigation Fee Act* (Non-Subdivision Infill)¹⁶ Fee based on the standard established by the *Quimby Act* (Subdivision)

Table 3: Example R2 (Medium Density Residential Rental)

Fee Category	CURRENT		DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10,11}	Mountain View (High) ^{9,10,11}	Palo Alto ¹¹	Redwood City (Low) ^{11,12}	Redwood City (High) ^{11,12}	San Mateo ^{11,13}	Union City (Low) ^{8,14}	Union City (High) ^{8,14}
	East Palo Alto (Non RBD) ^{1,2}	East Palo Alto (RBD) ^{1,2}													
DIF Administration ³	\$ -	\$ -	\$ 28,844	\$ 29,293	\$ 25,732	\$ 28,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	-	-	17,056	17,056	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	-	111,324	-	-
Community Center	-	-	-	-	-	-	-	-	-	117,055	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	15,400	27,720
General Government	-	-	-	-	-	-	-	-	-	42,207	-	-	-	-	-
Infrastructure ¹⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	242,583
Landscape-in-Lieu Fee ⁹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	69,741	-	-	-	-	-
Parking In-Lieu Fee ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation Impact Fee ¹⁵	113,368	113,368	461,340	473,550	461,340	473,550	-	-	-	-	1,343,456	1,343,456	-	96,195	96,195
Parks and Recreation In-Lieu Fee ¹⁶	-	-	-	-	-	-	2,587,200	13,640,000	13,640,000	1,707,681	-	-	610,830	2,413,620	2,413,620
Public/Capital Facilities	198,822	198,822	388,740	398,640	388,740	398,640	-	-	-	-	-	-	-	284,592	284,592
Public Art	-	-	-	-	-	-	-	-	-	65,601	65,601	65,601	78,064	65,600	65,600
Public Safety	-	-	-	-	-	-	-	-	-	33,495	-	-	-	-	-
Storm Drain ²	76,020	131,406	217,245	217,245	253,373	300,400	4,950	-	-	-	-	-	-	-	-
Transportation/Traffic/Street ^{9,12}	70,681	70,681	23,760	25,080	75,900	140,250	660,574	113,124	166,540	104,576	47,190	76,230	123,445	50,919	50,919
Wastewater/Sewer ⁹	-	-	-	-	-	-	-	96,294	149,710	173,250	123,974	123,974	244,202	-	-
Water ⁹	199,658	199,658	351,120	350,130	107,250	127,050	267,960	107,514	160,930	123,750	281,127	281,127	-	-	-
Subtotal	\$ 658,548	\$ 713,934	\$ 1,471,049	\$ 1,493,938	\$ 1,312,335	\$ 1,468,688	\$ 3,520,684	\$ 13,973,988	\$ 14,134,236	\$ 2,437,357	\$ 1,861,348	\$ 1,890,388	\$ 1,167,866	\$ 2,926,326	\$ 3,181,229
Affordable Housing In-Lieu Fee ^{10,13}	\$ 1,566,840	\$ 1,566,840	\$ 1,566,840	\$ 1,566,840	\$ 1,566,840	\$ 1,566,840	\$ 1,074,184	\$ -	\$ -	\$ 809,160	\$ 825,000	\$ 825,000	\$ -	\$ 891,000	\$ 891,000
Total	\$ 2,225,388	\$ 2,280,774	\$ 3,037,889	\$ 3,060,778	\$ 2,879,175	\$ 3,035,528	\$ 4,594,868	\$ 13,973,988	\$ 14,134,236	\$ 3,246,517	\$ 2,686,348	\$ 2,715,388	\$ 1,167,866	\$ 3,817,326	\$ 4,072,229

¹ RBD = Ravenswood Business District² Current East Palo Alto Storm Drain Fee depends on location³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.⁹ Mountain View Transportation, Sewer and Water fees depend upon location¹⁰ Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.¹¹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.¹² Redwood City Transportation Impact fee depends upon location¹³ San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.¹⁴ Union City Infrastructure Fee only charged in DIPSA area. Fire Equipment Fee dependent upon Form Factor (number of stories)¹⁵ Fee based on the standard established by the *Mitigation Fee Act* (Non-Subdivision Infill)¹⁶ Fee based on the standard established by the *Quimby Act* (Subdivision)

Table 4: Example R3 (High Density Residential Rental)

Fee Category	CURRENT East Palo Alto (Non RBD) ^{1,2}	CURRENT East Palo Alto (RBD) ^{1,2}	DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10,11}	Mountain View (High) ^{9,10,11}	Palo Alto ¹¹	Redwood City (Low) ^{11,12}	Redwood City (High) ^{11,12}	San Mateo ^{11,13}	Union City (Low) ^{8,14}	Union City (High) ^{8,14}
DIF Administration ³	\$ -	\$ -	\$ 52,415	\$ 53,296	\$ 45,614	\$ 50,724	\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	-	-	33,467	33,467	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	20,720	20,720
Child Care	-	-	-	-	-	-	-	-	-	-	-	-	249,636	-	-
Community Center	-	-	-	-	-	-	-	-	-	262,488	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	54,390	67,988
General Government	-	-	-	-	-	-	-	-	-	94,646	-	-	-	-	-
Infrastructure ¹⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	543,974
Landscape-in-Lieu Fee ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	156,389	-	-	-	-	-
Parking In-Lieu Fee ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation Impact Fee ¹⁵	254,219	254,219	905,205	929,163	905,205	929,163	-	-	-	3,395,469	3,012,599	3,012,599	-	215,710	215,710
Public/Capital Facilities	445,843	445,843	762,755	782,180	762,755	782,180	-	-	-	-	-	-	-	638,176	638,176
Public Art	-	-	-	-	-	-	-	-	-	128,717	128,717	128,717	153,177	128,720	128,720
Public Safety	-	-	-	-	-	-	-	-	-	75,110	-	-	-	-	-
Storm Drain ²	76,020	131,406	217,245	217,245	253,373	300,400	11,100	-	-	-	-	-	-	-	-
Transportation/Traffic/Street ^{9,12}	158,496	158,496	46,620	49,210	148,925	275,188	545,163	253,672	348,121	234,504	92,593	149,573	276,817	114,182	114,182
Wastewater/Sewer ⁹	-	-	-	-	-	-	-	215,932	310,381	388,500	278,003	278,003	410,682	-	-
Water ⁹	447,717	447,717	688,940	686,998	210,438	249,288	600,880	241,092	335,541	277,500	630,406	630,406	-	-	-
Subtotal	\$ 1,382,295	\$ 1,437,681	\$ 2,673,180	\$ 2,718,091	\$ 2,326,309	\$ 2,586,942	\$ 1,157,143	\$ 744,163	\$ 1,027,509	\$ 5,013,323	\$ 4,142,317	\$ 4,199,297	\$ 1,090,312	\$ 1,171,898	\$ 1,729,470
Affordable Housing In-Lieu Fee ^{10,13}	\$ 3,513,520	\$ 3,513,520	\$ 3,513,520	\$ 3,513,520	\$ 3,513,520	\$ 3,513,520	\$ 2,107,679	\$ -	\$ -	\$ 1,587,670	\$ 1,618,750	\$ 1,618,750	\$ -	\$ 1,748,250	\$ 1,748,250
Total	\$ 4,895,815	\$ 4,951,201	\$ 6,186,700	\$ 6,231,611	\$ 5,839,829	\$ 6,100,462	\$ 3,264,822	\$ 744,163	\$ 1,027,509	\$ 6,600,993	\$ 5,761,067	\$ 5,818,047	\$ 1,090,312	\$ 2,920,148	\$ 3,477,720

¹ RBD = Ravenswood Business District² Current East Palo Alto Storm Drain Fee depends on location³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFL. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.⁹ Mountain View Transportation, Sewer and Water fees depend upon location¹⁰ Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.¹¹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.¹² Redwood City Transportation Impact fee depends upon location¹³ San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.¹⁴ Union City Infrastructure Fee only charged in DIPSA area. Fire Equipment Fee dependent upon Form Factor (number of stories)¹⁵ Fee based on the standard established by the *Mitigation Fee Act* (Non-Subdivided Infill)

Table 5: Example M1 (Mixed Use Medium Density)

Fee Category	CURRENT		DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10,11}	Mountain View (High) ^{9,10,11}	Palo Alto ¹¹	Redwood City (Low) ^{11,12}	Redwood City (High) ^{11,12}	San Mateo ^{11,13}	Union City (Low) ^{8,14}	Union City (High) ^{8,14}
	East Palo Alto (Non RBD) ^{1,2}	East Palo Alto (RBD) ^{1,2}													
DIF Administration ³	\$ -	\$ -	\$ 81,196	\$ 81,844	\$ 79,419	\$ 95,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	-	-	71,677	71,677	-	-	-	-	29,440	29,440
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	-	303,377	-	-
Community Center	-	-	-	-	-	-	-	-	-	354,270	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	37,333	67,200
General Government	-	-	-	-	-	-	-	-	-	146,920	-	-	-	-	-
Infrastructure ¹⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	588,080
Landscape-in-Lieu Fee ⁹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	211,070	-	-	-	-	-
Parking In-Lieu Fee ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	344,831	344,831	1,293,400	1,268,000	1,234,900	1,268,000	-	-	-	4,580,278	4,186,120	4,186,120	-	233,200	233,200
Public/Capital Facilities	602,992	602,992	1,089,900	1,067,400	1,040,900	1,067,400	-	-	-	-	-	-	-	689,920	689,920
Public Art	-	-	-	-	-	-	-	-	-	275,678	275,678	275,678	328,059	275,680	275,680
Public Safety	-	-	-	-	-	-	-	-	-	116,650	-	-	-	-	-
Storm Drain ²	228,060	394,219	651,734	651,734	760,118	901,201	22,800	-	-	-	-	-	-	-	-
Transportation/Traffic/Street ^{9,12}	613,347	613,347	137,100	219,800	664,000	1,226,000	1,764,049	600,740	2,147,240	653,809	443,400	513,800	750,428	123,440	123,440
Wastewater/Sewer ⁹	-	-	-	-	-	-	-	448,500	630,493	430,500	496,410	496,410	611,821	-	-
Water ⁹	507,965	507,965	887,661	885,261	271,052	321,103	663,134	274,567	711,567	306,250	468,518	468,518	-	-	-
Subtotal	\$ 2,297,195	\$ 2,463,353	\$ 4,140,991	\$ 4,174,039	\$ 4,050,389	\$ 4,879,378	\$ 2,449,983	\$ 1,395,484	\$ 3,560,977	\$ 7,075,425	\$ 5,870,126	\$ 5,940,526	\$ 1,993,685	\$ 1,389,013	\$ 2,006,960
Affordable Housing In-Lieu Fee ^{10,13}	\$ 3,798,400	\$ 3,798,400	\$ 3,798,400	\$ 3,798,400	\$ 3,798,400	\$ 3,798,400	\$ 2,604,083	\$ -	\$ -	\$ 1,961,600	\$ 1,600,000	\$ 1,600,000	\$ -	\$ 2,160,000	\$ 2,160,000
Affordable Housing Commercial Fee	677,500	677,500	677,500	677,500	677,500	677,500	1,056,000	1,480,000	1,480,000	2,145,000	1,181,000	1,181,000	1,638,000	-	-
Total	\$ 6,773,095	\$ 6,939,253	\$ 8,616,891	\$ 8,649,939	\$ 8,526,289	\$ 9,355,278	\$ 6,110,066	\$ 2,875,484	\$ 5,040,977	\$ 11,182,025	\$ 8,651,126	\$ 8,721,526	\$ 3,631,685	\$ 3,549,013	\$ 4,166,960

¹ RBD = Ravenswood Business District² Current East Palo Alto Storm Drain Fee depends on location³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.⁹ Mountain View Transportation, Sewer and Water fees depend upon location¹⁰ Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.¹¹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.¹² Redwood City Transportation Impact fee depends upon location¹³ San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.¹⁴ Union City Infrastructure Fee only charged in DIPSA area. Fire Equipment Fee dependent upon Form Factor (number of stories)

Table 6: Example M2 (Mixed Use high density)

