# POLICY AND SERVICES COMMITTEE MINUTES

Regular Meeting
Tuesday, December 9, 2014

Chairperson Price called the meeting to order at 6:02 P.M. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present:     Price (Chair), Scharff, Schmid

Absent:     Klein

ORAL COMMUNICATIONS

None

AGENDA ITEMS

1.     Triennial External Quality Control Review of the Office of the City Auditor.

Harriet Richardson, City Auditor, stated the Government Auditing Standards (Standards) require auditors offices that follow the standards to have a peer review every three years. In order to ensure compliance with the standards, the triennial peer review was conducted through the Association of Local Government Auditors (ALGA). The most recent peer review covered the period of July 1, 2011 to April 14, 2014; the period was short of the three year time because of her start date. The peer review team reviewed the City Auditor's policies and procedures manual and a mix of audit and nonaudit reports completed by the office to ensure they were performed in accordance with the standards. The reviewers concluded that the City Auditor's policies and procedures manual and work performed were in compliance with the standards. They suggested improvements in three areas to enhance the compliance with the standards; they advised that the updated policies and procedures manual was comprehensive and complete and would serve the office well in the future. The suggested areas for improvement were; 1) document supervisory review of audits; this process should occur prior to the issuance of the report 2) appropriately evaluate the office's independence regarding nonaudit services, and 3) assess and

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document the assessment of risks of fraud; there has since been a risk assessment process put into place to effectively perform the requested task. The peer review team recommended to the City Council that the Office of Management and Budget (OMB) not review the City Auditor's office budget prior to being submitted to the Council for annual approval. She accepted each of the recommendations and incorporated them into the updated policies and procedures manual which was currently in use by the City Auditor Staff.

Council Member Schmid mentioned he spoke to the visiting audit team. There was interest in the office reporting directly to the City Council and whether or not the City Manager managed or oversaw the budget of the City Auditor's office. He questioned why the audits being reviewed did not include the time period Ms. Richardson was on Staff.

Ms. Richardson stated the work the review team audited was completed. The work that had been started since her appointment was not completed and therefore not ready for review. The next review would cover the full three-year period.

Council Member Schmid asked to define the boundaries of nonaudit work versus audit work.

Ms. Richardson stated the boundary was not as clear as she would prefer. The Standards defined nonaudit services as anything that was not an audit. There was a clear definition of what an audit was and therefore anything outside of that designation was considered nonaudit. An audit consisted of an evaluation of audit evidence and an analysis to draw a conclusion. There were times where an analysis was performed on nonaudit work and some consider that that should be considered an audit. As chair of ALGA'S Professional Issues Committee, she was working with the Government Accountability Office in Washington D.C. to provide input on issues faced by audit offices on the nonclarity of the audit versus nonaudit.

Council Member Schmid said the Auditor sat on the Ethics Committee and he assumed that was considered nonaudit work.

Ms. Richardson clarified she was not a seated member of the Ethics Committee; although, her office provided input into the ethics policy.

Chair Price noted Council Member Schmid was referring to the Fraud Hot Line.

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Ms. Richardson noted the Hot Line was considered nonaudit work. She mentioned that was an unclear area, when the office was performing an investigation.

Council Member Schmid asked if the role in an investigation was not driven by an audit.

Mr. Richardson stated that was correct.

Council Member Schmid said it was based on the judgment of the Auditor.

Ms. Richardson stated that was correct. She added most of the investigations were not handled directly by the Auditor's office but the information was directed to the Department Head.

Council Member Schmid asked if at some point there were to be a tip of financial fraud, would the Auditor's Office create an audit and investigate.

Ms. Richardson stated that was correct. There had been a situation in her prior employ and the approach was an actual audit.

Council Member Schmid asked if the nonaudit work created a conflict with the audit work.

Ms. Richardson said it depended on the method of the audit. If the approach was on the weaknesses that allowed for the loss of funds it would not be considered an impairment.

Council Member Schmid asked if the performance report was nonaudit work.

Ms. Richardson noted that specific work was treated as an audit. The standards were written so the principles were applicable based on the audit objectives. The performance report was a compilation of data from different departments rather than analysis; therefore, the Auditor's Office was not drawing conclusions and thus not impairing their independence.

Council Member Scharff asked if the City of Berkeley had an elected auditor.

Ms. Richardson said yes.

