

Zume to exit pizza business and layoff 360

Mountain View-based Zume, which was hoping robots and mobile kitchens would give it a slice of the pizza delivery business, is laying off 80% of its staff, exiting pizza-making and focusing on food packaging.

About 360 employees will be fired Monday. The cuts will mean that Zume won't be parking its kitchen trucks on city streets anymore. One Zume truck regularly parks on El Cami- [See ZUME, page 22]

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Stanford proposes to expand

BY EMILY MIBACH
Daily Post Staff Writer

Stanford is proposing to build two five-story office buildings just outside of Redwood City's Friendly Acres neighborhood, a city official confirmed yesterday.

Currently, Stanford's campus between Bay Road and Broadway already has 570,000 square feet of office and

By adding two 5-story buildings

academic space, a gym and child care facility and a 1,057-space parking garage. There are no current plans for housing to be built as part of the project.

With its latest proposal, submitted in November, Stanford wants to add a 6-story, 1,086-space parking garage

and two, five-story office buildings totaling 250,000-square-feet at the corner of Warrington Avenue and Bay Road.

That would bring the amount of office and academic space to 820,000-square feet, and 2,143 parking spaces.

There are currently about 2,700

Stanford employees at the Redwood City campus, this means there is about 211-square-feet per employee. Using that metric, some 1,184 Stanford employees will come to the new campus.

In addition to the two new buildings and parking structure, a 4,000-square foot "amenities" building will be added to the campus, what that entails was [See STANFORD, page 22]

THE UPDATE

| | | |
|--|----------------------|------------------|
| Dow +161.41 | Nasdaq +60.66 | Oil -3.09 |
| 28,745.09 | 9,129.24 | 59.61 |
| Gold 1,560.10 -11.70 NY COMEX close | | |
| courtesy of Mish Int'l (650) 324-9110 | | |

CORRECTION: A Dec. 28 story should have said that PG&E and several advocacy groups have reached an agreement on a proposal by the utility to raise residential gas and electric rates by \$5.69 a month, or 3.4%. The story reported a different number. This settlement would not go into effect until it's approved by the Public Utilities Commission, which is not expected for several months, not "next month" as was reported. Contrary to our story, the rate proposal does not seek funding for claims resulting from the 2017 and 2018 wildfires. That's a separate matter.

COOLING OFF: The U.S. and Iran chilled out yesterday. Both sides said they would not pursue further military action over a series of events that began with the murder of a U.S. contractor by Iranian proxies on Dec. 27. That led to Iranian-backed militia attacking the U.S. Embassy in Baghdad. Then a U.S. drone killed Iran's top general, and Iran responded by firing 15 missiles at U.S. bases in Iraq that didn't hit anyone.

CLINTON RULES: Senate Majority Leader Mitch McConnell, who has [See THE UPDATE, page 4]

Use of '8' on ballot defended



College district put 'lucky' number in tax measures

BY SONYA HERRERA
Daily Post Staff Writer

Gilbert Wong, a trustee of the Foothill-De Anza Community College District, is defending his board's decision to use the number 8 — considered to be lucky in Chinese culture — in the bond and parcel tax amounts the board has put on the ballot in the March 3 election.

Measure G is a \$898 million bond measure and Measure H is a \$48 parcel tax.

An opponent of the measures, Mountain View attorney Gary West [See LUCKY, page 22]

City warned about auditing change

BY SARA TABIN
Daily Post Staff Writer

An independent auditor advocacy group said yesterday that Palo Alto is putting city money at risk with a proposal to have the city auditor report to the city manager.

"Often the independent auditors are auditing the work of (city) management," said Institute of Internal Au-

ditors CEO Richard Chambers in an interview with the Post. "To have the independent auditor reporting to management ... presents a really serious conflict."

Council will consider changes to the auditing office at its Jan. 21 meeting.

Councilmen Eric Filseth and Tom DuBois and Councilwoman Liz Kniss [See AUDITING, page 22]

"To have the independent auditor reporting to management ... presents a really serious conflict."

Richard Chambers
Institute of Internal Auditors

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ZUME

no Real across from Palo Alto High School.