Fee Category	CURRENT East Palo Alto (Non RBD) ^{1,2}	CURRENT East Palo Alto (RBD) ^{1,2}	DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10,11}	Mountain View (High) ^{9,10,11}	Palo Alto ¹¹	Redwood City (Low) ^{11,12}	Redwood City (High) ^{11,12}	San Mateo ^{11,13}	Union City (Low) ^{8,14}	Union City (High) ^{8,14}
DIF Administration ³	\$ -	\$ -	\$ 128,988	\$ 130,511	\$ 119,731	\$ 140,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation	-	-	-	-	-	-	-	107,169	107,169	-	-	-	-	-	-
Bedroom Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	46,200	46,200
Child Care	-	-	-	-	-	-	-	-	-	-	-	-	590,121	-	-
Community Center	-	-	-	-	-	-	-	-	-	655,776	-	-	-	-	-
Fire Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	121,275	151,594
General Government	-	-	-	-	-	-	-	-	-	255,635	-	-	-	-	-
Infrastructure ¹⁴	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,212,915
Landscape-in-Lieu Fee ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	390,706	-	-	-	-	-
Parking In-Lieu Fee ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	636,839	636,839	2,193,363	2,191,781	2,134,863	2,191,781	-	-	-	8,480,479	8,216,310	8,216,310	-	480,975	480,975
Public/Capital Facilities	1,115,109	1,115,109	1,848,238	1,845,050	1,799,238	1,845,050	-	-	-	-	-	-	-	1,422,960	1,422,960
Public Art	-	-	-	-	-	-	-	-	-	412,192	412,192	412,192	490,506	412,190	412,190
Public Safety	-	-	-	-	-	-	-	-	-	202,925	-	-	-	-	-
Storm Drain ²	228,060	394,219	651,734	651,734	760,118	901,201	35,550	-	-	-	-	-	-	-	-
Transportation/Traffic/Street ^{9,12}	795,404	795,404	183,450	268,725	812,063	1,499,594	2,383,670	892,120	2,438,620	923,172	535,456	662,506	1,068,394	254,595	254,595
Wastewater/Sewer ²	-	-	-	-	-	-	-	767,250	1,030,345	876,750	815,738	815,738	935,527	-	-
Water ⁹	1,022,234	1,022,234	1,572,611	1,568,280	480,271	568,947	1,353,334	551,497	1,017,592	625,000	951,233	951,233	-	-	-
Subtotal	\$ 3,797,647	\$ 3,963,805	\$ 6,578,384	\$ 6,656,081	\$ 6,106,284	\$ 7,146,704	\$ 3,772,554	\$ 2,318,036	\$ 4,593,726	\$ 12,822,635	\$ 10,930,929	\$ 11,057,979	\$ 3,084,548	\$ 2,738,195	\$ 3,981,429
Affordable Housing In-Lieu Fee ^{10,13}	\$ 7,834,200	\$ 7,834,200	\$ 7,990,884	\$ 7,990,884	\$ 7,990,884	\$ 7,990,884	\$ 4,699,555	\$ 4,539,975	\$ 4,539,975	\$ 3,540,075	\$ 2,887,500	\$ 2,887,500	\$ 4,539,975	\$ 3,898,125	\$ 3,898,125
Affordable Housing Commercial Fee	677,500	677,500	677,500	677,500	677,500	677,500	1,056,000	1,480,000	1,480,000	2,145,000	1,181,000	1,181,000	1,638,000	-	-
Total	\$ 12,309,347	\$ 12,475,505	\$ 15,246,768	\$ 15,324,465	\$ 14,774,668	\$ 15,815,088	\$ 9,528,109	\$ 8,338,011	\$ 10,613,701	\$ 18,507,710	\$ 14,999,429	\$ 15,126,479	\$ 9,262,523	\$ 6,636,320	\$ 7,879,554

¹ RBD = Ravenswood Business District² Current East Palo Alto Storm Drain Fee depends on location³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.⁹ Mountain View Transportation, Sewer and Water fees depend upon location¹⁰ Mountain View Affordable Housing: All residential projects are required to provide 15% Affordable/Below Market Rate units on-site. No in-lieu fee available.¹¹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes that parking will be provided onsite and in-lieu fee will not apply.¹² Redwood City Transportation Impact fee depends upon location¹³ San Mateo Affordable Program: for residential projects of 11 or more units, 15% of the units shall be set aside for Affordable/Below Market Rate units on-site. No in-lieu fee available.¹⁴ Union City Infrastructure Fee only charged in DIPSA area. Fire Equipment Fee dependent upon Form Factor (number of stories)

Table 7: Example OL1 (Office/Life Science)

Fee Category	CURRENT East Palo Alto (Non RBD) ^{1,2}	CURRENT East Palo Alto (RBD) ^{1,2}	DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10}	Mountain View (High) ^{9,10}	Palo Alto ⁹	Redwood City ⁹	San Mateo ⁹	Union City (Low) ¹¹	Union City (High) ¹¹
DIF Administration ³	\$ -	\$ -	\$ 22,724	\$ 23,195	\$ 29,034	\$ 38,497	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	-	-	52,525	52,525	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	58,431	-	-
Community Center	-	-	-	-	-	-	-	-	-	122,966	-	-	-	-
Fire Equipment ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	-	101,063
General Government	-	-	-	-	-	-	-	-	-	77,791	-	-	-	-
Landscape-in-Lieu Fee ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	73,256	-	-	-	-
Parking In-Lieu Fee ⁹	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	122,094	122,094	305,235	313,084	305,235	313,084	-	-	-	1,586,350	685,471	-	-	-
Public/Capital Facilities	211,048	211,048	257,270	264,246	257,270	264,246	-	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	-	-	202,022	202,022	240,404	202,020	202,020
Public Safety	-	-	-	-	-	-	-	-	-	61,832	-	-	-	-
Storm Drain ⁹	126,700	219,010	362,075	362,075	422,288	500,667	15,698	-	-	-	-	-	-	-
Transportation/Traffic/Street ¹⁰	770,936	770,936	138,664	147,385	444,771	820,646	2,293,061	569,481	3,266,887	698,188	573,842	786,925	-	-
Wastewater/Sewer ¹⁰	-	-	-	-	-	-	-	259,014	401,166	31,668	341,630	39,635	-	-
Water ¹⁰	47,894	47,894	72,979	72,979	22,122	26,227	27,069	27,851	790,066	18,850	28,396	-	-	-
Subtotal	\$ 1,278,673	\$ 1,370,983	\$ 1,158,947	\$ 1,182,965	\$ 1,480,719	\$ 1,963,368	\$ 2,335,828	\$ 908,871	\$ 4,510,644	\$ 2,872,924	\$ 1,831,360	\$ 1,125,394	\$ 202,020	\$ 303,083
Affordable Housing Commercial Fee	\$ 1,181,696	\$ 1,181,696	\$ 1,181,696	\$ 1,181,696	\$ 1,181,696	\$ 1,181,696	\$ 1,841,875	\$ 2,707,930	\$ 2,707,930	\$ 3,741,309	\$ 2,059,900	\$ 2,857,000	\$ -	\$ -
Total	\$ 2,460,368	\$ 2,552,678	\$ 2,340,643	\$ 2,364,660	\$ 2,662,415	\$ 3,145,063	\$ 4,177,703	\$ 3,616,801	\$ 7,218,574	\$ 6,614,233	\$ 3,891,261	\$ 3,982,394	\$ 202,020	\$ 303,083

¹ RBD = Ravenswood Business District

² Current East Palo Alto Storm Drain Fee depends on location

³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project

⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project

⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project

⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project

⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

⁹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

¹⁰ Mountain View Transportation, Water and Sewer fees depend on location

¹¹ Union City Fire Equipment Fee dependent upon Form Factor (number of stories)

Table 8: Example OL2 (Office/Life Science)

Fee Category	CURRENT East Palo Alto (Non RBD) ^{1,2}	CURRENT East Palo Alto (RBD) ^{1,2}	DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10}	Mountain View (High) ^{9,10}	Palo Alto ⁹	Redwood City ⁹	San Mateo ⁹	Union City (Low) ¹¹	Union City (High) ¹¹
DIF Administration ³	\$ -	\$ -	\$ 30,590	\$ 31,296	\$ 39,341	\$ 52,749	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	-	-	52,525	52,525	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	87,556	-	-
Community Center	-	-	-	-	-	-	-	-	-	184,259	-	-	-	-
Fire Equipment ¹¹	-	-	-	-	-	-	-	-	-	-	-	-	67,375	134,750
General Government	-	-	-	-	-	-	-	-	-	116,567	-	-	-	-
Landscape-in-Lieu Fee ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	109,771	-	-	-	-
Parking In-Lieu Fee ⁹	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	182,952	182,952	457,380	469,141	457,380	469,141	-	-	-	2,377,069	1,027,145	-	-	-
Public/Capital Facilities	316,246	316,246	385,506	395,960	385,506	395,960	-	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	-	-	302,720	302,720	360,237	302,720	302,720
Public Safety	-	-	-	-	-	-	-	-	-	92,652	-	-	-	-
Storm Drain ⁶	126,700	219,010	362,075	362,075	422,288	500,667	23,522	-	-	-	-	-	-	-
Transportation/Traffic/Street ¹⁰	1,155,211	1,155,211	207,781	220,849	666,468	1,229,699	3,436,044	853,340	4,895,273	1,046,201	859,874	1,179,169	-	-
Wastewater/Sewer ¹⁰	-	-	-	-	-	-	-	388,120	601,128	52,500	511,916	63,415	-	-
Water ¹⁰	76,629	76,629	116,755	116,755	35,391	41,959	43,310	44,562	1,186,705	31,250	45,433	-	-	-
Subtotal	\$ 1,857,738	\$ 1,950,049	\$ 1,560,087	\$ 1,596,077	\$ 2,006,374	\$ 2,690,175	\$ 3,502,876	\$ 1,338,547	\$ 6,735,631	\$ 4,312,989	\$ 2,747,088	\$ 1,690,376	\$ 370,095	\$ 437,470
Affordable Housing Commercial Fee	\$ 1,770,714	\$ 1,770,714	\$ 1,770,714	\$ 1,770,714	\$ 1,770,714	\$ 1,770,714	\$ 2,759,962	\$ 4,142,440	\$ 4,142,440	\$ 5,606,172	\$ 3,086,662	\$ 4,281,077	\$ -	\$ -
Total	\$ 3,628,452	\$ 3,720,763	\$ 3,330,801	\$ 3,366,791	\$ 3,777,088	\$ 4,460,889	\$ 6,262,838	\$ 5,480,987	\$ 10,878,071	\$ 9,919,161	\$ 5,833,750	\$ 5,971,453	\$ 370,095	\$ 437,470

¹ RBD = Ravenswood Business District

² Current East Palo Alto Storm Drain Fee depends on location

³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project

⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project

⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project

⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project

⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

⁹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

¹⁰ Mountain View Transportation, Water and Sewer fees depend on location

¹¹ Union City Fire Equipment Fee dependent upon Form Factor (number of stories)

Table 9: Example Flex (Office/Life Science/R&D)

Fee Category	CURRENT		DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10}	Mountain View (High) ^{9,10}	Palo Alto ⁹	Redwood City ⁹	San Mateo (Low) ⁹	Union City
	East Palo Alto (Non RBD) ^{1,2}	East Palo Alto (RBD) ^{1,2}											
DIF Administration ³	\$ -	\$ -	\$ 18,507	\$ 18,837	\$ 22,976	\$ 30,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	-	-	52,525	52,525	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	40,859	-
Community Center	-	-	-	-	-	-	-	-	-	85,987	-	-	-
General Government	-	-	-	-	-	-	-	-	-	54,398	-	-	-
Landscape-in-Lieu Fee ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	51,227	-	-	-
Parking In-Lieu Fee ⁹	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	85,378	85,378	213,444	218,933	213,444	218,933	-	-	-	1,109,299	479,334	-	-
Public/Capital Facilities	147,581	147,581	179,903	184,782	179,903	184,782	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	-	-	141,269	141,269	168,111	141,270
Public Safety	-	-	-	-	-	-	-	-	-	43,238	-	-	-
Storm Drain	126,700	219,010	362,075	362,075	422,288	500,667	10,977	-	-	-	-	-	-
Transportation/Traffic/Street ¹⁰	539,099	539,099	96,965	103,063	311,018	573,859	1,034,507	398,226	2,284,461	488,227	401,275	550,279	-
Wastewater/Sewer ¹⁰	-	-	-	-	-	-	-	181,122	280,526	31,668	238,894	39,635	-
Water ¹⁰	47,894	47,894	72,979	72,979	22,122	26,227	27,069	27,851	560,851	18,850	28,396	-	-
Subtotal	\$ 946,652	\$ 1,038,962	\$ 943,873	\$ 960,668	\$ 1,171,751	\$ 1,534,557	\$ 1,072,553	\$ 659,724	\$ 3,178,363	\$ 2,024,163	\$ 1,289,168	\$ 798,884	\$ 141,270
Affordable Housing Commercial Fee	\$ 826,333	\$ 826,333	\$ 826,333	\$ 826,333	\$ 826,333	\$ 826,333	\$ 1,287,982	\$ 1,842,472	\$ 1,842,472	\$ 2,616,214	\$ 1,440,442	\$ 1,997,836	\$ -
Total	\$ 1,772,985	\$ 1,865,295	\$ 1,770,206	\$ 1,787,001	\$ 1,998,084	\$ 2,360,890	\$ 2,360,535	\$ 2,502,196	\$ 5,020,835	\$ 4,640,376	\$ 2,729,610	\$ 2,796,720	\$ 141,270

¹ RBD = Ravenswood Business District

² Current East Palo Alto Storm Drain Fee depends on location

³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project

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⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.

⁹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.

