



EAST PALO ALTO CITY COUNCIL REGULAR SESSION AGENDA

Tuesday, April 16, 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/85077033240>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or
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+ 1 253 215 8782 or
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+ 1 301 715 8592

Webinar ID: 850 7703 3240

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 **Third Quarter Status of City Council Priorities for Fiscal Year 2023-2024**

Recommendation:

Receive an update on the FY 2023/24 through FY 2024/25 Strategic Priorities Work Plan.

3.2 **Facilities HVAC Maintenance Contract Services**

Recommendation: Adopt a resolution authorizing the City Manager to award to, negotiate, and execute an agreement with Environmental Systems, Inc., in a form approved by the City Attorney, for facilities heating & air conditioning maintenance and services in an amount of \$58,470.00 for a five- year term not to-exceed \$292,350.00

3.3 **Cummings Loft Improvements Project**

Recommendation:

Adopt a resolution:

1. Authorizing the City Manager to award to, negotiate and execute an agreement with MBH Architects, in a form approved by the City Attorney, for an amount not to exceed \$94,900, and to establish a 15% contingency in the amount of \$14,235, for a total not-to-exceed of \$109,135 for professional design services for the Cummings Loft Improvements Project; and
2. Appropriating \$109,135 from the Small Business Administration Grant funds.

3.4 **Monthly Cash Treasury Report for February 2024**

Recommendation: Accept and file the Cash Treasury Report for the month of February 2024.

3.5 **Resolution Calling for a Ceasefire**

Recommendation: Adopt the resolution.

3.6 **Minutes of the February 3, 2024 Meeting**

Recommendation: Adopt the minutes of the February 3, 2024 Meeting.

3.7 Arbor Day Proclamation

Recommendation:

Present the proclamation.

4. CLOSED SESSION

4.1

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2)

One Potential Matter

5. PUBLIC COMMENT

6. INFORMATIONAL REPORTS

7. SPECIAL PRESENTATIONS

8. PUBLIC HEARINGS

9. POLICY AND ACTION

9.1 FY 2024-25 Preliminary Budget

Recommendation: Receive staff report and provide direction regarding the FY2024-25 Preliminary Budget

9.2 City Council Priority Setting for Fiscal Year 2024-2025

Recommendation:

Adopt a Resolution approving the FY 2024/2025 City Council Strategic Priorities Work Plan.

9.3 Adopt a Resolution of Intent to Increase Solid Waste Service Rates on July 1, 2024, and each January 1 thereafter through January 1, 2028, and provide Notice of a Proposition 218 Public Hearing Set for June 15, 2024

Recommendation:

1. Adopt a resolution of intent to increase solid waste service rates on July 1, 2024 and each January 1 thereafter through January 1, 2028, setting the public hearing date for June 18, 2024, and directing staff to proceed with mailing notices to all service customers; and
2. Direct staff to follow City Policy regarding the Proposition 218 Protest procedure attached to the resolution as “Exhibit A: Guidelines for the Submission and Tabulation of Protests”; and

3. Approve the draft Proposition 218 Notice.

10. COUNCIL REPORTS

11. ADJOURNMENT

Upcoming meetings:

Meeting	Date	Time
Study Session	April 25, 2024	6:00 PM
Regular Meeting	May 7, 2024	6:30 PM
Regular Meeting	May 21, 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.

This meeting will have Spanish interpretation available via Zoom. This service is offered with the goal of ensuring the inclusion and participation of all attendees, regardless of their primary language.

Esta reunión contará con interpretación al español disponible a través de Zoom. Este servicio se ofrece con el objetivo de garantizar la inclusión y participación de todos los asistentes, sin importar su idioma principal.

POSTED: April 9, 2024

ATTEST:

James Colin

City Clerk



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: Brenda Olwin, Special Projects
Greg Henry, Senior Management Analyst
SUBJECT: Third Quarter Status of City Council Priorities for Fiscal Year 2023-2024

Recommendation

Receive an update on the FY 2023/24 through FY 2024/25 Strategic Priorities Work Plan.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Priority: Promote Housing, Economic and Workforce Development
- Priority: Implement the Comprehensive Transportation and Mobility Plan
- Priority: Promote Health & Public Safety
- 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 Council conducts an annual Priority Setting process to designate high-priority initiatives, ordinances, and/or projects. The goal of the Priority Setting process is to allow the administration to focus limited staff and financial resources on initiatives that the City Council identifies as the highest priorities. The Council held a Priority Setting session during its January 21, 2023, City Council Retreat and officially approved the seven Council Strategic Priorities for Fiscal Years 2023-24 and 2024-25 on April 18, 2023.

The seven priorities are listed in the above "Alignment with City Council Strategic Plan" section of this report. Within the seven priorities, Council identified 26 goals with 64 sub-goals or

components. On January 23, 2024, staff provided the first update on the Work Plan covering progress from July 1, 2023, through December 31, 2023. On February 3, 2024, the Council held a Priority Setting session for FY 2024-25. In that meeting, the Council approved adding 24 existing City projects to the FY 2023-24 Work Plan and asked that staff provide quarterly Council Work Plan updates. This report and Attachment 1 provide a Quarter Three update for the FY 2023-24 Work Plan through March 31, 2023.

Analysis

During the February 3, 2024, Council Retreat, the Council approved minor administrative changes to the Work Plan to improve project organization and provide clarity to process. As mentioned above, the Council also approved adding 24 ongoing projects to the Work Plan to provide additional visibility to those projects’ statuses. These changes are included in this quarterly update. These projects are highlighted in light blue in Attachment 1.

Status of Work Plan Projects

The FY 2023-24 Work Plan includes 90 total projects. As shown in Table 1, as of March 1, 2024, the City was 9 months into the Work Plan and 63 projects are in progress, 8 are deemed operational and will be removed from the list in future years, 10 are on hold and 9 have been completed.

Table 1. Status Summary

Project/Goal Status	Count
On-hold	10
In-progress	63
Complete	9
Operational	8
Total	90

Across departments, the Public Works Department is the lead for 33.5 projects, the City Manager’s Office is the lead for 33.5 projects, the Community and Economic Development Department leads 17 projects, the Police Department leads 4 projects, and the Finance Department leads 2 projects. Regardless of lead department, most of the 90 projects require support and collaboration from other departments including the City Attorney’s Office. Table 2 below shows the number of projects that each department/division leads.

Table 2. Goals/Projects by Lead Department - Division

Department	Number of Goals /Projects ¹
Community and Economic Development (CDD)	3
CDD – Building	1
CDD – Housing	6
CDD – Planning	6.5
CDD – Rent Stabilization Program (RSP)	0.5
City Manager’s Office (CMO) - Admin	16.5
CMO - Community Services (CS)	10
CMO - Human Resources (HR)	5
CMO – Information Technology (IT)	2
Finance	2
Police (PD)	4
Public Works (PWD)	33.5
Total	90

A comprehensive list of each goal and project with status updates is included in Attachment 1. A comprehensive list of each goal and project with projected timelines is included in Attachment 2.

Fiscal Impact

There is no fiscal impact for this item.

Public Notice

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

Environmental

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

Government Code § 84308

Applicability of Levine Act: No, as this item does not entail an entitlement.

Analysis of Levine Act Compliance: Not applicable

¹ Projects shared across multiple departments are only counted as a “half” project for each.

Attachments

1. Council Strategic Priorities Work Plan Update January 1 through March 31, 2024

Promote Housing, Economic & Workforce Development				
Goal		Lead/Co-Lead	Status	Status Notes
1	Implement Measure HH Employment Program	CDD - Housing	In-Progress	(1) Measure HH program consists of \$0.76M contracts with Street Code Academy, Job Train, and Live in Peace collaborating to create local workforce development and job training pilot programs in the STEM and Building Trades fields. Programs are launched and status is updated quarterly and available online: https://www.ci.east-palo-alto.ca.us/econdev/page/measure-hh-pilot-workforce-development-program . Staff presented an update on the program progress on March 19, 2024 and Council suggested staff to start preparing for evaluation of the pilot upon completion of the 18-month pilot. Target Completion: August 2024.
2	Continue to Implement the City's Affordable Housing Strategy	CDD - Housing	Operational	This project is considered an operational activity.
2.1	Present TOPA/COPA recommendations and other opportunities to promote homeownership	CDD - Housing	Complete	On December 6, 2023, the proposed TOPA/COPA ordinance was not adopted by Council. Project effort consisted of two+ years of community outreach meetings, Council presentations, research, ordinance drafting, responding to public queries, etc. Effort supported by the Partnership for the Bay's Future Policy Fellow, CMO and CAO. Fellow will continue to look for funding opportunities and other ways to promote homeownership and housing preservation for remainder of fellowship period ending May 2024.
2.2	Complete the updated Housing Element	CDD/CMO	Complete	Housing Element adopted by Council on March 19, 2024. 2023-2031 Housing Element available online: https://www.cityofepa.org/housing/page/housing-element-update-1
2.3	Implement the updated Housing Element	CDD - Housing	Operational	This project is considered an operational activity.
2.4	Update Affordable Housing Strategy	CDD - Housing	Complete	Affordable Housing Strategy was updated and adopted by City Council on February 6, 2024. 2024-2028 Strategy is available online: https://www.cityofepa.org/housing/page/affordable-housing-strategy
2.5	Establish Rent Registry for both stabilized and market-rate rental units.	CDD - RSP/CDD - Housing	In-Progress	Received Council direction on work plan on March 19, 2024. Staff will bring an ordinance back for consideration before the end of the fiscal year and issue a request for proposals (RFP) for outside program management planned issuance this Summer and execute contracts by October 2024. Staff continue to explore potential registry options (meeting with other cities, speaking with vendors, etc.)
3	Create an Economic Development Strategy Focusing on Small and Micro Businesses for City Council Consideration	CMO/CDD	In-Progress	Commenced preparation of a request for proposals (RFP) for an Economic Development Strategy. Hired a consultant from Regional Government Services to assist with RFP preparation. Expected RFP issuance date to be determined.
4	Convert the City's Cummings Loft property into office space that could be used as a small business incubator	PWD	In-Progress	The City was awarded a \$555,000 grant from the Small Business Administration to improve the former Redevelopment Agency's space at Cummings Loft for use as a local incubator space. City staff issued a request for design proposals in 2023. Staff received one proposal and is recommending a contract award to City Council on 04/16/24. Target Completion of design: December 2024. Construction will take place in 2025.
5	Implement Program to Distribute Community Resource Funds Grant	CMO/CDD	In-Progress	This is a City-sponsored grant program. In May 2023, staff presented a framework for the program and Council directed that the funds be allocated to four different service areas. Staff presented an updated framework to the City Council on 3/5/2024 and the Council directed staff to 1) release an RFP for Senior Home Repair Assistance with \$125K, 2) Release a RFP for Small Business Assistance with \$125K, 3) move \$50,000 to the Community Services Division budget for Senior programs aimed at increased technical competence and prevention of scams, and 4) move \$50,000 to the Community Services Division budget for youth civic activities. Staff anticipates releasing RFPs in May 2023 and proposing awards to the City Council in the first quarter of FY 2024/25.

6	Revisit the West Side Area Plan Development Approval Process	CDD - Planning	In-Progress	Staff will return to Council for feedback in second quarter 2024
7	Evaluate the Measure HH Pilot Workforce Development Program	CDD - Housing/CMO	On-hold	Staff presented an update on the 18 month pilot on March 19, 2024. Staff will begin to explore ways to evaluate the pilot which is expected to conclude in August 2024
8	Complete the Ravenswood Business District/Four Corners Specific Plan Update	CDD - Planning	In-Progress	Draft plan in process. City Council Study Session scheduled for April 25, 2024. Draft plan scheduled to be complete by the end of 2024, following publication of SEIR.
9	Implement the First Source Hiring Program	CDD	Operational	This project is considered an operational activity. City staff are developing program guidelines to be applied to City projects, projects on City property, or projects subsidized with City funds.
10	Streamline the ADU permitting process	CDD - Planning	In-Progress	Municipal Code Update adopted on February 6, 2024. New forms and streamlined process implemented in compliance with updated code. The City hosted a community event on March 27, 2024 to share with East Palo Alto residents, homeowners, developers, and other stakeholders about the ADU development code updates and new informational materials available.
11	Work with partners to complete construction of 965 Weeks/Colibri Commons	CDD - Building	In-Progress	Development project is in the building phase. Construction is anticipated to conclude by the end of 2025.
12	Update the Zoning Code to address permanent supportive housing, housekeeping units, residential care facilities, etc. as well objective design standards	CDD - Planning	In-Progress	Staff plans to present an additional Municipal Code update to Council in mid 2024, including housing related clean up items. Another municipal code update, including objective design standards, is planned for late 2024.

Implement Comprehensive Transportation and Mobility Plan				
Goal		Lead/Co-Lead	Status	Status Notes
1	Implement the Comprehensive Transportation and Mobility Plan			
1.1	Implement Short-term Improvements as Identified in the Final Mobility Report	PWD	Complete	Practical short-term measures implemented and completed in 2023.
1.2	Implement Mid-term Improvements as Identified in the Final Mobility Report	PWD	In-Progress	Mid-term improvement elements to be implemented over 5+ years. \$1.0M grant for University Avenue Grand Corridor conceptual planning received through the Measure W competitive program which will study mid-term strategies. City in regular contact with other entities regarding Facebook Willow Village development.
1.3	Initiate a Parking Permit Pilot Program	PWD	In-Progress	Staff is developing a pilot program for City Council consideration. Anticipated Council item in July 2024.
2	Construct University Bicycle/Pedestrian Overcrossing	PWD	In-Progress	Construction is underway. Anticipated completion in 2025.
3	Explore a potential public infrastructure revenue measure for the November 2024 Election	CMO	In-Progress	The City entered an agreement with the Lew Edwards group who oversaw a community poll and focus group sessions to gauge community priorities and support for revenue measures in 2023. Additional polls will be conducted in April 2024 that test specific revenue measures and funding priorities. Depending on the polling results the City will work toward passing a measure in November 2024.
3.1	Design East Bayshore Sidewalk Improvement Project	PWD	In-Progress	The City was awarded a \$400,000 grant for design phase. A contract to award design services is scheduled for the 04/02/24 City Council meeting. Design Target Completion: January 2025.
3.2	Seek funding and construct East Bayshore sidewalk improvements	PWD/CMO	In-Progress	Staff is actively seeking construction funds and is applying for transportation grants. The Transportation HUD appropriations bill includes \$850,000 in DOT funds for this project.
3.3	Design University Ave. safety improvements	PWD	In-Progress	The City was awarded a \$1.2M grant and design phase is initiated. Design planned completion is April 2024. The project will be bid out for construction in Summer 2024.
A	Construct University Ave. safety improvements	PWD	In-Progress	Construction estimated to occur August 2024 through February 2025. This project will primarily include upgrading University/Runnymede intersection and construct a new traffic signal.
3.4	Continue work with consultant to identify and apply for grants	PWD/CMO	Operational	This project is considered an operational activity. With Ken Brown consultants, staff seek and review federal and state grant opportunities as occur. Currently, staff is at capacity to implement and build projects for several previously awarded grants.
3.5	Implement updated water capital surcharges	PWD/CMO	Complete	Council adopted updated charges in March 2023.
4	Replace the temporary traffic circles on Pulgas Avenue with mini roundabouts	PWD	In-Progress	Complete design and replace the temporary traffic circles with mini roundabouts to enhance safety and aesthetics. Staff received grant funds to complete the preliminary design of the mini roundabouts on Pulgas Avenue. On 3/19/2024, City Council authorized a contract amendment with ALTA Planning + Design to complete the PS&E package for the two mini-roundabouts. Staff anticipates design completion by Fall 2024. The goal is to bid out the project and begin construction by the end of 2024. (Goal – to complete construction by end of FY 24/25 pending construction funds).
5	Construct Bus Stop Shelter Improvements using AHSC grant funds	PWD	In-Progress	The project is under active construction and should be complete by April 2025
6	Finalize the Addison Avenue Safe Routes to School and Green Infrastructure project	PWD	In-Progress	The project should be complete by July 2024.
7	Construct the University Avenue at Runnymede Traffic Signal Improvements	PWD	In-Progress	This project is included in 3.3. Design planned completion is April 2024. The project will be bid out for construction in Summer 2024.

8	Design the East Bayshore sidewalk improvements with grant funds Secure funding to design the University Avenue Grand Corridor:	PWD	In-Progress	This project is included in 3.1. A contract to award design services is scheduled for the 04/02/24 City Council meeting. Design Target Completion: January 2025.
9	Complete the Street Lighting Upgrade Project (70 streetlights and Clarke Avenue overcrossing)	PWD	In-Progress	This project is underway and will continue through FY 24/25. The streetlight installations will be citywide and the work began in the Gardens Neighborhood.
10	Construct University Avenue safety improvements	PWD	In-Progress	This project is included in 3.3. Design planned completion is April 2024. The project will be bid out for construction in Summer 2024.

Promote Health & Public Safety				
Goal		Lead/Co-Lead	Status	Status Notes
1	Enhance Flood Protection for Residents, Businesses, and Property Owners			
1.1	Enhance Community Flood Protection through collaboration with SFCJPA on San Francisquito Creek Reach 2 improvements	PWD/CMO	In-Progress	The Reach 2 Project is led and coordinated by the San Francisquito Creek (SFC) JPA. The total project cost estimate is \$60M, and is approximately 70% funded. The project consists of four main construction elements planned to occur between Summer 2024 and 2026. City staff are in contact with SFCJPA and agency partners on a regular basis.
1.2	Enhance Community Flood Protection through collaboration with SFCJPA to implement the Safer Bay Project	PWD/CMO	In-Progress	The Safer Bay Project is a multi-benefit, multi-jurisdictional collaboration led and coordinated by the SFCJPA. The SFCJPA is conducting technical and scientific studies in anticipation of releasing a draft Environmental Impact Report in 2025. The City has been awarded a FEMA grant of \$17.5M and provided \$4.5M in local match to support \$22M in local construction costs related to the project. City grant project is on-hold pending completion of other project phases. The City's grant portion will be actively underway in Q1 24/25. The City will be required to secure a design consultant and oversee the design phase from 30% through 100%.
1.3	Coordinate with City of Palo Alto on the Newell Street Bridge Replacement Project	PWD	In-Progress	Represents a \$16M sub-project of the SFC-JPA Reach 2 Project 1.1 above. City of Palo Alto is lead agency. Project plans and specifications are complete, and partners are currently seeking additional grant funding. East Palo Alto staff are working with Palo Alto to coordinate design completion. Upon design completion, the project will be bid for the construction phase in Summer 2024.
2	Resolve Sanitary District Incorporation Matter			
2.1	Transition EPASD from an independent organization to a City subsidiary	CMO/CAO/ PWD/FIN	In-Progress	LAFCo denied EPASD's request for reconsideration on February 7. The protest period began Feb. 12 and will go through May 22, 2024. If none of the thresholds of protests are met, the City will take over governance of EPASD July 1, 2024. This transition will require the City to manage EPASD finances, billing and customer service, new service connections, day to day operations (through an operations agreement with West Bay Sanitary District) and manage sanitary capital projects. Additionally, EPASD has filed a lawsuit against LAFCo and the City. The City is determining next steps and exploring how this may impact the transition of EPASD to City governance.
3	Develop a Community Emergency Preparedness and Education Initiative			
3.1	Build EPA CERT Team Membership	PD/CMO	Complete	Menlo Park Fire District administers the CERT program in East Palo Alto, which we are able to access when the need arises. Currently the membership hovers around 40-50 members and have all been sworn in as Disaster Service Workers. Additionally, the Menlo Park Fire District works with community groups interested in helping during times of need, but do not necessarily desire to be CERT certified. MPFD also administers and Emergency Radio Communications group (eg. HAM Radio operators) who are available as the need arises.
3.2	Establish emergency communication protocols with community partners	PD/CMO	In-Progress	In coordination with Menlo Park Fire District, researching social media and emergency alert notification channels with planned community outreach efforts to expand information access. Target Completion: Summer 2024.
3.3	Update Disaster Preparedness Plan	PD/CMO	In-Progress	Currently researching plan format and regulatory requirements with goal of simplifying current plan for ease of reference and use. Target Completion: Summer 2024.
4	Develop the Police Department's Data Analytics Capacity	PD	In-Progress	If awarded a pending grant, work with the County C3AI data project and California State University East Bay to study East Palo Alto crime trends, responses, and statistics
5	Rehabilitate the O'Connor Pump station	PWD	In-Progress	Replace diesel engines and perform electrical upgrades with \$800K USEPA grant funds. Project is currently in the process of finalizing scope and CEQA. Design to occur throughout 2024 with construction in 2025.

6	Construct improvements to the San Francisquito Creek bank	PWD	In-Progress	Enforce the slope at San Francisquito creek to prevent further erosion. This project will be under construction in Summer 2024.
7	Upgrade the Stormwater System to meet State trash capture requirements	PWD	In-Progress	90% trash capture project to be completed by June 2024. Full Trash Capture is mandated by the State Water Resources Control Board by 2025. This will be accomplished by bidding out two separate projects.
8	Complete the update of the Environmental Justice (Health & Equity) Element of the General Plan	CDD - Planning	In-Progress	Data gathering in process. Community outreach to begin in April 2024. Project completion anticipated in mid to late 2025.
9	Complete the update of the Safety Element of the General Plan	CDD - Planning	In-Progress	Data gathering in process. Community outreach phase started in February 2024, with two workshops planned for March 13 and April 3. Project completion anticipated in mid 2025.
10	Evaluate emergency shelter sites	CMO	In-Progress	The City is working to establish formal partnerships with potential emergency evacuation sites both within and outside of East Palo Alto.

Ensure Fiscal & Organizational Health				
Goal		Lead/Co-Lead	Status	Status Notes
1	Address Structural Deficit Through Fiscal Resiliency Measures			
1.1	Assess and Prepare for Utility Operational and Finance Needs	PWD/FIN	In-Progress	This project is connected to Goal No. 2 above under Council Priority "Promote Public Health & Safety". Financing needs on-hold pending LAFCO decision. However, in addition to Sanitary Sewer operations, the City requires resources to provide cohesive oversight over all managed utilities (water, garbage and storm water management). Consideration of financing of utilities through rate increases or assessment districts is planned for 2024.
1.2	Analyze needs, strategies and community support for funding public infrastructure	CMO	In-Progress	With Lew Edwards consultants, City is conducting a series of community outreach meetings/communication to assess community interest related to both services and infrastructure. Target Completion: April 2024.
1.3	Perform Impact Fee Nexus Study	CMO/PWD	In-Progress	Bid process complete and contract approved by Council in October 2023. Project kick-off implemented November 2023. Staff will provide an update to Council in April 2024 and anticipate proposed fees and Nexus Study to be presented by June 2024.
2	Develop 10 Year Financial Projections	FIN	In-Progress	A 10-year financial projection model for a municipality serves as a strategic planning tool, aligning fiscal policies with community goals, aiding in risk management, and communicating financial plans to residents. This comprehensive tool assists in capital budgeting, enabling efficient resource allocation and providing insights into long-term financial sustainability for the municipality. The first phase of the model has been issued and is staff revisions, expected presentation to Council in the April 2024 Budget Message
3	Plan and Implement an Enterprise Resource Planning (ERP) System	FIN/CMO	In-Progress	As of December 2023, all financial activities, including payroll, accounts payable, and budgeting, have successfully migrated to the new system. Staff members are already noticing significant improvements in efficiency and data accessibility. This transition reflects a massive undertaking citywide, and we are nearing the final stages of implementation. Despite encountering some obstacles, this project is an unmitigated success, especially when considering the scale of change.
4	Focus on Staff Morale, Retention, Recruitment & Succession Planning			
4.1	Update the City's Personnel Policies and Procedures	CMO - HR	In-Progress	Draft document prepared. Citywide management and employee review process, including meet and confer elements, estimated to begin January 2024. Target Completion: Fall 2024. Effort supported by consultants, outside legal. Due to labor negotiations, this project has been placed on hold until contracts are closed. Will continue Q3 of this FY.
4.2	Launch Health & Wellness Initiative	CMO - HR	Complete	Launched outreach for virtual employee seminars; on-site health and wellness events in October 2023. Annual employee hybrid seminars are confirmed through December 2024. Staff are in the process of collecting employee data to improve moral. These programs will allow the team to collaborate and focus on team building which is what we need to become a successful team! The City is fully committed and invested in our staff's mental health. The program includes topics such as Self-Development: The Road to Balance Your Work & Family Life, Communication, Creating Healthy Teams, Health & Wellness. Digital Distractions: Use Technology, Don't Let it Use You, etc. This project launch is complete and the work is now operational.
4.3	Update the City's recruitment process	CMO - HR	Complete	Standardized operating procedures for the hiring process. Completed April 2023

4.4	Develop and Launch an Employee Training and Development Program	CMO - HR	Complete	Primarily consists of revamping employee orientation process, standardizing and auditing regulatory training requirements. New orientation standards implementation November 2023. Standardizing training implemented over six months phases beginning November 2023. The Mandatory and employee training and development programs continue to roll out and improve such as Building & Cultivating Trust as a Leader, Diversity, Equity, and Inclusion (DEI) training series to help foster a culture of respect, understanding, and inclusivity within our organization, FMLA/CFRA/Reasonable Accommodations Overview for Supervisors, Memorandum of Understandings (MOU) Overview, Active shooter, CPR, Earthquake & Fire Drill, and so much more! We are actively seeking feedback from staff to help CMO in developing and incorporating more trainings. This project kick off is complete and is now operational.
4.5	Issue RFP for Compensation Study	CMO - HR	On-hold	Project goal intended to be expanded to include and prioritize near-term capacity studies. Project initiation TBD.
5	Develop an Information Systems Master Plan			
5.1	Coordinate continuation or completion of contract services provided by Redwood City	CMO - IT	In-Progress	Redwood City agreed to a mid-term continuation plan. Staff expanding goal to include issuance of separate RFP to consider options for long-term operational needs. Target RFP Completion: May 2024
5.2	Develop a citywide Information Systems Master Plan	CMO - IT	On-hold	Draft RFP prepared and under review; pending outcome of item 5.1 above.

Improve the City's Water Infrastructure				
Goal		Lead/Co-Lead	Status	Status Notes
1	Focus on Customer Service and Education			
1.1	Plan for Water System Operations in 2025	CMO/PWD/CAO/FIN	In-Progress	Current Water System Operator lease expires approximately April 2026, and current lease terms are under outside legal review. Project includes multi-departmental consideration of options for long-term operational needs, including RFP for consulting services to consider cost/considerations under differing options. Target Completion: June 2024.
2	Advance Key Water Infrastructure Projects			
2.1	Complete Construction of 12" Water Transmission Line on University Ave.	PWD	In-Progress	Project construction is underway. Target Completion: December 2024
2.2	Complete Construction of Water Intertie at University/Woodland with Palo Alto	PWD	In-Progress	Project construction is underway. Target Completion: October 2024
2.3	Identify Potential Locations for Additional Water Storage	PWD	In-Progress	Staff preparing a request for proposal (RFP) to conduct a water tank siting study and provide analysis of options for water storage capacity of 3+ million gallons. Target Council Presentation: January 2025.
2.4	Investigate State and Federal Water Funding Opportunities, including WIFIA and DWSRF	CMO/PWD/FIN	Operational	This project is considered an operational activity.
2.5	Proactively Design Additional Water Improvement Projects	PWD	On-hold	This project involves working with the City's on-call consultant to design priority 1A water infrastructure projects identified in the Water Master Plan. This activity will begin upon completion of construction of the 12" watermain on University Avenue. (See 2.1 above)
3	Develop a Water Infrastructure Financing Plan	CMO/PWD/FIN	In-Progress	The City received \$800,000 from the US Environmental Protection Agency through in FY 2023 Congressionally Directed Spending (FY 2023 Omnibus Appropriations Bill). The City will use these funds to hire a consultant to develop a water infrastructure financing plan that will outline an effective strategy for the City to leverage existing resources such as water capital improvement fees paid by ratepayers and grant funds to pay for needed water system improvements
4	Develop a water asset management database	PWD	In-Progress	Update all water related assets into a GIS and asset management software system. (Goal – to be complete with the first phase by Q4 23/24). The project will continue through FY 24/25 to establish other layers.