Council Member Scharff said in places where there was not an elected auditor, how was their office budget typically processed.

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Ms. Richardson stated the budget area varied widely. In the incident of the peer review auditors, both of their office budgets were sent directly to their legislative body and not through the budget office.

Council Member Scharff asked if the review team suggested the Auditor's Office put together a budget and have it routed directly through the City Council rather than through the Budget Office.

Ms. Richardson said that was correct.

Council Member Scharff asked if she was going to raise the issue with the City Manager or if she wished for the Council to discuss the matter.

Ms. Richardson suggested addressing how the City Manager desired to approach the recommendation.

Council Member Scharff noted the Auditor's Office was a Council Appointed Office (CAO) and, therefore, if there were budget process changes, the discussion should be considered for all four CAO offices.

Ms. Richardson understood and asked if the Policy & Services Committee (Committee) wished for her to approach the other CAO offices.

Council Member Scharff considered the question and asked how other cities handled their budget models regarding similar offices.

Ms. Richardson noted the Auditor General from Toronto; one of the peer review team members, followed the budget guidelines of his city with the exception that he turned his budget directly into the legislature rather than the budget office for review and approval.

Molly Stump, City Attorney, agreed to consult with the other CAO's to review budget processes within the CAO offices. She felt the Budget director should be highly involved to ensure their structure matched the City's overall budget.

Khashayar "Cash" Alaee, Senior Management Analyst, mentioned the budget process went before the Finance Committee and the CAO's had ample opportunity to meet with the Council on their budgets and there were safeguards placed in the process for all offices.

Council Member Scharff asked how the peer review audit was performed.

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Ms. Richardson stated the external auditors were on site for a week but the background information; history of peer reviews, prior recommendations, policies and procedures, along with a list of work completed in the past three years was sent out a few months in advance. The peer review team selected a sampling of work they wished to review. When they arrived at the location they were set up in an office and requested the files be pulled as needed.

Council Member Scharff asked if the review team interviewed the Auditor Staff.

Ms. Richardson stated the process varied depending on the organization. This specific organization requested to interview the Auditor Staff and a selected City Council Member from the Standing Committee the office presented to.

Council Member Scharff asked where the reviewers were set-up for the week.

Ms. Richardson said there was a vacant office in the City Manager's area that they occupied.

Council Member Scharff confirmed the team reviewed the requested files and if there were questions they spoke to the Staff member responsible for that audit.

Ms. Richardson stated that was correct.

Chair Price stated the City Auditor had mentioned Special Advisory Memo (SAM), she asked for more specifics. She recalled that was under the prior Auditor and noted the program was discontinued. She asked if there was a relationship with the nonaudit activities.

Ms. Richardson stated yes; the prior Auditor worked on nonaudit activities and presented the information as SAM's. There was a specific concern because the SAM's looked as if an audit had been performed and the office should have been following the independence requirements when they were completed.

**MOTION**: Chair Price moved, seconded by Council Member Schmid that the Policy & Services Committee approve and recommend to the City Council acceptance of the Triennial External Quality Control Review from the Office of the City Auditor.

**MOTION PASSED**:  3-0 Klein absent

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2.    Discussion of Process for City Council "Prescreening" of Projects Requiring Zone Changes.

Jonathan Lait, Assistant Director of Planning and Community Environment, expressed his desire for direction on the pre-screening process. The pre-screening process assisted the applicant and the developer because it began the framing route for development. There were not many pre-screening requests; over the past 5-years there were two confirmed projects and two withdrawn. He understood there had been criticisms of the process and his efforts were to eliminate the confusion to make a smoother process. The current program was voluntary so the question was whether Council preferred the voluntary method or desired the process to become mandatory. If the program was changed to mandatory what would the scope of projects that the Council was interested in capturing under a mandatory program. Once a mandatory program was implemented were there projects that would continue to be addressed under a voluntary basis. Depending on how those two questions were answered, there was a third option to discuss; how would those projects get before the hearing authority sooner and whether the authority would be with the Planning & Transportation Commission (P&TC) or the City Council.

Council Member Scharff felt strong support for making the process mandatory. He believed Staff captured most of the reasons for a mandatory process; 1) substantial zoning regulation or district map change proposals, 2) comprehensive plan amendments including specific plans, and 3) any other development project or permit or entitlement application including a major alteration or expansion of existing use.