¹⁰ Mountain View Transportation, Water and Sewer fees depend on location

Table 10: Example I1 (Industrial/Warehouse)

Fee Category	CURRENT East Palo Alto (Non RBD) ^{1,2}	CURRENT East Palo Alto (RBD) ^{1,2}	DRAFT East Palo Alto (Non RBD Low) ^{1,3,4}	DRAFT East Palo Alto (Non RBD High) ^{1,3,5}	DRAFT East Palo Alto (RBD Low) ^{1,3,6}	DRAFT East Palo Alto (RBD High) ^{1,3,7}	Menlo Park ⁸	Mountain View (Low) ^{9,10,11}	Mountain View (High) ^{9,10,11}	Palo Alto (Low) ⁹	Palo Alto (High) ⁹	Redwood City (Low) ⁹	Redwood City (High) ⁹	San Mateo (Low) ⁹	San Mateo (High) ⁹	Union City
DIF Administration ³	\$ -	\$ -	\$ 10,872	\$ 10,956	\$ 13,007	\$ 19,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Documentation Fee	-	-	-	-	-	-	-	52,525	52,525	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-	-	-	-	7,667	7,667	-
Community Center	-	-	-	-	-	-	-	-	-	49,136	49,136	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-	-	10,454	10,454	-	-	-	-	-
Landscape-in-Lieu Fee ⁶	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	29,272	29,272	-	-	-	-	-
Parking In-Lieu Fee ⁹	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	19,166	19,166	48,787	50,181	48,787	50,181	-	-	-	633,885	633,885	88,514	88,514	-	-	-
Public/Capital Facilities	34,500	34,500	41,121	42,166	41,121	42,166	-	-	-	-	-	-	-	-	-	-
Public Art	-	-	-	-	-	-	-	-	-	80,725	80,725	80,725	80,725	96,069	96,069	80,730
Public Safety	-	-	-	-	-	-	-	-	-	8,259	8,259	-	-	-	-	-
Storm Drain ²	135,147	233,611	386,213	386,213	450,440	534,045	6,691	-	-	-	-	-	-	-	-	-
Transportation/Traffic/Street ¹⁰	200,724	200,724	31,015	32,757	98,968	327,920	172,973	227,557	1,305,406	154,993	154,993	103,150	103,150	172,491	172,491	-
Wastewater/Sewer ^{10,11}	-	-	-	-	-	-	-	103,499	160,301	10,500	10,500	136,511	136,511	19,817	19,817	-
Water ¹⁰	23,946	23,946	36,461	36,461	11,052	13,103	13,534	13,927	318,499	6,250	6,250	14,198	14,198	-	-	-
Subtotal	\$ 413,484	\$ 511,948	\$ 554,468	\$ 558,734	\$ 663,376	\$ 986,763	\$ 193,198	\$ 397,508	\$ 1,836,731	\$ 983,474	\$ 983,474	\$ 423,098	\$ 423,098	\$ 296,043	\$ 296,043	\$ 80,730
Affordable Housing Commercial Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 399,358	\$ 979,984	\$ 979,984	\$ 870,155	\$ 870,155	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 413,484	\$ 511,948	\$ 554,468	\$ 558,734	\$ 663,376	\$ 986,763	\$ 592,556	\$ 1,377,492	\$ 2,816,715	\$ 1,853,629	\$ 1,853,629	\$ 423,098	\$ 423,098	\$ 296,043	\$ 296,043	\$ 80,730

¹ RBD = Ravenswood Business District² Current East Palo Alto Storm Drain Fee depends on location³ Draft East Palo Alto Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.⁴ Draft East Palo Alto (Non RBD low) = Scenario 2, not located in RBD, without Loop Road project⁵ Draft East Palo Alto (Non RBD high) = Scenario 1, not located in RBD, with Loop Road project⁶ Draft East Palo Alto (RBD low) = Scenario 2, located in RBD, without Loop Road project⁷ Draft East Palo Alto (RBD low) = Scenario 1, located in RBD, with Loop Road project⁸ Menlo Park has a Tree Replacement in-lieu fee ranging from \$100 - \$7,000 per tree. Assumes no tree replacement in this fee comparison. Union City has an in-lieu landscaping fee of \$9.70 per SqFt. Assumes appropriate landscaping is included on site and in-lieu fee will not apply.⁹ Mountain View, Palo Alto, Redwood City and San Mateo Parking in-lieu fees are only applicable to downtown/central locations. Assumes parking will be provided onsite and in-lieu fee will not apply.¹⁰ Mountain View Transportation, Water and Sewer fees depend on location¹¹ The Mountain View Industrial Sewer fee is determined on a case-by-case basis. The Commercial Sewer Fee is shown for comparison



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Brian Moura, Strategic Services Consultant, RGS

SUBJECT: Economic Development Strategic Plan RFP (Authorization to Release & Appointment of City Council Ad Hoc Subcommittee)

Recommendation

1. By motion, authorize the City Manager to issue a Request for Proposal (RFP) for the East Palo Alto Economic Development Strategic Plan (ED Strategic Plan) project
2. By motion, appoint a two-member City Council Ad Hoc Subcommittee to provide input and advice to City Staff and Project Team members on the ED Strategic Plan project

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Promote Housing, Economic and Workforce Development

Background

The FY 2024-25 City Council Strategic Priorities include a priority to Promote Housing, Economic and Workforce Development. In this priority, Goal 3 is to Create an Economic Development Strategy Focusing on Small and Micro Businesses for City Council Consideration. City Staff reached out to Regional Government Services (RGS) for assistance to prepare a Request for Proposals (RFP) to retain a firm to prepare an Economic Development Strategic Plan for the East Palo Alto. The lead consultant from RGS, Brian Moura, has extensive experience in Economic Development and has worked on similar projects for the cities of Sausalito and Pacifica.

The City Manager, Community & Economic Development Director, Finance Director, and



POLICY AND ACTION ITEM 9.2

Special Projects Manager have met with RGS. They have provided materials and insights on the proposed project.

An RFP for the project has been developed and is now ready for City Council review and authorization for issuance. The report also includes a recommendation to establish an Ad Hoc City Council Subcommittee for this project.

Analysis

Request for Proposals

The ED Strategic Plan Request for Proposals is included in this report as **Attachment 1**. It describes the City's desire to retain a firm to prepare an Economic Development Strategic Plan which is one of the City Council's Strategic Priorities.

The ED Strategic Plan will include a focus on supporting and attracting Small and Micro Businesses in East Palo Alto. It will ensure that regional partners are fully engaged to support East Palo Alto businesses. The plan will include various elements, including working with local small and micro businesses to identify areas of greatest need and support.

The ED Strategic Plan will review and analyze the City's six (6) business districts:

1. Gateway Retail Center
2. Ravenswood Business District
3. University/Bay Corridor
4. University Circle
5. 4 Corners/Bay Road
6. Neighborhood Retail

The goal is to provide the City with an ED Strategic Plan that identifies the potential of each business district over the next 10 years. This will include a look at how these areas will evolve, what uses will be supported by market forces and recommended strategies that the City can pursue to increase the success of existing and future businesses in East Palo Alto.

The plan will also explore economic opportunities in several key locations in East Palo Alto. This includes properties in the Ravenswood Business District where a significant amount of redevelopment and activity is anticipated in the future and the potential for an increase in resident serving retail, services, and businesses in the 4 Corners/Bay Road district.

The RFP also envisions a public engagement component. This phase of the project is envisioned to involve community members in discussions on the preliminary findings of the ED Strategic Plan project. It will enable them to engage with the project team and the City and provide input into the ED Strategic Plan prior to its completion and review by the City Council.

The City Council will consider the results of the ED Strategic Plan developed by the selected



POLICY AND ACTION ITEM 9.2

firm at the conclusion of the project. The ED Strategic Plan will form the basis of future Economic Development program work at the City. The plan's results are also likely to be considered when studying the City's current zoning and land use designations and other policies which may impact the viability of current and future potential business land uses. The report may also be used as an input on future Specific Plan studies and other long-range planning processes in the City over the next several years.

Scope of Work

Section IV of the RFP also includes a detailed description of expected key deliverables in a given project proposal. This and other criteria will help to ensure that the final plan is specific and tailored to the needs of the City of East Palo Alto. Such criteria will include:

1. Strengths, Weaknesses, Opportunities & Threats Analysis of Business Districts
2. Analyze & Define Strategies for Opportunity Sites
3. Review of Prior Studies and Reports
4. Small & Micro Businesses
5. Local Employment Strategies
6. Public Engagement Process
7. Business Opportunities Supported by Market Forces
8. Economic Development Strategies and Opportunities
9. Strategies and Opportunities That Enhance City Finances and Services
10. Community Benefits & Tax Increment District(s)
11. Multi Year Phased Strategic Plan
12. City Council Review
13. Project Calendar

City Council Ad Hoc Subcommittee

In discussions about the ED Strategic Plan at prior City Council meetings, Council Members have expressed interest in appointing an Ad Hoc Subcommittee for this project. An Ad Hoc Subcommittee can provide a resource for the City Staff and Project Team members as the project moves forward.

In some cities an Ad Hoc Subcommittee can provide for input and advice on areas including interviews of the potential ED Strategic Plan proposers, touring the City as part of the project kick-off and the community and business outreach and engagement phases of the project.

If the Council were to establish an Ad Hoc Subcommittee, it would not be subject to the Brown Act, as it would have a limited charge (not a standing committee), limited duration, and would return to the at-large Council with its input and recommendations.

Fiscal Impact



POLICY AND ACTION ITEM 9.2

There is no cost to the City to issue the RFP for Economic Development Strategic Plan services.

Retaining a firm to develop and prepare the ED Strategic Plan is estimated to cost in the range of \$100,000 to \$150,000.

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. The proposed action does not involve an entitlement within the meaning of the Levine Act.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Request for Proposals – City of East Palo Alto Economic Development Strategic Plan

CITY OF EAST PALO ALTO
Request for Proposals
Economic Development Strategic
Plan



Release Date: July 25, 2024

Deadline for Submitting Questions: August 12, 2024
Deadline for RFP Responses: August 28, 2024

I. Purpose

The City of East Palo Alto (“City”) is issuing a Request For Proposals (“RFP”) to retain a firm to prepare an Economic Development Strategic Plan (“ED Strategic Plan”). The purpose of the ED Strategic Plan is to build a resilient local economy that enhances the City’s fiscal health and creates job opportunities to address economic inequality within the community ensuring inclusive growth. The development of this plan is one of the City Council’s Strategic Priorities and is included in the City Strategic Plan.

The ED Strategic Plan will include a focus on supporting and attracting Small and Micro Businesses in East Palo Alto. It will ensure that regional partners are fully engaged to support East Palo Alto businesses. The plan will include elements that include work with local small and micro businesses to identify areas of greatest need and support.

The ED Strategic Plan will review and analyze the City’s 6 business districts – Gateway Retail Center, Ravenswood Business District, University/Bay Corridor, University Circle, 4 Corners/Bay Road and Neighborhood Retail. These business districts are described in more detail in **Attachment 1**.

The goal is to provide the City with an ED Strategic Plan that identifies the potential of each business district over the next 10 years. This will include a look at how these areas will evolve, what uses will be supported by market forces and recommended strategies that the City can pursue to increase the success of the existing and future businesses in East Palo Alto.

The City is also interested in exploring economic opportunities in several key locations in East Palo Alto. This includes properties in the Ravenswood Business District where a significant amount of redevelopment and activity is anticipated in the future and the potential for an increase in resident serving retail, services, and businesses in the 4 Corners/Bay Road district.

The City also envisions a public engagement component in the project. This phase of the project is envisioned to involve community members in discussions on the preliminary findings of the ED Strategic Plan project. It will enable them to engage with the project team and the City and provide input into the ED Strategic Plan prior to its completion and review by the City Council.

The Economic Development Strategic Plan project is a high priority for the City Council for the upcoming 2024-25 fiscal year. In addition to its inclusion in the City's Strategic Plan, the Council will appoint a two-member Council Ad Hoc Committee to participate in the ED strategic plan process.

The City Council will consider the results of the ED Strategic Plan developed by the selected firm at the conclusion of the project. The ED Strategic Plan will form the basis of future Economic Development program work at the City. The plan's results are also likely to be considered when studying the City's current zoning and land use designations and other policies which may impact the viability of current and future potential business land uses. The report may also be used as an input on future Specific Plan studies and other long-range planning processes in the City over the next several years.

This Request for Proposals (RFP) provides information on the City of East Palo Alto, the ED Strategic Plan project, the required scope of services, the consultant selection process, and the minimum information that must be included in the RFP Response. Failure to submit information in accordance with this RFP's requirements and procedures may be cause for disqualification.

II. Background

The City of East Palo Alto is a beautiful community located in the heart of the Silicon Valley, uniquely positioned to maximize its potential as a significant city in the region. Founded in 1849, the unincorporated town was originally named Ravenswood. In July 1983, the residents decided to incorporate as East Palo Alto.

East Palo Alto is located in southern San Mateo County, California, and borders San Francisco Bay to the north and east, the city of Menlo Park to the west, and the city of Palo Alto to the south. The City has a population of approximately 31,500 with an area of 2.5 square miles.

The City features a rich heritage, a culturally diverse community, and a moderate climate. Centrally located with close proximity to the San Jose and San Francisco international airports, East Palo Alto brings a commitment to the environment and to expanding open space and park facilities. This is a friendly residential community with a small town, family-oriented atmosphere, with a progressive public school district and excellent private schools.

