



POLICY AND SERVICES COMMITTEE

Regular Meeting
September 13, 2011

Roll Call

Chairperson Price called the meeting to order at 7:34 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Burt, Klein, Holman, Price (Chair)

Absent:

1. Oral Communications

None

Agenda Items

2. Capital Projects Percent for Art Policy Exemption and Planning Procedures.

Management Specialist, Elise DeMarzo stated Staff brought this item to the Policy and Services Committee (P&S) on July 12, 2011 for discussion. The item was being revisited and P&S requested to refine the policy language. Contained in the Committee Members' packets were the edits submitted from the first visit along with the second set of edits, which were minimal. The Committee asked to incorporate language regarding architectural elements. The word "substantial" was deleted from "substantial new construction" and a \$200,000 dollar amount threshold was added to identify when the Percent for Art Policy should go into effect. Edits to the policy were reviewed by the Committee for acceptance and approval.

MOTION: Council Member Klein moved, seconded by Council Member Burt, that the Policy and Services Committee recommend that the language in the Percent for Art Policy be expanded and clarified to clearly state that project managers for all projects with any visual impact and a construction budget over

\$200,000 must contact the Public Art Commission Liaison to determine whether or not a project is exempt from the policy.

Council Member Klein stated he agreed to the language change made to the policy and asked Ms. DeMarzo if she was familiar with the copyright issue.

Ms. DeMarzo said she was familiar with the issue and it would not hinder moving forward.

Council Member Burt stated he was in agreement with the language revision.

Council Member Holman stated the Public Art Commission (PAC) was the only Commission that did not have a reporting mechanism to the Council and asked to discuss the issue.

Council Member Klein stated the issue was not agendaized and could not be discussed at this evening's meeting.

AMENDMENT: Council Member Holman moved, seconded by Council Member XXX to agendaize the consideration of a reporting mechanism for projects to the City Council.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Ms. DeMarzo stated that projects \$80,000 and above needed the Council's approval.

Council Member Klein asked if she was referring to all of the Public Art Commission's work.

Council Member Holman said she thought the threshold was less than \$80,000.

Council Member Burt asked if Council Member Holman was referring to all public artwork or City projects.

Council Member Holman stated she was referring to all City artwork and wanted to have a discussion regarding the threshold and criteria for bringing artwork projects before the Council.

Chair Price asked how the Council was informed on the projects as they moved forward.

Ms. DeMarzo stated it was done on a case-by-case basis. She said projects \$80,000 and above required the Council's approval. Information that pertained

to a project was forwarded to Director of Community Services Division (CSD) and forwarded to the City Manager regarding status of the project and who was under contract for the project. A Staff Report was generated on high profile artwork such as the California Avenue Fountain for the Council to review.

Chair Price asked Council Member Holman to clarify her Amendment.

Council Member Holman stated she withdrew her Amendment because it needed to be under a separate discussion.

MOTION PASSED 4-0.

3. Review and Recommendation from the Policy and Services Committee on Emerging Technologies Pilot and Demonstration Partnerships

Economic Development and Redevelopment Manager, Thomas Fehrenbach gave a Staff presentation and asked the Policy and Services Committee to recommend the Council adopt a Resolution to approve a policy entitled: *Emerging Technologies Pilot and Demonstration Partnerships*. He stated the City was engaged in many pilots or demonstration projects, especially in Public Works and Utilities Departments. There were other departments that were involved in similar projects. The intent of the policy was to establish a framework to engage and evaluate projects pertaining to emerging technologies with potential benefits to improve services, advance sustainability, and provide for economic development goals. Additionally, it would streamline the process and minimize the City's exposures to risk. While there would be Staff impacts, the concept would be to minimize wasted efforts by making the process efficient, strategic, and interdepartmentally coordinated. He said the proposed procedure would have an application and the Economic Development and Redevelopment Manager would be the interim coordinator of the program. The individual would coordinate with the departments to evaluate the candidates that met the criteria outlined in the policy. Work would begin with the application and move forward to a scope of work, which would include timelines and measurements with the partnering company. Staff would assist with the work to determine City resources. The scope of work would be presented to the department head or City Manager for Council's approval. Staff was in the process of formalizing a standardized agreement to be reviewed by the City Attorney. The standardized agreement would be used instead of establishing a new Public-Private Partnership contract for each project. The program would move forward with timelines to determine the success of the project and a report would be generated to show the outcome of the project.

Council Member Klein asked how the partnership with People Power was being funded and what the City was getting in return.

Mr. Fehrenbach stated the City had made a \$7,500 payment to partially fund the project that involved legacy utility meters.

Council Member Klein asked what the City was getting in exchange.

Mr. Fehrenbach stated the City would be connected with innovative technology.

Senior Resource Planner, Debbie Lloyd stated a budget had been established to support the research and development of the program. A public benefits charge was collected through the gas and electric rates. The project would look at new technologies, energy gains, user interaction in getting real time information and control on electricity.