Mr. Lait stated the projects that had the broadest impacts were the ones that challenged the zoning standard or the general plan the way it was drafted.

Council Member Scharff asked if the process became mandatory would all Planned Communities (PC's) Projects be covered under the process.

Mr. Lait stated yes but he felt the process should be clear.

Council Member Scharff asked where proposed development agreements fit into the process, would they be covered by the agreed upon universe.

Mr. Lait felt the proposed development agreements should be included to be specific.

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Council Member Scharff stated item 3 appeared to capture both PC's and development agreements.

Mr. Lait noted item 3 was so broad is captured everything.

Council Member Scharff was concerned item 3 was too broad and should be clarified.

Mr. Lait stated yes, it created ambiguity. The process should be clear on what projects qualified; PC's, Development Agreements, and any Zoning Code or Comprehensive Plan amendments that would affect key policy issues that would affect the community.

Council Member Scharff asked about the inclusion of Comprehensive Plan changes.

Mr. Lait said it was possible; although, there were some projects that may require a Comprehensive Plan amendment that did not have a large implication to the broader policy issues; a density change or a map change.

James Keene, City Manager, stated any project that required a Comprehensive Plan amendment would have to be approved by the Council. He asked the typical number of Comprehensive Plan amendments.

Mr. Lait stated not many and legally the City was only authorized to amend a certain number annually.

Council Member Scharff asked what a district map change entailed.

Mr. Lait clarified that was in reference to making a change to a basic zoning map such as your district boundary.

Council Member Scharff asked if any zoning change was a district map change.

Mr. Lait stated no, a district map contained the zoning boundary; for example if a facility wished to change from a PC to a Zone 2, that would be a district map change. There could be language changes to the code which would be a zoning change but not a district map change.

Council Member Scharff said substantial zoning regulations sounded different than an Applicant requesting a zone change. It sounded as if Staff was seeking approval for a change in the language.

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Mr. Lait agreed the current language was ambiguous.

Council Member Scharff asked what Staff was looking for from the Policy & Services Committee (Committee).

Mr. Lait noted Staff was requesting: 1) the Committee accept a change was warranted, 2) mandatory or voluntary; if mandatory what were the types of applications that qualified (PC, Development Agreement from a land use planning entitlement perspective, General Plan amendments, Zoning District Map changes). He said there could be further discussion as to whether Zoning Map changes qualified.  He suggested the possibility of leaving open the request for a voluntary pre-screening; for example: There may be a confirming project on Maybell Avenue that met the zoning standards and the Comprehensive Plan but because of the history of controversy with the property, a Developer may be interested in a pre-screening.

Council Member Scharff stated his view was when there was a policy decision involved; Council should be the first step in the pre-screening to avoid unnecessary Staff time. He was torn because the Planning and Transportation Commission (P&TC) was the advisory board to the Council so essentially they needed to see it first to advice the Council.  He believed if a Developer applied for a PC it should be under the mandatory category. If there was a host of possible benefits and because the P&TC reviewed them first; they select 3 but when the Council reviews the benefits they select a different 3 the P&TC thus had wasted their time on matters the Council did not desire. He clarified if it was a defined zoning change item with a specific request he felt the P&TC should be involved first. Although when it involved benefits to the City the Council should be the first line of approval.

Council Member Schmid felt Staff was before the Committee because of a few major property projects and the Grand Jury Report. There was an issue with the Comprehensive Plan. He asked if there was a decision possible prior to the completion of the updated Comprehensive Plan. He believed a change would be useful. He suggested an identification process be written into the mandatory pre-screening program of which projects were worth pre-screening; based on size and impact, in an effort to avoid Staff over work. The role of pre-screening was to have a general sense of what the project was and how it might affect the Comprehensive Plan. He agreed the pre-screening process should identify what was occurring and notify the public. The program should clearly state the positive and negative impacts a project would have on the community. He agreed items 1 and 2 of 18.79.030 Applicability and Initiation should be made mandatory: 1) Substantial zoning regulations or district map change proposals, and 2) Comprehensive Plan

amendments, including specific plans. He wanted a structure put in place inside the mandatory system to recognize cumulative impacts.