Major nearby colleges include Stanford University, San Jose State University, San Francisco State University, and the University of San Francisco.

The City of East Palo Alto is a General Law City that operates under the Council/Manager form of government. The five-member City Council is the duly elected governing body of the City. Members of the City Council are elected to serve four-year terms.

To assist the Council and the residents of the City in carrying out the duly established policies of the Council and to administer the needs of the City, the Council establishes the structure and procedures for governing and administering the City. The Council appoints the City Manager and City Attorney. The City Manager in turn appoints other City department heads, who are responsible for the proper function of their respective departments in conducting the established policies of the Council and serving the needs of the citizens.

East Palo Alto is a full-service City with 122.4 FTE staff members. The City has an adopted FY 2024-25 General Fund budget of \$35.8 Million. East Palo Alto delivers municipal services through seven departments: City Manager, City Attorney, City Clerk, Finance, Community and Economic Development, Public Works, and Police.

The 2024-25 General Fund budget includes \$37.5 Million in revenues. The revenue sources in the General Fund are Property Tax (\$17.4 Million), Sales Tax (\$6.2 Million), Fees & Charges (\$4.3 Million), Other Revenues (\$3.2 Million), Business License Tax (\$2.3 Million), Transient Occupancy Tax (\$2.2 Million), and Utility Users Tax (\$1.8 Million). A sizable portion of the City's Sales Tax revenues (65%) are generated from stores in the Gateway Retail Center. The City's Transient Occupancy Tax revenues are generated by one hotel – the Four Seasons Silicon Valley Hotel.

III. Economic Development in East Palo Alto

Until the 2000s, East Palo Alto was primarily characterized by lower-density residential, agricultural, and industrial land uses. In the last two decades, the City has expanded the diversity of land uses by adding retail, office, and hotel development. Today, the Ravenswood Business District, which was formerly comprised of industrial uses, is largely undeveloped.

Recently, private development interest has increased in the Ravenswood Business District Area, which has highlighted the limitations and constraints of the City's existing infrastructure.

Recent interest for office, research and development, and residential development in the Ravenswood Specific Plan area exceeds the 2013 Specific Plan permitted capacity of approximately 1.24 million square feet of net office space and 835 net residential units. In 2020, the City Council authorized an update of the Specific Plan. Following a series of community and developer meetings and City Council study sessions, the City Council directed staff to explore two development scenarios. Scenario A includes up to 2.82 million square feet of net office/research and development space and up to 1,350 net residential units. Scenario B includes up to 3.35 million square feet of net office/research and development space and up to 1,600 net residential units. Both scenarios allow for additional industrial and retail uses.

In Fall 2022, a Traffic Impact Analysis was prepared to identify street and intersection improvements that are necessary to support both development scenarios. In Spring 2023, a Utility Impact Study was also prepared to identify required wet infrastructure improvements for both scenarios.

The Ravenswood Specific Plan Update is currently being drafted by City staff and a consultant team with anticipated City Council adoption in 2024. An environmental impact report is also in progress that will evaluate both scenarios.

IV. Scope of Work

The City is interested in retaining an individual or firm to prepare an Economic Development Strategic Plan for the City of East Palo Alto. This plan will facilitate and form the development of the City's Economic Development program. It may also be used during the analysis and development of future land use planning and land use designations.

Subject to further discussion with the selected firm, the City anticipates that the scope of work on this assignment may include some or all the following services:

1. Strengths, Weaknesses, Opportunities & Threats (SWOT) & Analysis

Conduct a Strengths, Weaknesses, Opportunities and Threats (SWOT), Economic Analysis, Market Study and Modeling of Alternative Planning and Development Opportunities in the 6 business districts in East Palo Alto (Gateway Retail Center, Ravenswood Business District, University & Bay Corridor, University Circle, 4 Corners/Bay Road and Neighborhood Retail)

2. Analyze & Define Strategies for Opportunity Sites

Recommend strategies and define opportunities for key Opportunity Site locations in East Palo Alto. This would include the redevelopment of formerly industrial properties in the Ravenswood Business district and the possibility of resident serving retail and blended/mixed uses in the 4 Corners/Bay Road district. Other opportunity sites may be identified and analyzed during the selected firm's analysis of the City's business districts.

3. Review Prior Studies and Reports

Review and consider prior studies and reports that will be provided by the City in the development of the Economic Development Strategic Plan. This will include the 2024-25 City Budget, City Strategic Plan, 2022-23 Annual Comprehensive Financial Plan (ACFR) (FY 2023-24 ACFR to be released in December 2024), East Palo Alto 2035 Vista General Plan and the Economic Development Element from the East Palo Alto General Plan, Ravenswood Business District/4 Corners TOD Specific Plan and Ravenswood Business District/4 Corners TOD Specific Plan (aka Ravenswood Business District or RBD) and the latest on the Ravenswood Specific Plan Update. These documents are linked in **Attachment 2**.

4. Small & Micro Businesses

The ED Strategic Plan will include a focus on supporting and attracting Small and Micro Businesses in East Palo Alto. It will ensure that regional partners are fully engaged to support East Palo Alto businesses. The plan will include elements that include communicating with local small and micro businesses to identify areas of greatest need and support.

5. Local Employment Strategies

The ED Strategic Plan will include discussion on opportunities and strategies for the City to attract, develop, and promote activities that reduce unemployment and inequality in East Palo Alto. This should include strategies to draw in people bringing different attributes, skills, and aspirations to the labor market.

6. Public Engagement Process

The City envisions a public engagement component in the project. This phase of the project is envisioned to involve community members in discussions on the preliminary findings of the ED Strategic Plan project. It will enable them to engage with the project team and the City and provide input into the ED Strategic Plan prior to its completion and review by the City Council. The public engagement phase of the project could include one or more Community Workshops, focus groups, robust table-top deliberative engagement processes, on-line or in-person community-wide survey tools and/or traditional polling processes or other community engagement processes proposed by the selected firm. Public engagement efforts must provide multilingual communication options for non-English speakers, particularly for Spanish speaking community members.

7. Business Opportunities Supported by Market Forces

Provide a guide as to how much and what types of business opportunities are supported by market forces and are likely to be proposed in East Palo Alto over the next 10 years. This could include an overview and detailed discussion of each category of business and real estate development in the 6 business areas. (Potential categories might include Retail, Blended or Mixed Uses, Life Sciences, Office, R&D, Housing and Hotel)

8. Economic Development Strategies and Opportunities

Provide economic development strategies and identify economic development opportunities for the City which are supported by market forces in the business areas - both today and in the future.

9. Strategies and Opportunities That Enhance City Finances and Services

Provide recommended strategies and economic development opportunities for the future success of businesses in the 6 business areas in East Palo Alto that would also enable the City to enhance its long-term finances, and therefore services to the community.

This is of particular interest to the City in light of the concentration of Sales Tax revenues (65% in the Gateway Retail Center) and Transient Occupancy Tax revenues (from one hotel – the Four Seasons Silicon Valley Hotel).

10. Community Benefits & Tax Increment District(s)

The City anticipates that a major opportunity for future development will occur in the Ravenswood Business District or RBD area. As part of the specific plan process for that area, a list of community benefits is being discussed and developed with the City's residents. The City envisions the use of development incentives that would provide an incentive to provide these benefits. The City is also interested in the possibility of including the establishment of one or more tax increment districts to capture the value of future development in this area and potentially in other opportunity areas in the City.

11. Multi Year Phased Strategic Plan

The City would like the proposed Economic Development Strategic Plan to include a multi-year, phased approach to the plan's implementation. This would recognize factors including the City's available staff resources and funding, prioritization of strategic plan elements and the potential for some early wins in terms of economic development efforts.

12. City Council Review

Define a process for City Council review, consideration and acceptance of the East Palo Alto Economic Development Strategic Plan and the selected firm's final report. This process could include assisting City staff with authoring staff reports and presenting them at public meetings.

13. Project Calendar

Provide a Project Calendar that outlines the steps in the process proposed by the selected firm to research and develop the strategic plan.

V. Proposal Requirements

Proposal Response

In developing a response to this Request For Proposals, proposers should be concise, limiting their response to the specific questions and requirements set forth herein. The proposal shall be limited to 12 one-sided pages using a minimum 11-point font size (excluding a maximum two-page cover letter and requested transaction lists).

A response to this RFP must include the following sections in the order listed, and reflect the recommended page count per section:

A. Transmittal Letter

The Proposal must include a Transmittal Letter signed by a person within the firm who is authorized to bind the firm, preferably a Lead Consultant. RFP Responses with unsigned Transmittal Letters will be rejected. The Transmittal Letter must include a representation by the Proposer that, except as disclosed in the Proposal, no officer or employee of the Proposer is directly or indirectly a party to or in any other manner interested financially or otherwise in this RFP.

B. Executive Summary and Understanding of Required Services

An overview of the proposal (including the firm's relevant experience), a summary of the Proposer's understanding about the requested scope of services, and its approach to providing those services.

C. Description of Proposer

1. A brief description of your firm's background, size, office locations in California, and history as it may be relevant to the services required.
2. If your offices are in more than one city, indicate which office will provide the services.
3. Describe your experience providing economic development advisory services for other public agencies and authorities, with an emphasis on California jurisdictions and agencies and federal authorities, any related projects, and studies.

D. Proposer's Team

1. List all the professional staff you intend to assign to the engagement and the area(s) of specialization for each person. Describe the role of each person who will be assigned to the engagement.
2. Identify the Lead Consultant who will be the primary contact in providing services to the City, and who will be listed as a "key person" in any Agreement with the City.
3. In an appendix, include professional biographies for all professionals who will be assigned to provide services in your proposal.

E. Exceptions to the RFP

If the Proposer takes exception to any portion of the RFP, the specific portion of the RFP to which exception is taken shall be identified and the reason(s) for the exception explained.

F. Project Cost, Fees, and Charges

The Proposal must include a project total cost expressed as a not to exceed amount of charges to the City. The Proposal also must state an hourly fee structure for the services contemplated and pricing for each of the major tasks outlined under the “Anticipated Scope of Work” section of this RFP. Provide the hourly rates to be billed for work performed and describe how customary reimbursable expenses will be charged, including attendance at meetings in the City.

G. Project Timeline and Initial Draft Results

The Proposal must include a project timeline of key milestones of the work to be performed and the completed. The proposal should also include information on when preliminary draft results would be available for review by the City Staff prior to completion of the full report.

H. References

Please provide at least three (3) client references for whom your firm has performed similar work to those requested in this RFP during the past five years. For each client, please provide the name, street address, telephone number and email address.

I. Completed Reports

Please provide two (2) completed reports that your firm has previously developed for cities, counties or local government agencies that are comparable to the project outlined in this RFP.

J. Professional Services Agreement

The Agreement for the Project will be in similar form to the agreement attached as **Attachment 3**, City of East Palo Alto Contractor and Professional Services Agreement. If the Proposer desires any modifications to the form of the Agreement, the proposed modifications must be submitted for consideration with the Proposal. Otherwise, the Proposer will be deemed to have accepted the form of Agreement, which is subject to minor modifications by City.

K. Conflict of Interest Statement

Disclose any potential financial, business, or other relationships with any company or firm that has an active or pending development application with the City.

L. Insurance Requirements

Proposer shall acknowledge that they have read the City's insurance requirements (Exhibit C) and can comply with these requirements or identify specific provisions for which the Proposer seeks waiver or modification.

VI. Submittal Requirements**A. Authorization**

The Proposal shall be signed by an individual or individuals authorized to execute legal documents on behalf of the Proposer.

B. Delivery

Only electronic submissions will be accepted. The Proposal must be received no later than the time and date specified on the cover page.

VII. RFP Questions & Answers

Questions related to this RFP should be submitted to the City by the date shown on the RFP announcement. The City will provide a reply to each question submitted within 4 days of the Question Submittal deadline.

VIII. Selection Criteria & Process

The City expects to evaluate the proposals based on evaluation criteria including the following, which are not necessarily listed in order of importance:

Criteria	Points
Quality of proposal and responses to specific questions included in this RFP	10
Experience preparing similar land economics analyses and reports in California	20
Relevant qualifications of key personnel assigned to this project	20
Accessibility of key personnel to the City's staff during the project	30
Understanding of the City's objectives	10
Reasonableness of fees and cost proposal	10
Total Points	100

Selection Process

The City will select a proposing firm based upon the responding firm's qualifications and experience, together with its responses to the requests for information set forth above. It should be noted that none of these factors in and of themselves are determinative, and the City reserves the right to select one or more firms on any basis that are in the best interests of the City.

The City may contact firms in response to questions raised in their proposals and the City reserves the right to cancel this solicitation without selecting any firms.

Interviews of Proposers

After the submittals are evaluated, the City, at its sole discretion, may elect to interview all, some, or none of the proposers. The interview will help to clarify each proposal and the approach and qualifications for the project. Proposers may be asked to submit additional documentation at or after the interview stage.

Recommendation to City Council

Based upon the interview and evaluation of the proposals, the top-ranked firm will be recommended to the City Council. In addition, the City reserves the right to select a proposal without conducting interviews or abandoning this RFP.

Final Selection

The final selection of a firm and authority awarding the contract to proceed with these services shall be at the sole discretion of the City Council.