Competitors have complained that the trucks allowed Zume to avoid opening a bricks-and-mortar kitchen, though the company has such a kitchen near Central Expressway and Shoreline Boulevard in Mountain View.

The company was a pioneer in making pizzas without human labor. Instead, the entire task of creating and baking a pizza was accomplished by robots who went by the names Jojo, Pepe, Marta and Bruno.

Zume started here but desired to go nationwide. However, profits were elusive.

CNBC and Business Insider reported that Zume's management was told to scale back its unprofitable operations by its largest investor, the Toyko-based SoftBank Group, headed by Masayoshi Son. Softbank sunk \$375 million into the company in 2018, increasing the company's paper valuation to over \$2 billion. However, it never had an initial public offering, making it one of the many unicorns in Silicon Valley.

Zume CEO and founder Alex Garden told CNBC that it's a difficult day for the startup, but the changes being made will focus the business on "the inventions that are showing strong commercial traction."

The company will focus on manufacturing its round pizza boxes, which are said to be more environmentally friendly than other food packaging. It will leave the pizza business entirely.

STANFORD

not clear in project plans. Currently, the city is reviewing the plans and how they compare with the city's zoning plan for the Stanford campus. Stanford will have to get architectural permits from the city, according to Community Development Director Mark Muenzer.

In 2016, the city council approved plans for the first set of office buildings, and in 2013, approve the environmental report for Stanford's project. Those approvals give Stanford the opportunity to seek to develop the corner of Bay Road and Douglas Avenue as well. No plans have been submitted for that portion of the campus yet.

None of the area in the city's Stanford plan is zoned for housing.

This office expansion comes despite Stanford's withdrawal of its general use permit application to expand its main campus in December. The university wanted the Santa Clara County Board of Supervisors to grant a permit

to allow the university to add 3.5 million square feet of new buildings over several years.

Housing

This submission continues Stanford's expansion into San Mateo County. In fact, the submission occurred shortly before Stanford publicized that it had bought 175 apartments in Redwood City at Franklin and Monroe streets. In that building, 138 of the apartments are for Stanford employees or students and the other are set aside for renters who are considered low-income — between \$80,600 and \$129,150 a year for a family of four.

Stanford is currently building 215 apartments and 143,000 square feet of office space at 500 El Camino Real in Menlo Park and has submitted plans with Portola Valley in September to build 27 homes in 12 apartments near the Alpine Inn.

The purchase of the building at Monroe and Franklin streets in Redwood City was not the first time Stanford has bought off-campus housing in nearby cities. In 2015, Stanford eased all of the homes at a 167-apartment complex called The Colonnade at 4750 El Camino Real in Los Altos.

A few homes on Partridge Avenue in Menlo Park have also been bought and leased to Stanford staff or faculty, according to the university's webpage.

LUCKY

ley, has said that the district intentionally used the number 8 to persuade Chinese-American voters to support the tax and bond measure.

"If they're saying that our using the number 8 as a marketing tool is their best argument against the measures, voters will see through that," Wong said.

Wong, a second-generation Chinese-American, said district employees worked with a consultant to determine the amount of the bond and tax measures. District chancellor Judy Miner wasn't available for comment, the Post was told.

Eights in previous ballot measures

Wesley, who co-authored ballot arguments against the college district tax proposals, said that he attended a college district board meeting in 2006 when they were discussing a \$490.8 million bond measure. He recalled that a board member asked why there was a .8 at the end of the amount. A district employee answered that 8 was considered lucky in Chinese culture, Wesley said.

"The 1999 bond measure had been

\$248 million. This one is \$898 million," Wesley said. "You will find no other credible explanation for the \$898 (million) total proposed for March 3."

An eight is like a seven

Wong acknowledged that 8 is considered a lucky number in the Chinese community, "just like 7 is a very lucky number for Westerners, meaning the European-American population." The number 7 is prominent in the texts and practices of Judaism, Christianity and Islam, and "777" equals the jackpot in slot machines.