Develop and Implement a Comprehensive Facilities Plan				
Goal		Lead/Co-Lead	Status	Status Notes
1	Coordinate with the Library District to Advance a New Library for East Palo Alto			
1.2	Complete Library Design	PWD	In-Progress	City was awarded, a \$1.5M grant for design of the Library. The City Council awarded a design contract to Noll and Tam Architects and design will begin in April 2024.
1.1	Work with the SMC Libraries to identify and implement a comprehensive funding strategy for library construction	CMO	In-Progress	Rough construction estimates are approximately \$40M. The City has not secured funding yet. The City unsuccessfully applied for a \$10M State grant. The City continues to partner with SMCL and the SMCL Foundation on efforts to fundraise for library construction. This includes participation in a fundraising task force and helping conduct a fundraising feasibility study led by Lotus consulting. Lotus will present fundraising feasibility study in late April 2024.
2	Investigate Options for Developing County Vacant Property Located on Beech Street			
2.1	Endeavor to Finalize Acquisition of County-Owned Beech Street Property	CDD - Planning/CMO	On-hold	While in the final phase of property exchange and acquisition details, SMC informed the City they are no longer interested in swapping Beech Street for 2277 University because they don't believe 2277 University is feasible for housing. The City Manager and County Executive will have further discussions to determine next steps.
2.2	Advance Parks Master Plan Vision for MLK Jr. Park and Beech Street Property	CMO - CS/PWD	In-Progress	City preparing CEQA analysis for Master Plan, including potential Beech Street expansion - estimated Council study sessions in Spring 2024. The property exchange may complicate this (see 2.1 above).
3	Develop a Detailed Strategy for the Location of the Future Police Department			
3.1	Conclude consideration of potential interim or long-term Police Department sites	CMO/PD	In-Progress	The City continues to look for alternative sites for the police department while negotiating a lease extension for 141 Demeter Street. The 219 Demeter Street lease has an extension option that can be exercised.
3.2	Provide the Council recommendations for Police Department sites after October 2025	CMO/PD	On-hold	On hold pending completion of 3.1 above. Site recommendations may include closed session presentation and negotiation.
3.3	Implement necessary actions to enable police department operations after October 2025	CMO/PD	On-hold	On hold pending completion of 3.1 above; however, the improvements to 141 Demeter Street are in-progress as those are necessary for the facility to be useful for the remainder of the existing lease.
4	Complete the City Hall Improvements Planning Process			
4.1	Resolve County consideration of 2415 University for City's exclusive or shared use	CMO	In-Progress	The City Manager is scheduled to discuss this matter with the County Executive in April 2024.
4.2	Investigate potential partnership opportunities with future development projects	CDD/CMO	On-hold	On-hold pending completion of RBD Specific Plan, including related Impact Fee Study implications. Current economic conditions estimated to impact timing of available opportunities.
4.4	Bid and construct the City Hall TI at the former police evidence room	PWD	In-Progress	Workspace currently under County HVAC renovations. Staff is considering bidding this project together with PD and Tate facility improvements. Construction project estimated to begin Summer 2024.

Enhance Community Services and Parks for Residents				
Goal		Lead/Co-Lead	Status	Status Notes
1	Foster Community Cultural Events & Activities			
1.1	Facilitate City Sponsored Events on Operational Basis	CMO - CS	Operational	This project is considered an operational activity. Total of eight events occurred in 2023; including City Anniversary celebration.
1.2	Consider organizational structure and external partnerships to best provide cultural events	CMO - CS	Operational	This project is considered an operational activity.
2	Completion and Implementation of the Parks Master Plan			
2.3	Advance Design of Martin Luther King, Jr. (MLK) Park Expansion Project	CMO - CS	In-Progress	Refer to Goal 2.2 above under "Develop and Implement a Comprehensive Facilities Plan".
2.4	Advance Design of Bell Street Park Project in Partnership with Magical Bridge Foundation	CMO - CS	On-hold	Plan Phase I complete and project re-scaled and considered with community outreach. Phase II - on hold to consider best program outcomes.
2.5	Consider a pilot dog park program at an existing park or under utility power lines	CMO - CS	In-Progress	This sub-goal primarily is being considered with the MLK Park Expansion Plan. Refer to Goal 2.2 above under "Develop and Implement a Comprehensive Facilities Plan". For other potential sites, staff plans to engage community and vet potential options. Target Report Date: Spring 2024.
3	Focus on Youth Engagement			
3.1	Consider establishing a Youth Commission and/or youth appointees to City Boards/Commissions	CMO - CS	In-Progress	Staff is in the process of releasing an RFP for consultation that will comprehensively address the needs of a Youth governing body in the City. Following this 45-60 day selection process, staff will begin laying the framework for what an advisory body will look like by seeking community engagement. It is anticipated that this will take place until October 2024. At that time, Staff will return to Council with robust community input on the next steps to launch a Youth Advisory Body.
3.2	Strengthen partnerships with outside organizations for comprehensive focus on youth issues	CMO - CS	On-hold	Given the success of partnerships with organizations like: YMCA, EPACenter for the Arts, YCS, Foundation for a College Education, and others through our Summer Park Activation program, staff is constantly seeking the input of youth-focused organizations. More efforts will be underway during the process of establishing a Youth Advisory Body. It is the intention of staff to introduce two events that are specifically focused on Youth in the Job Shadow Day in Summer 2024 and Youth Summit in Fall 2024.
4	Engage with Community & Partner Agencies to Improve Educational Resources/Outcomes			
4.1	Explore Partnerships with School District & Other Entities Regarding Potential Joint Use	CMO - CS	In-Progress	Staff is in discussion with RCSD to explore shared interests and potential financial options. Seeking shared facilities agreements with RSD. The City received congressional funding for Ronald McNair Field which will help advance discussions. Target Report Date: Fall 2024.
4.2	Build Relationships with Foundations/Philanthropic Organizations to Identify Partnerships	CMO - CS	Operational	This project is considered an operational activity.
5	Construct the Joel Davis Park restroom			
6	Secure Bay Trail access at Rutgers Street			
		PWD	In-Progress	Restroom construction to be complete by May 2024.
		CMO - CS/PWD	In-Progress	Staff from the Public Works and Community Services initiated the work in January 2024 with SFPUC to explore the creating a pedestrian pathway at the Rutgers St. Bay Trail entry. Following the approval, Staff began conversation with Mid-Peninsula Regional Open Space District who also has easements in place at the area to determine feasibility of placing an entry point. Staff is currently in the design phase of the gate for final approval from SFPUC. Pending this approval, staff will be able to begin the construction phase in late summer/early Fall 2024.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: 4/16/2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Jay Farr, Maintenance Manager
Humza Javed, Public Works Director

SUBJECT: Facilities HVAC Maintenance Contract Services

Recommendation

Adopt a resolution authorizing the City Manager to award to, negotiate, and execute an agreement with Environmental Systems, Inc., in a form approved by the City Attorney, for facilities heating & air conditioning maintenance and services in an annual amount of \$58,470.00, establishing a \$20,000 contingency, for a five-year term not to exceed \$292,350.00.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Promote Health & Public Safety

Background

The City is required to establish a routine preventive maintenance program for all City facilities' Heating, Ventilation, and Air Conditioning (HVAC) systems, including emergency repairs.

On January 19, 2024, the City issued and released a Request for Proposal to twenty-six (26) companies in the Bay Area to solicit bids for facilities HVAC maintenance services.

CONSENT ITEM 3.2

By the deadline of March 07, 2024, staff received six (6) proposals and evaluated them with the following results:

	Company	Hourly Labor Rate	Annual Average 150 hours Service Call	Annual Inspections and Filter Replacement	Annual Contingencies	Total Annual Costs
1	Superior Mechanical	\$160	\$24,000	\$21,928	\$20,000	\$65,928
2	Acco Engineered Systems, Inc.	\$212	\$31,800	\$19,777	\$20,000	\$71,577
3	A&B Mechanical	\$200	\$30,000	\$20,280	\$20,000	\$70,280
4	EMCOR Services	\$192	\$28,800	\$17,000	\$20,000	\$65,800
5	Frank M. Booth, Inc.	\$205	\$30,750	\$18,692	\$20,000	\$69,442
6	Environmental Systems, Inc.	\$175	\$26,250	\$12,220	\$20,000	\$58,470

Analysis

Per the City of East Palo Alto's Municipal Code Section 2.84.080, professional services exceeding twenty seven thousand dollars (\$27,000) must be formally bid and awarded to the lowest responsible bidder. In determining the lowest responsible bidder, factors beyond price may be considered. The City focused primarily on establishing averages for regular hourly labor costs and annual inspections and filter replacement costs. Other considerations included overtime costs and truck charges, which were relatively comparable among the top-ranking companies.

Staff recommends authorizing the City Manager to award, negotiate, and execute a maintenance agreement with the lowest bidder, Environmental Systems, Inc., in Santa Clara California, including \$20,000 in contingencies for Air Conditioner replacement.

Fiscal Impact

CONSENT ITEM 3.2

There is no budget impact from this report. The associated cost is included in the Public Works Maintenance Division FY 23/24 adopted budget.

Public Notice

The public was provided notice by making the agenda and report available on the City's website and on the City's official bulletin board outside City Hall. Additionally, the report was available at the San Mateo Co. Library located at 2415 University Avenue in East Palo Alto.

Environmental

These services are categorically exempt under the California Environmental Quality Act (CEQA) Guidelines Article 19, Categorical Exemption, Sections 15301 and 15303, because the improvements are considered to be maintenance of existing facilities.

Government Code § 84308

Applicability of Levine Act: No, because the contract has been competitively bid, it is exempt from the Levine Act.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution
2. RFP

RESOLUTION NO. _____

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

AUTHORIZING THE CITY MANAGER TO AWARD TO, NEGOTIATE, AND EXECUTE AN AGREEMENT WITH ENVIRONMENTAL SYSTEMS, INC. IN SANTA CLARA, CA, IN A FORM APPROVED BY THE CITY ATTORNEY, FOR FACILITIES HEATING & AIR CONDITIONING MAINTENANCE AND SERVICES IN AN ANNUAL AMOUNT OF \$58,470.00, ESTABLISHING A \$20,000 CONTINGENCY, FOR A FIVE-YEAR TERM FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$292,350.00

WHEREAS, the City is required to establish a routine preventive maintenance program for all City facilities Heating, Ventilation, and Air Conditioning (HVAC) systems, including emergency repairs; and

WHEREAS, the current heating and air conditioning contract with Superior Mechanical will end on June 30, 2024; and

WHEREAS, on January 19, 2024, the City issued and released a Request for Proposal to twenty-six (26) companies in the Bay Area to solicit bids for facilities HVAC maintenance services; and

WHEREAS, by the deadline of March 07, 2024, staff received proposals from six (6) companies; and

WHEREAS, Environmental Systems, Inc. is the lowest responsible bidder.

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

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action;
2. Authorizes the City Manager to execute a contract agreement with Environmental Systems, Inc. in Santa Clara, CA for facilities HVAC maintenance services in an annual amount of \$58,470.00, establishing a contingency of \$20,000, for a five-year term for a total not-to-exceed limit of \$292,350.00; and
3. Finds that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) Guidelines Article 19, Categorical Exemption, Sections 15301 and 15303, because the improvements consist of maintenance of existing facilities.

PASSED AND ADOPTED this 16th day of April 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Antonio D. Lopez, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney

REQUEST FOR PROPOSALS

HEATING & AIR CONDITIONING SERVICES FOR VARIOUS FACILITIES

FOR THE

CITY OF EAST PALO ALTO



PROPOSAL DUE: **THURSDAY, March 07, 2024**

Return Proposal to:
Jay Farr
Maintenance Manager
City of East Palo Alto
150 Tara Road
East Palo Alto, CA 94303
Jfarr@cityofepa.org

REQUEST FOR PROPOSALS

HEATING & AIR CONDITIONING SERVICES FOR VARIOUS FACILITES

I. PURPOSE OF REQUEST.

The City of East Palo Alto ("City") intends to seek and obtain professional heating and air conditioning maintenance services by a reputable provider to perform necessary HVAC services for various City facilities, located within the city of East Palo Alto. A list of City facilities is attached in Exhibit B. The selection will be based on overall price based on the cost provided in Table 1 of Exhibit B, services, performance and reliability of the proposers. The City's needs are outlined in the following Request for Proposal ("RFP").

The City reserves the right to add or delete buildings and/or facilities at any time during the life of the contract or resulting extensions, with thirty (30) days written notice. Additions shall be added at a negotiated rate that has the mutual agreement of the City and the VENDOR and the means of negotiation shall utilize comparable facilities under the existing HVAC service agreement. If the request for additional work begins during a billing cycle, the payment shall be prorated for the month in which work commenced.

II. TIME SCHEDULE.

It is the City's intent to follow the following process and timetable, resulting in the selection of a vendor. At the City's discretion, it may change the estimated dates and the process set forth below as it deems necessary including but not limited to interviews.

City issues RFP.	01/19/2024
Deadline for proposers to submit questions/clarification request in writing to City by 4:00 pm.	02/09/2024
Deadline for City to respond to written questions to all parties receiving RFP.	02/23/2024
Deadline for Submittal of Proposals by 4:00 pm.	03/07/2024
Award of Contract by East Palo Alto City Council.	TBD
Contract start date	06/01/2024

III. INSTRUCTION FOR PROPOSERS.

- A. All proposals must be addressed to:

Jay Farr
City of East Palo Alto
150 Tara Road
East Palo Alto, CA 94303
(650) 853-3105

- B. All proposals must be in a sealed envelope and clearly marked in the lower left-hand corner: "**HVAC Services**". The name and address of the proposing business must be shown on the face of the envelope.
- C. All proposals must be received by **4:00 p.m. on Thursday, March 07, 2024. Proposals will not be accepted after this deadline.** Three (3) copies of the proposal must be enclosed in the sealed envelope. No facsimile, electronic or telephone proposals will be accepted. Any bid received after the time specified will be considered late, will not be accepted and shall be returned to the bidder unopened.
- D. Proposals should be prepared simply and economically, providing a straightforward, concise description of provider capabilities to satisfy the requirements of the request. Special bindings, colored displays, promotional materials, etc. are not desired. Emphasis should be on completeness and clarity of content.
- E. Proposal Requirements are set forth in Exhibit C.
- F. Bid Protests: Failure to comply with the rules set forth herein may result in rejection of the protest. Protests based upon restrictive specifications or alleged improprieties in the proposal procedure which are apparent or reasonably should have been discovered prior to receipt of proposals shall be filed in writing with the City Clerk at least 7 calendar days prior to the deadline for receipt of proposals. The protest must clearly specify in writing the grounds and evidence on which the protest is based. Protests based upon alleged improprieties that are not apparent or which could not reasonably have been discovered prior to submission date of the proposals, such as disputes over the staff recommendation for contract award, shall be submitted in writing to the City Clerk within forty-eight hours from receipt of the Notice of Intent to Award from the City advising of staff's recommendation for award of contract.

The protest must clearly specify in writing the grounds and evidence on which the protest is based. The City Manager, or his or her designee, will respond to the protest in writing at least three days prior to the meeting at which staff's recommendation to the City Council will be considered. Should VENDOR decide to appeal the City Manager's response and

pursue its protest at the City Council meeting, it will notify the City Manager of its intention at least two days prior to the scheduled meeting.

IV. SELECTION CRITERIA.

CRITERIA	WEIGHT GIVEN
1. Responsiveness of the written proposal to the purpose and scope of service, completeness and clarity of all required information and any supplemental information provided by the VENDOR that will demonstrate the quality of services.	40 POINTS
2. Price.	50 POINTS
3. Ability, experience, financial resources and history of successfully completing contracts of this type; meeting projected deadlines and experience in similar work and location; and the character, integrity, reputation, judgment and efficiency of the VENDOR.	10 POINTS
TOTAL CRITERIA WEIGHT	100 POINTS

Each proposal will be independently evaluated based on Criteria 1 through 3.

V. SCOPE OF SERVICES.

The scope of services and facilities to be covered are attached herein as Exhibit A and B respectively.

VI. TERMS AND CONDITIONS.

A. The term of the Contract shall be for a period of three years beginning June 01, 2024, and ending May 31, 2027. The City shall, at its sole discretion, have the right to extend the term of this Agreement in one-year intervals for an additional 2 years, by written notice. The total duration of this Agreement, including the exercise of any option shall not exceed 5 years.

The unit price of the Contract will be adjusted each year using the California Consumer Price Index, All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland-San Jose Metropolitan Statistical Area (CPI-U).

- B. The City reserves the right to reject any and all proposals, and to waive minor irregularities in any proposal.
- C. The City reserves the right to request clarification of information submitted, and to request additional information from any VENDOR.
- D. The City reserves the right to award any contract to the next most qualified VENDOR, if the successful VENDOR does not execute a contract within fifteen (15) days after contract has been awarded.
- E. The contract resulting from acceptance of a proposal by the City shall be in a form supplied or approved by the City and shall reflect the specifications in this RFP. A sample contract is attached as Exhibit E for informational purposes only. The City reserves the right to modify this sample contract as necessary to serve the best interests of the City. If a VENDOR has any exceptions to the terms of the sample contract, these must be submitted for consideration with the proposal. Otherwise, the VENDOR will be deemed to have accepted the form of the Agreement.
- F. The City shall not be responsible for any costs incurred by the firm in preparing, submitting or presenting its response to this RFP.

VII. COMPENSATION

The City requires that all its vendors have a Department of Treasury Internal Revenue Service Form W-9 on file with the City to accommodate payment. Itemized billings shall be submitted upon completion as described in Exhibit B with a listing of all facilities, cost and date identified. Monthly statements shall be submitted by the 30th of each month. Payment will be made within thirty (30) days of date of invoice.

VIII. LICENSE REQUIREMENT

All persons and/or companies performing work within the City of East Palo Alto are required to obtain a yearly Business License. If you presently do not have an East Palo Alto business license, then you must obtain a business license upon award of contract.

EXHIBIT A
SCOPE OF SERVICE

GENERAL PROVISIONS.

The City of East Palo Alto is required to establish a routine preventive maintenance program for all City facilities (Heating, Ventilation, and Air Conditioning) HVAC system including emergency repairs. Normal working business hours are between the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday (except 13 Official Holidays).

OBJECTIVE.

The City wishes to secure timely, consistent, and cost effective periodic HVAC maintenance services from one contractor.

The objectives of the City are as follows:

- A. The City is required to establish a periodic preventive maintenance program for all City facilities HVAC system including emergency repairs & replacement.
- B. Cost efficient and effective HVAC maintenance services.
- C. Respond to emergency services.
- D. Minimal interruptions to City operations.
- E. Ensure consistent and reliable HVAC maintenance services from one contractor for all City-owned/leased facilities.
- F. Must have experience with air to water under slab heat pump (Aermac brand of equipment made in Italy) hydronic systems and Johnson DDC control systems and water treatment for closed loop systems experience.

SERVICES REQUIRED.

The VENDOR shall perform the duties, functions and all other work described in the below Schedule of Service in a consistent and professional manner. The VENDOR shall furnish, at its own expense, all labor, materials, machinery and equipment that may be necessary or appropriate for the performance of the work, including all related management, supervisory and administrative services.

A. SCHEDULE OF SERVICE

Vendor shall perform the duties, functions and all other work at the facilities and locations as described below. Vendor shall furnish, at its own expense, all labor, materials, machinery that may be necessary for the performance of the Heating Ventilation and Air Conditioning Services.

Quarterly inspection functional test of all heating and air conditioning systems, exhaust fans and control systems as follows:

- All filters installed must have the date the filters were installed written in ink or permanent marker on the new filter before their installed.
- Fire off and test the heating system, check gas pressure if required.
- Check the combustion fan blower motor and to adjust or clean as required.
- Check the burners and burner controls, clean as required or note any problems found.
- Check the indoor blower motor, lube all bearings, check fan, clean or adjust as required.
- If the units have driven belts, check them on each service and or replace the belts annually.
- Check the indoor coils and outdoor coils for problems, clean and check the condensate drains for obstructions.
- Check the temperature splits during the cooling cycle, if any problems are found write up a report such as low charge, duct work restrictions or duct work damage that may show up because the temperature split checks were not correct.
- Check the outside equipment condition and report any rust, detritions, or water leakage found on equipment or exposed ductwork issues to the City.
- Check the main loop pump for proper operation, report or fix any small leakage on the above ground water piping.
- Check controls, thermostats, relays, starters or frequency drives that operate the equipment at each site for proper operation. Report any problems in writing as they are found.
- Check all exhaust fans for proper operations and if they are belt driven check the belts and replace the defective belts as needed.
- Check all Evaporative Cooler fans for proper operations and check water level adjustments.
- Any units listed on any of the properties provided in Exhibits B must include replacement of all belts on equipment that require belts at least once per year as part of the regular maintenance inspection and service plan

EXHIBIT B

Table 1: FACILITIES PROPOSAL COST

NO.	BUILDING	LOCATION	QUARTERLY COST	ANNUAL COST
1	Maintenance Corp Yard	150 Tara Road		
2	Police Department	141 Demeter Street		
3	Community Development	1960 Tate Street		
4	** David Lewis Reentry Program	2277 University Ave.		
5	Cooley Landing	2100 Bay Road		
6	Senior Center Building	560 Bell Street		
		Total Cost		

**HVAC unit at 2277 University Avenue building will be on a limited contract duration.

Table 2: OTHER CHARGES

- 1) Regular time hourly labor rate per man hour: \$ _____
- 2) Emergency and after hours labor rate per man hour: \$ _____
- 3) Truck charges: \$ _____
- 4) Normal response time: _____
- 5) After hours response time: _____
- 6) Material markup: \$ _____
- 7) Hours of operation M-F: _____

Table 3: EQUIPMENT DESCRIPTION

Police Department at 141 Demeter Street:

Unit #	Equipment Description	Make	Model #	Qty.	Filter Size
A/C #1	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #2	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #3	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #4	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #5	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #6	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #7	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #8	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	16X30X1
A/C #9	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	14X25X1
A/C #10	Bard Wall Mount Unit	Bard	WH361-AO5XX4XXX	1	14X25X1

Community Development at 1960 Tate Street:

Unit #	Equipment Description	Make	Model #	Qty.	Filter Size
A/H #1	Furnace	Carrier	58RAV115-20	1	20X20X1
A/H #2	Furnace	Carrier	58PAV111-18120	1	14X24X1
A/H #3	Furnace	Carrier	58RAV095-16	1	18X20X1
CU #1	Condensing Unit	Carrier	38CKC060371	1	NONE
CU #2	Condensing Unit	Carrier	38CKC060360	1	NONE
CU #3	Condensing Unit	Carrier	38CKC048371	1	NONE
Unit #4	Exhaust Fan	Fantech	FG8XL	1	NONE

Reentry Program at 2277 University Avenue:

Unit #	Equipment Description	Make	Model #	Qty.	Filter Size
A/H #1	Furnace with evap coil	Carrier	580KC042350	1	16X24X1
C/U #1	Condensing Unit	Carrier	585TX042	1	NONE

Maintenance Corporation Yard at 150 Tara Road:

Unit #	Equipment Description	Make	Model #	Qty.	Filter Size
Unit #1	Furnace	Reznor	LUS-F	1	NONE
Unit #2	Furnace	Reznor ITT	UA-100	1	NONE
Unit #3	Furnace	Utility	100 UF	1	NONE
Unit #4	Furnace	Reznor ITT	UA-100	1	NONE

Cooley Landing at 2100 Bay Road:

Unit #	Equipment Description	Make	Model #	Qty.	Filter Size
Unit #1	Air Source HP Condensing Unit	Aermac (Italy)	ANK050HAAAA-5	1	NONE
Unit #2	Air Source HP Condensing Unit	Aermac (Italy)	ANK050HAAAA-5	1	NONE
	Exhaust Fans	All Direct Drive		5	NONE
	Main Circulation Pump				
	Chemical Pot Feeder	Check and adjust chemical treatment			
	Main DDC control panel that controls HVAC system				

Senior Center at 560 Bell Street:

Unit #	Equipment Description	Make	Model #	Qty.	Filter Size
PU #1	Gas/Electric Package Unit	Carrier	48TCDD20A2A5 A0A060	1	20X25X2-E35
PU #2	Gas/Electric Package Unit	Carrier	48TCDD08A2A5 A0A060	1	16X20X2-E35
EC1	Evaporator Cooler	Essick	ECR6600	1	Media Pad
EC1	Evaporator Cooler	Essick	ECR6600	1	Media Pad
	Exhaust Fan	Pennbarry	DX10S	2	N/A

**EXHIBIT C
GENERAL PROPOSAL REQUIREMENTS.**

The proposals shall include the following:

- A. Name of firm or company, business address, name of contact person, telephone number, fax number and email address (if applicable).
- B. Exhibit B of this RFP.
- C. A Work Plan as set forth in Exhibit A.
- D. Number of hours that will be necessary to perform the described duties, per facility and aggregate.
- E. Three (3) references, preferably public entities in the San Francisco Bay Area. The City reserves the right to contact any of the references listed.
- F. Description of your firm, personnel and services provided.
- G. Reason(s) why you believe your firm should provide these services to the City of East Palo Alto.
- H. Copies of all applicable licenses and insurance certificates (i.e., worker's compensation, general liability, unemployment compensation, etc.).
- I. Any other pertinent information that the VENDOR believes will assist the City in understanding the company and assurances if awarded the contract, i.e., most recent financial statement, bonding certificate.
- J. All information contained in this proposal is subject to disclosure pursuant to the California Public Records Act.

EXHIBIT D
PROPOSAL FORMS

REFERENCES AND QUALIFICATIONS.

1. Describe your experience providing heating and air conditioning services, including the number of years in business, and type of services provided.

2. Please provide three (3) commercial heating and air conditioning services client references within the last five years, their size of facility and frequency of the service provided. Please identify the contact person and phone number for each. Use additional sheets if necessary.

Company Name: _____
Company Address: _____
Company Phone: _____
Contact Person: _____

Company Name: _____
Company Address: _____
Company Phone: _____
Contact Person: _____

Company Name: _____
Company Address: _____
Company Phone: _____
Contact Person: _____

3. Has your business ever been a subject of Better Business Bureau action?

Yes ___ No ___

Describe:

4. Are you currently or have you ever previously provided heating and air conditioning services to other government entities? Yes ___ No ___

If yes, please list the entity name(s), contact person(s) and phone number(s):

Company Name:

Company Address:

Company Phone:

Contact Person:

5. Briefly describe your interest in servicing the City facility heating and air condition services and what factors make you the best candidate in your opinion.

Sample Contract

CONTRACTOR AND PROFESSIONAL SERVICES AGREEMENT

This Contractor and Professional Services Agreement ("Agreement") is made at East Palo Alto, California, dated for reference this _____ day of __, 20 __, by and between the City of East Palo Alto, a municipal corporation ("City"), and [type in name], [type in the type of entity], 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 [type in start date] and shall continue in full force and effect until [type in end date].

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 Risk Manager 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, including without limitation applicable federal, state, and local laws and regulations, and all other contingencies or considerations.

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.

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.

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.

Documents submitted to the City in electronic format shall be formatted according to specifications provided by the City, or if not otherwise specified, in Microsoft Word, Excel, PowerPoint or other Microsoft Office format as appropriate for the particular work product or, if directed by the City Representative in Adobe Acrobat PDF format.

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 nondiscrimination 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: [insert name]
[insert title]
[insert Department name]
2415 University Avenue
East Palo Alto, CA 94303

If to Contractor: [insert name]
[insert title]
[insert company name]
[insert street name and suite #, if any]
[insert city, state and zip code]

Any party may change its address for receiving 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. Gender. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neutral, singular or plural, as the identifications of the person or persons, firm or firms, corporation or corporations may require.

31. 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.

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

33. 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 on 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.

34. 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.

35. 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.

36. 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.

37. 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.

[INSERT CONTRACTOR NAME] CITY OF EAST PALO ALTO,
a municipal corporation

[INSERT TYPE OF ENTITY]

By: _____
[insert name]
[insert title]

By: _____
Melvin E. Gaines
City Manager

DATE: _____

DATE: _____

East Palo Alto Business License No.

ATTEST:

By: _____
James Colin, City Clerk

APPROVED AS TO CONTENT:

Humza Javed
Public Works Director

APPROVED AS TO FORM:

John D. Lê
City Attorney

EXHIBIT A
SCOPE OF WORK

1. Representatives.

City Representative:

[insert name]
[insert title]
[insert Department name]
2415 University Avenue
East Palo Alto CA 94303
[insert telephone number]
[insert facsimile number]

Contractor's Representative:

[insert name]
[insert title]
[insert company name]
[insert street name and suite #, if any]
[insert City, state and zip code]
[insert telephone number]
[insert facsimile number]

All routine administrative communications between the parties will be between the above named representatives and may be by personal delivery, mail, facsimile transmission or electronic mail as agreed between the Contractor Representative and City's Representative.