Execution of Agreement

The selected Proposer will be notified by City staff of intent to recommend that the City Council award the Agreement to Proposer. Within ten days of that notification, the selected Proposer must submit the executed Agreement and submit the required insurance certifications and endorsements to the City. City may, at any time, reject the Proposal of any selected Proposer that fails to comply with these requirements, and may offer the Agreement to the next highest ranked Proposer.

IX. Selection Schedule

Item	Date
Issue Request for Proposals (“RFP”)	July 25, 2024
RFP questions due	August 12, 2024
Issue response to RFP questions	August 16, 2024
RFP submittal deadline	August 28, 2024, 4:00 pm
BID Opening (proposers are not required to be present)	August 28, 2024, 4:30 pm (zoom link)
Review proposals	August 29-September 3, 2024
Interview finalists (optional)	September 12, 2024 (tentative)
Notify selected consultant firm	September 14, 2024
City Council agreement authorization	October 22, 2024
Execute agreement	October 24, 2024
Kick-off meeting	Week of October 28 - November 3, 2024

X. General Terms and Conditions

The City reserves the right to reject all proposals and will not be responsible for any costs incurred by responding firms for preparing and submitting proposals and other associated expenses. The City retains the right to reject all proposals or withdraw the RFP at any time. All proposals become the property of the City once submitted and will not be returned.

Questions regarding the RFP should be directed to Brian Moura, Strategic Services Consultant for Regional Government Services (RGS) at bmoura@rgs.ca.gov or (650) 995-6249. In the event the City deems it necessary to clarify or amend the RFP, these changes will be made in the form of a written addendum posted on the City’s website at: <https://www.ci.east-palo-alto.ca.us/rfps> and will be issued by the City to all firms receiving or requesting information on this RFP.

A professional services agreement will be prepared in the form shown in Attachment 3 with the attached scope of work, budget, and insurance requirements (Exhibit C). As of the submission deadline, if applicable, the consultant shall be registered with the California Secretary of State and be in good standing.

Prior to the City executing the professional services agreement, the consultant firm shall submit the required insurance certificates verifying compliance with

Attachment C and a copy of the firm's current City of East Palo Alto business license. Information on obtaining a business license is available at <https://eastpalalto.hdlgov.com/>.

There shall be no right to appeal any decision by the City concerning this RFP, including without limitation, the City's selection of the winning Proposer. Any such decision or determination is a final decision by the City of East Palo Alto.

Any information required by this RFP shall not be regarded as confidential and may be subject to public inspection or disclosure in accordance with federal, state, or local law. The City shall incur no liability for the inadvertent or negligent disclosure of such information. Accordingly, Proposers are prohibited from including information that it regards as confidential or otherwise proprietary, including without limitation, copyright, trade secret or other proprietary protection.

All proposals must be received by the City no later than **Monday, August 28, 2024, by 4:00 pm**. Submittals shall consist of three hard copies and a copy of the proposal with three relevant work samples on a thumb drive delivered to:

**City of East Palo Alto
City Clerk: James Colin
Economic Development Strategic Plan
2415 University Avenue, 2nd Floor
East Palo Alto, CA 94303-1148**

XI. Attachments

- Attachment 1 – East Palo Alto Business Districts
- Attachment 2 – Key City Documents
- Attachment 3 – Contractor and Professional Services Agreement with:
 - Exhibit A – Scope of Work
 - Exhibit B – Compensation
 - Exhibit C – Insurance Requirements
 - Exhibit D – City of East Palo Alto's Policy Against Discrimination, Harassment Retaliation

Attachment 1

East Palo Alto Business Districts

This is a list of the 6 Business Districts in the City of East Palo. Each includes a description and the characteristics of the Business District.

East Palo Alto Business Districts

1. Gateway Retail Center
 2. Ravenswood Business District
 3. University/Bay Corridor
 4. University Circle
 5. 4 Corners/Bay Road
 6. Neighborhood Retail
-

1. Gateway Retail Center

This area includes the Ravenswood 101 Shopping Center, IKEA, and other uses. It is defined by Capitol Avenue on the west, Donohoe Street on the north, the Bayshore Freeway on the south, and Clarke Avenue on the east. The Gateway district contains the City's regional retail uses and provides a significant source of tax revenues for the City.

This is the primary retail center of the City, including several national chain stores located adjacent to Highway 101 and south of University Avenue. Businesses in this center generate approximately 65% of the City's Sales Tax Revenue.

2. Ravenswood Business District

The Ravenswood Business District is located along Bay Road between University Avenue and the Cooley Landing open space. The area is the former home of heavy industrial development and now contains much vacant land, some retail, and services (including the Ravenswood Health Clinic) and some small-scale industrial and storage facilities.

The Ravenswood Employment District is regulated by the 2013 Ravenswood TOD Specific Plan.

3. University/Bay Corridor

University Avenue is a major corridor that bisects East Palo Alto, creating a barrier between the two sides of the City. This important street is used as a cut-through route for traffic accessing the Dumbarton Bridge to the north and the Highway 101 Bayshore Freeway to the south.

The uses in the corridor vary from multi-family housing to single story retail with surface parking to single family homes. Several public and institutional uses also front the corridor, including the County Civic Center and East Palo Alto City Hall, a Fire Station, the Senior Center, and the YMCA. The parcel sizes vary, and many are small thus making it more difficult to revitalize the corridor with new, higher intensity development.

4. University Circle

This Business Area near the intersection of Highway 101 and University Avenue features Office and Hotel uses including the Four Seasons Hotel, and three 6-Story Class A Office Buildings, and other ancillary uses.

5. 4 Corners/Bay Road

This area is centered on the intersection of University Avenue and Bay Road. Uses around this intersection are primarily in the form of small neighborhood stores with parking in front. East Palo Alto's City Hall and the San Mateo County library are in a county building to the north of this intersection. Across from the civic area is a six-acre vacant lot that formerly housed the Nairobi Village Shopping Center.

Multi-family housing (townhouses, duplexes, triplexes, and apartment buildings) has been developed on the south side of Bay Road. It is an area that is expected to experience substantial changes and its future will be guided through implementation of the Ravenswood TOD Specific Plan.

Opportunities for 4 Corners identified in the Specific Plan include the creation of a main street/downtown, improved connections and streetscapes, and additional mixed-use development in the area.

6. Neighborhood Retail

The Neighborhood Retail Business Area is designed to highlight small business and shopping areas located in several spots in East Palo Alto. It includes the Willow Road/Newbridge Retail Hub that features a small retail/commercial area, with food markets, a laundromat, salon, taqueria, and other stores.

Attachment 2

Key City Documents

1. **2024-25 City Budget (includes City Strategic Plan)**
https://www.cityofepa.org/sites/default/files/fileattachments/finance/page/4321/fy25_adopted_budget_-_final.pdf
2. **2022-23 Annual Comprehensive Financial Report (ACFR)**
https://www.cityofepa.org/sites/default/files/fileattachments/finance/page/4361/final_signed_annual_comprehensive_financial_statements_-_revised.pdf
3. **East Palo Alto 2035 Vista General Plan**
<https://www.cityofepa.org/planning/page/vista-2035-general-plan>
4. **Economic Development Element – East Palo Alto 2035 Vista General Plan**
https://www.cityofepa.org/sites/default/files/fileattachments/community_amp_economic_development/page/2731/epa_gp_chapter_5_economic_development_final_201807271721447340.pdf
5. **Ravenswood Business District/4 Corners TOD Specific Plan**
<https://www.cityofepa.org/econdev/page/adopted-ravenswoodfour-corners-specific-plan>
6. **Ravenswood Business District/4 Corners TOD Specific Plan Update**
<https://www.cityofepa.org/planning/page/rbd-specific-plan-update>

Attachment 3

Contractor and Professional Services Agreement

This Contractor and Professional Services Agreement ("Agreement") is made by and between the City of East Palo Alto, a municipal corporation ("City"), as authorized by the East Palo Alto City Council via Resolution No. _____, and _____, hereinafter referred to as "Contractor", who agree as follows:

- 1. Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide the City professional services as specified in Exhibit A, entitled "Scope of Work."
- 2. Payment.** City shall pay Contractor for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B, entitled "Compensation." The payments specified in Exhibit B shall be the only payments to be made to Contractor for services rendered pursuant to this Agreement.
- 3. Term.** The term of this Agreement shall commence on _____ and shall continue in full force and effect until _____. Upon mutual consent if funds have not been fully expended, the City may extend the term of the agreement for up to an additional six months to _____.
- 4. Facilities and Equipment.** Contractor shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement.
- 5. Indemnification.** Contractor shall indemnify, defend (with independent counsel approved by the City), and hold harmless the City, its officers, officials, directors, employees, agents, volunteers and affiliates and each of them from any and all claims, demands, causes of action, damages, costs, expenses, actual attorney's fees, Contractor's fees, expert fees, losses or liability, in law or in equity, of every kind and nature whatsoever arising out of or in connection with Contractor's operations, or any subcontractor's operations, to be performed under this Agreement, for the fullest extent permitted by law, with the exception of the sole active negligence or willful misconduct of the City. The provisions of this section shall survive the expiration or termination of this Agreement and are not limited by any provisions relating to insurance in this Agreement.

6. Insurance Requirements. Contractor agrees to comply with all of the Insurance Requirements set forth in Exhibit C, entitled “Insurance Requirements for Contractor.” Failure to maintain required insurance at all times shall constitute a default and material breach

7. Accident Reports. Contractor shall immediately report (as soon as feasible, but not more than 24 hours) to the City any accident or other occurrence causing injury to persons or property during the performance of this Agreement. The report shall be made in writing and shall include, at a minimum: (a) the names, addresses, and telephone numbers of the persons involved, (b) the names, addresses and telephone numbers of any known witnesses, (c) the date, time and description of the accident or other occurrence.

8. Conflict of Interest. Contractor warrants and represents that to the best of its knowledge, there exists no actual or potential conflict between Contractor’s family, business, real property or financial interests and the services to be provided under this Agreement. Contractor shall comply with the City of East Palo Alto Conflict of Interest Code and not enter into any contract or agreement during the performance of this Agreement which will create a conflict of interest with its duties to City under this Agreement. In the event of a change in Contractor’s family, business, real property, or financial interests occurs during the term of this Agreement that creates an actual or potential conflict of interest, then Contractor shall disclose such conflict in writing to City.

9. Independent Contractor. Contractor is an independent contractor. Neither Contractor nor any of Contractor’s officers, employees, agents, or subcontractors, if any, is an employee of City by virtue of this Agreement or performance of any services pursuant to this Agreement. City shall have the right to control Contractor only insofar as the results of Contractor’s services rendered pursuant to this Agreement; however, City shall not have the right to control the means by which Contractor accomplishes services pursuant to this Agreement.

10. Licenses, Permits, Etc. Contractor represents and warrants to City that all Contractor services shall be provided by a person, or persons duly licensed by the State of California to provide the type of services to be performed under this Agreement and that Contractor has all the permits, qualifications and approvals of whatsoever nature which are legally required for Contractor to practice its profession. Contractor represents and warrants to City that it shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals which are legally required for Contractor to practice its profession.

11. Business License. Contractor, and its subcontractors, has obtained or agrees to apply prior to performing any services under this Agreement to City’s

Finance Department for a business license, pay the applicable business license tax and maintain said business license during the term of this Agreement. The failure to obtain such license shall be a material breach of this Agreement and grounds for termination by City. No payments shall be made to Contractor until such business license(s) has been obtained.

12. Standard of Performance. Contractor shall provide products and perform all services required pursuant to this Agreement in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised under similar conditions by a member of Contractor's profession currently practicing in California.

Contractor is responsible for making an independent evaluation and judgment of all conditions affecting performance of the work, and shall prepare plans, reports, and/or other work products in such a way that additional costs will not be incurred or, beyond a project budget approved or amended by the City Manager or his or her designee.

Whenever the scope of work requires or permits review, approval, conditional approval or disapproval by City, it is understood that such review, approval, conditional approval or disapproval is solely for the purposes of administering this Agreement and determining whether the Contractor is entitled to payment for such work, and not be construed as a waiver of any breach or acceptance by the City of any responsibility, professional or otherwise, for the work, and shall not relieve the Contractor of responsibility for complying with the standard of performance or laws, regulations, industry standards, or from liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of Contractor.

Contractor's responsibilities under this section shall not be delegated. Contractor shall be responsible to City for acts, errors, or omissions of Contractor's subcontractors.

13. Force Majeure. Neither party shall be considered in default of this Agreement to the extent performances are prevented or delayed by any cause by circumstances beyond either party's reasonable control, such as war, riots, strikes, lockouts, work slowdown or stoppage, acts of God, such as floods or earthquakes, and electrical blackouts or brownouts.

In the event that the Contractor is unable to meet the completion date or schedule of services, Contractor shall inform the City Representative of the additional time required to perform the work and the City Representative may adjust the schedule.

14. Time is of the Essence. Time is of the essence in this Agreement. Any reference to days means calendar days, unless otherwise specifically stated.

15. Personnel. Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement.

The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor's officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City.