Wong pointed out that if the district were to try to appeal to voters based on race or ethnicity, they would use the number 7, because more than 50% of registered voters in the district are white. Chinese-Americans comprise 14.5% of voters in the district, about 31,600 people, according to political-data.com. White people comprise 68% of voters in the district.

"I understand that Libertarians have a concern, and I respect their concern," Wong said. But, he added, "the majority of voters in each of these districts are not Chinese."

Menu prices

The appeal of the number 8 in Chinese culture has been widely noted and used in many contexts, particularly in business. Researchers found that Chinese restaurants are more likely than other restaurants to feature the number 8 in their menu prices, according to a 2014 study published in Global Economic Review.

Gloria Hom, a former instructor at both Foothill and De Anza colleges, said the number 8 is significant to Chinese-Americans. However, it's not enough to persuade voters to approve a tax or bond measure.

"The Chinese are much more educated and discriminating in making a political and financial choice," Hom said.

The number 8 is sometimes used in real estate pricing. Alex Wang, a Chinese-American Realtor who works in Los Altos and Mountain View, said the number 8 sounds like the word "luck" in Mandarin.

"Traditionally that number's always been the 'lucky' number," Wang said.

\$88,888,888 office building

He said that he's not sure when people started using the number 8 to sell houses. Wang said he thought the practice was funny at first, but that it's grown more extreme. For example, in 2016, a Chinese developer bought an office building in Sydney for \$88,888,888. Wang said that sometimes home buyers will negotiate the price of a home up or down to include 8.

"It's just a little bit overboard in expecting that just because you price to 8, you'll appeal more to Chinese-Americans," Wang said.

The Realtor said he could see how using the number 8 would be useful to the district in its marketing.

"It's just like calling the Patriot Act 'The Patriot Act,' even though there were things that weren't very good for Americans, privacy-wise," Wang said.

However, he said that most voters are going to consider more than just the number of a bond or tax figure.

"For the real voter that's actually looking at the policy, looking at what the action of the measure is about, that's not going to make a difference."

Wang said. "They're going to want to know what it's about."

AUDITING

listened to a report about the city's auditor position from Kevin Harper, of accounting firm Kevin W. Harper CPA & Associates, in a council committee meeting on Dec. 19.

Palo Alto has not had a full-time auditor since Harriet Richardson left in February, which opened the door for council to consider altering the job.

The auditor is supposed to be independent of the city manager, according to the city charter. The auditor is appointed by, and reports to, city council. Despite this, Harper said having the auditor report to both the city manager and council could increase teamwork in the city.

Ensuring independence

Chambers sent council members a letter yesterday asking them not to follow Harper's advice. He said he read Harper's proposal and became concerned that the city manager's office was trying to usurp council's regulatory oversight. Chambers said having an independent auditor free from interference by city employees is critical to ensuring that city money isn't being wasted.

"Government auditors are the guardians of public trust," he said. "They are the ones who provide assurance to the taxpayers that the government is operating... effectively and government resources are not being squandered."

Shikada stays out of the debate

City Manager Ed Shikada did not return an email asking for comment yesterday.

City spokeswoman Meghan Horri-gan-Taylor said the letter from the IIA is about a city council initiative so city manager's office had no comment.

Kniss said that a person can work with the city manager without reporting to him. She pointed out that Shikada works closely with City Attorney Molly Stump, but Stump reports to council. She said it would require a vote of residents to change the city charter in order for the auditor to report to the city manager. She said she would be surprised if council puts that on the ballot.

Having the auditor report to the city manager wasn't Harper's only suggestion.

Harper conducted a survey, which was sent to 12 Bay Area cities and counties, and found that Palo Alto's \$508,426 internal audit budget is the second highest of comparable cities. He said outsourcing some audits might save the city money.

Filseth, Kniss and DuBois did not take any action on the proposals in December, but they indicated that they like the idea of outsourcing audits.

Chambers said the IIA is not opposed to having some audits outsourced to a third party.

He said most governments and companies don't outsource all of their audits. If an entity did decide to outsource all of their audits, it would be important to have someone on staff overseeing those services who is independent from the people being audited.

The IIA was established in 1941 and has more than 200,000 members around the world.



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