2. Services and Schedule.

The services provided shall be as set forth in Attachment 1 of Exhibit A, attached hereto and incorporated herein by this reference and performed according to the schedule set forth therein. Contractor will complete all services by [insert date].

3. Phased Performance.

If the schedule calls for the services to be performed in phases or discrete increments, Contractor shall not proceed from one phase or increment to the next without written authorization from the City's Representative.

4. Additional Services. Additional services are those services related to the scope of Services of Contractor as set forth in Exhibit A but not anticipated at the time of execution of this Agreement ("Additional Services"). Additional Services shall be provided only when authorized by an amendment to this Agreement and approved by the City Manager, or his or her designee. City reserves the right to perform any Additional Services with its own staff or to retain other Contractors to perform said Additional Services. Any costs incurred due to the performance of Additional Services prior to the execution of an amendment will not be reimbursed under this Agreement or an amendment.
Contractor's compensation for Additional Services shall be based on the total number of hours spent on Additional Services multiplied by the employees' appropriate billable hourly rate as established below. City, at its option, may negotiate a fixed fee for some or all Additional Services as the need arises. Where a fixed fee for Additional Services is established by mutual agreement between City and Contractor, compensation to Contractor shall not exceed the fixed fee amount.

**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 not to exceed [insert dollar amount in words - e.g. Two Thousand Five Hundred Fifty Dollars and 13 Cents] [insert dollar amount in number- e.g., \$2,550.13].

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 Hourly Rates for Services and Additional Services.

Contractor's billable hourly rates shall be:

[Insert Name, Title and Hourly Rate]

or

["Contractor will perform the services according to the schedule contained in Attachment [insert number] of [insert letter]."]

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 may request payment on a monthly basis. 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 (Itemize all Reimbursable Expenses")
7. Total Billed to Date

C. Items shall be separated into Services and Reimbursable Expenses. 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. Contractor shall provide the City with certificates of insurance and copies of additional insured and primary coverage endorsements evidencing the insurance coverage required by this Agreement.
- B. Automobile Liability Insurance: Contractor shall take out and maintain during the life of this Agreement such Automobile Liability Insurance in an amount of not less than One Million Dollars (\$1,000,000) for each occurrence combined single limit or not less than One Million Dollars (\$1,000,000) for any one (1) person, and One Million Dollars (\$1,000,000) for any one (1) accident, and Three Hundred Thousand Dollars, (\$300,000) property damage. Contractor shall provide the City with certificates of insurance and copies of additional insured and primary coverage endorsements evidencing the insurance coverage required by this Agreement.
- 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). All certificates and endorsements are to be received and approved by the City Attorney's Office at least five days before Contractor commences work to be performed pursuant to the agreement.
- 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), staring, 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: April 16, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: Chin Hang (Ambrose) Wong, Special Projects Manager
Batool Zaro, Senior Engineer
SUBJECT: Cummings Loft Improvements Project

Recommendation

Adopt a resolution:

1. Authorizing the City Manager to award to, negotiate and execute an agreement with MBH Architects, in a form approved by the City Attorney, for an amount not to exceed \$94,900, and to establish a 15% contingency in the amount of \$14,235, for a total not-to-exceed of \$109,135 for professional design services for the Cummings Loft Improvements Project; and
2. Appropriating \$109,135 from the Small Business Administration Grant funds.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Promote Housing, Economic and Workforce Development

Background

Lease rates for commercial office space in East Palo Alto continue to rise as more and more high-tech companies, law firms and consultants locate their businesses in our region. As a result, it is nearly impossible for small business start-ups and small non-profits to find

CONSENT ITEM 3.3

affordable office space in the Bay Area. This important project will create new opportunities for small businesses to grow and create urgently needed jobs in our community.

This project is fully funded by federal funds which are administered by the State. Specifically, the City of East Palo Alto requested \$555,000 from the Small Business Administration in the FY 2022 Financial Services & General Government appropriations bill to construct an incubator space for small businesses in our community. Subsequently, the City was awarded and received the grant in the amount of \$555,000 in August 2021.

Several years ago, the City acquired nearly 1,000 sq/ft of commercial space on the 2nd floor of Cummings Lofts at 1765 East Bayshore Road as part of a negotiation with a developer who built a mixed-use project. The Council has expressed a desire to create incubator space for East Palo Alto small businesses and non-profits who may be at risk of being displaced due to gentrification.

The developer provided the space in a “cold shell” condition. Therefore, the space needs drywall, plumbing, flooring, paint, and other essential features prior to making the space available for use. Before finalizing the space, the City requires design services for the space.

Analysis

On November 30, 2022, the City posted an RFP for the design of this improvement project. The City didn't receive any proposals after extending the proposal due dates multiple times, so the RFP was opened until filled.

In February 2024, the City received a single proposal from MBH Architects for the Cummings Loft Improvements project to design the space. Accordingly, MBH Architect is the lowest responsible bidder.

The scope of the contract includes but is not limited to:

- Project Management
- Public Outreach and Coordination
- Conceptual Plan Set
- Design (50% Plan Set, 100% Plan Set, and Bid Set)
- Bid Support and Construction Support

The scope of work is attached as Attachment 2. Upon contract award, public outreach meetings will take place, before the initial design, to receive feedback to create a conceptual plan set. The goal is to incorporate public feedback to ensure that the current space can be transformed into a vibrant and functional space for small businesses in the community.

Fiscal Impact

CONSENT ITEM 3.3

Staff recommends appropriating \$109,135 from the Small Business Administration Grant funds currently available in the amount of \$555,000. The remaining funds will be used for the construction phase.

Public Notice

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

Environmental

The proposed action involves procurement of design services for tenant improvements in an existing commercial space that does not involve an increase in baseline capacity. Accordingly, the proposed action is not a "project" within the meaning of the California Environmental Quality Act (CEQA), pursuant to CEQA Guideline section 15378(b)(2), in that it is 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 entitlement involves a contract that was competitively bid, the Levine Act is not applicable.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution
2. Scope of Work

RESOLUTION NO. XX – 2024

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

AUTHORIZING THE CITY MANAGER TO AWARD TO, NEGOTIATE AND EXECUTE A CONTRACT WITH MBH ARCHITECTS, IN A FORM TO BE APPROVED BY THE CITY ATTORNEY, FOR AN AMOUNT NOT TO EXCEED \$94,900 AND TO ESTABLISH A 15% CONTINGENCY IN THE AMOUNT OF \$14,235 FOR A TOTAL NOT-TO-EXCEED OF \$109,135 TO PROVIDE PROFESSIONAL DESIGN SERVICES FOR THE CUMMINGS LOFT IMPROVEMENTS PROJECT

WHEREAS, the City of East Palo Alto acquired a commercial space at 1765 East Bayshore Road known as Cumming Loft on the second floor of nearly 1,000 sq. Ft.; and

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

WHEREAS, the City of East Palo Alto requested \$550,000 from the Small Business Administration in the FY 2022 Financial Services & General Government appropriations bill to construct an incubator space for small businesses in our community and the City received the funds; and

WHEREAS, the City issued a request for proposals on November 30, 2022; however, no proposals were received after multiple proposal due date extensions, so the City opened the request for proposals until filled; and

WHEREAS, on February 29, 2024, the City received a single proposal from MBH Architect for the proposed design work. The bid package will include plans, specifications, and estimate for the space; accordingly, MBH Architect is the lowest responsible bidder.

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

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action; and
2. Authorizes the City Manager to award to, negotiate and execute an agreement with MBH Architect, in a form approved by the City Attorney, for an amount not to exceed \$94,900, and to establish a 15% contingency in the amount of \$14,235, for a total not-to-exceed of \$109,135 for professional design services to complete the design of the Cummings Loft Improvements Project; and
3. Appropriates \$109,135 from the Small Business Administration Grant funds.

PASSED AND ADOPTED this 16th day of April 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Antonio D. Lopez, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney



City of East Palo Alto Cummings Loft Improvements

MBH Architects
Proposal
March 25th, 2024



Contents

Executive Summary	8
Cover Letter	3
Experience & Qualifications	4
Firm Profile	5
Relevant Project Experience	6
Project Team Qualifications	10
Understanding of Scope	13
Understanding of Project Scope	14
Estimated Cost	15
Cost Summary	16
Delivery Schedule	17
Project Delivery Schedule	18
Reference Review	19
References	20
Appendices & Attachments	21
Attachment 3: Cost Proposal	22
Appendix I: Comments to Contract	24

February 28, 2024



Batool Zaro
Associate Engineer
City of East Palo Alto
1960 Tate St
East Palo Alto, CA 94303

Dear Ms. Zaro,

On behalf of MBH Architects, thank you for the opportunity to submit our proposal for the Cummings Loft Improvements Project at 1765 East Bayshore Road 2nd Floor, as outlined in the Request for Proposal (RFP) issued by the City of East Palo Alto. Our firm is eager to collaborate with the City to transform the acquired commercial space into a vibrant and functional incubator space for small businesses in the community. We understand the importance of this project in creating opportunities for local entrepreneurs. Our firm's experience includes creating new spaces for the community in East Palo Alto, including the conversion of an unutilized storage space within Eastside College Preparatory School into a LeRoy Neiman Art Studio in collaboration with the Good Tidings Foundation. MBH continues to foster ongoing partnerships with mission driven organizations and coordination with local jurisdictions to lead to successful ongoing work, such as with the Alameda Food Bank.

Our comprehensive approach to design encompasses disciplines necessary to bring the Cummings Loft space to life. From initial concept development to final construction documents, our team will provide expertise in architectural design, interior design, engineering, and project management. Our goal is to deliver a functional space that enhances the entrepreneurial ecosystem in East Palo Alto. Our team is well-versed in local regulations, having completed substantial projects in East Palo Alto, such as the neighboring Target store at 1775 East Bayshore Road.

Recognizing the urgency of this project, we pledge to work diligently to meet the City's objectives and complete the design process as expeditiously as possible while delivering innovative design solutions that meet the unique needs of the community. Our team is prepared to prioritize efficiency without compromising on quality or attention to detail. Throughout the process, we will maintain open communication with the City and seek feedback to ensure alignment with project goals for timely completion.

This project happens to have strong personal resonance. I have close family who live and have grown up in East Palo Alto and I volunteer multiple times per year at Eastside College Prep as part of Urban Land Institute's Urban Plan program. It is quite meaningful to give back to East Palo Alto.

Our firm is honored to be considered for this opportunity to contribute to the economic development of East Palo Alto. We are confident that our expertise, dedication, and collaborative approach make us the ideal partner for the Cummings Loft Improvements Project. Thank you for your consideration, and we look forward to the possibility of working together.

Sincerely,

Jason Dries-Daffner, AIA, LEED AP BD+C
Chief Operating Officer, Principal
MBH Architects
jasond@mbharch.com

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

PART 2

Experience & Qualifications

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

Uptown Station Tech HQ
Oakland, CA

MBH Architects Qualifications

About Us

History: Founded October 2nd, 1989

HQ/Project Office: 960 Atlantic Ave,
Alameda, CA, 94501

Additional Offices: New York City, Denver
Mumbai, Bengaluru

**Architecture
Licensure:** CA + 45 US states
2 Canadian provinces
India

Firm Diversity: 200 Employees representing:
28 Countries
31 Languages

Women represent: 59% of Staff
53% of Leadership
63% of reg. Architects*
(*National Average 34%)

What Sets Us Apart

For thirty-four years, MBH Architects has been providing world-class architectural services. Representative elements of our practice include:

Client-focused approach: We tailor design solutions to each client's needs, prioritizing collaboration and communication throughout the design process to provide innovative, creative solutions to complex challenges.

Sustainable design: MBH Architects is dedicated to creating sustainable designs that minimize the impact of buildings on the environment.

Technology-driven: MBH embraces the latest technology including advanced 3D modeling, virtual reality, and other cutting-edge tools to create immersive design experiences.

Experience & diversity: MBH is characterized by an unusually long tenure among staff because of a strong learning culture and emphasis on the value of diverse perspectives. Highly knowledgeable and experienced leaders supervise a variety of practice areas allowing MBH to achieve a reputation for the quality of its designs and documentation across sectors.

Extensive portfolio: MBH has an extensive portfolio of successful projects including workspace, laboratory, multi-family housing, retail, and other commercial projects.

Recent Workspace & Laboratory Awards

2019 ENR California Best Project, Office/Retail Mixed Use, Burlingame Office Development

2021 AIA East Bay, Best Project, Mixed Use for Uptown Station/Confidential Tech Client Headquarters, Oakland, CA

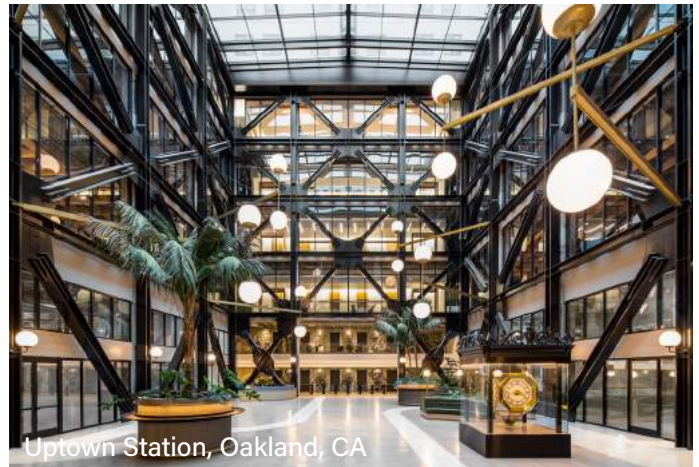
2021 AIA East Bay Best Project, Healthcare for MBC BioLabs, San Carlos

2022 California Preservation Award - Bakar BioEngineuity Hub at University of CA, Berkeley

2022 Retrofit Magazine Metamorphosis Award - Bakar BioEngineuity Hub at University of CA, Berkeley

2022 Architizer A+ Special Mention - Bakar BioEngineuity Hub at University of CA, Berkeley

2022 Interior Design (magazine) - Best of Year Finalist - Bakar BioEngineuity Hub at University of CA, Berkeley



1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

Relevant Project Experience

Local Project Experience

Headquartered in the Bay Area since 1989, MBH has ample experience throughout California and especially within San Francisco, the North, South, and East Bays, and along the Peninsula. Our extensive project portfolio includes workspace, laboratory, multi-family housing and retail design projects among many others. Our firm has completed both large and small projects within the City of East Palo Alto.



LeRoy Neiman Art Studio
Eastside College Prep. School,
1041 Myrtle St, East Palo Alto



Target
1775 E Bayshore Rd, East Palo Alto

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

Relevant Project Experience



Good Tidings Foundation Headquarters

Location: 1469 Rollins Rd, Burlingame, CA
Client: Good Tidings Foundation
Summary: Tenant improvement office space
Services: Full architectural services, lighting and interior design
Size: 1,640 SF renovation

The Good Tidings Foundation, a Bay Area charity supporting arts education and athletics for under-served youth, brought on MBH upon deciding to relocate headquarters from San Francisco to the San Francisco Peninsula. The existing building was reconfigured with a clean design featuring an open floor plan to encourage collaboration and communication. Private offices are partitioned off with glass instead of doors or isolating walls. Hardwood floors were installed as a call out to the basketball courts that the foundation builds for under-served youth. The large conference table that runs down the center of the space and the coffee table in the reception area were made by a local designer who used reclaimed wood from bleachers. Red folding chairs donning the Good Tidings logo flank the conference table and sports memorabilia can be found throughout. The outside area offers storage for the foundation as well as a way for the foundation to open its doors for events.



LeRoy Neiman Art Studio

Location: Eastside College Preparatory School
 1041 Myrtle Street, East Palo Alto, CA
Client: Good Tidings Foundation
Summary: Storage space to art studio conversion
Services: Full architectural services
Size: 880 SF



Originally designed to be a back-of-the-house tech shop for the school's theater, MBH converted this space into a lively art center. This studio features high, industrial ceilings, lime green cabinetry, and a long wood communal art table for students. Drawing the identity of the space from its locale, LeRoy Neiman's artwork featuring the school's mascot, a panther, is applied as a wall mural. The large roll up doors and entrance to the outside give the space a bright, fresh feel.

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments



Tandem Tenant Improvement

Location: 1450 Chapin Ave, Burlingame, CA
Client: Tandem
Summary: Dry lab & office renovation
Services: Full architectural services, lighting and interior design
Size: 3,000 SF renovation; 12,500 SF overall building

MBH Architects was originally brought on to create a new exterior skin, renovate the interior, and coordinate a seismic upgrade of a 1957-built rundown Burlingame building. Working with no original drawings to guide them, our team did significant assessment of the structural and code issues hidden in the old building. For Tandem, a local startup investment firm, MBH also completed the tenant improvement of two areas of the building. To suit Tandem's collaboration model, MBH designed offices on the second floor with a downstairs lab that provides an open and industrial space for group synthesis. MBH's team selected paint, finishes, fixtures, carpet, and lighting that would reflect the culture of a young start-up company.



WeWork

Location: Nationwide
Client: WeWork
Summary: Tenant improvement office space
Services: Full architectural services
Size: Square footages range

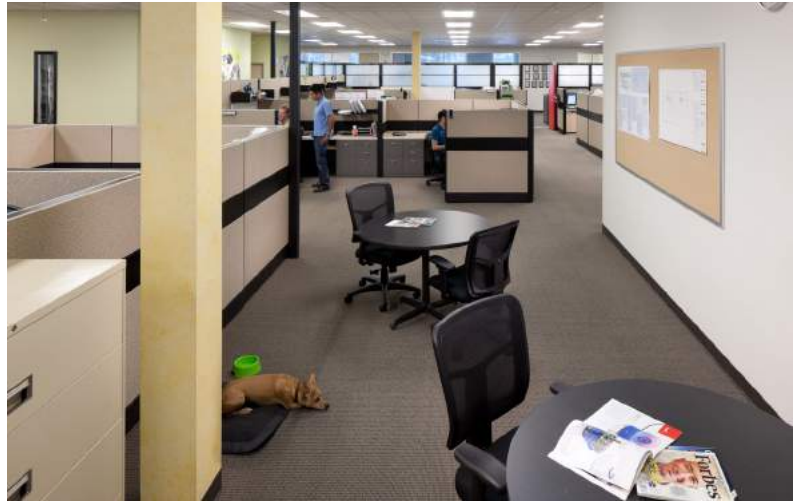


MBH collaborated with WeWork on the nationwide roll-out of their concepts. As Architect of Record, MBH has taken a hands-on approach ensuring that WeWork's vision and brand image are maintained through permitting and construction documentation. The vast range of project scale and consideration has meant that each project is distinct in its needs and expertise. Our teams have worked closely with WeWork to implement the unique design into each space, creating an individualized, comfortable, and lively experience for the client and its stakeholders.

Acorn

Location: Fremont, CA
Client: Acorn Product Development
Summary: Office renovation
Services: Full architectural services, lighting and interior design
Size: 3,000 SF renovation

MBH was approached by the product development company to provide much needed improvements to their Bay Area headquarters. Acorn has developed various prototypes for a wide range of startups and inventors, from intricate medical equipment to reliable conference phone systems for Dolby to filtration systems for the Brita water pitchers. Their diverse array of product development requires ample space for collaboration as well as more private space for individualized work. MBH's renovations opened the space for collaboration among employees and introduced color and life into the office which plays into the creativity and innovation of the company's employees.



- 1 Executive Summary
- 2 Experience & Qualifications
- 3 Understanding of Scope
- 4 Estimated Cost
- 5 Delivery Schedule
- 6 Reference
- 7 Appendices & Attachments

Project Team Qualifications



Tammy Ng

Project Manager
LEED AP® BD+C
Senior Associate

Project Role:

Project Manager,
Main Point of Contact

Bachelor of Arts,
Architecture
University of California,
Berkeley

RECENT PRESS

[*Technology-Focused Senior Living Design is Here to Stay | Institutional Real Estate*](#)

[*4 Ways Covid-19 is Shaping Senior Living Design | Environments for Aging*](#)

[*Senior Housing Developers Drive Innovation, Costs by Upping Tech Game | Bisnow*](#)

[*Fitness for Every Body Becomes The New Prevention Priority | Senior Living Executive*](#)

[*Transformative Creativity in Special Education | Building Dialogue*](#)

[*Healthcare Design in a Post-COVID World | Building Design & Construction*](#)

Tammy has been an integral part of the Urban Studio since she began with MBH in 2011, working on conceptual design and tenant improvements for MBH's long-standing workspace, healthcare and non-profit clients. She has worked continuously with On Lok Lifeways' senior health facilities, implementing design concepts as well as overseeing renovations throughout the Bay Area. Tammy's extensive design experience also benefits art studios designed in collaboration with the Good Tidings Foundation, having created conceptual design sketches for locations nationwide. While her work stretches the continent, Tammy is skilled in navigating the unique planning and entitlement processes in various city jurisdictions within Northern California.



GOOD TIDINGS FOUNDATION

Nationwide / Approximately 1,000 SF

The Good Tidings Foundation is a children's charity that looks to equally support arts, education, athletics and dreams for youth from communities of need. The MBH project team designed unique spaces with common elements including floors with splattered paint, inspiring lighting, cabinetry and stools with Good Tidings logo.



1450 CHAPIN

Burlingame, CA / 12,500 SF

MBH was brought on to create a new exterior skin, renovate the interior, and coordinate a seismic upgrade of this derelict 1957-built office building. Being involved early in the process, the MBH team was able to do considerable upfront analysis that smoothed the way for the construction process.



R. F. MACDONALD

Hayward, CA / 3,000 SF

This project required the complete renovation of an existing office building consisting of space planning, locating work stations in an open work space, and developing meeting areas and conference rooms. RF MacDonald is an industrial company that designs and manufactures pumps for a wide variety of uses and applications.



EPIC

San Francisco, CA / 35,601 SF

Edgewood Partners Insurance Center contracted the services of MBH Architects before they began to look at potential locations to expand their offices. Space plans were carefully arranged to allow gracious circulation through space. For the interior finishes, furniture and materials palette, several design options were explored including options that incorporated existing furniture, outside pre-owned furniture or new furniture.



VIVALON

Senior Health / San Rafael, CA / 18,000 SF / Com

Vivalon's new development in San Rafael replaces the old PG&E facility building with a new mixed-use senior center and affordable housing, allowing the highly respected local non-profit to continue serving Marin County seniors while extending their services to meet growing demand. MBH's scope includes the design of the Dennis and Susan Gilardi Center for Healthy Aging, cafeteria, art studio, classrooms, and fitness center.



HUMBOLDT SENIOR RESOURCE CENTER

Senior Health / Eureka, California / 13,889 SF

MBH converted the existing Humboldt Senior Health Resource center into a PACE center. Renovations included interior finishes and furnishings, layout design for the center's triage area, 2 exam rooms, first and second floor office, a medical record room and trash enclosures.

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments



Marlene Hurtado

Senior Job Captain
Associate

Project Role:

Interior Design;

Document Production

Oversight

Bachelor of Architecture,
California College of the
Arts, San Francisco

RECENT PRESS

[Modern Redux:](#)

[University of California,
Berkeley's BioEnginuity
Hub by MBH Architects |](#)
[Architectural Record](#)

[A Brutalist Icon in
Berkeley is Reborn as a
Bioresearch Hub | San
Francisco Chronicle](#)

[MBC at 930 Brittan and
Uptown Station win AIA
East Bay Design Awards
| AIA East Bay](#)

[Commercial Interior
Designers are Driving
Innovation | IIDA
Northern California](#)

[MBC BioLabs Submits
Plans for Third Life
Sciences Incubator
Space in San Carlos |
The Registry](#)

Since Marlene joined MBH in 2014, she has continuously proven her architectural talents and design skills. Throughout her tenure, she has worked on projects of varied scales and scopes, from retail roll-outs to ground-up commercial design. Marlene expertly produces 3D and 2D renderings, is highly skilled at construction documentation, and has a strong understanding of both laboratory spaces as well as public facing environments. A valued teammate, she has demonstrated her reliability and creativity throughout the design development and construction processes. She is an indispensable member of her team, guiding colleagues with her level-headed problem solving and considered attention to detail, leading to award-winning results. Marlene holds a Bachelor of Architecture from California College of the Arts, San Francisco.



240 LORTON

Workspace / Burlingame, CA / 21,988 SF

MBH worked with local developer, and frequent collaborator, Dewey Land Company to design this adaptive reuse project that works in harmony within its surrounding community and provides occupants with a state-of-the-art office space for the modern employee.



225 CALIFORNIA

Burlingame, CA / 103,100 SF

Once an underutilized single-story building, the design team reimagined the site with a structure to serve the bustling Silicon Valley community with 3 floors of office space over ground-level retail/parking and 3 subterranean parking levels. Designed to LEED Gold specifications, this ground-up development is characterized by an elegant balance of distinctly modern elements mixed with traditional architectural components.



MBC BIOLABS AT 930 BRITTAN

Workspace / San Carlos, CA / 27,500 SF

MBH has been working with MBC Biolabs to design bioscience incubators to provide co-working lab and office spaces to Bay Area entrepreneurs and startup companies. In the San Carlos location, MBH is remodeling 3 existing warehouses in addition to adding a new 3-story building which will house both labs and offices with shared spaces throughout.



MBC BIOLABS AT 953 INDIANA

San Francisco, CA / 24,500 SF

Technology incubator MBC BioLabs enlisted the expertise of MBH Architects to create an inclusive coworking lab in San Francisco that bridged the gap between academia and startups. As the building was in use during construction, the MBH team was challenged with strategically planning a design that could be executed quickly around an area with set boundaries that required improved functionality.



BAKAR BIOENGINUITY HUB

Laboratory / Berkeley, CA / 94,000 SF

Formerly the Berkeley Art Museum and Pacific Film Archive, MBH was awarded the conversion of the historic building into laboratory facilities. MBH received a special grant for this project to study the design of laboratories in depth to reinforce expert knowledge.

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments



Jason Dries-Daffner

Principal,
Chief Operating Officer
LEED AP® BD+C

Licensed Architect:
California, C-29391

Project Role:
Managing Principal

Master of Architecture,
University of California,
Berkeley

As a licensed and practicing architect, Jason brings a unique perspective to the role of Chief Operating Officer with first-hand knowledge of how collaborative teams deliver design excellence and world-class client services. With experience in team, studio, and firm-wide leadership roles in multi-disciplinary environments, he weaves together the distinct threads that make up the fabric of a successful design practice. Jason employs an ambitious and optimistic approach to strategic planning that is simultaneously grounded in pragmatism. He partners with MBH's operational and architectural teams to set goals for design innovation, technical performance, client and stakeholder satisfaction and financial sustainability. Inspired by the transformative power of design to help better society, his built projects span eight countries across Asia, Central America and North America. Jason is a member of the American Institute of Architects and the Urban Land Institute, and serves as an Advisory Board member for UC Berkeley's Berkeley Real Estate Alumni Association (BREAA). Jason holds a Master of Architecture from the University of California, Berkeley.



VIVALON

Senior Health / San Rafael, CA / 18,000 SF / Com

Vivalon's new development in San Rafael replaces the old PG&E facility building with a new mixed-use senior center and affordable housing, allowing the highly respected local non-profit to continue serving Marin County seniors while extending their services to meet growing demand. MBH's scope includes the design of the Dennis and Susan Gilardi Center for Healthy Aging, cafeteria, art studio, classrooms, and fitness center.

BAKAR BIOENGINEUITY HUB

Laboratory / Berkeley, CA / 94,000 SF

Formerly the Berkeley Art Museum and Pacific Film Archive, MBH was awarded the conversion of the historic building into laboratory facilities. MBH received a special grant for this project to study the design of laboratories in depth to reinforce expert knowledge.



Eddie Hall

Studio Director
Senior Associate

Licensed Architect:
California, C- 35433

Project Role:
Managing Director

Bachelor of Architecture,
University of Arizona

Eddie joined MBH in 2010, infusing his work with a focus in emerging material technologies and digital design practices. He is a conceptual thinker as well as a capable craftsman with a background in innovation, bringing a technological viewpoint to all of his projects and efforts. He holds a patent on his undergraduate work, a water-based building envelope system, which was prototyped for the 2009 University of Arizona Solar Decathlon Competition Entry. As a member of MBH's Urban Studio, Eddie has led some of the firm's most complex and challenging projects including the adaptive reuse of the historic Uptown Station / H.C. Capwell's Department Store in downtown Oakland, now a tech company headquarters. Eddie is currently lead Architect for MBH's laboratory design team, managing multiple complex projects throughout California.