Mr. Lait believed the discussion was a procedural effort that set forth a path for more community dialog that could have positive or negative impacts. While proceeding with the Comprehensive Plan update he did not feel the procedural aspects or what qualified would be largely impacted by decisions made by the Council about development caps or where the City wanted to focus the development. The thought process leading up to those decisions would inform the Council's feedback to a developer through the pre-screening process which he believed, particularly in an era of transition, would be valuable to a developer. There were existing Comprehensive Plans and zoning regulations that people were working under. If there was a thought that may change, with confirmation of codification or adoption, that knowledge provided the value of the pre-screening effort.

Council Member Schmid added a procedural issue might be to identify 4 or 5 major projects.

Mr. Lait stated the Architectural Review Board (ARB) did pre-screening. There was a provision in the Code which provided three opportunities before the ARB. He did not believe the volume was high enough for the City Council to be bogged down with pre-screening processes. He agreed the role of the pre-screening process needed to clearly state what was expected of the Applicant and the Council. He and Director Gitelman had discussions on how to tackle cumulative impacts.

Chair Price agreed the pre-screening issue was a process and procedural matter. She saw the pre-screening process as a similar but different track from the update to the Comprehensive Plan. If the pre-screening process was more understandable with procedures in place that made sense and was defensible she believed that helped all involved. She supported the mandatory options for PC's and the other projects mentioned earlier. She appreciated the voluntary option. The initial screening work involving environmental impacts would not have been completed during the pre-screening process; that language should be clearly stated. With respect to section 18.79.030.3 she believed having a well-articulated criterion was important. She was concerned with the impact on Staff and Council. The issue of the ongoing reform of the PC process which had no relationship with the pre-screening process. She asked if Staff had sufficient information and guidance from the Committee to move forward.

Mr. Lait stated yes. He explained the next meeting might entail fine tuning.

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Chair Price believed best practices from other cities could be modified to suit Palo Alto's needs. She asked Staff to see what other cities have recommended with this type of project.

Mr. Lait stated he would research what others have done.

Council Member Schmid stated in the current code there was discretion on who initiated the pre-screening process. In the change to a mandatory system there was no initiator.

Mr. Lait stated that was correct, the Applicant would have to file a pre-screening prior to filing an application.

James Keene, City Manager, explained the pre-screening process was to provide early feedback that could change the direction of a project. The idea of the pre-screening process was to save the Developers time and that of Council.

Council Member Schmid noted section 18.79 talked about a development project only begin with an application. He asked if a development project always started with an application. If the pre-screening process was approved would the process occur before the application or only after.

Mr. Keene stated it could be both, either before a formal application or after.

Mr. Lait stated the code had the option to submit before a filing or if there was a filing before a public hearing. If there was a mandatory component the pre-screening would occur prior to any filing.

Council Member Scharff believed the pre-screening process should only apply to projects not developments. Code 18.79.03 was the existing law for any other development projects which over time there had been no pre-screening.

Chair Price acknowledged the minimal usage of the current language in the law and noted it was vague.

Council Member Scharff said for a voluntary component submission requests did not overwhelm the system, but for a mandatory component the code was too broad. He believed 18.79.030 (a) (1) and (2) as applied to development projects better described the mandatory component. He asked for clarification on the substantial zoning regulation or district map change proposals as applied to projects with a zoning change which meant it was within the Comprehensive Plan but requesting a zoning change.

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Mr. Lait stated that was correct the change could be to the text or the map.

Council Member Scharff asked for clarification on a map change.

Mr. Lait clarified it was meant as a shift to a zoning boundary.

Council Member Scharff said basically it was changing the zoning on a property.

Mr. Lait stated that was correct.

Chair Price asked if that included a lot merge or separation.

Council Member Scharff asked why a lot boundary would go before Council.

Mr. Lait stated it would not.

Council Member Scharff asked for an example if there was a property that wanted to change from Residential Multifamily (RM)1 to RM15; that seemed as though it should go before Council.

Council Member Schmid recalled on the El Camino Corridor there were incentive programs to consolidate lots. In some cases those consolidations would be creating a zoning change. Would each one need a mandatory pre-screening.

Mr. Lait said it was possible to consolidate property and expand zoning boundaries but did not necessarily result in a map or code change. The consolidation of properties themselves, depending on their location, could have policy implications on the character of the neighborhood.

Council Member Scharff felt the mandatory pre-screening should be put into place with a voluntary option applied to projects and eliminate 18.79.030 (a) (3).

Chair Price believed there should be specific criteria added to the voluntary language not simply other projects.