Utilities Advisory Board Chair, Jon Foster stated People Power would place a device in the home or office that would track energy use in real time. The \$7,500 would pay for the devices.

Council Member Klein asked if homes and offices were allowed to keep the device.

Mr. Foster stated that probably would be the case but would look into the matter.

Council Member Burt asked if the City would want to team up with People Power and scale up if the project was successful.

Ms. Lloyd stated that could be a possibility. The process would be to issue a Request for Proposal (RFP) to see if there were other companies that could provide the same service.

Council Member Burt asked about the potential value of the project and if it was to help facilitate cooperation on innovate technologies that was environmentally progressive. He said the City may want to consider pursuing a collaborative relationship through the normal process if the project was successful. He suggested going forward with a RFP to see if a vendor could meet certain objectives through that technology.

Ms. Lloyd agreed and that criteria would be evaluated. The policy had not yet been reviewed by the Utilities Advisory Commission (UAC) and was being agendized for the next UAC meeting. She said other cities used the technology and the criteria they established seemed to work.

Mr. Fahrenbach stated the technology was based on behavioral ideas to get people to reduce energy usage that would help reach the City's sustainability

goals.

Council Member Klein asked when would be the appropriate time to spend the money compared to Staff time and use of City property. He noted there was an agreement for providing funds and a different agreement for using City property for demonstration purposes. He questioned the use of a standard agreement.

Mr. Fahrenbach suggested drafting a couple versions of a standard agreement.

Council Member Klein asked if the City would have rights to the product once an investment was made. He said the guidelines stated that projects \$85K or greater required the Council's approval. He agreed with the principle but questioned the number of projects signed off by the City Manager and asked where the budget line item was for those projects.

Mr. Fahrenbach stated he envisioned the pilot to begin with projects in the Utilities or Public Works Department. The Utilities Department had a budget to help enhance the project.

Council Member Klein stated he liked the idea but needed to refine budget guidelines. He referred to the statement "*framework to engage in temporary partnership opportunities to advance City priorities and addresses obstacles facing nascent companies.*" He stated nascent technologies often were produced by existing companies.

Mr. Fahrenbach stated that was a good point.

Council Member Klein stated the draft policy noted "*to make available temporary use of City-owned land, facilities, equipment, rights-of-way and data.*" He questioned privacy issues regarding the use of City data. The policy would need to build in clauses to protect improper use of City data; restriction and entitlement regarding the use of City-owned land and right-of-ways for public use, and to provide financial assistance and/or absorb costs for implementation of the project. He referred to the statement "*Pilot Project referred to a product, process, service, or information technology that was currently available in the U.S. market place.*" He asked if the statement should have read "not currently available". He said a project that was considered available would no longer be a pilot.

Mr. Fahrenbach stated his understanding was that a pilot project referred to a product that was available, that had hit the market, but not yet mainstreamed.

Council Member Klein stated he did not agree with the definition and suggested

adding verbiage for clarification.

Council Member Klein stated he wanted to make clear that anything with risks needed to come to the Council. The Council needed to be informed on the progress of the projects especially projects signed off by the City Manager.

Mr. Fahrenbach stated that was the intent and was noted in Item 7 of the policy under Responsibilities. He said the role of the Demonstration Partnership Coordinator would be to be aware of and compile all of the projects into a report. He said current pilot projects did not have a good mechanism to close the loop on the success of a project.

Council Member Klein asked if the impetus for this was businesses approaching the City regarding projects.

Mr. Fahrenbach stated there were many requests, which was the main reason for drafting a process.

Council Member Holman stated she was uncomfortable with the policy. It appeared as though the City was acting as an angel investor. She was concerned the public would have the same reaction. She said the policy was not well crafted and it was premature to come to the P&S Committee. She asked if a Demonstration Partnership Coordinator was an added Staff position and what the positive impacts in terms of economics would be. She questioned why the City did not try to partner an innovative company with local businesses to help increase their sales.

Mr. Keene stated the local business issue was a separate conversation and not part of the proposal. The process was to coordinate requests and decisions that were made in the organization and to experiment with something new. The intent was to explore opportunities to support the City's identity from a business perspective as a center of innovation and to explore potential benefits for the City. The process was being brought forward for transparency in what the City was trying to accomplish along with a policy.

Council Member Holman stated the boundaries described by Mr. Keene was not what she heard earlier. The City could engage in opportunities at any given time.

Mr. Keene stated that opportunities were turned away because the City did not have a process to handle the project.

Mr. Fahrenbach stated a policy would enable the City to explore options that could help local businesses and sales tax.

Council Member Burt stated there was confusion when the proposed policy was brought to the Committee as a draft with a recommendation for the Council's approval. He said it was fitting that the policy did come to the Committee as a draft because it gave the opportunity to provide feedback that could not have been done without this process. He asked if there were other cities that had programs along these lines.

Mr. Fahrenbach stated the City of San Jose. He said he was working with Sheila Tucker, Assistant to the City Manager, who used to coordinate the program for the City of San Jose.