The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers' compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

16. Prevailing Wages for Public Works Projects. For public works projects, Contractor shall comply with all provisions of California laws dealing with prevailing wages, apprentices, and hours of work. Contractor shall also comply with provisions of Labor Code section 1720 as applicable. Contractor shall maintain certified payroll records evidencing such payment of prevailing wages as required by law.

17. Contractor Not Agent. Except as authorized under this Agreement or as City may authorize in a letter of authorization signed by the City Manager or his or her designee, Contractor shall have no authority, express or implied to act on behalf of City in any capacity whatsoever as an agent. Contractor shall have no authority, express or implied, under this Agreement, to bind City to any obligation whatsoever.

18. Termination or Abandonment by City. The City has the right, at any time and in its sole discretion, to immediately terminate or abandon any portion or all of the services to be provided under this Agreement by giving notice to Contractor. Upon receipt of a notice of termination, Contractor shall perform no further work except as specified in the notice.

Before the date of termination, Contractor shall deliver to City all work product, whether completed or not, as of the date of termination and not otherwise previously delivered.

The City shall pay Contractor for services performed in accordance with this Agreement before the date of termination. If this contract provides for payment of a lump sum for all services or by task and termination occurs before completion of the work or any defined task which according to the performance schedule was commenced before the notice of termination, the fee for services performed shall be based on an amount mutually agreed to by City and Contractor for the portion of work completed in conformance with this Agreement before the date of termination. In addition, the City will reimburse Contractor for authorized expenses incurred and not previously reimbursed. The City shall not be liable for any fees or costs associated for the termination or abandonment except for the fees, and reimbursement of authorized expenses, payable pursuant to this section.

19. Products of Consulting Services. The work product, including without limitation, all writings, work sheets, reports, recordings, drawings, files, detailed calculations, and other work products, whether complete or incomplete, of Contractor resulting from services rendered pursuant to this Agreement, shall become the property of City. Contractor agrees that all copyrights which arise from creation of the work under this Agreement shall be vested in the City and waives and relinquishes all claims to copyright or other intellectual property rights in favor of the City. City acknowledges that its use of the work product is limited to the purposes contemplated by the scope of work and that the Contractor makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

20. Cooperation by City. City shall, to the extent reasonable and practicable, assist and cooperate with Contractor in the performance of Contractor's services hereunder.

21. Assignment and Subcontracting. Contractor shall not subcontract, assign, or transfer voluntarily or involuntarily any of its rights, duties, or obligation under this Agreement without the express written consent of the City Manager or his or her designee in each instance. Any attempted or purported assignment of any right, duty, or obligation under this Agreement without said consent shall be void and of no effect.

If subcontracting of work is permitted, Contractor shall pay its subcontractor within ten (10) days of receipt of payment by City for work performed by a subcontractor and billed by the Contractor. Use of the term subcontractor in any other provision of this contract shall not be construed to imply authorization for Contractor to use subcontractors for performance of any service under this Agreement.

The City is an intended beneficiary of any work performed by Contractor's subcontractor for purposes of establishing a duty of care between the subcontractor and City.

22. Successors and Assigns. All terms, conditions, and provisions of this Agreement shall apply to and bind the respective heirs, executors, administrators, successors, and assigns of the parties. Nothing in this section is intended to affect the limitation on assignment.

23. Non-Discrimination/Fair Employment Practices. Contractor shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to non-discrimination and non-harassment in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, sexual orientation, medical condition, or physical handicap. Contractor agrees to abide by the City's Policy Against Discrimination, Harassment and Retaliation as set out in attached Exhibit D.

24. Official Notices. All notices or instruments required to be given or delivered by law or this Agreement shall be in writing and shall be effective upon receipt thereof and shall be by personal service or delivered by depositing the same in any United States Post Office, registered or certified mail, postage prepaid, addressed to:

If to City:

Melvin E. Gaines
City Manager
City Manager's Office
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303-1148

If to Contractor:

Any party may change its address to receive notices by giving written notice of such change to the other party in accordance with this section. Routine administrative communications shall be made pursuant to section 1 of Exhibit A.

25. Integration Clause. This Agreement, including all Exhibits, contains the

entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. This Agreement shall not be amended or modified except by a written agreement executed by each of the parties hereto.

26. Severability Clause. Should any provision of this Agreement ever be deemed to be legally void or unenforceable, all remaining provisions shall survive and be enforceable.

27. Law Governing. This Agreement shall in all respects be governed by the law of the State of California without regard to its conflicts of law rules. Litigation arising out of or connected with this Agreement shall be instituted and maintained in the courts of San Mateo County in the State of California or in the United States District Court, Northern District of California, San Francisco/Oakland Division, California, and the parties consent to jurisdiction over their person and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

28. Waiver. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach, or condition precedent or any other right hereunder.

29. Ambiguity. The parties acknowledge that this is a negotiated agreement, that they have had the opportunity to have this Agreement reviewed by their respective legal counsel, and that the terms and conditions of this Agreement are not to be construed against any party on the basis of such party's draftsmanship thereof.

30. Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

31. Compliance with Laws. Contractor will comply with all statutes, regulations, and ordinances in the performance of all services under this Agreement.

32. Confidentiality. Contractor shall treat all records and work product prepared or maintained by Contractor in the performance of this Agreement as confidential and shall not at any time, either directly or indirectly, divulge, disclose, or communicate in any manner any City records or information to any third party, other than its own employees, agents or subcontractors who have a need for the City records or information for the performance of services under this Agreement.

A violation by Contractor of this section shall be a material violation of this

Agreement and will justify legal and/or equitable relief.

Contractor agrees and acknowledges that this confidentiality provision does not limit the City's disclosure as required by law, pursuant to a subpoena, the California Public Records Act, or Order of the Court.

33. News and Information Release. Contractor agrees that it will not issue any news releases in connection with either the award of this Agreement, or any subsequent amendment of or efforts under this Agreement, without first obtaining review and approval of said news releases from City through the City Representative.

34. Counterparts. The parties may execute this Agreement in one or more counterparts, each of which shall be deemed an original, but all of which together shall be deemed one and the same instrument.

35. Authority. The person signing this Agreement for Contractor hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of Contractor.

36. Exhibits. The following exhibits are attached hereto and incorporated herein by reference:

- Exhibit A, entitled "Scope of Work," including any attachments.
- Exhibit B, entitled "Compensation," including any attachments.
- Exhibit C, entitled "Insurance Requirements," including any attachments.
- Exhibit D, entitled "Policy Against Discrimination, Harassment and Retaliation"

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year shown below the name of each of the parties.

Company: _____

CITY OF EAST PALO ALTO,
a municipal corporation

By: _____

By: _____
Melvin E. Gaines
City Manager

DATE: _____

DATE: _____

By: _____

ATTEST:

DATE: _____

By: _____
James Colin
City Clerk

East Palo Alto Business License No.

APPROVED AS TO FORM:

John D. Lê
City Attorney

EXHIBIT A
SCOPE OF SERVICES

Intentially left blank.
This page will be filled upon execution of the contract.

EXHIBIT B COMPENSATION

1. Contractor's Compensation.

A. City agrees to pay _____ ("Contractor"), at the rate(s) specified below, for those services set forth in Exhibit A of this Agreement and for all authorized reimbursable expenses, for a total amount not to exceed _____.

Contractor shall notify City in writing no later than thirty (30) days prior to the estimated date when Contractor will have billed City the maximum payment amount permitted under this Agreement, and Contractor shall provide City with an estimate of the additional compensation required to complete the project.

2. Appropriate Billable Rates for Services and Additional Services.

Contractor's billable rates shall be based on each participant enrolled in the program and shall be as set forth in Attachment 1 of Exhibit B.

3. Contractor's Reimbursable Expenses

Reimbursable Expenses shall be limited to actual reasonable expenditures of Contractor for expenses that are necessary for the proper completion of the Services and shall only be payable if specifically authorized in advance by City.

4. Payments to Contractor.

A. Payments to Contractor shall be made within a reasonable time after receipt of Contractor's invoice, said payments to be made in proportion to services performed. Contractor shall submit invoices for payment on a quarterly basis along with a quarterly performance report as set forth in Exhibit A and confirmation of enrollment or completion of program by participants. Contractor shall be responsible for the cost of supplying all documentation necessary to verify the monthly billings to the satisfaction of City.

B. All invoices submitted by Contractor shall contain the following information:

1. Description of services billed under this invoice
2. Date of Invoice Issuance
3. Sequential Invoice Number
4. City's Purchase Order Number (if issued)
5. Social Security Number or Taxpayer Identification Number
6. Amount of this Invoice
7. Total Billed to Date

C. Billings that do not conform to the format outlined above shall be returned

to Contractor for correction. City shall not be responsible for delays in payment to Contractor resulting from Contractor's failure to comply with the invoice format described above.

5. Accounting Records of Contractor.

Contractor shall maintain for three (3) years after completion of all services hereunder, all records under this Agreement, including, but not limited to, records of Contractor's direct salary costs for all Services and Additional Services performed under this Agreement and records of Contractor's Reimbursable Expenses, in accordance with generally accepted accounting practices. Contractor shall keep such records available for audit, inspection and copying by representatives of the City's Finance Department or other government agencies during regular business hours upon twenty-four (24) hours' notice.

The obligations of Contractor under this section shall survive this Agreement.

6. Taxes.

Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request. Contractor hereby agrees to indemnify and defend City for any claims, losses, costs, fees, liabilities, damages, or injuries suffered by City arising out of Contractor's breach of this section pursuant to the Indemnification provisions of this Agreement.

7. Taxpayer Identification Number. Contractor shall provide City with an IRS Form W-9, Request for Taxpayer Identification Number and Certification, containing an original signature and any other State or local tax identification number requested by City.

EXHIBIT C**INSURANCE REQUIREMENTS****I. TYPES OF INSURANCE**

- A. Commercial General Liability Insurance: Contractor's General Liability insurance shall include contractual liability coverage. Contractor shall take out and maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance (Commercial General Liability Insurance) on an occurrence basis as shall protect it while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as claims for property damage which may arise from the Contractor's operations under this Agreement, whether such operations be by Contractor or by any sub-Contractor or by anyone directly or indirectly employed by either of them. The amounts of such insurance shall be not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000), in aggregate or Three Million Dollars (\$3,000,000) combined single limit bodily injury and property damage for each occurrence.
- B. Automobile Liability Insurance: CONTRACTOR shall procure and maintain Automobile Liability Insurance as broad as Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto). Such Automobile Liability Insurance shall have minimum limits of no less than One Million Dollars (\$1,000,000.00) per accident for bodily injury and property damage.
- C. Worker's Compensation and Employer's Liability Insurance: Contractor shall have in effect during the entire life of this Agreement Worker's Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, Contractor makes the following certification, required by Section 18161 of the California Labor Code: "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement".
- D. Professional Liability Insurance: Contractor shall take out and maintain during the life of this Agreement a policy of professional liability insurance, protecting it against claims arising out of the acts, errors, or omissions of Contractor pursuant to this Agreement, in the amount of not less than One Million Dollars (\$1,000,000) per claim. Said professional liability insurance is to be kept in force for not less than one (1) year after completion of services described herein.

II. ADDITIONAL REQUIREMENTS

- A. Broader Insurance Coverage: In the event that Contractor maintains broader coverage and/or higher limits than the City's minimum requirements, the City requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Contractor. The limits of insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance shall be called upon to protect it as a named insured.
- B. Additional Insured Status: The City of East Palo Alto, its subsidiary agencies, directors, officers, employees, agents, independent contractors, and volunteers shall be named as additional insureds on any such policies of comprehensive general and automobile liability insurance.
- C. Primary and Non-Contributory Coverage: Except for professional liability and worker's compensation insurance, the policies shall also contain a provision that the insurance afforded to the City, its subsidiary agencies, and their directors, officers, employees, agents, independent contractors and volunteers based on additional insured status shall be primary and non-contributory insurance to the full limits of liability of the policy, and that if the City, its subsidiary agencies and their directors, officers, employees, agents, independent contractors and volunteers have other insurance against a loss covered by a policy, such other insurance shall be excess insurance only.
- D. Verification of Coverage: Contractor shall furnish the City with original Certificates of Insurance including all required amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause).
- E. Notice of Cancellation: Contractor shall provide thirty (30) days' notice, in writing, to the City, at 2415 University Avenue, East Palo Alto, CA 94303, of any pending change or cancellation of the policy.
- F. Deductibles or Self-Insured Retentions: Prior to the execution of this Agreement, any deductibles or self-insured retentions must be declared to and approved by City.

- G. Breach:** In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, City, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

EXHIBIT D**CITY OF EAST PALO ALTO'S POLICY AGAINST
DISCRIMINATION, HARASSMENT AND RETALIATION**

EFFECTIVE DATE: 12/21/2004

REVISED DATE: 1/12/07

ADOPTED BY CITY COUNCIL: 12/21/2004

I. PURPOSES

The purposes of this policy are to emphasize the City's commitment to keeping its workplace free of harassment, discrimination, and retaliation, to define and provide examples of the conduct that is prohibited, to summarize the respective responsibilities for preventing, reporting, investigating, and responding to violations and to give clear warning of the serious consequences that violators will face.