Council Member Schmid thought Staff had requested Committee comments and they would return with a more specific report.

Council Member Scharff was concerned whether Staff needed to return to Committee or continue directly to the full Council. The current discussion

was the mandatory component covered 18.79.030 (a) (1) and (2) plus PC projects and development agreements.

Chair Price noted there had been no discussion on 18.79.030 (b), (c) and (d). She asked if Staff desired comments on those sections. She agreed with the mandatory settings. She did not approve of the voluntary component being stated as any other development; it was too vague.

Council Member Scharff suggested leaving the language for the voluntary component of 18.79.030 as it allows the option for people to request a pre-screening if they felt it would be beneficial. The mandatory component needed to be narrowed to specifics; 1) zoning changes, 2) Comprehensive Plan amendments including specific plans, and 3) PC projects and development agreements which would go before Council.

Chair Price agreed.

Mr. Lait noted the language suggested was a change to the Zoning Code and thus needed the P&TC review and recommendation to the City Council for approval.

Council Member Scharff suggested the Committee move to send the language to the P&TC for review and approval.

Mr. Lait stated he had a clear understanding as to what the Committee was requesting. There was to be a mandatory component for the identified projects: Planned Communities, Development Agreements, General Plan Amendments, Zoning text amendments, and Zoning District Map amendments. The Code would retain a voluntary mechanism for projects that did not meet the mandatory criteria. Council would retain the authority to decline discussion of a voluntary pre-screening in an effort to eliminate unnecessary screenings.

Council Member Schmid asked if a cumulative impact such as parking issues in a specific neighborhood could be considered a voluntary pre-screening request.

Mr. Lait mentioned under the current Zoning Code Council could make a request of a perspective developer or Applicant to submit a pre-screening request. Cumulative impacts were evaluated by scale and character of neighborhoods, parking availabilities, transportation networks and air quality. Staff would inform a developer of their project being evaluated with other pending projects in the general vicinity thus informing them of the possibility of cumulative impacts.

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**MOTION**: Council Member Scharff moved, seconded by Council Member Price that the Policy & Services Committee direct Staff to draft an Ordinance 1) mandating prescreening review for projects that require Comprehensive Plan amendments, Planned Community, Development Agreement, General Plan Amendments, Zoning Text or Zoning Map Amendment applications and, 2) establish a voluntary prescreening process similar to the existing code provisions for all other projects.

Council Member Schmid requested language be added to the voluntary component notifying the developers or applicants of how they would be alerted to the possible cumulative impacts of their proposed project.

Mr. Lait felt alerting the developer or applicant of possible impacts was a worthy criterion for either the voluntary or mandatory components.

Council Member Scharff asked for clarification on the language.

Chair Price stated the Staff Report mentioned the typical noticing process would continue.

Mr. Lait stated yes, the current code stated the underlying notification process was mailers.

Chair Price confirmed the standard notification process would continue to be applied to pre-screening whether voluntary or mandatory.

Mr. Lait stated that was correct.

Chair Price asked if the community would be notified generically of the change in the process.

Mr. Lait stated yes, because the change effected the entire community there would be a newspaper notification and a posting on the website. The Planning and Community Environment Department was presently using the notification system Next Door so there would be a notice placed there as well.

Council Member Schmid believed Staff mentioned a different approach of awareness.

Mr. Lait apologized; he thought there was an interest in advising perspective applicants upfront regarding the pre-screening analysis. He believed when the Council and the P&TC reviewed an application they would be mindful of

the fact there may be neighborhood specific issues that may be relevant to a particular project. That knowledge would inform the type of comments delivered to the applicant.

Council Member Scharff believed the concern was if there was a voluntary pre-screening the Council would not review the application.

Council Member Schmid provided an example of his concern. The City spent 9-months working on a downtown parking issue which had a surplus of 1,600 vehicles on the streets. That was a potential issue between the FAR and vehicle. If an individual single developer came in and wanted to use the exceptions and bonuses but did not reach the mandatory point for breaching the zoning change but if three or four developers came in over a period of time, the parking program would be blown apart. His desire was for the Planning Department to have the ability to put up an alert of the deficit in parking.

Council Member Scharff clarified if a developer had the as-of-right to build in downtown; as-of-right meant it was within the zoning rights and they were not seeking anything from the City, the procedure was they would not require a pre-screening but they would go to the Architectural Review Board (ARB) for design review. He did not feel it made sense to have an alert.