Council Member Burt asked how this draft compared to their program.

Mr. Fahrenbach said it was similar. Staff used the City of San Jose's program as a base model in drafting the policy.

Council Member Burt stated his sense of the program was about innovative technologies. The Staff Report indicated the City was seeking innovative solutions. He felt the word "solutions" defined a broader scope.

Mr. Fahrenbach said he wanted to leave open the idea of using existing technology in new ways. It did not necessarily mean new technology; rather it was ways to look at existing processes.

Council Member Burt suggested using "technologies and solutions." He said the title Partnership Coordinator and the position's duties and responsibilities were not clearly defined. He asked how the position would be filled.

Mr. Fahrenbach stated the program would have an overall coordinator. There would be a process of working with the department's Staff when an application or initiative was received.

Mr. Keene stated it would be a matter of designating a contact person for each department.

Council Member Burt stated the Staff Report noted the Partnership Coordinator, in conjunction with City departments, would prioritize based on various criteria. He asked why the title was created if the intent was to have the Economic Development and Redevelopment Manager perform the duties of the Partnership Coordinator.

Mr. Fahrenbach said it left the City Manager open to appoint the person he thought was most appropriate for the role.

Council Member Burt stated the ordinary scenario would be to appoint the Economic Development and Redevelopment Manager but there could be a time when it would be more appropriate for the City Manager to appoint someone else. He suggested adding a statement to clarify the appointment. He noted under Definitions, Item 3, "*Mutual Development Opportunity*" referred to a *Demonstration/Testing partnerships that the City has identified as a potential candidate for a contribution toward economic development and/or has the potential for a benefit for use by the City.* He suggested elevating the statement if this was the sole purpose of the project. The statement noted economic benefits but did not state who benefited economically. The policy needed to indicate if the beneficiary was city government, the City, or the community.

Chair Price stated the beneficiary needed to be determined for each product or service and to look at its suitability for the project. The partnership would not be limited to a private sector or business and could also be for a non-profit or educational institution. Priorities were important in relationship to the Council. Resource impact would require varying levels of support depending on the nature of the partnership and needed to evaluate what was anticipated for each project. The City should receive credit if a company used a demonstrated project. Security measures needed to be made clear when using private data. Under the topic of Implementation Guides, the statement "performance measures should be established" should read "will be established."

Mr. Foster stated the program started through the efforts of the UAC. There were several nascent or emerging clean energy technologies companies that sold their products or services to a utility or through a utility service. The companies looked for places to test their product. They may go to larger companies such as Pacific Gas and Electric (PG&E) and encountered long periods of wait time because of bureaucracy. Many came to Palo Alto because of its innovative characteristics and did not find their venture to be any more successful. Dozens of requests were received annually but could not be processed or acted on because the Utilities Department lacked staffing resources. The UAC created the Subcommittee on Innovation and Technology to review the issues and began working with the City of Palo Alto Utilities (CPU) Staff to identify a process or program to handle the request. This was done at the Utilities Department level and did not branch out Citywide. The City Manager's Office expanded on the idea making the program Citywide. The CPAU and UAC stopped their efforts because the program became a City Manager initiative and was not involved in drafting the Emerging Technologies Pilot and Demonstration Partnerships policy. He was not in favor of providing the companies with grants or monies. Funds were provided only for hard dollar costs for testing widgets. The widgets were paid for by the Utilities Department

without profit built in and the companies paid for all their staff time. This was the normal process. He felt the program was a good opportunity for the City and that each project should offer a specific benefit to the City in a broad way, such as in cost-savings. There were many emerging companies and the program should not be limited to Palo Alto based companies. In terms of nascent companies, these programs tend to focus on emerging technologies usually from emerging companies but could also come from large companies. He envisioned the City would receive dozens of applications should the program be implemented and advised to anticipate having a fulltime person to coordinate the influx of applications.

Chair Price stated there could be a significant impact on the City's resources based on Mr. Foster's comments.

Mr. Keene stated that the program should be viewed as a venture being launched and potential growth to succeed.

Council Member Holman thanked Mr. Foster for providing information that was missing from the report. He provided background, basis, and examples needed to help move the program forward.

Council Member Klein stated this was draft number one of the policy with another to follow and looked forward for finalization.

4. Recommendation Regarding Structure of Quarterly City Council Priorities Report

Assistant Director Rob Braulik stated the next Quarterly Report to the Council would be in late October.

5. Future Meetings and Agendas

Council Member Holman asked what was being agendized for the next Policy & Services Meeting.

Mr. Braulik stated, electric vehicles needed to be added to the list and to tentatively move the Adoption of an Ordinance Prohibiting Human Habitation of Vehicles to the November meeting.

Chair Price asked the Quarterly Report be added. She asked to poll for October 4th for the next P&S Meeting with the possibility of having two meetings in October. She said she would work with Mr. Braulik to confirm an agenda.

Mr. Braulik was in agreement.

6. ADJOURNMENT: Meeting adjourned at 8:51 p.m.