UPTOWN STATION

Mixed Use: Workspace + Retail / Oakland, CA / 380,000 SF

The Uptown Station project is a complete renovation of the historic Emporium Capwell Department Store into a sleek commercial mixed-use structure in downtown Oakland. As the Architect of Record, MBH has been providing support through the Construction Document and Construction Administration phases, coordinating consultants, and documenting site progress through PlanGrid.

MBC BIOLABS AT 1030 BRITTAN

Laboratory / San Carlos, CA / 193,300 SF

Next door to the life sciences facility in the renovated warehouses at 930 Brittan, the design of 1030 Brittan will extend the life sciences capabilities of 930 Brittan across a much larger space. Together, the two will form a premiere laboratory campus for MBC BioLabs.

TARGET

Nationwide / 20,000 to 180,000 SF

Target Corporation has been a valued client for more than 20 years. MBH has designed new stores, remodels, merchandise remodels, expansions, ground up development, tenant improvements, and multi-level unique projects. MBH also collaborates on the entitlements and Schematic Design presentations to the cities. MBH has provided full architectural services for over 250 of their Target projects.



1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments



PART 3 Understanding of Scope

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

Bakar BioEnginuity Hub
University of California, Berkeley

Understanding of Project Scope

We have proposed a compressed design and construction schedule to achieve handover to the City of East Palo Alto before Q4 2024. This schedule should accommodate the Client's needs in terms of contract administration, funding release, regulatory approval as well as construction within an occupied building. The schedule has elements that could be incorporated into an alternate schedule mutually developed by the City of East Palo Alto and MBH Architects.

Ongoing communication is critical. We recommend weekly meetings between the City and Architect throughout the design phase and weekly Owner-Architect-Contractor meetings during construction.

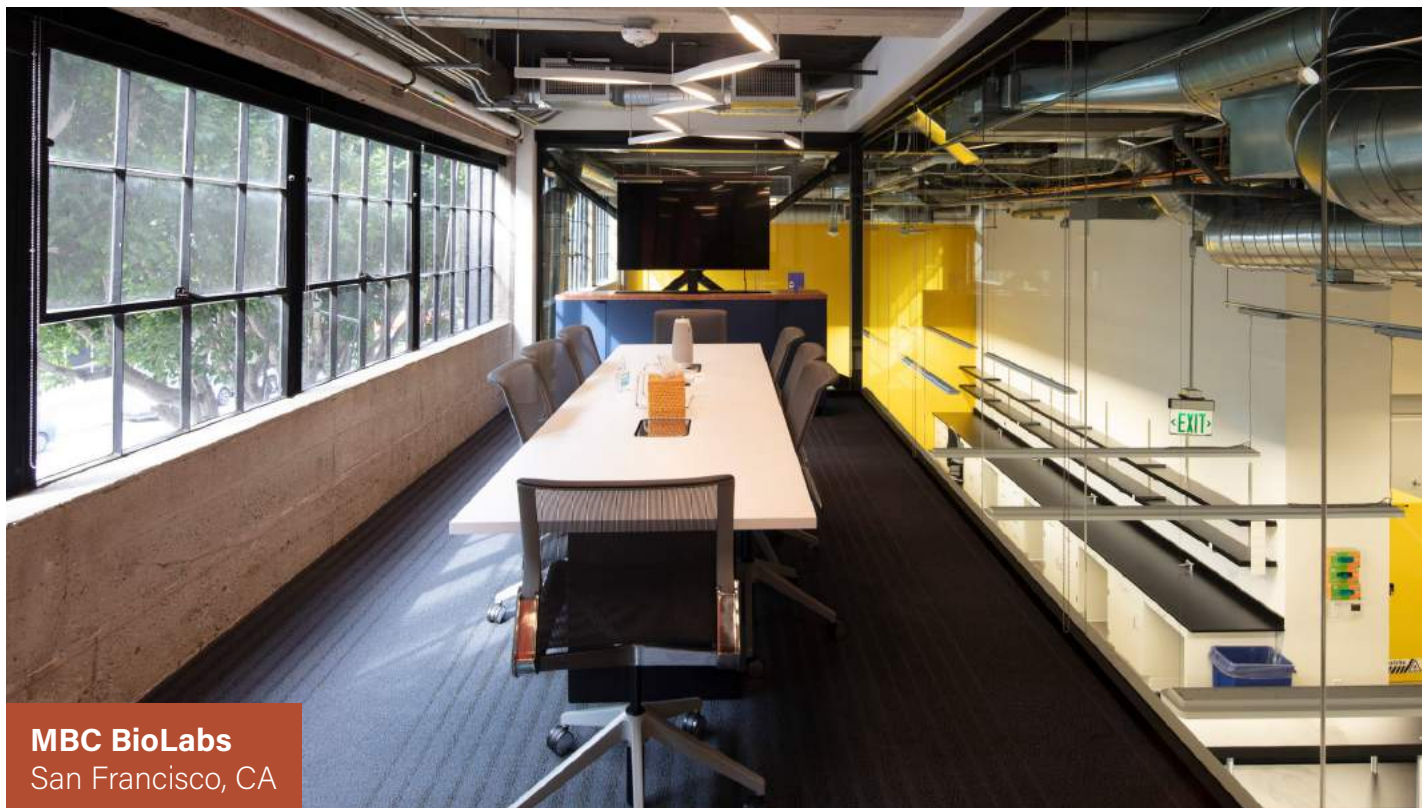
This schedule provides 1 week for Site Survey and Base Plans review, followed by 4 weeks for Programming and Schematic Design.

At the end of the first 3 weeks of Construction Documents phase, MBH will deliver a 50% Construction Documents set as well as a permit application set. Permit review will move in parallel with ongoing Construction Documents detailing, coordination, and specifications. Depending on the City's needs, we recommend applying for a demolition permit in advance or in parallel with the building permit.

In close coordination with the City and the Cummings Loft, the MBH team recommends using this 50% set to procure long lead time items, providing 8 weeks in advance of on-site construction.

While the project is under permit review, MBH will continue for the next 2 weeks completing an Issue-for-Construction document set. This allows for concurrent incorporation of permit review responses. The simultaneous development of document allows for all substantial design work to be completed within 100 days.

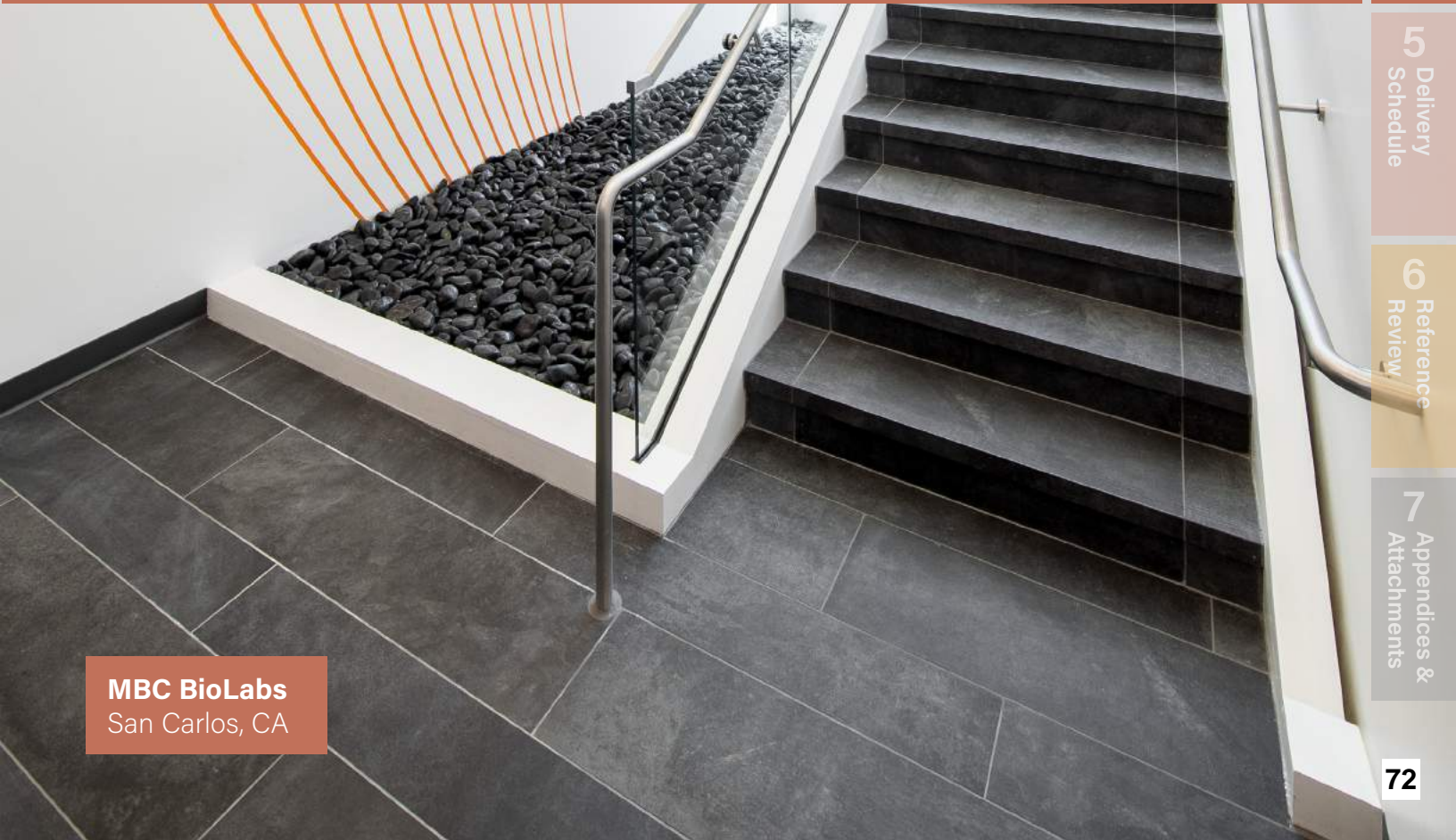
We recommend beginning off-site procurement, storage, and staging at least 8 weeks in advance of on-site construction start. This can absorb supply chain volatility and allow for efficient on-site sequencing. This schedule provides for 12 weeks of on-site construction, beginning in early-August with handover in October of 2024.



MBC BioLabs
San Francisco, CA



PART 4 Estimated Cost



- 1 Executive Summary
- 2 Experience & Qualifications
- 3 Understanding of Scope
- 4 Estimated Cost
- 5 Delivery Schedule
- 6 Reference Review
- 7 Appendices & Attachments

MBC BioLabs
San Carlos, CA

Estimated Cost

Summary

For full breakdown, see Attachment 3, page 22.

Phase	Fee
Project Management	\$ 4,400
Conceptual Design Set	\$ 6,000
Public Outreach Meetings (2 mtgs.)	\$ 2,100
Design (50% Set, 100%, Bid Set)	\$ 29,040
Permit Set	\$ 23,750
Plan Check Services	\$ 7,300
FF&E Recommendations	\$ 3,600
Council Meeting Presentations (2 mtgs.)	\$ 2,100
Bid and Construction Support	\$ 4,200
MBH Renderings (2 presentation renderings)	\$ 2,000
Reimbursables	\$ 6,400
MBH + Consultants Proposal Subtotal	\$ 90,890
Optional Services	
MBH Architectural Site Survey and Base Plans	\$ 4,010
Total Optional Services:	\$ 4,010
Grand Total Including Optional Services:	\$ 94,900



Uptown Station Tech HQ
Oakland, CA

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference

7 Appendices & Attachments



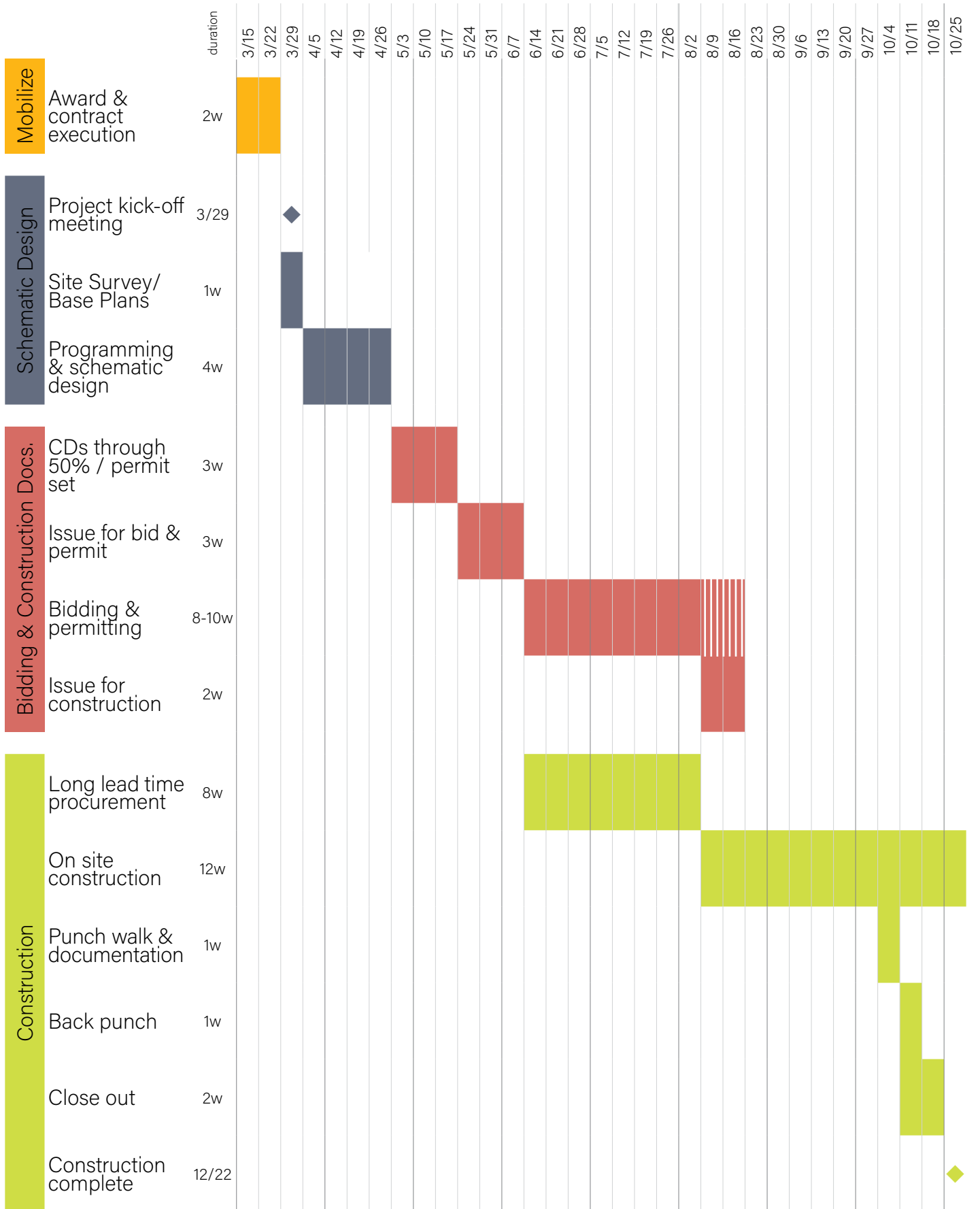
- 1 Executive Summary
- 2 Experience & Qualifications
- 3 Understanding of Scope
- 4 Estimated Cost
- 5 Delivery Schedule
- 6 Reference Review
- 7 Appendices & Attachments

PART 5 Delivery Schedule

Epic Insurance
San Francisco, CA

Project Delivery Schedule

◆ = Milestone



- 1 Executive Summary
- 2 Experience & Qualifications
- 3 Understanding of Scope
- 4 Estimated Cost
- 5 Delivery Schedule
- 6 Reference Review
- 7 Appendices & Attachments



1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

PART 6 References

Rabobank HQ
Roseville, CA

References

Larry Harper
Founder

Good Tidings Foundation

800 824 7366

larry@goodtidings.org

Projects with MBH: 2 office spaces, 17 art studios, 3 music studios

Ryan Guibara
President

Dewey Land Company

ryan@deweyland.com

Projects with MBH: 3 office buildings, 1 tenant improvement, 8 laboratories

Douglas Crawford, PhD
Managing Partner

MBC BioLabs

douglas.crawford@missionbaycapital.com

Projects with MBH: 7 tenant improvement, adaptive reuse and ground up laboratories

Steve Campbell
Treasurer

Alameda Food Bank

iamsccampbell@yahoo.com

Projects with MBH: 5 food bank test fits and feasibility studies for various sites, 1 Development Plan Package for City of Alameda Design Review approval

Rabobank HQ
Roseville, CA

1 Executive
Summary

2 Experience &
Qualifications

3 Understanding
of Scope

4 Estimated
Cost

5 Delivery
Schedule

6 Reference
Review

7 Appendices &
Attachments

PART 7

Appendices & Attachments

City of East Palo Alto - Attachment 3: Cost Proposal
RFP for Cummings Loft
MBH Architects

Project Scope:

- Design of incubator office, currently a cold-shell space on the second floor at 1765 East Bayshore Road, East Palo Alto, per RFP dated 10.12.23.
- No addenda or additional information was provided from the City following the original RFP.
- The project includes approximately 1,000 square feet of space acquired by the City.
- Scope will include Path of Travel to the public way.
- The space will require drywall, plumbing, flooring, paint, lighting, and life safety elements.
- Deliverables will include: Civil Survey, 2 Design Presentations, Space Planning, Schematic Design, Bid Set/Permit Set/ CDs.

Tasks		MBH Labor						Consultants _{3 4}				OCDs	
		Principal Jason D. \$375/ hr	Director Eddie H. \$230/ hr	PM Tammy N. \$195/ hr	JC Marlene H. \$160/ hr	TOTAL HOURS	TOTAL LABOR COSTS	Civil Luk	MEP & FP FARD	Title 24 Gabel	Structural KPF	Other Direct Costs MBH 10% OH&P	Total Fee
1	Project Management	2	2	16		20	\$4,400						\$4,400
2	Conceptual Design Set			4	33	37	\$6,000						\$6,000
3	Public Outreach Meetings (2 mtgs.)			6	6	12	\$2,100						\$2,100
4	Design (50% Set, 100%, Bid Set)				110	110	\$17,600	\$6,400	\$2,000		\$2,000	\$1,040	\$29,040
5	Permit Set				62	62	\$10,000	\$2,500	\$4,000	\$3,000	\$3,000	\$1,250	\$23,750
6	Plan Check Services			4	34	38	\$6,200		\$1,000			\$100	\$7,300
7	FF&E Recommendations			4	18	22	\$3,600						\$3,600
8	Council Meeting Presentations (2 mtgs.)			6	6	12	\$2,100						\$2,100
9	Bid and Construction Support ₂			8	16	24	\$4,200						\$4,200
10	MBH Renderings (2 presentation renderings)				12	12	\$2,000						\$2,000
11	Reimbursables						\$4,200	\$500	\$500	\$500	\$500	\$200	\$6,400
MBH Subtotal:							\$62,400	MBH + Consultants Proposal Subtotal:				\$90,890	
Optional Services													
A	MBH Architectural Site Survey and Base Plans ₁			4	20	24	\$4,010						\$4,010
Total Optional Services:												\$4,010	
Grand Total Including Optional Services:												\$94,900	

1 Executive Summary

2 Experience & Qualifications

3 Understanding of Scope

4 Estimated Cost

5 Delivery Schedule

6 Reference Review

7 Appendices & Attachments

Notes:

¹ MBH assumes that as-builts are provided by the City and CAD/BIM base plans are available. If CAD/BIM files of the existing base plan are not available, MBH can visit the site to document existing conditions within the 1,000 SF project space including existing room dimensions, ceiling heights, rough plumbing locations, rough sprinkler line locations, and door/window locations as an additional service.

² Bid and Construction Support fee includes one site visit to review construction and one final punch walk. Contractor is to provide the punch list. Limit of 30 RFIs and 20 submittals. No payment applications review included. The Bid and Construction Support/CA fees will be determined at the completion and client approval of 50% Set Schematic Design Phase.

³ All consultant fees are preliminary budget estimates at this time. A&E Fees will be need to be confirmed once scope is clarified and the proposed design is developed and approved by the City during the 50% Set Schematic Design Phase. Audiovisual, Security and Access Controls will be determined once City requirements are confirmed.

⁴ MBH Fee includes a preliminary ROM estimate from a General Contractor for the PS&E Set.

Assumptions:

- MBH assumes that all associated building areas are currently Code compliant and will not need up-grading.
- MBH assumes that permits are to be submitted online.
- MBH assumes that Fire & Life Safety will be Design/Build by the Contractor.
- MBH assumes no Structural Engineering Services will be needed for this project.

Appendix 1 Comments to Contract

If MBH is awarded the project, the following contract items that would need to be discussed:

1. It is preferred that Indemnification be reciprocal. MBH would like the opportunity to review this clause.
2. "Time is of the essence" infers an unreasonable Standard of Care.
3. Our GL insurance is \$1 million and in the aggregate.
4. E&O insurance language needs to have "and in the aggregate" added.
5. Termination rights for Architects should be per CA business law.



City of East Palo Alto Cummings Loft Improvements

KUMON

1765



MBH Architects

March 25th, 2024



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 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 February 2024

Recommendation

Accept and file the Cash Treasury Report for the month of February 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

📄 **CONSENT ITEM 3.4**

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 (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 February 29, 2024, are as follows:

Account	Beginning Balance	Receipts	Disbursements	Interest Allocation	Inter-Account Transfers	Ending Balance
Wells Fargo Bank	1,920,075.24	5,868,389.90	(4,719,083.33)	-	5,800,000.00	8,869,381.81
LAIF	14,752,935.16	-	-	-	-	14,752,935.16
San Mateo County Pool	46,608,200.70	29,857.39	-	-	(5,800,000.00)	40,838,058.09
CAMP	70,300,837.37	-	-	306,523.58	-	70,607,360.95
Total	133,582,048.47	5,898,247.29	(4,719,083.33)	306,523.58	-	135,067,736.01

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 \$1.5M compared to the balance as of January 31, 2023.

February receipts, a total of approximately \$5.9M, primarily consist of Redevelopment Property Tax Trust Fund (RPTTF) Allocation and Distribution for Recognized Obligations Payment Schedule (ROPS) 23-24B (\$3.4M), Business Tax collection for January 2024 (\$0.6M), Tax distribution (\$0.5M), Veolia (\$0.2M), and other various receipts.

February disbursements, a total of approximately \$4.7M, primarily consist of MCM Construction Inc (\$1.9M) and Ghirardelli Associates (\$0.2M) for Hwy 101/University Avenue Pedestrian/Bicycle Overpass Project, Payroll costs (\$1.1M), Kaiser Foundation Health Plan (\$0.4M), Elk Grove Auto Group for Police Patrol vehicles (\$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

	Feb-24	Jan-24	Feb-23
6-Month Treasury Bill	5.11	5.00	4.93
2-Year Treasury Note	4.64	4.27	4.81
5-Year Treasury Note	4.26	3.91	4.18

Local Agency Investment Fund (LAIF) average monthly effective yields were 4.122% in February which increased by 0.11% from January 2024. San Mateo County monthly gross earnings for February were 3.704% compared to 4.040% in January 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

CONSENT ITEM 3.4

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

Summary February 29, 2024		
	Deposit Value	Market Value
General Fund (Inc. Petty cash of \$10,800)	\$ 36,173,667	\$ 36,173,667
General Sub-Funds (Committed/Reserved)	\$ 19,255,248	\$ 19,255,248
City Funds Restricted and Committed	\$ 76,692,503	\$ 76,692,503
Successor Agency Trust	\$ 3,887,629	\$ 3,887,629
Unrealized Gain on Investment Pools	\$ -	\$ (1,117,203)
	\$ 136,009,047	\$ 134,891,845

The book market value totals \$134,891,845 including an unrealized loss² of \$1,117,203, 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 (\$36,173,667) 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 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.

² Investment FMV factor is provided Quarterly basis. Thus, as of 12/31/2023 FMV factor is used to calculate Unrealized Gain on Investments.



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
SUBJECT: Resolution Calling for a Ceasefire

Recommendation

Adopt the resolution.

Attachments

1. Resolution

RESOLUTION NO. XX – 2024

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

**CALLING FOR AN IMMEDIATE CEASEFIRE; CALLING FOR THE RELEASE OF
THE HOSTAGES; CALLING IN SUPPORT OF ALLOWING HUMANITARIAN AID TO
GAZA; AND FOR A RESOLUTION THAT PROTECTS THE SECURITY OF ALL
INNOCENT CIVILIANS IN ISRAEL AND PALESTINE**

WHEREAS, the City of East Palo Alto community has a history of speaking out in defense of civil and human rights and for the protection of those most vulnerable in society; and

WHEREAS, the City of East Palo Alto’s official motto “building the just city” calls on local leaders elected officials and residents to stand against injustice and violence; and

WHEREAS, self-determination has been a foundational principle of the City of East Palo Alto since its establishment and was one of the driving forces behind the City’s incorporation in 1983; and

WHEREAS, the City of East Palo Alto understands the power of solidarity and the everlasting hope it could ignite; and

WHEREAS, the City of East Palo Alto understands the impacts of systematic oppression and its lasting impact on communities of color; and

WHEREAS, in 1984 the City of East Palo Alto passed a resolution in solidarity with South African people’s defiant struggle to liberate their land from the tyranny of the apartheid regime and to disrupt “business as usual” with South Africa and the City participated in the worldwide campaign to release Nelson Mandela and all South African political prisoners; and

WHEREAS, in 1988 the City of East Palo Alto recognized its moral responsibility to take positive steps to end the practice of racial discrimination both in the United States and abroad, in addition to continuing to boycott corporations with financial ties to South Africa, in support of the People of Namibia, during the system of apartheid; and

WHEREAS, the City of East Palo Alto condemns the recent rise of Antisemitic and Islamophobic attacks in our city and across the nation, including the doxxing of elected officials, students, professors, journalists, and others speaking truth to power; and

WHEREAS, the City of East Palo Alto advocates for the safety, dignity, freedom, and equality of all people, regardless of religion, race, or nationality; and

WHEREAS, International organizations such as Amnesty International, United Nations, including the United Nations Security Council, the World Health Organization, US Agency for International Development (USAID), International Rescue Committee, and many others have made a call for a ceasefire to prevent the further loss of life of civilians and to be in accordance with international humanitarian law, including U.S. Congressional Resolution H.R. No. 786 and U.N. Security Council Resolution No. 2728; and

WHEREAS, increasingly, cities across the United States and the Bay Area, including Richmond, Oakland, San Francisco, Atlanta, Seattle, and Chicago, have adopted ceasefire resolutions, numbering over 100 local governments to date; and

WHEREAS, the City of East Palo Alto recognizes that the current crisis takes place within a long history and affirms that, for a pathway to lasting peace and justice to be developed, the root causes of the crisis need to be addressed; and

WHEREAS, most Californians support a bilateral ceasefire including the Governor, citing, “It is time to work in earnest toward an enduring peace that will furnish the lasting security, autonomy, and freedom that the Palestinians and the Israeli people both deserve”; and

WHEREAS, the City of East Palo Alto urges the international community to work with the Israeli and Palestinian people to find a just and lasting peace.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY joins other cities in calling on Members of Congress to demand an immediate ceasefire; release of all hostages, the unrestricted entry of humanitarian assistance into Gaza; and the security of all innocent civilians in Israel and Palestine.

PASSED AND ADOPTED this 16th day of April 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: April 16, 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 March 19, 2024, City Council Meeting Minutes.

Attachments

1. March 19, 2024, Minutes



**EAST PALO ALTO CITY COUNCIL
REGULAR MEETING MINUTES
MARCH 19, 2024
EPA Government Center
2415 University Ave, First Floor – City Council Chamber
East Palo Alto, CA 94303**

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Mayor Antonio Lopez at 6:30 p.m.

Attendee Name	Title	Status	Left
Antonio Lopez	Mayor	Present	
Martha Barragan	Vice Mayor	Present	7:35 p.m.
Lisa Gauthier	Councilmember	Present	
Carlos Romero	Councilmember	Present	
Ruben Abrica	Councilmember	Present	

2) APPROVAL OF THE AGENDA

The approval of the agenda was motioned by Councilmember Gauthier and Seconded by Vice Mayor Barragan and passed via unanimous vote.

3) APPROVAL OF CONSENT CALENDAR

The approval of the agenda except for items 3.1 and 3.2 was motioned by Councilmember Romero and Seconded by Vice Mayor Barragan and passed via unanimous vote.