A copy of this policy shall be provided to all persons who are subject to it, and shall be posted on City bulletin boards in all City facilities.

II. POLICY

All of the following are prohibited by this Policy:

- Discrimination or harassment in any aspect of City employment based on any legally protected characteristic or status, including sex, gender, sexual orientation, race, color, national origin, language, ancestry, religion, age, marital status, domestic partner, physical disability, mental disability, or medical condition.
- Retaliation for opposing, filing a complaint about, or participating in an investigation of, any such harassment or discrimination.
- Aiding, abetting, inciting, compelling, or coercing or any such discrimination, harassment, or retaliation, or attempting to do so.

The City will take all reasonable steps necessary to prevent such misconduct from occurring, and to remedy and punish any occurrence. Any City employee, Council member, member of any advisory body, including any Commissioner, Committee member, or Board member found having engaged in any such misconduct will be subject to disciplinary action up to and including termination or censure or removal and will be deemed to have acted outside the course and scope of his or her employment.

This policy applies to all City employees, volunteers, interns, vendors, and contractors as well as to all applicants for City positions.

The policy shall not be interpreted or applied in any manner that would be inconsistent with any applicable State or Federal law or regulation, or increase the legal liability of the City.

III. DESCRIPTION AND EXAMPLES OF PROHIBITED HARASSMENT

Harassment on the basis of sex is unlawful, and is prohibited by this policy. Sexual harassment includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature, when:

- An individual's submission to such conduct is made explicitly or implicitly, a term or condition of that individual's employment; or,
- An individual's submission to or rejection of such conducts is used as the basis for an employment decision affecting that individual; or,
- The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, abusive, or offensive work environment.

Sexual harassment need not be motivated by sexual desire or gratification, and may include nonsexual conduct motivated by the violator's hostility towards the victim's gender, or towards the victim's nonconformity to gender stereotypes. Sexual harassment includes not only conduct motivated by gender, but also by pregnancy, childbirth, or a related condition. A harasser may be either male or female, and the victim may either be the same sex or the opposite sex. Even a person who is not the intended target of harassment may be harassed by it if he or she witnesses it.

Sexual harassment may be verbal, visual, or physical. For example:

- Verbal harassment may consist of derogatory, threatening, or intimidating comments, epithets, slurs, or jokes; references to gender, physical appearance, attire, sexual prowess, marital status, or pregnancy; or sexual advances, propositions, or demands.
- Visual harassment may consist of displaying or circulating derogatory or offensive posters, cartoons, drawings, photographs, pin-ups, computer images, or electronic media transmissions.

- Physical harassment may consist of assault, battery, or unwelcome, unnecessary, and offensive touching (kissing, hugging, patting, rubbing, pinching, brushing against), stating, leering, gesturing, whistling, or making noises, impeding, or blocking movement, or physical interfering with normal work or movement. In addition to prohibiting harassment based on sex or gender, this policy also prohibits harassment based on sexual orientation, or upon any other legal protected characteristic or status, such as race, religion, creed, color, national origin, language, ancestry, physical disability, mental disability, medical condition, marital status, domestic partner, or age.

Harassment on the basis of such factors is subject to the principles applicable to sexual harassment, as stated above.

IV. REPORTING DISCRIMINATION, HARASSMENT OR RETALIATION

Any City employee, volunteer, intern, vendor, contractor, or applicant who becomes aware of any discrimination, harassment or retaliation prohibited by this policy shall report it immediately to their immediate supervisor, or higher ranking supervisor, or the Assistant City Manager. Under no circumstances shall such a report be required or expected to be made to the person who engaged in the misconduct that is subject to this report.

The responsibility to report conduct prohibited by this policy arises even if the conduct is directed toward someone else and even if the person toward whom it is directed does not want it reported.

Reports may be made orally or in writing, free of requirements as to form.

Because reports of conduct prohibited by this policy will be treated as serious charges, the making of a deliberately false report, or a report made with reckless disregard for its truth or falsity, may subject the maker to disciplinary action.

V. INVESTIGATION AND RESOLUTION

The City of East Palo Alto will investigate all reported violations of this policy. All employees, volunteers, interns, vendors and contractors, members of the City Council, or members of a City advisory body shall cooperate with any such investigation.

Any supervisor, manager department head, member of the City Council, or member of a City advisory body who receives a report of, or who becomes aware of, conduct prohibited by this policy shall promptly report it to the Personnel Officer. Upon receiving the report, the Personnel Officer shall direct any report that accuses a City Council member or appointee to the City Council for investigation and resolution.

The City Council shall delegate the responsibility to conduct a prompt, full, and fair investigation to the qualified private investigator. Upon receiving a report regarding a non-City Council member or appointee, the Personnel Officer shall conduct a prompt, full, and fair investigation, or delegate that responsibility to a qualified City employee or private investigator. The person performing the investigation shall:

- Interview the complainant, the accused, and any other person the investigator believes to have knowledge relevant to the charges;
- Gather and review any documentary, electronic, or physical evidence relevant to the charges;
- Consult with legal counsel as needed;
- Determine whether the charges can or cannot be substantiated; and
- Develop recommendations for appropriate remedial and/or disciplinary action, if any.

VI. OUTSIDE ADMINISTRATIVE AGENCIES

In addition to the remedies described in this Policy, the U.S. Equal Employment Commission and the California Department of Fair Employment and Housing provide administrative complaint and investigation processes as to harassment, discrimination, or retaliation on the basis of a protected status. The toll-free telephone number for such office is listed below:

California Department of Fair Employment and Housing 1.800.233.3212
U.S. Equal Employment Opportunity Commission 1.800.669.4000



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 2, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: James Colin, City Clerk
John D. Lê, City Attorney and Valerie J. Armento, Special Counsel

SUBJECT: Citizen Initiative

Recommendation

Adopt a resolution:

1. Calling for the consolidation of the measure with the General Municipal Election scheduled for November 5, 2024, for the purpose of submission of a measure to the voters;
2. Determining the City's interest in ballot arguments (for, against, or rebuttal), including determining certain details concerning such arguments, such as how and when they will be finalized and approved; and
3. If desired, order a report on the initiative's effect on municipal operations, with direction as to when the report must be returned to the Council, no later than 30 days.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Promote Housing, Economic and Workforce Development
Priority: Promote Health & Public Safety

Background

On November 27, 2023, proponents Fr. Lawrence Goode, Appollonia (Mama) Dee Uhila, and Stewart Hyland filed with the City Clerk a notice of intent to circulate an initiative to amend Title

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5, Chapter 5.08, Section 5.08.125 of the East Palo Alto Municipal Code. Subsequently, that petition was withdrawn in favor of revised initiative on December 22, 2023. The City Attorney provided a ballot title and summary to allow for circulation of and inclusion as part of the petition. Following receipt of that information, the proponents then published a Notice of Intention to Circulate a Petition and began circulating petitions. On April 22, 2024, the City Clerk received the Citizen's Initiative Petitions, after which the City Clerk sent it to the County Clerk for verification of signatures and determination of sufficiency of signature count.

On May 13, 2024, the City received the County Clerk's verification of the sufficiency of the signatures on the initiative petitions. Based on the County's random count, it was determined that the 1,154 signatures required to call for the submission of this item to the voters had been met, with the projected number of valid signatures being 1,165.

Background on the Initiative Process

A ballot initiative provides voters with an opportunity to propose or amend an ordinance independent of the Council's authority to do so. An initiative has been brought forward by the petition process to amend the voter-approved tax measure placed on the ballot in 2022 by the Council (Measure L). In some cases, pursuant to California Elections Code Section 9215, the Council can choose to implement the proposed change once the petition's sufficiency has been certified, thereby avoiding the costs of adding the item to the ballot. However, staff believes the correct approach in this instance is to place the measure on the ballot for two reasons. First, although Measure L mandated an amendment to Title 5, Chapter 5.08, Section 5.08.125 of the East Palo Alto Municipal Code, it did not contain a provision allowing the Council to amend its provisions without voter approval, except to reduce amount of the tax. Second, the initiative in question proposes to convert Measure L from a general tax of 2.5% on gross receipts from the rental of residential units, as it was originally proposed and approved, to a *special tax*, the funds of which may be used only for the purposes stated therein. Because the California Constitution requires a measure that imposes a tax to be submitted to the voters and because the measure would convert a general tax into a special tax, voter approval is critical. Accordingly, in light of the certification of sufficiency, staff asks that the Council adopt a resolution calling for the consolidation of the measure with the General Municipal Election scheduled for November 5, 2024, for the purpose of submission of a measure to the voters.

Prior Meeting(s)

On June 18, 2024, the City Council continued this item to the Council's next regular meeting (this evening). Prior to that decision, the Council voted to certify the sufficiency of the number of signatures gathered. It is important to note that the County's work in verifying signatures was based on a sampling method which did not count each vote. Rather, it employed a sampling technique only to verify a sufficient number of signatures were gathered. Thus, the letter from the County verifying the signature threshold was met should not be viewed as evidence of raw number of signatures gathered.

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This evening's meeting is a continuation of the Council's work on June 18 and is devoted to determining the balance of items in that staff report, discussed more fully below.

Analysis

Ballot Question

State elections law requires that the ballot pamphlet include a ballot question of no more than 75 words. The City Council is to approve the wording of the ballot question. Elections Code Section 13119 indicates the ballot question should be in the form of "Shall the measure (stating the nature thereof) be adopted?" Using that format, the question could be phrased as:

Shall the measure amending East Palo Alto Municipal Code Section 5.08.125 to require funds raised by the existing 2.5% tax on gross receipts from renting certain types of residential units, which is estimated to raise approximately \$1.45 million annually until repealed by the voters, without increasing the existing tax, be used only for tenant rental assistance, administrative expenses, and other specified housing purposes, be adopted?

However, in the Measure L election, and in other elections in East Palo Alto as well as other San Mateo County cities, the format of the question has deviated to put the essence of the measure first. Using a format similar to that used for Measure L, the question could be phrased as:

Shall the initiative measure requiring funds raised by the existing 2.5% tax on gross receipts from renting certain types of residential units, which raises approximately \$1.45 million annually, until repealed by the voters, be used only for tenant rental assistance (at least 30%), administrative expenses (limited to 20%) and other specified housing purposes such as preserving affordable housing and protecting residents from displacement and homelessness, without increasing the existing tax, be adopted?

The Council needs to provide direction on the preferred final wording of the question so it can be properly reflected in the resolution.

Ballot Arguments

State elections law allows the City Council to determine its interest in authoring an argument regarding the measure for printing in the sample ballot. The resolution calls for direct arguments for or against the measure to be submitted to the City Clerk's office, limited to 300 words, and with no more than five signers. Arguments must be accompanied by the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument. (A Declaration of Author(s) form is available from the City Clerk's office.) The City Council will have discretion regarding the date for submission of argument, subject to coordination with the County Registrar of Voters.

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Although under election law rebuttal arguments may be allowed, the City of East Palo Alto has never authorized the submission of rebuttal arguments. The resolution, therefore, does not provide that rebuttal arguments may be filed. If the Council opts to allow rebuttals, they must be submitted to the Clerk's office, are limited to 250 words and can have no more than five signers.

The City Council has options regarding the preparation of a ballot argument (and potential rebuttal). The City Council may:

1. Draft the argument/rebuttal as a whole body in open session;
2. Authorize up to two Councilmembers to prepare a draft the and have the entire Council sign;
3. Authorize up to two Councilmembers to prepare a draft and have a combination of Councilmembers and other eligible voters sign; or
4. Authorize up to two Councilmembers to prepare a draft and have up to five eligible voters sign.

Impartial Analysis

The resolution directs the City Attorney to prepare an impartial analysis not exceeding 500 words in length to be printed in the ballot. This is standard and is intended to provide objective information to voters.

Ordering of a Report

One optional item for Council to discuss is the ordering of a report on the effects of the initiative on municipal operations. The following excerpt from the Election Code is provided for the Council's information.

Election Code §9212

- (a) During the circulation of the petition, or before taking either action described in subdivisions (a) and (b) of Section 9214, or Section 9215, the legislative body may refer the proposed initiative measure to any city agency or agencies for a report on any or all of the following:
1. Its fiscal impact.
 2. Its effect on the internal consistency of the city's general and specific plans, including the housing element, the consistency between planning and zoning, and the limitations on city actions under Section 65008 of the Government Code and Chapters 4.2 (commencing with Section 65913) and 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code.
 3. Its effect on the use of land, the impact on the availability and location of housing, and the ability of the city to meet its regional housing needs.
 4. Its impact on funding for infrastructure of all types, including, but not limited to, transportation, schools, parks, and open space. The report may also discuss whether the measure would be likely to result in increased infrastructure costs or



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savings, including the costs of infrastructure maintenance, to current residents and businesses.

5. Its impact on the community's ability to attract and retain business and employment.
6. Its impact on the uses of vacant parcels of land.
7. Its impact on agricultural lands, open space, traffic congestion, existing business districts, and developed areas designated for revitalization.
8. Any other matters the legislative body requests to be in the report.