Council Member Schmid said the reason for pre-screening was to identify possible issues.

Council Member Scharff stated in an as-of-right development there was no choice, the City cannot say no. That was why the City was looking at down zoning.

Council Member Schmid wanted a cumulative assessment and currently there was not one in place.

Hillary Gitelman, Director of Planning and Community Environment, clarified Section 18.79.050 of the Ordinance as it was currently written and was not proposed to change spoke to City Staff preparing for the pre-screening and hearing by doing base analysis and providing the information at hand on environmental issues. In that context Staff had the ability to highlight the issue of concern.

Council Member Schmid asked if that applied to the voluntary pre-screening as well.

Ms. Gitelman stated the process would be for voluntary or mandatory.

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Council Member Schmid had concern with the voluntary component. If it was a mandatory issue all of the Ordinance pieces applied but if the developer requested a pre-screening there was no incentive to initiate a request.

Council Member Scharff clarified Council Member Schmid was concerned about the as-of-right developments not doing a pre-screening.

Council Member Schmid said that was correct. The as-of-right included bonuses and incentives but it also included something on the cumulative side of issues.

Ms. Gitelman stated there was an obligation under the California Environmental Quality Act (CEQA) to consider cumulative impacts. The downtown area square footage was capped and there was an analysis completed before the cap was created. The Comprehensive Plan update had a cumulative impacts refresher. The alterations to the Ordinance being discussed would allow both the City and the applicant a path to receive an early read on projects; it was intended for projects that had potential for controversy or rose above the ordinary or routine matters heard in the course of other Board and Commission reviews.

Council Member Schmid was skeptical of pushing ahead because of the annual monitoring report of the parking deficit which was continually worsening.

Mr. Keene stated there was a series of existing laws and regulations that covered the downtown area zoning, set-backs, height limits and development caps themselves.

**MOTION PASSED**: 2-1 Schmid no, Klein absent

3.      Discussion of Updating the Seismic Safety Chapter of the Municipal Code for Hazardous Buildings.

Jonathan Lait, Assistant Director of Planning and Community Environment, stated the report came to the Policy & Services Committee (Committee) from an Office of Emergency Services (OES) threats and hazards report to Council in September. The seismic inefficiencies were brought to Staff's attention. Council had directed Staff to create a listing and prioritization of buildings which were potential hazards, to review best practices from other communities and to review legislation for any impact on how to regulate the process. The current Ordinance was adopted in 1986 but was a voluntary program. There was a mandatory reporting requirement but the seismic

upgrades were voluntary. The Ordinance identified three building type categories; 1) reinforcement masonry buildings, 2) the age the building was constructed, and 3) the occupancy. Those types of building topography were unconventional to contemporary standard on how one might evaluate that type of issue. Staff felt the initial steps were to conduct an inventory and evaluate the types of buildings that were in the community that might be seismically vulnerable. The inventory included masonry buildings, soft story buildings, concrete tilt up buildings and steel moment frame types of construction.  The process municipalities go through to adopt this type of Ordinance was fairly typical; the City developed an inventory, the property owner(s) was notified, typically there was a consultant hired to conduct the inventory and review engineering reports provided by the property owner(s). There was an appeals process where owner(s) could appeal to a committee to have the property unlisted because of some unknown upgrades that may have already occurred. Staff wanted the Policy & Services Committee (Committee) to understand what was currently in place and based on said program determine whether or not the Committee supported the update to the Ordinance. If the Committee agreed to the update Staff would recommend the inventory would be the necessary first step to determine which buildings were seismically vulnerable.  Although it was not necessary to have a decision tonight, it would be helpful to Staff if the Committee could highlight concerns they may have with respect to this type of an Ordinance, and the idea of voluntary or mandatory. Once the foundation was agreed upon the discussion needed to move to encouragement and incentives.

James Keene, City Manager, asked if there was knowledge or an estimate of cost to update the inventory.

Mr. Lait stated after consulting with surrounding cities and a firm in the Bay Area, Staff's estimation was $100,000.00 to compile a Citywide inventory; not including single family homes, duplexes or triplexes.  Typically the starting point was five units or more being the threshold to begin the analysis.

Chair Price clarified the $100,000.00 was for the inventory and having the consultant review existing engineering reports, assist in prioritizing buildings, and provide guidance.