3.1) Pulgas Avenue Mini-Roundabouts Design

Councilmember Gauthier pulled item 3.1 for discussion. The approval of item 3.1 was motioned by Councilmember Gauthier and Seconded by Councilmember Romero and passed via unanimous vote.

3.2) 2023 Annual Housing Element Progress Report and 2023 General Plan Annual Progress Report

Karen Camacho, Housing and Economic Development manager pulled item 3.2 to revise the report's resolution. The approval of item 3.2 was motioned by Councilmember Gauthier and Seconded by Vice Mayor Barragan and passed via unanimous vote.

3.3) Canopy Contract Amendment

- 3.4) **Minutes of the January 23, 2024 Meeting**
- 3.5) **National Poetry Month Proclamation**
- 3.6) **Proclamation of the City Of East Palo Alto Celebrating César E. Chavez Birthday, His Legacy and That of Farmworkers And the Work of the Chavez Family Vision Inc. Organization**

4) **CLOSED SESSION**

**4.1 CONFERENCE WITH LEGAL COUNSEL ANTICIPATED LITIGATION
Significant Exposure to Litigation Pursuant to Government Code Sections
54956.9(d)(2), 54956.9(e)(1) One Potential Matter**

**4.2 CONFERENCE WITH LEGAL COUNSEL EXISTING
LITIGATION(Government Code Section 54956.9(d)(1).)Name of Case:
Sandra Floyd vs. City of East Palo Alto; and DOES 1-50, inclusive;24-CIV-
00140**

**4.3 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government
CodeSection 54957(b)(1). Title: City Manager**

**4.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government
CodeSection 54957(b)(1). Title: City Attorney**

City Attorney, John Le, confirmed that there was no reportable action during the Closed Session items.

5) **PUBLIC COMMENT**

The following participants made public comments:

- Gail Wilkerson
- Ivan Temez
- Alex Peters
- Mike Francois

6) **INFORMATIONAL REPORTS**

6.1) **Measure HH Pilot Workforce Development Program Mid-Program Review**

Karen Camacho, Housing and Economic Development Manager, Esmeralda Cerrato from Job Train, Heather Starnes from Live in Peace and Aaron Baron from Street Code presented on item 6.1.

The following speakers made public comment on item 6.1:

- Stewart Hyland

- Adrienne Bryant
- Gail Wilkerson

7) **SPECIAL PRESENTATIONS**

8) **PUBLIC HEARINGS**

8.1) **Adoption of Draft Revised Housing Element 2023-2031**

Hanson Hom, Deputy Manager Special Projects, presented on item 8.1.

The approval of item 8.1 was motioned by Councilmember Romero and Seconded by Councilmember Gauthier and passed via unanimous vote with Martha Barragan being absent.

9) **POLICY AND ACTION**

9.1) **Residential Rental Property Registry Considerations**

Amy Chen, Community Development Director, Natasha Raiburn, Rent Stabilization Program Administrator, and Karen Camacho, Housing and Economic Development Manager presented on item 9.1.

9.2) **Lighting modifications at the University Avenue/101 Pedestrian Overcrossing Project**

Humza Javed, Public Works Director, presented on item 9.2.

The approval of item 9.2 was motioned by Councilmember Romero and Seconded by Councilmember Gauthier and passed via unanimous vote with Martha Barragan being absent.

10) **COUNCIL REPORTS**

Councilmember Lisa Gauthier announced the celebration of Mr. Rainer's 100th birthday and Mayor Lopez requested the implementation of a Council Protocols subcommittee.

11) **ADJOURNMENT**

The meeting was adjourned at 11:17 PM

Mayor

ATTEST:

City Clerk



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: James Colin, City Clerk
SUBJECT: Arbor Day Proclamation

Recommendation

Present the proclamation.

Attachments

1. Proclamation

PROCLAMATION OF THE CITY OF EAST PALO ALTO CELEBRATING ARBOR DAY

WHEREAS, in 2024, the City of East Palo Alto established a special day, April 26, to be set aside for the planting of trees; and

WHEREAS this holiday, called Arbor Day, was first observed with the planting of more than a million trees, now observed around the world; and

WHEREAS, trees in East Palo Alto can be a solution to combating climate change by sequestering carbon, reducing the erosion of our precious topsoil, cutting heating and cooling costs, moderating the temperature, cleaning the air, producing life-giving oxygen, and providing habitat for wildlife; and

WHEREAS, trees in our City and beyond deserve recognition for providing us countless amenities, for enhancing our livelihoods, beautifying our community, providing shade, and being a source of joy.

NOW, THEREFORE, BE IT RESOLVED THAT I, Antonio D. Lopez, Mayor of the City of East Palo Alto, do hereby proclaim, April 26 as ARBOR DAY in the City of East Palo Alto, and I urge all citizens to support efforts to protect trees and our urban canopy, as well as enjoy their presence in our community.



Dated: April 26, 2024

Antonio Lopez, Mayor



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: Tomohito Oku, Finance Director
SUBJECT: FY 2024-25 Preliminary Budget Message

Recommendation

Receive staff report and provide direction regarding the FY2024-25 Preliminary Budget.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Ensure Our Financial and Organizational Health

Background

City Ordinance Title 3, Chapter 3.08 “Budget Planning and Fiscal Procedures” provides rules and procedures for preparing and administering annual City budgets. Chapter 3.08.050 “Preparation and Submission of Budget” requires the budget officer (city manager) to submit a budget and an explanatory budget message to the City Council no later than April 30 of each fiscal year. Furthermore, Chapter 3.08.080 “Public Hearing on Budget,” requires the Council to “...hold public hearings on the annual budget, as submitted, at which all interested persons shall be given an opportunity to be heard, for or against, the revenues estimated or any proposed appropriation therein.”

On December 5, 2023, the City Council approved the FY2024-25 Budget Process Calendar with the following budget hearing dates:

POLICY AND ACTION 9.1

- May 30, 2024 – Budget Study Session #1: Introduction & Overview of Proposed Budget – Department budget presentations.
- June 4, 2024 – Budget Study Session #2: Continuation of Proposed Budget Discussions and deliberations.
- June 06, 2024 – Budget Study Session #3 (only if required).
- June 18, 2024 - Budget Hearing & Adoption of FY2024-25 Budget and Gann Limit (the state appropriations limit).

This report is the preliminary budget and explanatory preliminary budget message for FY2024-25.

Analysis

General Fund 10-year Financial Forecast

Background: Staff identified the need for a long-term financial forecast to better understand risks associated with future operating revenues, trends in operating expenditures, threats to existing services and opportunities for new programs. The City engaged Urban Future Inc. to assist in developing a financial forecasting model. The long-term financial forecast is not a comprehensive financial plan; rather, it serves as a tool to project future fiscal outcomes and provide a snapshot of the future financial position based on the City's current service levels and policies. Therefore, it is not our intention to produce a one-time forecast document. Instead, staff will regularly update the forecast to aid in both long-term and short-term planning processes. This ongoing process will help the City Council to establish priorities and allocate resources effectively.

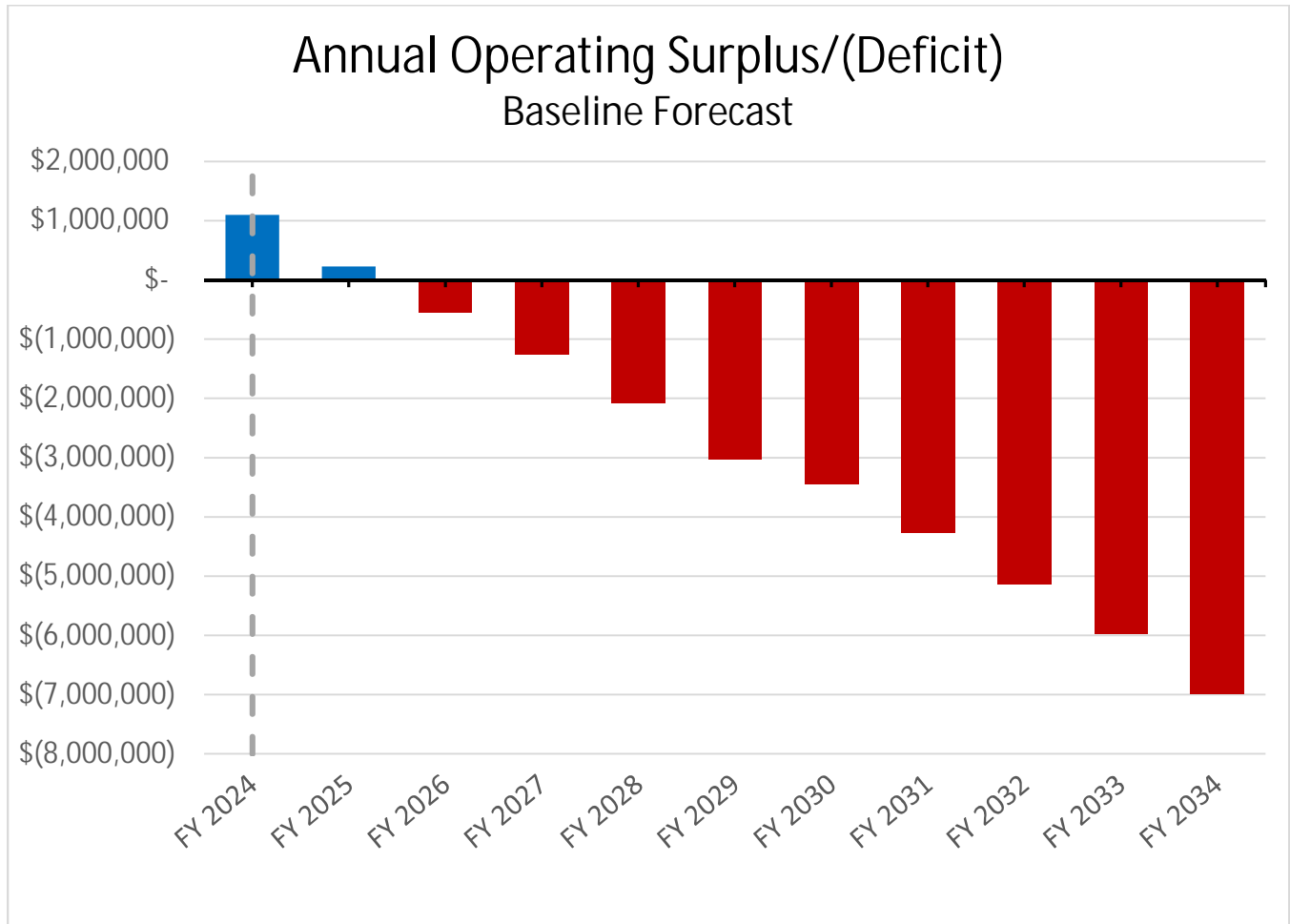
Scope: The 10-year baseline model primarily centers on the General Fund, as it serves as the primary operating fund responsible for financing most City services, including police services, street maintenance, park maintenance, recreational programs, and other essential programs. The model includes a General Fund baseline forecast with revenue and expense trends, projections for annual operating deficit/surplus, projected reserves, and the capacity to create and analyze “what-if” scenarios (i.e., what happens to the City’s forecast if certain decisions are made, and/or economic conditions change).

Development and Assumptions: This baseline model uses the present level of services and the existing authorized positions as the baseline. It does not assume recession, salary savings, impacts from new development, and annual capital transfers. Inflation and historical analysis are used to predict expenditure patterns while revenues are projected by trend or by specific known events. Information regarding economic indicators and the performance of the economy over the forecast period was taken from the California Department of Finance, San Mateo County Controller’s office, Moody’s analytics, and the City’s economic consultant.

Forecast Summary and Results: Operating position refers to the City’s ability to match operating revenues to expenditure levels (i.e., if revenues exceed expenditures, the City will have an operating surplus. If revenues fall below expenditures the result is an operating

📋 POLICY AND ACTION 9.1

deficit). The table below shows the 10-year forecast on annual operating status (surplus/deficit) in General Fund. Most economic signs indicate that the City's financial outlook would continue to have slow revenue growth that is outpaced by expenditures growing at a faster rate. This would create a sizable budget deficit beginning in FY2025-26 (FY2026 in the table below) and continuing in future fiscal years. As described above, these projections assume the City continues to provide the present levels of service with the existing authorized positions as the baseline. The projections do not assume recession, salary savings, capital transfers, or impacts from new development.



General Fund Revenue Projection: Total General Fund revenues are forecast (using the most likely scenario) to grow by an average annual increase of approximately 2.31% per year over the forecast period, from projected FY2023-24 revenue. Putting the growth rate in perspective, the City's General Fund revenues have been increasing at the pace of 6.97% on average for the past 10 years. The slow growth projection in General Fund revenues is primarily due to a slowdown in property tax revenues which is the largest General Fund revenue category consisting of about 50% of the total General Fund revenue. The slowdown is contributed by two key factors: 1) low assessed value growth and 2) potential loss of Vehicle License Fee (VLF) shortfall reimbursement (property tax in-lieu of VLF revenue) from the State. The most recent County assessed value tracker indicates that the City's property assessed value growth

POLICY AND ACTION 9.1

rate is at 3.54% and 2.78% in fiscal years 2024 and 2025, respectively, which is significantly lower than the 8.59% average growth rate over the past 10 years. In addition to the slow assessed value growth, property tax in lieu of VLF revenue, one of the components of the property tax revenues, is at risk of generating a significant revenue shortfall in the past few years due to disparities in understanding of the historical funding agreements and the related legislative actions between the State and the local governments including the County and the member cities/agencies. In FY2023-24, the City was apportioned approximately \$5.7 million in lieu of VLF revenue, but expects to be distributed about \$3.3 million, leaving approximately a \$2.4 million shortfall which may not be reimbursed by the State. In FY2022-23, the City's VLF shortfall is \$1.53 million. Countywide, San Mateo Cities have a VLF shortfall of approximately \$70 million. Unfortunately, the State proposed budget did not include an appropriation VLF shortfall reimbursements; however, the City and other San Mateo County agencies are appealing to the State to provide VLF shortfall reimbursements. Due to uncertainty of VLF shortfall reimbursements, the forecast model does not assume the State reimbursements.

General Fund Expenditure Projection: Expenditures are projected to increase from the FY2023-24 budget at an average annual rate of 4.13% per year. This growth rate assumes that expenditure budgets are allowed to increase by historical growth rates and other economic indicators and are not controlled by budgetary decisions or fiscal policy changes. Projected expenditures include retirement contribution increases, other benefit increases, merit increase and cost of living adjustments. No new positions or programs are included in this forecast.

Preliminary Budget Message

Balancing the General Fund budget in FY2024-25 will remain a challenge due to persistent revenue disruption, service cost pressures, and deferred infrastructure challenges. We anticipate a budget process similar to FY2023-24 in which the City was challenged to maintain service levels while absorbing anticipated cost increases with less revenue growth. To ensure the delivery of essential city services such as clean water, public safety, and infrastructure maintenance, it is imperative to explore additional locally controlled revenue streams and identify cost-saving measures.

This year, the City looks forward to robust engagement of the East Palo Alto community around our budget process. The City has been conducting community surveys and holding community engagement meetings to assess the needs and priorities of East Palo Alto residents, which has been subsequently shaping City Council strategic priorities. Staff centered the proposed budget on the City's Council FY2024-25 Priorities that are proposed to be approved on April 16, 2024 as follows:

- Promote Housing, Economic, and Workforce Development
- Implement the Comprehensive Transportation and Mobility Plan
- Promote Health and Public Safety
- Ensure Our Financial and Organizational Health
- Improve the City's Water Infrastructure
- Further Implement the City's Facilities Master Plan
- Enhance Community Services and Parks.

POLICY AND ACTION 9.1

The preliminary budget does not assume significant changes in operation and organization structure and, therefore, most of new programs from the Council Priorities are not yet reflected in this budget.

Revenue projections in the FY2024-25 will remain highly uncertain and include the following negative elements: 1) slow growth in property tax assessed value, 2) potential loss of Vehicle License Fee (VLF) shortfall reimbursement (property tax in-lieu of VLF revenue) from the State, 3) lingering COVID-19 revenue losses in Transient Occupancy Tax (TOT), 4) lacking business diversity in tax revenue resources (Sales tax and TOT), 5) extended gaps in taxable development projects and uncertainty in timing of development completion due to underlying infrastructure challenges and the need to analyze and support the specific plan update in the Ravenswood Business District.

The City has been under significant cost pressure, primarily from substantial wage increases resulting from labor negotiations influenced by post-COVID labor market trends. These negotiations have led to heightened wage demands from employees across various sectors, creating a ripple effect in the City's budgetary allocations. The aftermath of COVID-19 has dramatically shifted the dynamics of the labor market, with employees increasingly advocating for higher wages to cope with rising living costs and inflationary pressures. As a result, the city has found itself grappling with the necessity to meet these demands to retain skilled workers while simultaneously balancing its fiscal responsibilities. In addition to the increases in the personnel costs, the City must address the needs to improve deferred and aging infrastructures including city facilities, storm drains, water pipes and tanks, and streets, roads and sidewalks which will most like require additional resources from the General Fund.

The table below shows budget status by fund type. Total citywide preliminary revenues (excluding Successor Agency) of \$66.4 million are partially offset by \$57.8 million in expenditures resulting in a citywide budget surplus in the amount of \$8.6 million which is attributed from the surpluses from all fund types, General Fund (\$1.4 million), Restricted Fund (\$0.1 million), Capital Fund (\$3.5 million) and Enterprise Fund (\$3.6 million). The surpluses from Restricted Fund (\$0.1 million) and Capital Fund (\$3.5 million) are due simply to a timing difference between expenditures incurred and revenue recognized across different fiscal years; program revenues typically come in first prior to the related program expenditures in many of City's special revenue funds whereas capital project expenditures are incurred prior to the related revenues which are typically on a reimbursement basis. The \$1.4 million General Fund surplus is attributed from many elements in changes from both revenue and expenditure sides and will be discussed in the later sections of this report.

POLICY AND ACTION 9.1

FY 2024-25 Preliminary - Citywide Funds (In 000's)						
Description	General Fund	Restricted Funds	Capital Funds	Enterprise Funds	TOTAL CITY FUNDS	Successor Trust Fund
Total Revenues	37,487	10,174	10,613	8,119	66,393	1,957
Total Expenditures	(35,341)	(10,865)	(7,101)	(4,612)	(57,919)	(2,025)
Net Sources/ (Uses)	2,146	(692)	3,512	3,508	8,474	(68)
Net Transfers	(795)	795	-	-	-	-
Change in Fund Balance	1,350	104	3,512	3,508	8,474	(68)

General Fund Revenue

The City's FY2024-25 General Fund revenue is projected to increase by \$2.7 million or 7.9% from the current fiscal year's projected revenues. Preliminary FY2024-25 General Fund revenue estimates include the following:

Property Tax: An estimated increase of \$375,000 in property tax revenue is anticipated, primarily attributed to a rise in Redevelopment Property Tax Trust Fund (RPTTF) revenue by \$700,000 and a further increase in Secured Property Taxes by \$398,000. However, this growth is mitigated by a decrease in Property Tax in Lieu of Vehicle License Fees (VLF) revenue by \$750,000. As previously noted above, the City has experienced a slowdown in assessed value growth from the previous fiscal year and the 3.54% and 2.78% assessed value growth in fiscal years 2024 and 2025 is significantly lower than the 8.59% average growth rate over the past 10 years. Additionally, there remains a risk associated with Property Tax In-Lieu of VLF revenue due to the funding shortfalls acknowledged by the County;

Sales Tax: a sluggish growth in sales tax is anticipated, attributed to a projected slowdown in consumer demand influenced by higher interest rates and tighter monetary policy. Sales tax is estimated to rise by \$189,000, representing a modest increase of 3.1%;

Business License Tax: the revenue from the voter-approved Measure L has begun to materialize in the current fiscal year. However, the year-to-date collection of these revenues seems to lag behind the initial estimates. Based on the most recent trends in revenue collection, the budget for the next fiscal year has been prudently projected, resulting in a decrease of \$291,000 compared to the current year's budget.

Interest Income: Interest income in the current fiscal year was underestimated due to persistent inflation over a longer term than initially anticipated, leading to higher interest rates set by the Federal Reserve. Consequently, projections for interest income in the next fiscal year are higher and project to gain \$868,000 more than the current fiscal year.

Transient Occupancy Tax (TOT): No growth in Transient Occupancy Tax (TOT) revenue is forecasted for the upcoming fiscal year, reflecting the latest trends in revenue collection. The

POLICY AND ACTION 9.1

projected revenue for the next fiscal year remains below 90% of the pre-Covid figures. Staff will continue to monitor these trends closely and may adjust the projections during future budget sessions.

The table below reflects a preliminary General Fund revenue detail:

	FY 2022-23 Actual	FY 2023-24 Projected (Mid-year)	FY 2024-25 Preliminary	Variance
Property Tax	19,892,870	17,010,000	17,384,764	374,764
Sales Tax	6,394,903	6,030,000	6,219,000	189,000
Transient Occupancy Tax	1,778,986	2,200,000	2,200,000	-
Business License Tax	1,768,500	2,601,135	2,310,000	(291,135)
Utility User Tax	1,936,239	1,726,043	1,788,874	62,831
Other Taxes	30,795	87,600	90,000	2,400
Permits, Fees and Penalties	2,657,973	2,780,800	4,629,170	1,848,370
Leases and Interest Income	1,197,445	652,000	1,520,000	868,000
Grants and Intergovernmental	2,051,751	255,000	140,000	
Miscellaneous Revenues	85,650	-	105,000	105,000
Subtotal	37,795,112	33,342,578	36,386,808	3,044,230
Pass-Through Development	889,874	1,400,000	1,100,000	(300,000)
Total Revenues	\$ 38,684,986	\$ 34,742,578	\$ 37,486,808	\$ 2,744,230

General Fund Expenditure

Total General Fund expenditures (including net transfers) of \$36.1M represent department operating requests for certain strategic projects and normal operating service costs. The preliminary budget reflects all current budgeted staff positions, with no assumptions for held or frozen and new positions, but with assumptions of high inflation due to the economic environment. Given rising wage and benefit costs, inflated insurance and product costs, and inability to defer certain capital replacements, total General Fund expenditures are projected to increase by \$1.9 million or 5.4% compared to the current fiscal year adopted budget.

The preliminary expenditure budget does not reflect: (1) previously approved encumbrances and carry-forward capital expenditures; (2) new positions and modifications in the classification plan; (3) unfunded Capital Improvement Plan project requests; and (4) major funding of listed Strategic Priorities. These aspects of the City’s budget will be included during Budget Hearings later in May and June.

The table below reflects a preliminary General Fund expenditures by Department:

POLICY AND ACTION 9.1

DEPARTMENT	FY2022-23 ACTUAL (a)	FY2023-24 ADOPTED (b)	FY2023-24 MID-YEAR (c)	FY2024-25 PRELIMINARY (d)	(d) - (b) \$ Chg	(d-b)/b % Chg
City Council	153,818	171,150	181,350	181,903	10,753	6.3%
City Attorney	655,371	1,031,428	1,045,933	1,334,238	302,809	29.4%
City Clerk	261,418	361,068	443,882	585,472	224,405	62.2%
City Manager*	3,491,766	4,252,629	4,913,883	4,474,459	221,829	5.2%
Finance	1,013,694	1,278,852	1,426,329	1,464,974	186,122	14.6%
Community & Economic Development	2,693,097	3,860,014	5,612,611	4,661,437	801,424	20.8%
CED - Pass Through	1,315,705	1,410,000	1,410,000	1,000,000	(410,000)	-29.1%
Public Works	3,736,336	4,700,398	6,320,954	5,224,524	524,126	11.2%
PW - Pass Through	-	-	-	-	-	-
Police	11,807,322	15,407,077	15,649,158	14,841,218	(565,859)	-3.7%
Non-Departmental						
Capital/Technology	4,364,818	-	101,878	-	-	-
Insurance and Settlements	806,858	854,684	854,684	1,052,624	197,940	23.2%
Other Non-Departmental	1,258,035	1,041,965	1,314,703	1,449,406	407,441	39.1%
Overhead Allocation	(861,730)	(913,434)	(913,434)	(929,182)	(15,748)	1.7%
Sub-total	30,696,508	33,455,831	38,361,932	35,341,073	1,885,241	5.6%
Transfers	5,274,098	1,139,438	4,499,865	795,412		0.0%
Total Expenditures	\$ 35,970,606	\$ 34,595,269	42,861,797	\$ 36,136,485	\$ 1,885,241	5.4%

*Due to reorganization authorized by Council in Feb 2024, Admin Services Department was eliminated, the Comm Services & Senior Services is now a division within the City Manager's Office (CMO) and the IT Services contract with Redwood City is now budgeted to the CMO.

Outlook and Available Reserve in General Fund

As discussed in the General Fund 10-year Financial Forecast section above, most economic signs indicated that the City's financial outlook would continue to have slow growth in the revenues despite the outpacing growth in the expenditures. This trajectory is expected to result in a significant budget deficit beginning in the fiscal year 2026, with projections indicating a continuous expansion of this deficit. Consequently, staff recommend maintaining the conservative budget approach and remaining cautious in spending decisions. The table below displays projected available General Fund balances by classification as of June 30, 2024.

POLICY AND ACTION 9.1

Governmental Funds - Projected Fund Balance June 30, 2024	
Classification	General Fund
Nonspendable	\$ 888,820
Restricted	38,659
Committed:	
CalPERS funding	3,000,000
IT Reserve	3,638,438
Vehicle and Equipment Reserve	1,290,128
Self-Insurance Reserve	2,035,160
Capital Projects	-
ARPA Saving	430,000
Others	299,770
Assigned/Encumbrances	6,218,971
Unassigned:	
Contingency Reserve	10,840,945
Available Reserve	21,890,153
Total Fund Balance	\$ 50,571,044

All fund balance classifications except for the available reserve in the amount of \$21.9 million are restricted or in non-spendable form. City Council can allocate funds from the \$21.9 million available reserve for new programs, capital projects, and initiatives at its discretion.

Proposed Classification Changes for FY2024-25

Staff proposes additions and modifications to targeted positions to address service needs and Council strategic priorities. The table below outlines the classification changes requested by respective departments. Please note that related annual costs for these positions are not included in the Preliminary budget, except for the expenses associated with the Management Analyst II (limited term) and Utility Manager positions, which staff intends to continue retaining. Many of the position costs above are based on gross estimates pending HR analysis of job descriptions and comparable salary ranges. HR will only focus on a job analysis for positions that are recommended by City Manager.

It is important to acknowledge that proposing these positions without simultaneously restructuring or eliminating positions where service structure needs exist poses a risk in terms of potential future operating deficits. Staff is actively evaluating these needs and will return to the Council in future budget sessions to formally request approval.

POLICY AND ACTION 9.1

Title	Division	Note	Net FTE	Funding Source	Estimated Annual Cost	Included in Preliminary Budget
Limited terms:						
Management Analyst II*	Police Admin	Continuation from the current deployment	N/A	General	180,000	Yes
Special Project Manager	Engineering	Currently deployed using salary savings but needed to be included in the next year's budget. 520 hours/year.	N/A	General	37,000	No
Temporary Rent Stabilization aide	RSP	Temporary assistance for RSP and rent registry implementation for a half year	N/A	RSP	30,000	No
Sub-total limited term			N/A		\$ 247,000	
Modification:						
Environmental Service Aide	Environmental Services	Convert the current 0.5 FTE to 1.0 FTE to enhance environmental programs	0.5	General	87,000	No
Sub-total modification			0.5		\$ 87,000	
Additions:						
Utility Manager*	Engineering	The current 6-month duration will be expired at the end of current fiscal year and need to be converted to a permanent position for utility operation including sewer services	1.0	Water, Garbage and Sewer	230,000	Yes
Maintenance Worker I	Maintenance	To address increasing illegal dumping and debris issues citywide	1.0	General	113,000	No
Recreation Coordinator	Community Services	To assist in Youth Governing Body operation and increased community service programs such as TOT and summer programs	1.0	General	107,000	No
Administrative Assistant to Command Staff	Police Admin	To revive the Administrative Assistant position that previously existed assisting Command Staff for administrative tasks.	1.0	General	111,000	No
Senior Planner	Planning	To support a greater range of and increasingly complex projects. This addition would also provide a promotional opportunity to the existing staff	1.0	General	151,000	No
Housing Specialist	Housing	Appear understaffed in Housing division considering the existing and mounting administrative tasks related to compliance requirements from grants and agreements	1.0	General	110,000	No
Sub-total addition			6.0		\$ 822,000	
Estimated Funding Request			5.5		\$ 1,156,000	

*Estimated annual costs are included in the Preliminary budget

Fiscal Impact

There is no fiscal impact by this report. The budget is scheduled to be adopted on June 18, 2024.