(b) The report shall be presented to the legislative body within the time prescribed by the legislative body, but no later than 30 days after the elections official certifies to the legislative body the sufficiency of the petition.

Fiscal Impact

The fiscal impact of the upcoming general election in November 2024 for the City of East Palo Alto is projected to vary based on the specifics of the ballot. For the election of East Palo Alto Councilmembers alone, the estimated cost ranges from \$52,000 to \$62,400, translating to a cost per registered voter between \$4.32 and \$5.18. If one ballot measure (5 pages in SBVIP) is included, the total cost is estimated to increase by approximately \$10,000 to between \$61,000 and \$73,200, with a cost per registered voter ranging from \$5.08 to \$6.10.

It is important to note that election costs are difficult to estimate precisely due to the variability in costs and the number of registered voters from one election to another. These estimates also depend on the number of jurisdictions participating in the election. A high and low range of estimates is provided for convenience, and the estimate for the candidate statement will be available by mid-June. Nevertheless, the cost of the election is included in FY2024-25 proposed 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 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, the proposed action does not involve an entitlement within the meaning of the Levine Act.



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Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution with Ordinance
2. San Mateo County Clerk's Certification Letter.
3. City Attorney's Title and Summary.
4. Proponents' Notice of Intent to Circulate Petition (Amended).

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO CALLING AND ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF EAST PALO ALTO AN INITIATIVE MEASURE TO AMEND THE MUNICIPAL CODE TO REQUIRE THAT FUNDS GENERATED BY THE 2.5% TAX ON GROSS RECEIPTS FROM RENTING CERTAIN TYPES OF RESIDENTIAL UNITS BE USED SOLELY FOR TENANT RENTAL ASSISTANCE, ADMINISTRATIVE EXPENSES, AND OTHER SPECIFIED HOUSING PURPOSES

WHEREAS, on April 22, 2024, proponents submitted to the City a notice of intent to circulate a petition regarding a potential initiative measure to amend the East Palo Alto Municipal Code to require that funds generated by the 2.5% tax on gross receipts from renting certain types of residential units be used solely for tenant rental assistance, administrative expenses, and other specified housing purposes; and

WHEREAS, proponents circulated the petition, and having completed all necessary steps to place an initiative measure on the ballot and having gathered the required minimum of signatures of registered voters, on May 13, 2024, the San Mateo Registrar of Voters certified the petition as sufficient; and

WHEREAS, as its duly noticed regular meeting held on June 18, 2024, the City Council determined to submit the proposed initiative measure to the voters of the City pursuant to Elections Code Section 9215; and

WHEREAS, in accordance with Elections Code Section 10002 and 10403, the San Mateo County Board of Supervisors is requested to consolidate the City of East Palo Alto General Municipal Election with the Statewide General Election to be held November 5, 2024; and

WHEREAS, the City of East Palo Alto hereby requests that the San Mateo County Board of Supervisors permit the San Mateo County Registrar of Voters to perform services in connection with the consolidated election at the request of the City Clerk. These services are to include all necessary services related to official ballot creation, sample ballot and voter information pamphlet preparation, vote-by-mail, polling places, poll workers, voter registration, voting machines, canvass operations, and any and all other services necessary for the conduct of the consolidated election; and

WHEREAS, the City Council desires to submit this initiative measure to be placed on the ballot at the consolidated General Municipal Election.

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

SECTION 1. Pursuant to Elections Code Section 10403, the City Council hereby calls an election to be consolidated with the General Municipal Election and the Statewide

General Election on November 5, 2024, for the purpose of submitting the initiative measure to a vote of the qualified voters of the City of East Palo Alto, and hereby requests the San Mateo County Board of Supervisors to consolidate this election with the Statewide General Election on November 5, 2024. The consolidated General Municipal Election shall be held and conducted in the manner prescribed by Elections Code Section 10418.

SECTION 2. The City Council pursuant to its right and authority does order to be submitted to the voters at the General Municipal Election the following question:

Shall the initiative measure requiring funds raised by the existing 2.5% tax on gross receipts from renting certain types of residential units, which raises approximately \$1.45 million annually, until repealed by the voters, be used only for tenant rental assistance (at least 30%), administrative expenses (limited to 20%) and other specified housing purposes such as preserving affordable housing and protecting residents from displacement and homelessness, without increasing the existing tax, be adopted?	YES
	NO

SECTION 3. The full text of the proposed measure submitted to the voters is attached as Exhibit A to this Resolution, which is incorporated herein by this reference. To be effective, a majority of the City Council must vote to place the measure on the ballot and a majority of the voters voting on the measure must vote in the affirmative.

SECTION 4. The City Council hereby requests the San Mateo County Registrar of Voters to provide all services necessary to conduct the General Municipal Election and to canvass the results of the General Municipal Election. The City will reimburse San Mateo County for the actual cost incurred in conducting the election when the work is completed and upon receipt of a bill stating the amount due as determined by the elections official.

SECTION 5. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 6. Notice of the time and place of holding the election is given and the City Clerk is authorized and directed to give further or additional notice of the election as required by law. The hours during which the polling places shall be open shall be the hours established for the Consolidated General Municipal Election.

SECTION 7. The City Clerk is hereby directed to do all things required by law to effectuate the Consolidated General Municipal Election and to present the measure

submitted herein to the electorate, including but not limited to required publications, postings, notices, and filings.

SECTION 8. Pursuant to Elections Code Section 9280, the City Council hereby directs the City Clerk to transmit a copy of this resolution to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure to the existing law and the operation of the measure, and transmit the impartial analysis to the City Clerk within 15 days of the adoption of this Resolution.

SECTION 9. Arguments for and against, not to exceed 300 words in length, may be filed consistent with Election Code Section 9282 requirements. The City Council, or any members of the City Council authorized by the City Council, may file a direct argument for the measure. The City Council declines, pursuant to the provisions of Section 9285 of the Elections Code to permit rebuttal arguments.

SECTION 10. The measure, impartial analysis, any arguments for and against, filed under the authority of the Elections Code shall be available for public examination in the City Clerk's office pursuant to Elections Code Section 9295 for 10 calendar days, a period that shall begin immediately following the last filing deadline for the submission of such materials.

SECTION 11. The City Clerk is hereby directed to file a certified copy of this Resolution with the San Mateo County Board of Supervisors and the San Mateo County Registrar of Voters.

ADOPTED this _____ , by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SIGNED:

Antonio López, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO AMENDING SUBSECTION 5.08.125.G. OF THE EAST PALO ALTO MUNICIPAL CODE AND ADDING SUBSECTION 5.08.125.H. TO THE EAST PALO ALTO MUNICIPAL CODE TO REQUIRE THAT FUNDS GENERATED BY THE GROSS RECEIPTS TAX BE USED SOLELY FOR TENANT RENTAL ASSISTANCE AND OTHER SPECIFIED HOUSING PURPOSES

THE PEOPLE OF THE CITY OF EAST PALO ALTO ORDAIN AS FOLLOWS:

Section 1. Findings and declarations.

The People of East Palo Alto find and declare as follows:

- a. The current code provision imposes a 2.5% tax on gross receipts from the rental of residential units, with certain exceptions.
- b. Currently, the City Council may use the funds generated by the tax for any purpose deemed necessary and appropriate for the benefit of City residents.
- c. The current ordinance requires the City Council to periodically review housing policy, housing programs, and related issues to determine how and to what extent the City should establish and fund such programs.
- d. The proposed revision, if approved by a majority of the voters, amends the East Palo Alto Municipal Code by requiring the funds generated by the tax be used solely for specified purposes, especially tenant rental assistance.
- e. The proposed revision also amends the East Palo Alto Municipal Code to specifically limit the amount that may be spent on reasonably incurred costs, such as staff and administrative overhead.
- f. Further, the revision provides that remaining revenue may be used in ways that support affordable homeownership, preserve affordable housing and protects residents from displacement and homelessness.
- g. By specifically directing how the funds raised are to be spent, this measure benefits the community because the cost of housing has continued to be a decisive factor in whether or not many individuals and families can reside in the City of East Palo Alto due to the high cost of living in the Bay Area.

Section 2. Amendment to Subsection 8.08.125.B.

Subsection 5.08.125.G. of the East Palo Alto Municipal Code is amended to read as follows (deletions noted in ~~striketrough~~; additions noted in underline; otherwise, no change):

5.08.125 Rental of residential real property.

G. The proceeds of the tax imposed by this section shall be used solely for the purposes set forth herein:

1. A minimum of 30% of the tax revenues collected shall be used exclusively for tenant rental assistance;
2. A maximum of 20% of the tax revenues collected shall be used for reasonably incurred costs to the City of East Palo Alto for staff and overhead to administer the section; and
3. The remaining revenue may, at the discretion of the City Council, be used in any way that supports affordable homeownership, preserves affordable housing, furthers tenant rental assistance, or protects residents of the City of East Palo Alto from displacement or homelessness.

Section 3. Adding new subsection 5.08.125.H

A new subsection 5.08.125.H. of the East Palo Alto Municipal Code is hereby added to read as follows (deletions noted in ~~striketrough~~; additions noted in underline; otherwise, no change):

1. Periodically, council shall review housing policy, housing programs, and related issues to determine how and to what extent the city should establish and fund such programs, if any, to increase the supply of affordable housing and protect residents from displacement and homelessness, including the provision of rental assistance, in light of the city's budget cycle and other relevant funding cycles.

Section 4. Conflicting Measures.

This measure is intended to be comprehensive and fully address and occupy the field of the taxation of receipts from the rental of dwelling units, and real property and buildings in general and the use of such revenues. It is the intent of the people of the City of East Palo Alto that in the event this measure and any other measure relating to taxation of receipts from the rental of dwelling units, or real property and buildings in general or the

use of such revenues, appear on the same ballot, the provisions of the other measure shall be deemed in their entirety to be in conflict with this measure. If this measure receives a greater number of affirmative votes than any conflicting measure or measures, this measure shall prevail in its entirety, and all provisions of such other measure or measures shall be null and void in their entirety. If this measure is approved by the voters but does not receive a greater number of affirmative votes than any other measure(s) appearing on the same ballot relating to taxation of receipts from the rental of dwelling units, or real property and buildings in general or the use of such revenues, then this measure shall take effect to the extent not in conflict with any other measure(s).

Section 5. Severability.

If any word, phrase, sentence, part, section, subsection, or other portion of this Ordinance, or any application thereof to any person or circumstance is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, section, subsection, or other portion, or the prescribed application thereof, shall be severable, and the remaining provisions of this chapter, and all applications thereof, not having been declared void, unconstitutional or invalid, shall remain in full force and effect. The People of the City of East Palo Alto hereby declare that they would have passed this ordinance, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases had been declared invalid or unconstitutional.



OFFICE OF
**ASSESSOR-COUNTY CLERK-
RECORDER & ELECTIONS**
COUNTY OF SAN MATEO

MARK CHURCH
CHIEF ELECTIONS OFFICER &
ASSESSOR-COUNTY CLERK-RECORDER

May 13, 2024

James Colin, City Clerk
City of East Palo Alto
2415 University Ave
East Palo Alto, CA 94303

Dear City Clerk Colin:

We have completed reviewing the signatures for the *Initiative Measure to Amend the East Palo Alto Municipal Code to Require that Funds Generated by the 2.5% Tax on Gross Receipts from Renting Certain Types of Residential Units Be Used Solely for Tenant Rental Assistance, Administrative Expenses, and Other Specified Housing Purposes* requested and filed by you on April 25, 2024. Out of the 2,069 signatures submitted, 1,640 of those signatures were reviewed and 1,165 signatures were verified as valid.

Billing for our services will be sent separately.

Should you have any questions regarding this matter, please feel free to call Hillary O'Connor at 650.312.5294.

Sincerely,

Mark Church

TITLE AND SUMMARY

The City Attorney has prepared the following title and summary of the chief purposes and points of the proposed measure:

Title: Initiative Measure to Amend the East Palo Alto Municipal Code to Require that Funds Generated by the 2.5% Tax on Gross Receipts from Renting Certain Types of Residential Units Be Used Solely for Tenant Rental Assistance, Administrative Expenses, and Other Specified Housing Purposes

Summary: The current East Palo Alto Municipal Code imposes a 2.5% tax on gross receipts from the rental of residential units, with certain exceptions. The City Council may use the funds generated by the tax for any purpose deemed necessary and appropriate for the benefit of City residents. The City Council is required to review periodically housing policy, housing programs, and related issues to determine how and to what extent the City should establish and fund such programs, if any, to increase the supply of affordable housing and protect residents from displacement and homelessness, including the provision of rental assistance, in light of the City's budget cycle and other relevant funding cycles.

The proposed initiative measure, if approved by a majority of those voting on the measure, would amend the East Palo Alto Municipal Code by requiring that the funds generated by the tax be used solely for specified purposes. First, at least 30% of the funds must be used exclusively for tenant rental assistance. Second, no more than 20% of the funds may be used for the City's reasonably incurred costs for staff and overhead to administer the tax. Third, the remaining revenue may, at the City Council's discretion, be used in any way that supports affordable homeownership, preserves affordable housing, furthers tenant rental assistance, or protects City residents from displacement or homelessness.