Mr. Lait concurred those items were included and he reiterated the $100,000.00 was an estimate.

Mr. Keene noted depending on the Committee's direction when Staff goes before Council they had the ability to estimate the amount of Staff resources and time to complete the full inventory.

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Council Member Schmid asked for clarification on what Staff was requesting; 1) to broaden the definition of what was reviewed in the Ordinance, and 2) to physically review and verify the sites.

Mr. Lait stated yes, to define the building topology desired for the study and then to go forth to evaluate them.

Council Member Schmid asked if there was an estimate to repair the buildings.

George Hoyt, Chief Building Official, stated there was not an estimate because the buildings range in size and structure.

Council Member Schmid wondered how the retrofitting would affect the housing availability if there was a mandatory program.

Mr. Hoyt agreed that aspect needed to be considered but he was currently unaware of the possible effect.

Council Member Schmid asked when that type of consideration would be reviewed.

Mr. Lait said the first step was to determine the number of residential units on the inventory prior to having that type of discussion.

Council Member Schmid asked if the firm compiling the data would provide cost estimates for the retrofitting.

Mr. Hoyt said it was a possible component which could be added to the Request for Proposals (RFP). The additional request would increase the expected cost.

Mr. Lait mentioned in prior years once the initial analysis of structures was completed and a list was compiled the property owner(s) were requested to provide an engineering structural report with cost estimates for retrofitting.

Council Member Schmid asked if the structures were either on or off the list or were there categories of severity.

Mr. Lait believed the anticipation was to move away from the present category structure and move into a topography style assessment. Once the assessment was completed there would be categories on where the priority should be.

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Council Member Scharff was in favor of a mandatory program for office and residential units alike. He wanted to prioritize retail and commercial over residential. He had concerns about smaller retail buildings because the cost might drive them out of business. He felt the smaller retail building owner(s) could not absorb the cost of the retrofit. He preferred the threshold be with 3-unit buildings rather than 5-unit. He asked the City Manager about his concerns with Staff time.

Mr. Keene was trying to anticipate what the process support might entail for Staff. The Planning Department and the Development Services Department were Staff strained and this would be a new project added.

Council Member Scharff confirmed Staff was looking for the Committee to recommend to the full Council to authorize an immediate request for proposal to do an updated inventory. The request was because Staff wanted to change the process to building topography rather than three categories.

Mr. Hoyt stated that was correct. The current process did not capture all of the necessary structures.

Chair Price noted the Scope of Services needed to include the points made on page 7 of the Staff Report; 1) prepare the inventory update, 2) review existing engineering reports on file with the City as a result of the 1986 Ordinance, 3) assist the City in prioritizing buildings to be retrofitted, and 4) provide guidance for a new or revised Ordinance.

Council Member Scharff was surprised that the President Hotel had not been seismically updated; considering it was close to 80 feet high. He would prioritize tall buildings and make that mandatory and bring them into compliance.

Chair Price stated the degree of risk should be taken into consideration.

Council Member Scharff agreed. He asked Council Member Schmid why he was concerned with the residential buildings.

Council Member Schmid said his concern was on a voluntary basis, the residential building owner(s) have virtually done nothing to comply with the seismic upgrade recommendations. He feared the cost of temporary misplacement of the residents in the multi-unit buildings would exceed the cost for the owner(s) to comply with the retrofitting.

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Mr. Hoyt understood a lot of the retrofits that had been identified under the current categories had been completed with the buildings occupied.

**MOTION**: Council Member Scharff moved, seconded by Council Member Schmid that the Policy & Services Committee recommend the City Council authorize an immediate Request for Proposal (RFP) to prepare an update to the City's Seismic Hazards Identification Program (Ordinance 3666) and update the inventory of structurally deficient buildings in the multi-family, commercial and industrial areas of the city, categorizing building typologies to include:

     a. URM
     b. Soft-Story
     c. Tilt-Up Construction
     d. Non-ductile Concrete
     e. Steel Moment

**MOTION PASSED**: 3-0 Klein absent

Khashayar "Cash" Alaee, Senior Management Analyst, requested Staff return to the Committee with the response of the RFP.

Mr. Lait acknowledged the Budget Amendment Ordinance needed to be approved prior to the sending out the RFP requests.

FUTURE MEETINGS AND AGENDAS

December 16, 2014

ADJOURNMENT: Meeting was adjourned at 8:03 P.M.