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

POLICY AND ACTION 9.1

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

Government Code § 84308

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

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. FY 2024-25 Preliminary Budget Summary

FY 2024-25 Preliminary Budget Summary

Fund	Description	Operating		Capital Improvement Plan	Operating Transfers		Net Change Fund Balance
		Revenues	Expenditures		In	Out	
110	General Fund	\$ 36,311,808	\$ (31,719,694)	\$ -	\$ -	\$ (3,366,291)	\$ 1,225,823
111	IT Replacement Fund	\$ -	\$ (1,297,689)	\$ -	\$ 1,297,689	\$ -	\$ -
112	Equipment & Vehicles	\$ -	\$ (150,566)	\$ -	\$ 150,566	\$ -	\$ -
113	Self Insurance	\$ -	\$ (1,122,624)	\$ -	\$ 1,122,624	\$ -	\$ -
116	Community Benefit Fund	\$ -					\$ -
117	Com Dev Pass Thru	\$ 1,100,000	\$ (1,050,500)	\$ -	\$ -	\$ -	\$ 49,500
199	Emergency Fund	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
ELIMINATING ENTRY		\$ -	\$ -	\$ -	\$ (2,570,879)	\$ 2,570,879	\$ -
General Fund		\$ 37,486,808	\$ (35,341,073)	\$ -	\$ -	\$ (795,412)	\$ 1,350,323
213	Police Grants	\$ 183,000	\$ (230,367)	\$ -	\$ -	\$ -	\$ (47,367)
215	Misc Federal and State Grants	\$ 393,627	\$ (300,060)	\$ -	\$ -	\$ -	\$ 93,567
230	Local Grants	\$ 983,563	\$ (963,563)	\$ -	\$ -	\$ -	\$ 20,000
231	CYSFF TOT	\$ 315,000	\$ (573,822)	\$ -	\$ -	\$ -	\$ (258,822)
232	Measure C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Programs		\$ 1,875,190	\$ (2,067,812)	\$ -	\$ -	\$ -	\$ (192,622)
201	State Gas Tax	\$ 1,638,280	\$ (1,012,662)	\$ (1,010,000)	\$ 64,500	\$ -	\$ (319,882)
202	Measure A	\$ 950,000	\$ (3,539)	\$ (1,795,000)	\$ -	\$ -	\$ (848,539)
203	NPDES	\$ 133,500	\$ (728,790)	\$ -	\$ 595,290	\$ -	\$ -
206	Park In Lieu	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
221	Lighting District	\$ 1,066,300	\$ (339,518)	\$ (470,000)	\$ -	\$ -	\$ 256,782
222	Drainage District	\$ 997,295	\$ (316,319)	\$ (1,000,000)	\$ 62,078	\$ -	\$ (256,946)
234	County Measure W	\$ 365,000	\$ (1,740)	\$ (500,000)	\$ -	\$ -	\$ (136,740)
290	ARPA- American Rescue Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Infrastructure Programs		\$ 5,160,375	\$ (2,402,568)	\$ (4,775,000)	\$ 721,868	\$ -	\$ (1,295,325)
204	Rent Stabilization	\$ 592,500	\$ (683,869)	\$ -	\$ -	\$ -	\$ (91,369)
207	Housing In Lieu	\$ 304,680	\$ (183,968)	\$ -	\$ -	\$ -	\$ 120,712
209	Housing Assistance Program	\$ 14,000	\$ (3,174)	\$ -	\$ -	\$ -	\$ 10,826
216	Commercial IF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
217	Residential IF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
218	Affordable Housing TOT	\$ 335,000	\$ (29,418)	\$ -	\$ -	\$ -	\$ 305,582
219	Measure HH	\$ 1,857,000	\$ (287,707)	\$ -	\$ -	\$ -	\$ 1,569,293
220	Lo-Mod Housing Successor	\$ 35,000	\$ (431,882)	\$ -	\$ 73,544	\$ -	\$ (323,338)
233	Silicon Valley Community	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Affordable Housing Programs		\$ 3,138,180	\$ (1,620,019)	\$ -	\$ 73,544	\$ -	\$ 1,591,706
Total Special Revenue Funds		\$ 10,173,745	\$ (6,090,399)	\$ (4,775,000)	\$ 795,412	\$ -	\$ 103,759
301	Capital Improvement Fund	\$ 500,000	\$ (67,758)	\$ (906,799)	\$ -	\$ -	\$ (474,557)
303	Capital Grant	\$ 4,671,253	\$ -	\$ (6,126,253)	\$ -	\$ -	\$ (1,455,000)
305	Parks & Trails	\$ 1,495,781	\$ -	\$ -	\$ -	\$ -	\$ 1,495,781
306	Public Facilities	\$ 2,622,465	\$ -	\$ -	\$ -	\$ -	\$ 2,622,465
307	Transportation	\$ 969,414	\$ -	\$ -	\$ -	\$ -	\$ 969,414
308	RBD-I Storm D	\$ 12,099	\$ -	\$ -	\$ -	\$ -	\$ 12,099
309	RBD-O Storm D	\$ 342,255	\$ -	\$ -	\$ -	\$ -	\$ 342,255
Capital Funds		\$ 10,613,267	\$ (67,758)	\$ (7,033,052)	\$ -	\$ -	\$ 3,512,457
510	Water Service Fund	\$ 455,000	\$ (431,875)	\$ -	\$ -	\$ -	\$ 23,125
511	Water Capital Fund	\$ 1,261,703	\$ (305,000)	\$ -	\$ -	\$ -	\$ 956,703
512	Water Meter Fund	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
513	Water Capacity Fee Fund	\$ 2,642,744	\$ -	\$ -	\$ -	\$ -	\$ 2,642,744

FY 2024-25 Preliminary Budget Summary

Fund	Description	Operating		Capital Improvement Plan	Operating Transfers		Net Change Fund Balance
		Revenues	Expenditures		In	Out	
	Water Enterprise	\$ 4,409,447	\$ (736,875)	\$ -	\$ -	\$ -	\$ 3,672,572
520	Garbage Service Fund	\$ 3,710,000	\$ (3,874,850)	\$ -	\$ -	\$ -	\$ (164,850)
	Total Enterprise	\$ 8,119,447	\$ (4,611,725)	\$ -	\$ -	\$ -	\$ 3,507,722
		\$ 66,393,267	\$ (46,110,955)	\$ (11,808,052)	\$ 795,412	\$ (795,412)	\$ 8,474,261
705	Successor Operating	\$ 408,800	\$ (473,238)	\$ -	\$ -	\$ -	\$ (64,438)
706	Successor Debt Service	\$ 1,548,475	\$ (1,551,800)	\$ -	\$ -	\$ -	\$ (3,325)
	Successor Agency	\$ 1,957,275	\$ (2,025,038)	\$ -	\$ -	\$ -	\$ (67,763)



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 2024
TO: Honorable Mayor and Members of the City Council
VIA: Melvin E. Gaines, City Manager
BY: Brenda Olwin, Special Projects
Greg Henry, Senior Management Analyst
SUBJECT: City Council Priority Setting for Fiscal Year 2024-2025

Recommendation

Adopt a Resolution approving the recommended projects for the FY 2024-2025 City Council Strategic Priorities Work Plan.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Promote Housing, Economic and Workforce Development
Priority: Implement the Comprehensive Transportation and Mobility Plan
Priority: Promote Health & Public Safety
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 Council conducts an annual Priority Setting process. The goal of this strategic planning is to improve the decision-making process, focusing limited staff and financial resources on initiatives that the City Council identifies as the highest priorities. The lead element of this process is the identification and selection of the top priorities of the Council. The Council Priorities serve as overarching focus areas that shape the direction of a community's projects and programs. Priorities flow from the community to the City Council and they encapsulate the most critical and impactful aspects that the community aims to address or achieve. By identifying and defining the named priorities, the City Council ensures staff remain focused on the highest

POLICY AND ACTION 9.2

community needs and provide necessary direction to the City Manager.

The Council held a Priority Setting session during its Saturday, Feb 3, 2024, City Council Retreat to review and revise the Council Strategic Priorities for Fiscal Years 2023-24 and 2024-25. (<https://d3n9y02raazwpg.cloudfront.net/cityofepa/9ce1d2d7-bfe7-11ee-8fe8-0050569183fa-3408cd31-ecd7-4429-9d91-65986d552499-1706678753.pdf>)

The retreat, conducted as a workshop, was held in Council Chambers, simulcast via Zoom, and facilitated by consultant Greg Larson for the fifth year in a row. It provided an opportunity for City Councilmembers and executive staff to review and discuss top priorities and workplans for the current year, discuss priorities for the next year, celebrate recent accomplishments, and strengthen teamwork between City Council and City staff.

At that meeting, Council reaffirmed the existing priorities, outlined in Figure 1 below, electing to maintain them without modification.

Figure 1. FY 2023-24 & 2024-25 East Palo Alto Strategic Priorities



Following the establishment of Council Priorities, the Priority Setting process proceeds to crafting the 2-Year Council Work Plan. The proposed FY 2024-25 Work Plan would be an update to the priorities Work Plan for Fiscal Years 2023-24 and 2024-25 that the City Council approved on April 18, 2023. The Work Plan provides direction to staff on prioritizing major projects and initiatives while ensuring essential functions, operational needs, and statutory requirements are met. Projects within the Work Plan align with the seven key priorities and are selected based on their significance to Council, alignment with strategic goals, and resource requirements. While the Work Plan focuses on advancing major projects, some may extend beyond the two-year period given the complexity, funding needs, and public process required for each item.

POLICY AND ACTION 9.2

Consequently, after the Council provides direction on the Priorities and Goals, City staff then incorporate funding for the Goals as possible in the next budget adoption cycle and develops more detail work plans to achieve each Goal.

The Work Plan enables the Council to track progress efficiently and receive regular updates on priority project advancement. It is not intended to be a full measure of the load on staff. This is because the Work Plan does not include operational activities or the abundant projects that are not significant enough to merit inclusion, but still require staff and fiscal commitments.

Analysis

The proposed FY 2024-25 City Council Priority Work Plan is Attachment 1 to this report. On February 3, 2024, the Council approved minor administrative changes to the Work Plan to improve project organization and provide clarity to process. The updated Work Plan removes projects included in the FY 2023-24 Work Plan that were designated as operational as well as projects completed or anticipated to be completed in FY 2023-24. The Council also approved adding 26 ongoing projects to the Work Plan to provide additional visibility to those projects' statuses (e.g., adding "Evaluate Measure HH Employment Pilot Program" and "Revisit the West Side Area Plan Development Approval Process"). Additionally, the Work Plan adds six new projects that the City Council proposed at the February 3, 2024, Council retreat. Staff evaluated the feasibility of undertaking these six projects during FY 2024-25 and proposes to take on the six projects as scoped below.

Priority: Promote Housing, Economic & Workforce Development

1. Proposed Project: Develop a pop-up and unlicensed businesses policy and program.

Lead Departments – Community and Economic Development/City Manager's Office

- Staff are starting to explore this effort and benchmarking with other cities (Redwood City is also dealing with this issue). Staff would prepare for a City Council study session to be held in the first quarter of FY 2024-25 to discuss potential solutions. In that study session, necessary staffing and resources to implement potential solutions would also be discussed. With the Council's input, the City could develop a policy and program to regulate pop-up/unlicensed businesses.

Priority: Implement Comprehensive Transportation and Mobility Plan

2. Proposed Project: Design and Construct Road improvements on Woodland Avenue from University Avenue to Newell Road.

Lead Department – Public Works

- Staff anticipates adding this project to the Capital Improvement Plan. The project is estimated to cost \$3 million and is currently unfunded. The City is seeking earmark funds as well as other grant funds in order to design and construct this project. During FY 2024-25, this project will primarily consist of seeking design and construction funds. Once funds are secured, design and construction would take approximately 18 months.

POLICY AND ACTION 9.2

3. Proposed Project: Develop strategies to improve parking and traffic enforcement and identify next steps.

Lead Departments – Police Department/Public Works

- Staff would prepare for a City Council study session to be held in the first quarter of FY 24-25 to present and discuss parking and traffic enforcement challenges and potential solutions. Implementing potential solutions, particularly enforcement solutions, may require funding for additional personnel.

Priority: Promote Health & Public Safety

4. Proposed Project: Develop and implement a strategy to address illegal dumping.

Lead Departments – Public Works/Community Development (Code Enforcement).

- The City would continue to enhance and implement its Clean City Program. Staff would work internally with other departments to evaluate and enhance the program over the next fiscal year.

Priority: Ensure Fiscal & Organizational Health

5. Proposed Project: Conduct a process to develop a five-to-ten-year strategic plan.

Lead Department – City Manager’s Office

- During FY 2024-25, the City would engage in a process to develop a strategic plan beginning in FY 2025-26 that sets long-term strategic priorities but includes short term strategies and projects that would be updated bi-annually. The Strategic Plan would be the basis for the City Council Priorities and the two-year work plan the City Council would adopt for FYs 2025-26 through 2026-27.

Priority: Enhance Community Services and Parks for Residents

6. Proposed Project: Implement a program that activates parks, promotes public health and public safety, similar to the FIT Zone program.

Lead Departments – Police Department/CMO Community Services Division

- The original FIT Zone Program was fully funded by grants. Following the original model, re-launching FIT Zones would not be feasible due to a lack of funding. The model required participation of sworn police officers who were paid overtime through grant funds. The Police Department can work with Community Services Division staff to create opportunities that activate parks, promote public health and public safety; however, it won’t be on the scale of the former FIT Zone Program.

Next Steps

Staff requests that the City Council approve the FY 2024-2025 City Council Strategic Priorities Work Plan including the six new recommended projects. Following City Council adoption of the FY 2024-2025 City Council Priorities, staff will ensure that proposed budget activities reflect the City Council’s priorities. Staff will also monitor progress toward accomplishing goals by completing actions and will provide periodic updates to the Council and public throughout the fiscal year.

 **POLICY AND ACTION 9.2****Fiscal Impact**

There is no fiscal impact for this item other than incorporation of the Council's direction in the development of the proposed budget for later Council consideration.

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 this item does not entail an entitlement.

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Council Strategic Priorities Work Plan for FY 2024-2025.
2. Resolution.

RESOLUTION NO. XX– 2024

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

**ADOPTING THE CITY COUNCIL PRIORITIES INCLUDING DETAILED WORKPLANS FOR EACH
PRIORITY AREA FOR FISCAL YEAR 2024-2025**

WHEREAS, on February 2, 2024, the City Council hosted a Priority Setting Session (“Priority Setting”) to initiate the process of establishing City Council priorities for FY 2024-2025; and

WHEREAS, on April 18, 2023, the City Council received a report identifying seven priorities and a work plan titled FY 2024-2025 East Palo Alto City Council Priority Work Plan which identified the seven priorities with associated goals and actions.

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

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action; and
2. Adopts FY 2024-2025 City Council Priorities and Work Plan, as set forth as **Exhibit A** and incorporated by this reference.
3. Find that the proposed action does not constitute a “project” with the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

[continued next page]

PASSED AND ADOPTED this 16th day of April 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Antonio D. Lopez, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney

Promote Housing, Economic & Workforce Development				
Goal		Lead/Co-Lead	Status	Status Notes
1	Implement Measure HH Employment Program	CDD - Housing	In-Progress	(1) Measure HH program consists of \$0.76M contracts with Street Code Academy, Job Train, and Live in Peace collaborating to create local workforce development and job training pilot programs in the STEM and Building Trades fields. Programs are launched and status is updated quarterly and available online: https://www.ci.east-palo-alto.ca.us/econdev/page/measure-hh-pilot-workforce-development-program . Staff presented an update on the program progress on March 19, 2024 and Council suggested staff to start preparing for evaluation of the pilot upon completion of the 18-month pilot. Target Completion: August 2024.
2.1	Present TOPA/COPA recommendations and other opportunities to promote homeownership	CDD - Housing	Complete	On December 6, 2023, the proposed TOPA/COPA ordinance was not adopted by Council. Project effort consisted of two+ years of community outreach meetings, Council presentations, research, ordinance drafting, responding to public queries, etc. Effort supported by the Partnership for the Bay's Future Policy Fellow, CMO and CAO. Fellow will continue to look for funding opportunities and other ways to promote homeownership and housing preservation for remainder of fellowship period ending May 2024.
2.2	Complete the updated Housing Element	CDD/CMO	Complete	Housing Element adopted by Council on March 19, 2024. 2023-2031 Housing Element available online: https://www.cityofepa.org/housing/page/housing-element-update-1
2.4	Update Affordable Housing Strategy	CDD - Housing	Complete	Affordable Housing Strategy was updated and adopted by City Council on February 6, 2024. 2024-2028 Strategy is available online: https://www.cityofepa.org/housing/page/affordable-housing-strategy
2.5	Establish Rent Registry for both stabilized and market-rate rental units.	CDD - RSP/CDD - Housing	In-Progress	Received Council direction on work plan on March 19, 2024. Staff will bring an ordinance back for consideration before the end of the fiscal year and issue a request for proposals (RFP) for outside program management planned issuance this Summer and execute contracts by October 2024. Staff continue to explore potential registry options (meeting with other cities, speaking with vendors, etc.)
3	Create an Economic Development Strategy Focusing on Small and Micro Businesses for City Council Consideration	CMO/CDD	In-Progress	Commenced preparation of a request for proposals (RFP) for an Economic Development Strategy. Hired a consultant from Regional Government Services to assist with RFP preparation. Expected RFP issuance date to be determined.
4	Convert the City's Cummings Loft property into office space that could be used as a small business incubator	PWD	In-Progress	The City was awarded a \$555,000 grant from the Small Business Administration to improve the former Redevelopment Agency's space at Cummings Loft for use as a local incubator space. City staff issued a request for design proposals in 2023. Staff received one proposal and is recommending a contract award to City Council on 04/16/24. Target Completion of design: December 2024. Construction will take place in 2025.
5	Implement Program to Distribute Community Resource Funds Grant	CMO/CDD	In-Progress	This is a City-sponsored grant program. In May 2023, staff presented a framework for the program and Council directed that the funds be allocated to four different service areas. Staff presented an updated framework to the City Council on 3/5/2024 and the Council directed staff to 1) release an RFP for Senior Home Repair Assistance with \$125K, 2) Release a RFP for Small Business Assistance with \$125K, 3) move \$50,000 to the Community Services Division budget for Senior programs aimed at increased technical competence and prevention of scams, and 4) move \$50,000 to the Community Services Division budget for youth civic activities. Staff anticipates releasing RFPs in May 2023 and proposing awards to the City Council in the first quarter of FY 2024/25.
6	Revisit the West Side Area Plan Development Approval Process	CDD - Planning	In-Progress	Staff will return to Council for feedback in second quarter 2024
7	Evaluate the Measure HH Pilot Workforce Development Program	CDD - Housing/ CMO	On-hold	Staff presented an update on the 18 month pilot on March 19, 2024. Staff will begin to explore ways to evaluate the pilot which is expected to conclude in August 2024

8	Complete the Ravenswood Business District/Four Corners Specific Plan Update	CDD - Planning	In-Progress	Draft plan in process. City Council Study Session scheduled for April 25, 2024. Draft plan scheduled to be complete by the end of 2024, following publication of SEIR.
10	Streamline the ADU permitting process	CDD - Planning	In-Progress	Municipal Code Update adopted on February 6, 2024. New forms and streamlined process implemented in compliance with updated code. The City hosted a community event on March 27, 2024 to share with East Palo Alto residents, homeowners, developers, and other stakeholders about the ADU development code updates and new informational materials available.
11	Work with partners to complete construction of 965 Weeks/Colibri Commons	CDD - Building	In-Progress	Development project is in the building phase. Construction is anticipated to conclude by the end of 2025.
12	Update the Zoning Code to address permanent supportive housing, housekeeping units, residential care facilities, etc. as well objective design standards	CDD - Planning	In-Progress	Staff plans to present an additional Municipal Code update to Council in mid 2024, including housing related clean up items. Another municipal code update, including objective design standards, is planned for late 2024.
13	Develop a pop-up and unlicensed businesses policy and program	CDD/CMO	Proposed	Staff are starting to explore this effort and benchmarking with other cities (Redwood City is also dealing with this issue). Staff would prepare for a City Council study session to be held in the first quarter of FY 2024-25 to discuss potential solutions. In that study session, necessary staffing and resources to implement potential solutions would also be discussed. With Council's input, the City could develop a policy and program to regulate pop-up/unlicensed businesses.

Implement Comprehensive Transportation and Mobility Plan				
Goal		Lead/Co-Lead	Status	Status Notes
1	Implement the Comprehensive Transportation and Mobility Plan			
1.1	Implement Short-term Improvements as Identified in the Final Mobility Report	PWD	Complete	Practical short-term measures implemented and completed in 2023.
1.2	Implement Mid-term Improvements as Identified in the Final Mobility Report	PWD	In-Progress	Mid-term improvement elements to be implemented over 5+ years. \$1.0M grant for University Avenue Grand Corridor conceptual planning received through the Measure W competitive program which will study mid-term strategies. City in regular contact with other entities regarding Facebook Willow Village development.
1.3	Initiate a Parking Permit Pilot Program	PWD	In-Progress	Staff is developing a pilot program for City Council consideration. Anticipated Council item in July 2024.
2	Construct University Bicycle/Pedestrian Overcrossing	PWD	In-Progress	Construction is underway. Anticipated completion in 2025.
3	Explore a potential public infrastructure revenue measure for the November 2024 Election	CMO	In-Progress	The City entered an agreement with the Lew Edwards group who oversaw a community poll and focus group sessions to gauge community priorities and support for revenue measures in 2023. Additional polls will be conducted in April 2024 that test specific revenue measures and funding priorities. Depending on the polling results the City will work toward passing a measure in November 2024.
3.1	Design East Bayshore Sidewalk Improvement Project	PWD	In-Progress	The City was awarded a \$400,000 grant for design phase. A contract to award design services is scheduled for the 04/02/24 City Council meeting. Design Target Completion: January 2025.
3.2	Seek funding and construct East Bayshore sidewalk improvements	PWD/CMO	In-Progress	Staff is actively seeking construction funds and is applying for transportation grants. The Transportation HUD appropriations bill includes \$850,000 in DOT funds for this project.
3.3	Design University Ave. safety improvements	PWD	In-Progress	The City was awarded a \$1.2M grant and design phase is initiated. Design planned completion is April 2024. The project will be bid out for construction in Summer 2024.
A	Construct University Ave. safety improvements	PWD	In-Progress	Construction estimated to occur August 2024 through February 2025. This project will primarily include upgrading University/Runnymede intersection and construct a new traffic signal.
3.5	Implement updated water capital surcharges	PWD/CMO	Complete	Council adopted updated charges in March 2023.
4	Replace the temporary traffic circles on Pulgas Avenue with mini roundabouts	PWD	In-Progress	Complete design and replace the temporary traffic circles with mini roundabouts to enhance safety and aesthetics. Staff received grant funds to complete the preliminary design of the mini roundabouts on Pulgas Avenue. On 3/19/2024, City Council authorized a contract amendment with ALTA Planning + Design to complete the PS&E package for the two mini-roundabouts. Staff anticipates design completion by Fall 2024. The goal is to bid out the project and begin construction by the end of 2024. (Goal – to complete construction by end of FY 24/25 pending construction funds).
5	Construct Bus Stop Shelter Improvements using AHSC grant funds	PWD	In-Progress	The project is under active construction and should be complete by April 2025
6	Finalize the Addison Avenue Safe Routes to School and Green Infrastructure project	PWD	In-Progress	The project should be complete by July 2024.
7	Construct the University Avenue at Runnymede Traffic Signal Improvements	PWD	In-Progress	This project is included in 3.3. Design planned completion is April 2024. The project will be bid out for construction in Summer 2024.
8	Design the East Bayshore sidewalk improvements with grant funds Secure funding to design the University Avenue Grand Corridor:	PWD	In-Progress	This project is included in 3.1. A contract to award design services is scheduled for the 04/02/24 City Council meeting. Design Target Completion: January 2025.
9	Complete the Street Lighting Upgrade Project (70 streetlights and Clarke Avenue overcrossing)	PWD	In-Progress	This project is underway and will continue through FY 24/25. The streetlight installations will be citywide and the work began in the Gardens Neighborhood.

10	Construct University Avenue safety improvements	PWD	In-Progress	This project is included in 3.3. Design planned completion is April 2024. The project will be bid out for construction in Summer 2024.
11	Design and Construct road improvements on Woodland Avenue from University Avenue to Newell Road.	PWD	Proposed	Staff anticipates adding this project to the Capital Improvement Plan. The project is estimated to cost \$3 million and is currently unfunded. The City is seeking earmark funds as well as other grant funds in order to design and construct this project. During FY 2024-25, this project will primarily consist of seeking design and construction funds. Once funds are secured, design and construction would take approximately 18 months.
12	Develop strategies to improve parking and traffic enforcement and identify next steps.	PD/PWD	Proposed	Staff would prepare for a City Council study session to be held in the first quarter of FY24/25 to present and discuss parking and traffic enforcement challenges and potential solutions. Implementing potential solutions, particularly enforcement solutions may require funding for additional personnel.

Promote Health & Public Safety				
Goal		Lead/Co-Lead	Status	Status Notes
1	Enhance Flood Protection for Residents, Businesses, and Property Owners			
1.1	Enhance Community Flood Protection through collaboration with SFCJPA on San Francisquito Creek Reach 2 improvements	PWD/CMO	In-Progress	The Reach 2 Project is led and coordinated by the San Francisquito Creek (SFC) JPA. The total project cost estimate is \$60M, and is approximately 70% funded. The project consists of four main construction elements planned to occur between Summer 2024 and 2026. City staff are in contact with SFCJPA and agency partners on a regular basis.
1.2	Enhance Community Flood Protection through collaboration with SFCJPA to implement the Safer Bay Project	PWD/CMO	In-Progress	The Safer Bay Project is a multi-benefit, multi-jurisdictional collaboration led and coordinated by the SFCJPA. The SFCJPA is conducting technical and scientific studies in anticipation of releasing a draft Environmental Impact Report in 2025. The City has been awarded a FEMA grant of \$17.5M and provided \$4.5M in local match to support \$22M in local construction costs related to the project. City grant project is on-hold pending completion of other project phases. The City's grant portion will be actively underway in Q1 24/25. The City will be required to secure a design consultant and oversee the design phase from 30% through 100%.
1.3	Coordinate with City of Palo Alto on the Newell Street Bridge Replacement Project	PWD	In-Progress	Represents a \$16M sub-project of the SFC-JPA Reach 2 Project 1.1 above. City of Palo Alto is lead agency. Project plans and specifications are complete, and partners are currently seeking additional grant funding. East Palo Alto staff are working with Palo Alto to coordinate design completion. Upon design completion, the project will be bid for the construction phase in Summer 2024.
2	Resolve Sanitary District Incorporation Matter			
2.1	Transition EPASD from an independent organization to a City subsidiary	CMO/CAO/ PWD/FIN	In-Progress	LAFCo denied EPASD's request for reconsideration on February 7. The protest period began Feb. 12 and will go through May 22, 2024. If none of the thresholds of protests are met, the City will take over governance of EPASD July 1, 2024. This transition will require the City to manage EPASD finances, billing and customer service, new service connections, day to day operations (through an operations agreement with West Bay Sanitary District) and manage sanitary capital projects. Additionally, EPASD has filed a lawsuit against LAFCo and the City. The City is determining next steps and exploring how this may impact the transition of EPASD to City governance.
3	Develop a Community Emergency Preparedness and Education Initiative			
3.1	Build EPA CERT Team Membership	PD/CMO	Complete	Menlo Park Fire District administers the CERT program in East Palo Alto, which we are able to access when the need arises. Currently the membership hovers around 40-50 members and have all been sworn in as Disaster Service Workers. Additionally, the Menlo Park Fire District works with community groups interested in helping during times of need, but do not necessarily desire to be CERT certified. MPFD also administers and Emergency Radio Communications group (eg. HAM Radio operators) who are available as the need arises.
3.2	Establish emergency communication protocols with community partners	PD/CMO	In-Progress	In coordination with Menlo Park Fire District, researching social media and emergency alert notification channels with planned community outreach efforts to expand information access. Target Completion: Summer 2024.
3.3	Update Disaster Preparedness Plan	PD/CMO	In-Progress	Currently researching plan format and regulatory requirements with goal of simplifying current plan for ease of reference and use. Target Completion: Summer 2024.
4	Develop the Police Department's Data Analytics Capacity	PD	In-Progress	If awarded a pending grant, work with the County C3AI data project and California State University East Bay to study East Palo Alto crime trends, responses, and statistics
5	Rehabilitate the O'Connor Pump station	PWD	In-Progress	Replace diesel engines and perform electrical upgrades with \$800K USEPA grant funds. Project is currently in the process of finalizing scope and CEQA. Design to occur throughout 2024 with construction in 2025.

6	Construct improvements to the San Francisquito Creek bank	PWD	In-Progress	Enforce the slope at San Francisquito creek to prevent further erosion. This project will be under construction in Summer 2024.
7	Upgrade the Stormwater System to meet State trash capture requirements	PWD	In-Progress	90% trash capture project to be completed by June 2024. Full Trash Capture is mandated by the State Water Resources Control Board by 2025. This will be accomplished by bidding out two separate projects.
8	Complete the update of the Environmental Justice (Health & Equity) Element of the General Plan	CDD - Planning	In-Progress	Data gathering in process. Community outreach to begin in April 2024. Project completion anticipated in mid to late 2025.
9	Complete the update of the Safety Element of the General Plan	CDD - Planning	In-Progress	Data gathering in process. Community outreach phase started in February 2024, with two workshops planned for March 13 and April 3. Project completion anticipated in mid 2025.
10	Evaluate emergency shelter sites	CMO	In-Progress	The City is working to establish formal partnerships with potential emergency evacuation sites both within and outside of East Palo Alto.
11	Develop and Implement a strategy to address illegal dumping	PWD/CDD	Proposed	The City would continue to enhance and implement its Clean City Program. Staff would work internally with other departments to evaluate and enhance the program over the next fiscal year.

Ensure Fiscal & Organizational Health				
Goal		Lead/Co-Lead	Status	Status Notes
1	Address Structural Deficit Through Fiscal Resiliency Measures			
1.1	Assess and Prepare for Utility Operational and Finance Needs	PWD/FIN	In-Progress	This project is connected to Goal No. 2 above under Council Priority "Promote Public Health & Safety". Financing needs on-hold pending LAFCO decision. However, in addition to Sanitary Sewer operations, the City requires resources to provide cohesive oversight over all managed utilities (water, garbage and storm water management). Consideration of financing of utilities through rate increases or assessment districts is planned for 2024.
1.2	Analyze needs, strategies and community support for funding public infrastructure	CMO	In-Progress	With Lew Edwards consultants, City is conducting a series of community outreach meetings/communication to assess community interest related to both services and infrastructure. Target Completion: April 2024.
1.3	Perform Impact Fee Nexus Study	CMO/PWD	In-Progress	Bid process complete and contract approved by Council in October 2023. Project kick-off implemented November 2023. Staff will provide an update to Council in April 2024 and anticipate proposed fees and Nexus Study to be presented by June 2024.
2	Develop 10 Year Financial Projections	FIN	In-Progress	A 10-year financial projection model for a municipality serves as a strategic planning tool, aligning fiscal policies with community goals, aiding in risk management, and communicating financial plans to residents. This comprehensive tool assists in capital budgeting, enabling efficient resource allocation and providing insights into long-term financial sustainability for the municipality. The first phase of the model has been issued and is staff revisions, expected presentation to Council in the April 2024 Budget Message
3	Plan and Implement an Enterprise Resource Planning (ERP) System	FIN/CMO	In-Progress	As of December 2023, all financial activities, including payroll, accounts payable, and budgeting, have successfully migrated to the new system. Staff members are already noticing significant improvements in efficiency and data accessibility. This transition reflects a massive undertaking citywide, and we are nearing the final stages of implementation. Despite encountering some obstacles, this project is an unmitigated success, especially when considering the scale of change.
4	Focus on Staff Morale, Retention, Recruitment & Succession Planning			
4.1	Update the City's Personnel Policies and Procedures	CMO - HR	In-Progress	Draft document prepared. Citywide management and employee review process, including meet and confer elements, estimated to begin January 2024. Target Completion: Fall 2024. Effort supported by consultants, outside legal. Due to labor negotiations, this project has been placed on hold until contracts are closed. Will continue Q3 of this FY.
4.2	Launch Health & Wellness Initiative	CMO - HR	Complete	Launched outreach for virtual employee seminars; on-site health and wellness events in October 2023. Annual employee hybrid seminars are confirmed through December 2024. Staff are in the process of collecting employee data to improve moral. These programs will allow the team to collaborate and focus on team building which is what we need to become a successful team! The City is fully committed and invested in our staff's mental health. The program includes topics such as Self-Development: The Road to Balance Your Work & Family Life, Communication, Creating Healthy Teams, Health & Wellness. Digital Distractions: Use Technology, Don't Let it Use You, etc. This project launch is complete and the work is now operational.
4.3	Update the City's recruitment process	CMO - HR	Complete	Standardized operating procedures for the hiring process. Completed April 2023

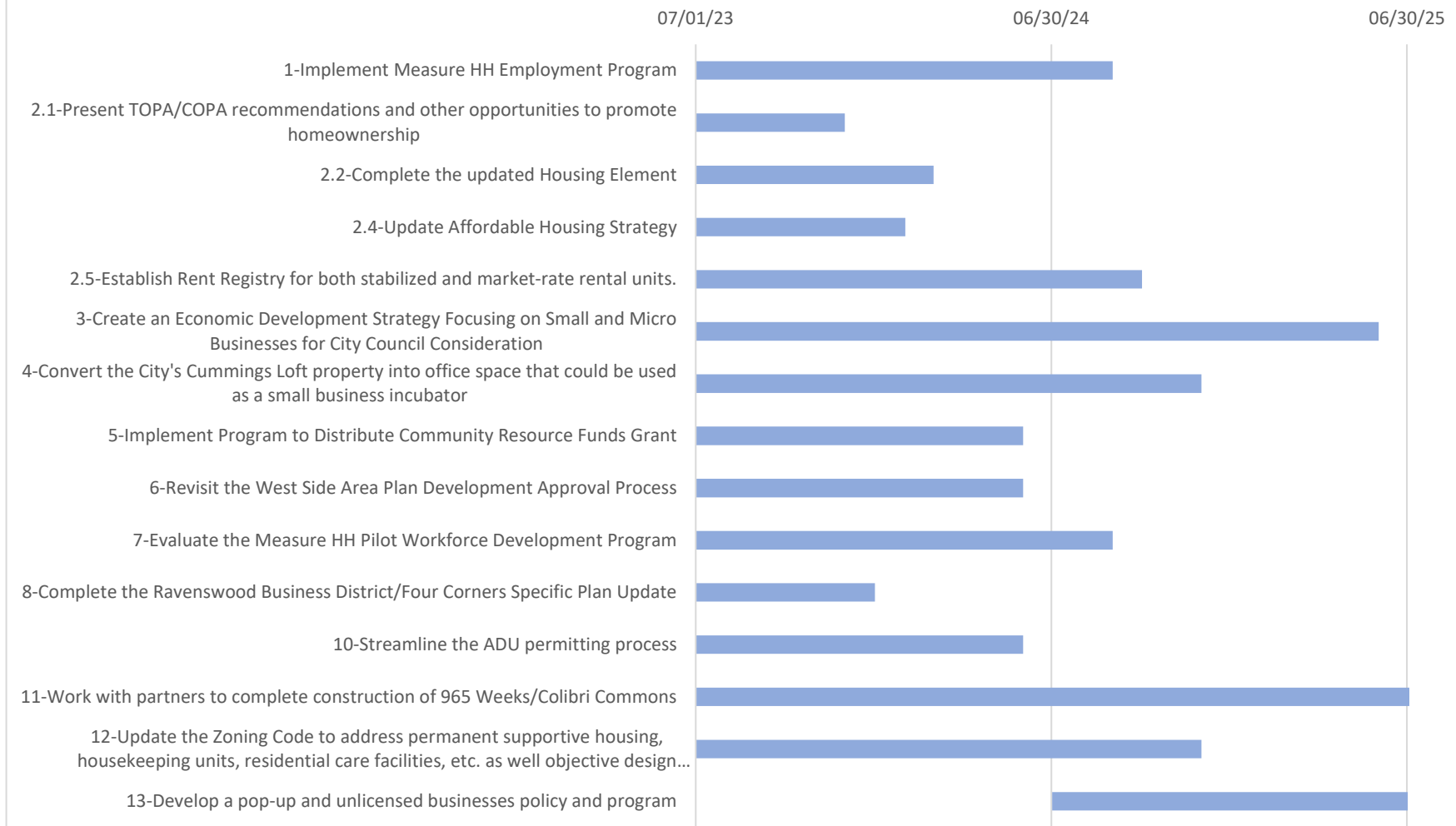
4.4	Develop and Launch an Employee Training and Development Program	CMO - HR	Complete	Primarily consists of revamping employee orientation process, standardizing and auditing regulatory training requirements. New orientation standards implementation November 2023. Standardizing training implemented over six months phases beginning November 2023. The Mandatory and employee training and development programs continue to roll out and improve such as Building & Cultivating Trust as a Leader, Diversity, Equity, and Inclusion (DEI) training series to help foster a culture of respect, understanding, and inclusivity within our organization, FMLA/CFRA/Reasonable Accommodations Overview for Supervisors, Memorandum of Understandings (MOU) Overview, Active shooter, CPR, Earthquake & Fire Drill, and so much more! We are actively seeking feedback from staff to help CMO in developing and incorporating more trainings. This project kick off is complete and is now operational.
4.5	Issue RFP for Compensation Study	CMO - HR	On-hold	Project goal intended to be expanded to include and prioritize near-term capacity studies. Project initiation TBD.
5	Develop an Information Systems Master Plan			
5.1	Coordinate continuation or completion of contract services provided by Redwood City	CMO - IT	In-Progress	Redwood City agreed to a mid-term continuation plan. Staff expanding goal to include issuance of separate RFP to consider options for long-term operational needs. Target RFP Completion: May 2024
5.2	Develop a citywide Information Systems Master Plan	CMO - IT	On-hold	Draft RFP prepared and under review; pending outcome of item 5.1 above.
6	Conduct a process to develop a five-to-ten-year strategic plan	CMO	Proposed	During FY 2024-25, the City would engage in a process to develop a strategic plan beginning in FY 2025-26 that sets long-term strategic priorities but includes short term strategies and projects that would be updated bi-annually. The Strategic Plan would be the basis for the City Council Priorities and the two-year work plan the City Council would adopt for FYs 2025-26 through 2026-27.

Improve the City's Water Infrastructure				
Goal		Lead/Co-Lead	Status	Status Notes
1	Focus on Customer Service and Education			
1.1	Plan for Water System Operations in 2025	CMO/PWD/CAO/FIN	In-Progress	Current Water System Operator lease expires approximately April 2026, and current lease terms are under outside legal review. Project includes multi-departmental consideration of options for long-term operational needs, including RFP for consulting services to consider cost/considerations under differing options. Target Completion: June 2024.
2	Advance Key Water Infrastructure Projects			
2.1	Complete Construction of 12" Water Transmission Line on University Ave.	PWD	In-Progress	Project construction is underway. Target Completion: December 2024
2.2	Complete Construction of Water Intertie at University/Woodland with Palo Alto	PWD	In-Progress	Project construction is underway. Target Completion: October 2024
2.3	Identify Potential Locations for Additional Water Storage	PWD	In-Progress	Staff preparing a request for proposal (RFP) to conduct a water tank siting study and provide analysis of options for water storage capacity of 3+ million gallons. Target Council Presentation: January 2025.
2.5	Proactively Design Additional Water Improvement Projects	PWD	On-hold	This project involves working with the City's on-call consultant to design priority 1A water infrastructure projects identified in the Water Master Plan. This activity will begin upon completion of construction of the 12" watermain on University Avenue. (See 2.1 above)
3	Develop a Water Infrastructure Financing Plan	CMO/PWD/FIN	In-Progress	The City received \$800,000 from the US Environmental Protection Agency through in FY 2023 Congressionally Directed Spending (FY 2023 Omnibus Appropriations Bill). The City will use these funds to hire a consultant to develop a water infrastructure financing plan that will outline an effective strategy for the City to leverage existing resources such as water capital improvement fees paid by ratepayers and grant funds to pay for needed water system improvements
4	Develop a water asset management database	PWD	In-Progress	Update all water related assets into a GIS and asset management software system. (Goal – to be complete with the first phase by Q4 23/24). The project will continue through FY 24/25 to establish other layers.

Develop and Implement a Comprehensive Facilities Plan				
Goal		Lead/Co-Lead	Status	Status Notes
1	Coordinate with the Library District to Advance a New Library for East Palo Alto			
1.2	Complete Library Design	PWD	In-Progress	City was awarded, a \$1.5M grant for design of the Library. The City Council awarded a design contract to Noll and Tam Architects and design will begin in April 2024.
1.1	Work with the SMC Libraries to identify and implement a comprehensive funding strategy for library construction	CMO	In-Progress	Rough construction estimates are approximately \$40M. The City has not secured funding yet. The City unsuccessfully applied for a \$10M State grant. The City continues to partner with SMCL and the SMCL Foundation on efforts to fundraise for library construction. This includes participation in a fundraising task force and helping conduct a fundraising feasibility study led by Lotus consulting. Lotus will present fundraising feasibility study in late April 2024.
2	Investigate Options for Developing County Vacant Property Located on Beech Street			
2.1	Endeavor to Finalize Acquisition of County-Owned Beech Street Property	CDD - Planning/CMO	On-hold	While in the final phase of property exchange and acquisition details, SMC informed the City they are no longer interested in swapping Beech Street for 2277 University because they don't believe 2277 University is feasible for housing. The City Manager and County Executive will have further discussions to determine next steps.
2.2	Advance Parks Master Plan Vision for MLK Jr. Park and Beech Street Property	CMO - CS/PWD	In-Progress	City preparing CEQA analysis for Master Plan, including potential Beech Street expansion - estimated Council study sessions in Spring 2024. The property exchange may complicate this (see 2.1 above).
3	Develop a Detailed Strategy for the Location of the Future Police Department			
3.1	Conclude consideration of potential interim or long-term Police Department sites	CMO/PD	In-Progress	The City continues to look for alternative sites for the police department while negotiating a lease extension for 141 Demeter Street. The 219 Demeter Street lease has an extension option that can be exercised.
3.2	Provide the Council recommendations for Police Department sites after October 2025	CMO/PD	On-hold	On hold pending completion of 3.1 above. Site recommendations may include closed session presentation and negotiation.
3.3	Implement necessary actions to enable police department operations after October 2025	CMO/PD	On-hold	On hold pending completion of 3.1 above; however, the improvements to 141 Demeter Street are in-progress as those are necessary for the facility to be useful for the remainder of the existing lease.
4	Complete the City Hall Improvements Planning Process			
4.1	Resolve County consideration of 2415 University for City's exclusive or shared use	CMO	In-Progress	The City Manager is scheduled to discuss this matter with the County Executive in April 2024.
4.2	Investigate potential partnership opportunities with future development projects	CDD/CMO	On-hold	On-hold pending completion of RBD Specific Plan, including related Impact Fee Study implications. Current economic conditions estimated to impact timing of available opportunities.
4.4	Bid and construct the City Hall TI at the former police evidence room	PWD	In-Progress	Workspace currently under County HVAC renovations. Staff is considering bidding this project together with PD and Tate facility improvements. Construction project estimated to begin Summer 2024.

Enhance Community Services and Parks for Residents				
Goal		Lead/Co-Lead	Status	Status Notes
1	Foster Community Cultural Events & Activities			
2	Completion and Implementation of the Parks Master Plan			
2.3	Advance Design of Martin Luther King, Jr. (MLK) Park Expansion Project	CMO - CS	In-Progress	Refer to Goal 2.2 above under "Develop and Implement a Comprehensive Facilities Plan".
2.4	Advance Design of Bell Street Park Project in Partnership with Magical Bridge Foundation	CMO - CS	On-hold	Plan Phase I complete and project re-scaled and considered with community outreach. Phase II - on hold to consider best program outcomes.
2.5	Consider a pilot dog park program at an existing park or under utility power lines	CMO - CS	In-Progress	This sub-goal primarily is being considered with the MLK Park Expansion Plan. Refer to Goal 2.2 above under "Develop and Implement a Comprehensive Facilities Plan". For other potential sites, staff plans to engage community and vet potential options. Target Report Date: Spring 2024.
3	Focus on Youth Engagement			
3.1	Consider establishing a Youth Commission and/or youth appointees to City Boards/Commissions	CMO - CS	In-Progress	Staff is in the process of releasing an RFP for consultation that will comprehensively address the needs of a Youth governing body in the City. Following this 45-60 day selection process, staff will begin laying the framework for what an advisory body will look like by seeking community engagement. It is anticipated that this will take place until October 2024. At that time, Staff will return to Council with robust community input on the next steps to launch a Youth Advisory Body.
3.2	Strengthen partnerships with outside organizations for comprehensive focus on youth issues	CMO - CS	On-hold	Given the success of partnerships with organizations like: YMCA, EPACenter for the Arts, YCS, Foundation for a College Education, and others through our Summer Park Activation program, staff is constantly seeking the input of youth-focused organizations. More efforts will be underway during the process of establishing a Youth Advisory Body. It is the intention of staff to introduce two events that are specifically focused on Youth in the Job Shadow Day in Summer 2024 and Youth Summit in Fall 2024.
4	Engage with Community & Partner Agencies to Improve Educational Resources/Outcomes			
4.1	Explore Partnerships with School District & Other Entities Regarding Potential Joint Use	CMO - CS	In-Progress	Staff is in discussion with RCSD to explore shared interests and potential financial options. Seeking shared facilities agreements with RSD. The City received congressional funding for Ronald McNair Field which will help advance discussions. Target Report Date: Fall 2024.
5	Construct the Joel Davis Park restroom	PWD	In-Progress	Restroom construction to be complete by May 2024.
6	Secure Bay Trail access at Rutgers Street	CMO - CS/PWD	In-Progress	Staff from the Public Works and Community Services initiated the work in January 2024 with SFPUC to explore the creating a pedestrian pathway at the Rutgers St. Bay Trail entry. Following the approval, Staff began conversation with Mid-Peninsula Regional Open Space District who also has easements in place at the area to determine feasibility of placing an entry point. Staff is currently in the design phase of the gate for final approval from SFPUC. Pending this approval, staff will be able to begin the construction phase in late summer/early Fall 2024.
7	Implement a program that activates parks, promotes public health and public safety, similar to the FIT Zone program.	PD/CMO - CS	Proposed	The original FIT Zone Program was fully funded by grants. Following the original model, re-launching FIT Zones would not be feasible due to a lack of funding. The model required participation of sworn police officers who were paid overtime through grant funds. The Police Department can work with Community Services Division staff to create opportunities that activate parks, promote public health and public safety; however, it won't be on the scale of the former FIT Zone Program.

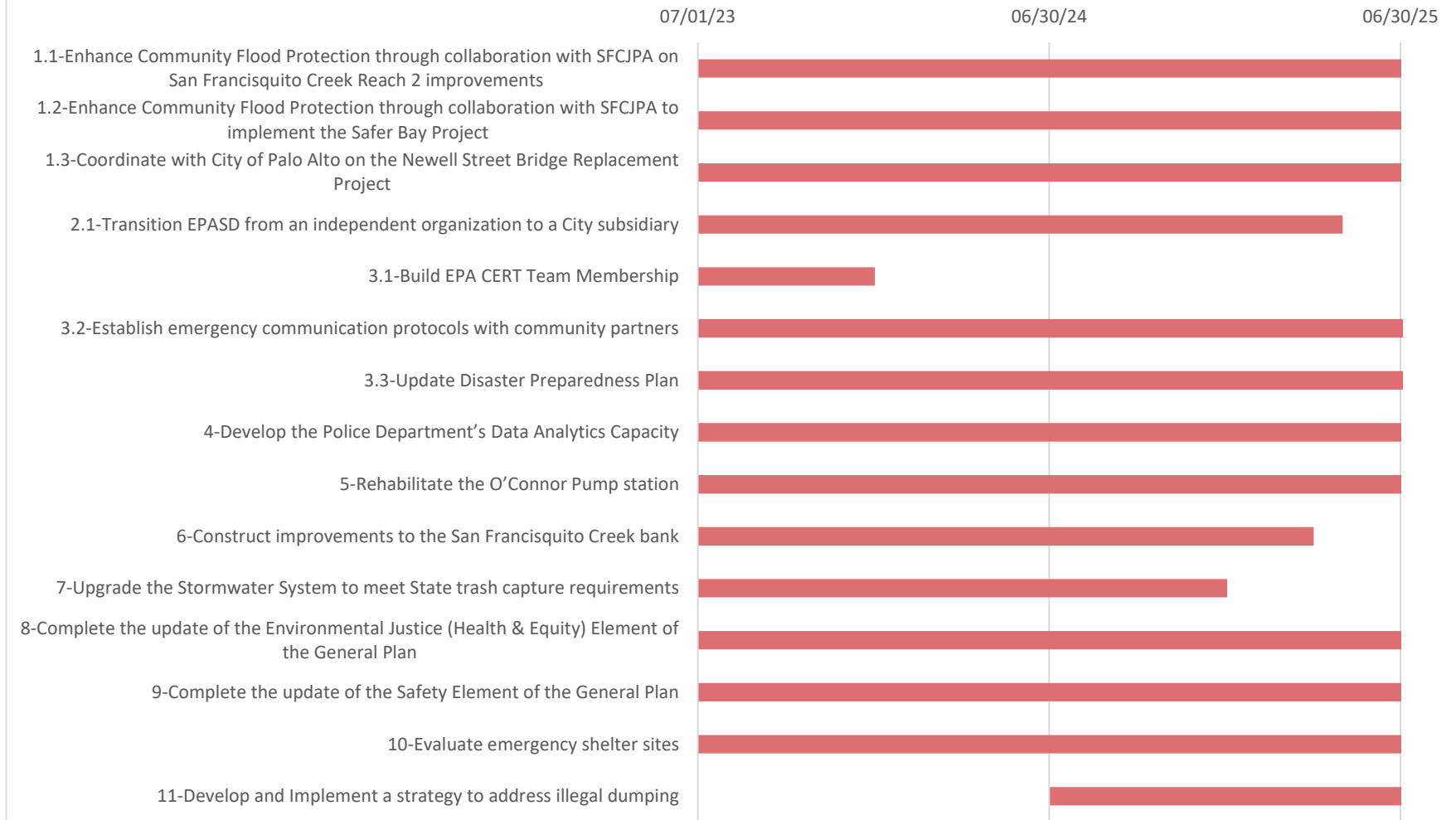
Promote Housing, Economic & Workforce Development



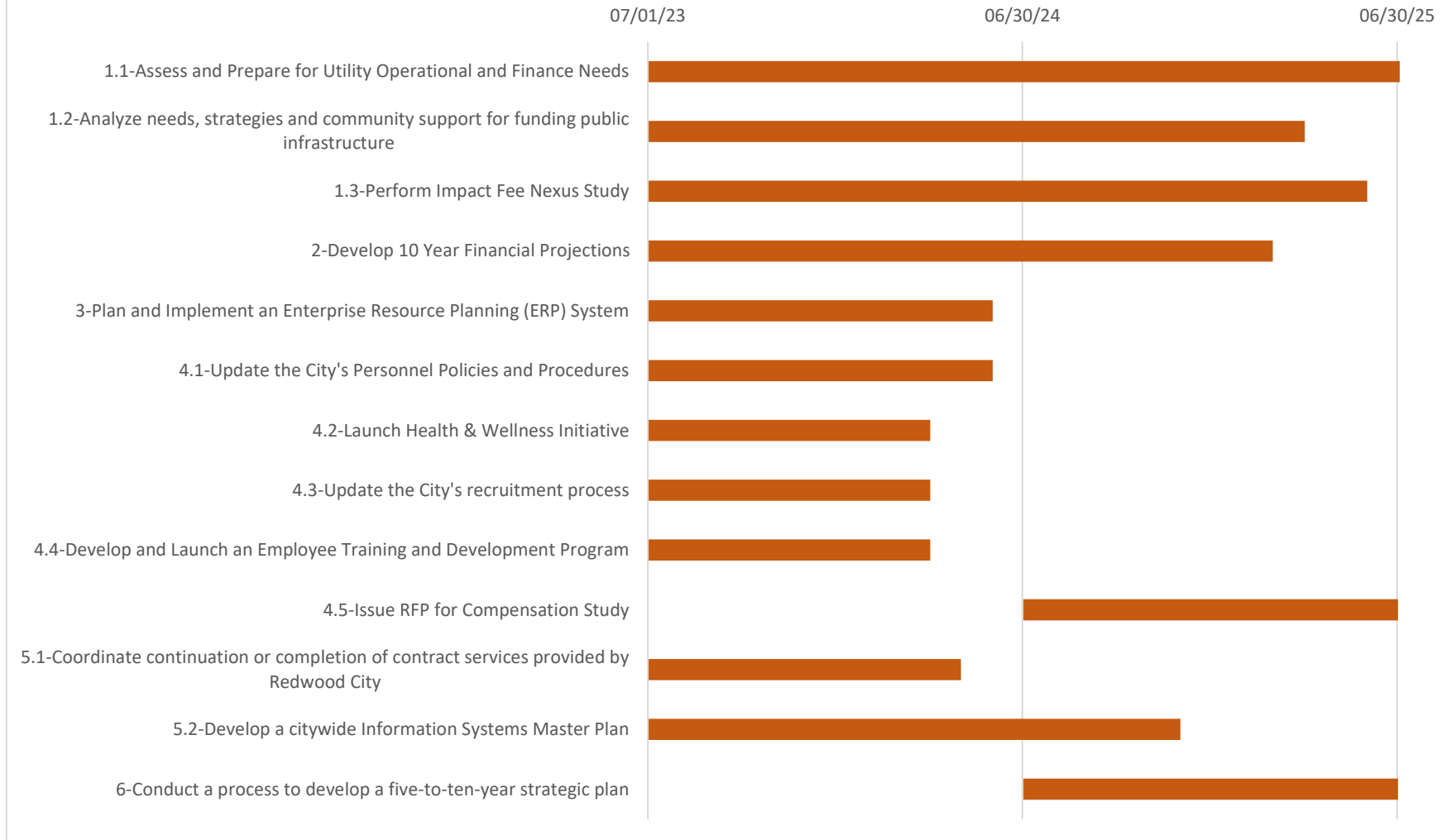
Promote Housing, Economic & Workforce Development



Promote Health & Public Safety



Ensure Fiscal & Organizational Health



Improve the City's Water Infrastructure

07/01/23

06/30/24

06/30/25

1.1-Plan for Water System Operations in 2025



2.1-Complete Construction of 12" Water Transmission Line on University Ave.



2.2-Complete Construction of Water Intertie at University/Woodland with Palo Alto



2.3-Identify Potential Locations for Additional Water Storage



2.5-Proactively Design Additional Water Improvement Projects



3-Develop a Water Infrastructure Financing Plan



4-Develop a water asset management database



Develop and Implement a Comprehensive Facilities Plan

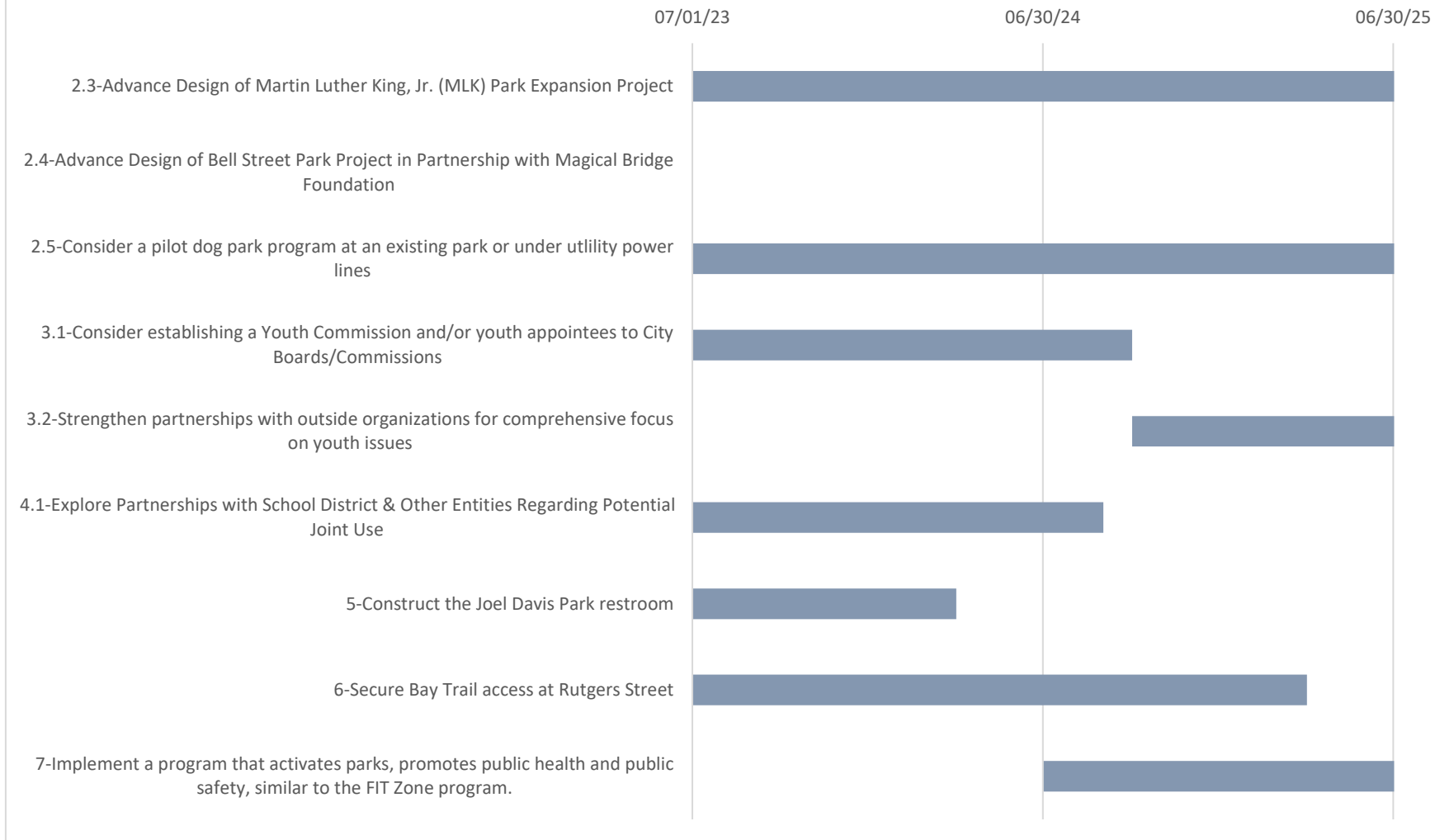
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Enhance Community Services and Parks for Residents





EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: April 16, 2024

TO: Honorable Mayor and Members of the City Council

VIA: Melvin E. Gaines, City Manager

BY: Greg Henry, Senior Management Analyst

SUBJECT: Adopt a Resolution of Intent to Increase Solid Waste Service Rates on July 1, 2024, and each January 1 thereafter through January 1, 2028, and provide Notice of a Proposition 218 Public Hearing Set for June 15, 2024

Recommendation

1. Adopt a resolution of intent to increase solid waste service rates on July 1, 2024 and each January 1 thereafter through January 1, 2028, setting the public hearing date for June 18, 2024, and directing staff to proceed with mailing notices to all service customers; and
2. Direct staff to follow City Policy regarding the Proposition 218 Protest procedure attached to the resolution as “Exhibit A: Guidelines for the Submission and Tabulation of Protests”; and
3. Approve the draft Proposition 218 Notice.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority: Ensure Our Financial and Organizational Health

Background

The City is a member of the South Bayside Waste Management Authority (SBWMA), a Joint Powers Authority (JPA) consisting of eleven¹ member agencies. The SBWMA performs the following functions on behalf of its member agencies:

1. Oversees operation of the Shoreway Environmental Center, in San Carlos, described

¹ Previously 12, however the Town of Atherton left the JPA January 1, 2021.

POLICY AND ACTION 9.3

on their website as, “California’s Greenest Recycling Center and Transfer Station, serves as a national model for sustainable building practices and innovative recycling and material handling operations.”

2. Develops and negotiates on behalf of member agencies the Master Franchise Agreement with Recology, who provides collection services for all members of the JPA.
3. Assists member agencies with administration of their individual franchise agreements for collection services.

Pursuant to an Operations Agreement with the SBWMA, Recology is the City’s solid waste franchise hauling company, providing solid waste collection services including recyclable materials, green waste, and trash under an extended franchise agreement ending December 31, 2035.

The services provided by Recology are only a portion of the City’s total costs comprising solid waste fees paid by customers. The major cost categories which make up the City’s solid waste service rates are:

- Recology Services – contractually allowed costs, plus defined increases/decreases, allowed under the SBWMA Master Franchise Agreement and applied to each Member Agency Franchise Agreement. Recology provides solid waste collection services, including recyclable materials, compostable (green waste) material and trash (landfill materials).
- Disposal & Processing – solid waste activity managed by the SBWMA such as the Ox Mountain Disposal Agreement, Shoreway Operations Agreement, SBWMA staff, and other contracts for composting and processing activities.
- City of East Palo Alto – City-directed costs for local programs, franchise fees, etc.

The total costs of collecting and disposing of solid waste materials increases over time due to intensive production requirements such as land, waste transfer, capital investment, increased environmental regulation and contractual agreements. These costs have increased such that the cost to provide the service now exceeds the solid waste revenues the City receives through solid waste service rates. Staff recommends that the City increase solid waste service rates in order to ensure solid waste services can continue to be adequately provided to East Palo Alto residents and businesses. In order to increase solid waste rates, the City must issue a Proposition 218 Notice.

Analysis

Existing Solid Waste Rates and Billing Process

The City’s solid waste service rates are billed through different methods for residential and commercial customers. Residential rates are placed as a “special charge” on San Mateo County Secured Property Tax bill and are calculated as an annual rate², based upon calendar

² County property tax bills are levied July through June of each year, and collected in two equal installments, the first due November 1, and the second due February 1.



POLICY AND ACTION 9.3

year monthly rates in effect from July 1 to June 30 of each fiscal year. Commercial customers request and pay for monthly services directly with Recology at the service rates set by the City.

Table A below reflects current solid waste rates:

Table A: Current Solid Waste Monthly Service Rates

Residential	1/1/2024	1/1/2025
96-Gallon Trash/Landfill Cart		
64-Gallon Recycling Cart	\$58.19	\$61.09
64-Gallon Compost Cart		
FY24/25 Annual Property Tax Bill	\$715.68	

Commercial	1/1/2024	1/1/2025
1-yard bind, once per week service	\$255.69	\$263.36
2-yard bind, once per week service	\$488.18	\$499.73
3-yard bind, once per week service	\$540.21	\$556.51
1-yard bind, twice per week service	\$420.39	\$433.00
2-yard bind, twice per week service	\$807.41	\$831.63
3-yard bind, twice per week service	\$933.38	\$961.39

Rising Solid Waste Costs

In 2019, the City hired HF&H Consultants (HF&H) to assist in analyzing and recommending solid waste rates. The Council was presented the solid waste study and proposed rates in 2020, but chose to delay rate increases due to the onset of the COVID-19 global pandemic. In 2021, HF&H completed a second study and proposed new rates and on June 15, 2021, the Council adopted Resolution 86-2021. This resolution set a schedule of rate increasing rates beginning July 1, 2021, and each January 1 thereafter through January 1, 2025.

Unfortunately, as is detailed below, cost increases exceeded those projected in the rate study approved June 15, 2021. As a result, the current rates and authorized rate increases are insufficient to fund the current and projected cost to provide solid waste service. Without increasing the current and planned rates, followed by normal regular rate increases, the City will be forced to subsidize solid waste revenue by using the already strained General Fund, which will limit the City Council's ability to fund other programs and projects.

Cost Increases Beyond the 2021 Rate Study

POLICY AND ACTION 9.3

The previous rate study was structured to address cost escalations until December 31, 2025. Unfortunately, circumstances beyond the City's control have led to cost increases surpassing projections laid out in the 2021 study.

Inflation in recent years has surged to levels unseen in over 40 years, directly impacting Recology's adjustment methodology and necessitating higher-than-anticipated rate increases. For instance, Recology deemed an 8.6% overall increase necessary to serve the SBWMA jurisdictions in Calendar Year (CY) 2024, driven notably by a 14.9% surge in the fuel index, following a staggering 40.6% fuel cost increase in CY 2023.

Due to inflationary pressures, rising organic material processing needs, technology upgrades, and higher labor costs, Shoreway's disposal and processing costs have surged under a new operating agreement, leading to a 25.2% yearly cost increase for East Palo Alto. Consequently, the City Council must revise the rate schedule adopted in 2021 to align with the current economic conditions and meet legislative and market demands.

City of East Palo Alto Program Costs 2024

City program costs total approximately \$200,000 and include maintenance and environmental services staff for litter control and helping customers manage their service needs. Currently, there are minimal net increases in City program services since the 2017 rate study.

Projected Cost Inflation

Unless otherwise stated, over the rate period (through CY 2028) the cost of the three major categories is increased by expected inflation. Since February 2020, the Consumer Price Index (CPI) for all items in the San Francisco-Oakland-San Jose area has risen from 291.227 to 345.151. This change represents an 18.5 percent increase which is an annual average of 3.5 percent. However, as noted above, the solid waste sector has had additional price demands, causing inflation that exceeds local CPI. For this reason, cost inflation for both collection and disposal is assumed to be 5% for CY 2025, then 4.5% for CY 2026, followed by 3.5% each year through 2028.

Litter Control Program

One cost element reflected in the City's rates pertains to its local Litter Control program, overseen by the City's Environmental Programs Division. This initiative primarily focuses on outreach and education, aiming to enhance residents' adherence to weekly pickup guidelines. The program targets improvements in resident waste sorting practices, efficient bin packing, and reduction of loose garbage. The overarching objective is to minimize the necessity for collection teams to exit their trucks during routes, thereby reducing the overall cost for the City's solid waste program.

Historically, garbage rates include charges to rate payers to generate revenue of \$300,000 annually for the Litter Control Program. Staff recommends reducing the litter control revenue request to \$300,000 annually to \$200,000 annually from 2024 through 2028. During this period, it is expected that budgeted Litter Control Program costs will range from approximately \$225,000 to \$300,000 annually. It is expected that this would draw down the City's Garbage Fund reserves, but reduce the required rate increases necessary over that period.

Reserves

The litter control revenue and expenses are maintained in the City’s Garbage Fund reserve. This reserve could also be used should solid waste costs exceed revenues and the City needed to make a payment in addition to rate revenue. In FY 2023/24 the Garbage Fund reserve was (\$1.5M). In total projected garbage fund available reserves are approximately \$1,825,000. This includes \$325,000 held by Recology as a rate surplus. In addition to subsidizing the litter control program, this reserve can be used to absorb temporary shortfalls in rate revenue.

Rate Revenue Requirements

Total Rate Revenue requirements (i.e., the amount of revenue needed to cover the cost of operations) are projected to increase from approximately \$6.6M in 2021 to \$8.1M. For rate revenue to reach the projected target expense, total rate revenues need to increase by approximately twenty-two percent (22%) between 2024 and 2028.

Aligning Rates with Related Costs of Service and Operations

HF&H’s rate analysis indicates the need to align revenues with the attributed costs of both residential and commercial customer classes. Staff is recommending a gradual alignment of revenues and costs for residential (through higher increases) and commercial (through diminished increases) customers.

Rate Increase to Meet 2028 Projected Expenditures

Rate increases are designed to match cost inflation. Ideally, inflation (as it was prior to COVID-19), is consistent, allowing for smooth increases. Unfortunately, as detailed above, due to post COVID-19 inflation generally, and cost increases due to California Senate Bill 1383 (SB1383), i.e., capturing and reusing organic waste, specifically, costs have spiked. Therefore, to ensure that customer rates accurately reflect expenses, additional rate increases in July of this year along with a bump to the planned rate adjustments scheduled for January 1, 2025, are needed.

Additionally, cost increases are anticipated to be substantive in the near term. As a result, while previous rates increased around 3% a year, for residential customers, a higher annual increase will be required.

The proposed rate increases begin on July 1, 2024, and are reflected in Table 1 below.

Table 1. Proposed Rate Increases by Customer Class

Class	2024	2025	2026	2027	2028
	7/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential	6.00%	5.50%	5.50%	5.00%	4.50%
Commercial	3.00%	3.00%	3.00%	3.00%	2.50%
Overall Revenue Increase ¹	2.18%	6.38%	4.17%	3.94%	3.46%

1. Overall Revenue Increase includes the impact of the started date of the revenue increase.



POLICY AND ACTION 9.3

The projected financial results are reflected in Table 2 below:

Table 2. Projected Revenue and Expenditures with Proposed Rates

	2024	2025	2026	2027	2028
Revenue	\$6,797,161	\$7,230,667	\$7,532,117	\$7,829,220	\$8,099,930
Costs	\$6,938,464	\$7,275,841	\$7,587,536	\$7,844,830	\$8,107,983
Surplus (Shortfall)	\$(141,304)	\$(45,174)	\$(55,419)	\$(15,611)	\$(8,053)
Cumulative¹	\$(141,304)	\$(186,478)	\$(241,897)	\$(257,507)	\$(265,561)

1. Impact on reserves does not include Litter Control Program costs.

The overall impact for residential customers' annual solid waste bill for the next fiscal year (paid through property taxes) is an increase from \$715.68 to \$760.53. This \$44.85 is a 6.27% annual increase.

By the end of the rate period (July 1, 2024 through December 31, 2028), rates will have increased by 29.45% for residential customers and 15.36% for commercial customers over current rates. Even with these rate increases, the City will need to draw down reserves in order to absorb the \$265,561 projected shortfall through 2028.

Note Regarding Cost Projections

As with any multi-year rate increase program, if revenue requirements increase beyond those projected in the service cost study performed by HF&H, the City will perform an additional cost study and propose new rates. Due to the trailing impact of the COVID-19 pandemic on restaurants in particular; other changing consumer habits; fuel prices; potential - and possibly transitory – inflation; global shipping and commodity scrap price dislocations; and, required implementation of SB 1383– costs projections may be more volatile than experienced in recent history. Staff will monitor costs against expectations over the ensuing five-year period to ensure that rates hew closely, and will return to the Council should additional adjustments (either up or down) to the rates be warranted.

Further, cost projections do not include the expected impact of SB 1383's requirement for collections vehicles to be zero emissions. At this time, the costs are still unknown, and the implementation timeline is uncertain. However, all expectations cause significant rate increases.

Proposition 218 Rate Increase Process

1. Solid Waste rates are subject to the procedural and substantive requirements as set forth in Proposition 218. Proposition 218 was adopted by California voters in 1996 and added Articles XIIC and XIID to the California Constitution. Article XIID governs property-related charges which have been determined to include ongoing utility service charges such as water, sewer, and garbage rates. The procedural requirements of

POLICY AND ACTION 9.3

Proposition 218 include:

Noticing Requirement: The City must mail a notice of proposed rate increases to all affected customers of record. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.

2. Public Hearing: The City must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. Rate Increases Subject to Majority Protest: At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected customers submit written protests against the proposed rate increases, the adjustments cannot be adopted.

Fiscal Impact

It is necessary to increase solid waste service rates to provide resources for operating service expenses. Without rate increases through 2025, the anticipated operational loss for calendar year 2021 is approximately \$242,000 and increases each year up to an anticipated annual loss of \$980,300 by Calendar Year 2025, as follows:

	2024	2025	2026	2027	2028
Revenue	\$6,651,980	\$6,911,637	\$6,911,637	\$6,911,637	\$6,911,637
Costs	\$6,929,096	\$7,256,055	\$7,548,033	\$7,785,346	\$8,030,964
Surplus (Shortfall)	\$(277,116)	\$(344,418)	\$(636,395)	\$(873,708)	\$(1,119,327)
Cumulative¹	\$(277,116)	\$(621,534)	\$(1,257,929)	\$(2,131,637)	\$(3,250,964)

1. Impact on reserves does not include Litter Control Program costs.

If the City does not increase solid waste rates, the existing solid waste reserves would be depleted by 2027. The projected fiscal impact of the proposed rate increases are shown in Table 2 above.

Public Notice

The proposed rate increases will be presented to the City Council at the regular April 16, 2024, City Council meeting. Should the Council choose to go forward in the process, following that meeting, staff will issue notices informing the public and their right of protest. A public hearing is planned for June 18, 2024, no less than 45 days following the mailing of the ballot.

Staff are recommending that notices be issued in English and Spanish. The recommendation of the City Clerk is that translations to be completed by certified translators.

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

 **POLICY AND ACTION 9.3**

activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Government Code § 84308

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

Analysis of Levine Act Compliance: Not applicable.

Attachments

1. Resolution.
2. Exhibit 1. Guidelines for the Submission and Tabulation of Protests
3. Proposed Proposition 218 Notice English

RESOLUTION NO. XX– 2024

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

**OF INTENTION TO INCREASE SOLID WASTE SERVICE RATES ON JULY 1, 2024,
AND EACH JANUARY 1 THEREAFTER THROUGH JANUARY 1, 2028, SETTING A
PUBLIC HEARING ON JUNE 18, 2024, TO CONSIDER NEW OR INCREASED SOLID
WASTE COLLECTION SERVICES RATES, AND DIRECTING STAFF TO PROCEED
WITH MAILING NOTICES TO ALL SOLID WASTE SERVICE CUSTOMERS**

WHEREAS, the City of East Palo Alto (“City”) is a member of the South Bayside Waste Management Authority (“SBWMA”), a Joint Powers Authority (“JPA”); and

WHEREAS, Recology provides residential solid waste, organics, and recyclable materials collection services (collectively “solid waste”) under amended franchise agreement extended through the period ending December 31, 2035; and

WHEREAS, the total costs of City solid waste collection services also include solid waste disposal and processing fees, and local litter control; and

WHEREAS, the 2021 Rate Application reflected that the City is estimated to incur a revenue shortfall of \$243,800 in calendar year 2021; and

WHEREAS, HF&H rate consultants performed a study of the current estimated and projected costs of solid waste services supporting the need to increase rates as set forth in the report and other information presented to City Council during deliberations on the matter; and

WHEREAS, the rate changes will help ensure the health and safety of the community while supporting the City’s financial capacity; and

WHEREAS, the City Council intends to adopt the proposed rate increases for periods effective July 1, 2024 and each January 1 thereafter through January 1, 2028 following the procedural requirements of Proposition 218, Article XIID, Section 6 of the California Constitution; and

WHEREAS, the City Council directs City staff to adhere to Council Policy establishing procedural guidelines for the submission and tabulation of protests, attached hereto as Exhibit A “Guidelines for the Submission and Tabulation of Protests.”

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

1. Finds the foregoing recitals are true and correct, and are incorporated by this reference into this action; and
2. The City Council hereby initiates proceedings to adopt solid waste rate increases on July 1, 2024 and each January 1 thereafter through January 1, 2028; and
3. The City Council hereby fixes the 18th day of June 2024 at 7:30 pm at the Chambers of the City Council, City Hall, 2415 University Avenue, East Palo Alto California, as the time and

place for a public hearing (“Public Hearing”) on the proposed solid waste collection rate increases; and

4. The City Clerk is instructed to provide notice of the proposed solid waste rate increases in conformity with Proposition 218; and
5. At the Public Hearing, the City Council shall consider all objections or protests, if any, to the proposed solid waste rate increases, and any person shall be permitted to present written or oral testimony. Although oral comments at the Public Hearing will not qualify as formal protest, the City Council welcomes community input during the Public Hearing; and
6. At the conclusion of the Public Hearing, all protests submitted will be tabulated in conformity with the City’s tabulation guidelines, which is attached hereto and incorporated by this reference as Exhibit A; and
7. A majority protest exists if protests are submitted in opposition to the proposed solid waste rate increases by a majority (50% plus 1) of residential property owners and commercial service customers; and
8. If there is a majority protest against the imposition of the solid waste rate increases, the City Council shall not adopt the rate increases; and
9. Finds that the proposed action does not constitute a “project” with the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines sections 15378(b)(4) and (5) in that it is a governmental fiscal, organizational or administrative activity that will not result in direct or indirect changes in the environment.

PASSED AND ADOPTED this 16th day of April 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Antonio D. Lopez, Mayor

ATTEST:

APPROVED AS TO FORM:

James Colin, City Clerk

John D. Lê, City Attorney

Guidelines for the Submission and Tabulation of Protests

When notice of a public hearing with respect to a service rate increase, such as for water or solid waste collection service, has been given by the City pursuant to Article XIID, Section 6 of the California Constitution, the following shall apply:

SUBMISSION OF PROTESTS

1. Any property owner or customer/ratepayer may submit a written protest to the City Clerk, either by mail or delivery to EPA Government Center, 2415 University Avenue, East Palo Alto, CA 94303-1164 or by submitting the protest at the public hearing. Protests must be received by the end of the public hearing. No postmarks will be accepted.
2. Each protest must be in writing and must state that it is a protest (or indicate opposition to the proposed rates) and include the following information: (i) the name of the owner or customer/ratepayer submitting the record, (ii) the street address or assessor's parcel number of the parcel (or service location) for which the protest is submitted, and (iii) the signature of the person submitting the protest.
3. Email or facsimile protests cannot be accepted. Although the City Council welcomes input from the community during the public hearing on the proposed fees, oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest.
4. If a parcel receiving service is owned by more than one record owner; if more than one name appears on the City's records as the customer/ratepayer for the parcel; or if the customer/ratepayer is not the record owner, any owner or customer/ratepayer may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that parcel.
5. A protest by a property owner that is a trust must be signed by the Trustee and identified as such with the signature (i.e., John Smith, Trustee for Smith Family Trust). Protests by property owners that are corporations, partnerships, or similar entities must be signed by a person authorized to execute documents on behalf of the property owner. A property owner that is not shown on the last equalized assessment roll for a parcel must accompany the protest with evidence of ownership.
6. Any person who submits a protest may withdraw it by submitting to the City Clerk a dated written request that the protest be withdrawn. The withdrawal of a protest must contain sufficient information to identify the affected parcel and the name of the record owner or record customer/ratepayer who submitted both the protest and the request that it be withdrawn.
7. A fee protest proceeding is not an election.
8. To ensure transparency and accountability in the fee protest tabulation, protests shall constitute disclosable public records from and after the time when they are opened by the City at the public hearing. Protests will be retained by the City for three years and then may be destroyed.

TABULATION OF PROTESTS

1. The City Clerk, or designee, shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if s/he determines that any of the following conditions exist:
 - a. The protest does not identify a parcel that will be subject to the proposed fees.
 - b. The protest does not bear an original signature of a record owner or customer/ratepayer associated with the parcel.
 - c. The protest does not state its opposition to the proposed fees or is illegible.
 - d. The protest has been altered in any way by someone other than the person who signed it.
 - e. The protest was not received by the City Clerk before the close of the public hearing on the proposed fees.
 - f. A request to withdraw the protest was received by the City Clerk prior to the close of the public hearing on the proposed fees.
 - g. The protest or request for withdrawal is dated prior to the date of mailing of the notices of hearing on the proposed fees.
2. The City Clerk's decision that a protest is not valid shall constitute a final action of the City and shall not be subject to any internal appeal.
3. A majority protest exists if written protests are timely submitted and not withdrawn by owners or customers/ratepayers with respect to a majority (50.0% plus one) of the parcels subject to the proposed fee.
4. A majority protest also exists if written protests are timely submitted and not withdrawn by customers/ratepayers with respect to a majority (50.0% plus one) of the service locations (customer accounts) subject to the proposed fee.
5. At the conclusion of the public hearing, the City Clerk shall count all protests received, including those received during the public hearing, and shall report the results to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels served by the City with respect to the fee which is the subject of the protest, then the City Clerk may advise the Council of the absence of a majority protest without determining the validity of all protests.
6. If, at the conclusion of the public hearing, the Clerk determines that s/he will require additional time to count the protests, s/he shall so advise the Council, which may adjourn the meeting to allow the count to be completed on another day or days. If so, the Council shall declare the time and place of the count, which shall be conducted in a place where interested members of the public may observe the counting, and the Council shall declare the time at which its meeting shall be resumed to receive and act on the report of the Clerk.

Public Notice

CITY OF EAST PALO ALTO

PROPOSED INCREASES TO SOLID WASTE SERVICE RATES

NOTICE OF PUBLIC HEARING

7:30 p.m.

June 15, 2021

City Council Chambers

2415 University Avenue, East Palo Alto

The City of East Palo Alto is currently reviewing solid waste service rates. The City charges these rates to solid waste service customers in order to fund the costs of providing safe and reliable service. At the date, time and place set forth above, the City Council of the City of East Palo Alto will hold a public hearing regarding the proposed rate increases described in this notice.

Purpose of the Notice

You are receiving this notice because you are a customer of the City of East Palo Alto Solid Waste Collection System. Residential customers pay for services as part of the annual property taxes while commercial customers pay for services directly to the City's contractual solid waste collections operator, at the rates adopted by the East Palo Alto City Council.

Proposed Rate Schedule

Garbage Rate Schedule	Effective Date					
	Current	7/1/2024	1/1/2025	1/1/2026	1/1/2027	1/1/2028
Residential						
Percent Increase		6.00%	5.50%	5.50%	5.00%	4.50%
96 Gallon Bin	\$58.19	\$61.68	\$65.07	\$68.65	\$72.09	\$75.33
Commercial						
Percent Increase		3.00%	3.00%	3.00%	3.00%	2.50%
1 YD Bin x 1 Week	\$255.69	\$263.36	\$271.26	\$279.40	\$287.78	\$294.98
2 YD Bin x 1 Week	\$488.18	\$502.83	\$517.91	\$533.45	\$549.45	\$563.19
3 YD Bin x 1 Week	\$540.21	\$556.42	\$573.11	\$590.30	\$608.01	\$623.21
1 YD Bin x 2 Week	\$420.39	\$433.00	\$445.99	\$459.37	\$473.15	\$484.98
2 YD Bin x 2 Week	\$807.41	\$831.63	\$856.58	\$882.28	\$908.75	\$931.47
3 YD Bin x 2 Week	\$933.38	\$961.38	\$990.22	\$1,019.93	\$1,050.53	\$1,076.79

Residential Annual Property Tax

The following table is the result of the proposed fees as shown in the table above.

Annual Property Tax Bill for Residential Customers					
	Current				
	FY24/25	FY/24/25	FY25/26	FY26/27	FY27/28
96 Gallon Bin	\$715.68	\$760.53	\$802.36	\$844.43	\$884.49

Basis of the Proposed Rates

Recology San Mateo County provides solid waste collection services, including refuse, recyclable materials and compostable (green waste) materials, under a fifteen-year amended franchise agreement with the City of East Palo Alto. Service costs also include waste disposal and processing, and local program fees. Each year, Recology submits a rate application to the South Bay Waste Management Authority ("SBWMA") – a joint powers authority consisting of twelve members within the County of San Mateo. The 2024 Rate Application submitted by Recology and approved by the SBWMA Board of Directors on September 28, 2023, reflects that the City's current rates do not cover the contractual costs of service for 2024. Further, upon comparison of residential and commercial costs and rates – residential costs require higher increases in order to align rates with costs over a period of time. Therefore, the proposed rate increases are the result of several factors, including: post COVID-19 inflation; compliance with State Bill 1383, specifically the organic disposal requirements; the new agreement with operator of the Shoreway transfer station.

Proposition 218 and the Rate Protest Process

Article XIII D, Section 6(b) of the California Constitution sets forth substantive requirements for property-related fees. In abbreviated description those requirements include that: (1) revenues derived shall not exceed the funds required to provide the service, (2) revenues shall not be used for any other purpose, (3) charges shall be proportional, (4) a fee for service may only be imposed for services immediately available, and (5) no charge may be imposed for general governmental services.

You are invited to provide oral or written testimony at the public hearing. You also have the right to file a formal written protest against the proposed increases. A formal protest must be in writing, must be signed by the customer or property owner, must indicate the address, account number or assessor's parcel number for which it is submitted, and must indicate that it is a solid waste service rate protest. If the City Council receives protests with respect to a majority of the parcels served by the City Solid Waste Service System, or receives protests from a majority of customers, then it will not approve the increase. Protests may be mailed or delivered to the City at Solid Waste Service Rates, City Clerk, City of East Palo Alto, 2415 University Avenue, 2nd Floor, East Palo Alto, CA 94303, or may be presented at the hearing. Protests must be received by the close of public comment at the hearing in order to be counted. The City will follow its Procedures for the Acceptance and Tabulation of Written Protests (available at City Hall, 2415 University Avenue, 2nd Floor, East Palo Alto, from the City Clerk's Office or via email: wsolorzano@cityofepa.org) in handling and counting protests.