

ORAL COMMUNICATIONS 19

11. Approval of a Budget Amendment Ordinance in the Amount of \$275,000 to Supplement Capital Improvement Program Project 10304, Roth Building Wings Demolition and Approve Using Currently Available Funds to Construct an Interim South of Forest Avenue Park 19

1. Resolution 8290 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Police Chief Patrick Dwyer for Outstanding Service to the Community" 20

2. Contract Between the City of Palo Alto and ERS Industrial Services Inc. in the Amount of \$348,578 for the Dual-Media Filter Change Out Project for the Water Quality Control Plant (Wastewater Treatment Capital Improvement Program Project 8021) 21

3. Approval of Installation of a Traffic Signal and Left Turn Pockets at the Intersection of Middlefield Road and Bryson Avenue..... 21

4. Contracts Between the City of Palo Alto and Urbsworks, Inc. and Van Meter Williams Pollack in the Amount of \$129,925 for Phase 2 of Urban Design Services for Zoning Ordinance Update 21

5. Amendment No. 1 Between the City of Palo Alto and Curtis Williams Extending the Term of the Agreement to June 2004 and Increasing Total Compensation over the Two Year Term to \$120,000 for Services Relating to the Zoning Ordinance Update 21

6. Request for Authorization to Increase the Amount of the Existing Contract for Legal Services with the Law Firm of Brobeck, Phleger & Harrison, LLP In Order To Pay For Final Services And To Terminate The Contract Thereafter 21

7. Rejection of Bids for the Operations Building HVAC Upgrade Project at the Water Quality Control Plant (Wastewater Treatment Capital Improvement Program Project 8021) 21

8. Public Hearing: The City Council will hold a Public Hearing to Adopt the 2003-04 Community Development Block Grant (CDBG) Funding Allocations (One Year Action Plan).....21

9. Public Hearing: The City Council will hold a Public Hearing for Approval and Adoption of the Fair Housing Provider and Adoption of the "Analysis of Impediments to Fair Housing Choice 2000-05\".....30

10. Proposed Milestones for Council "Top 5" Priorities Fiscal Year 2003-05.. 33

12. Ordinance Establishing Storm Water Pollution Prevention Measures for Land Development Projects46

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS46

ADJOURNMENT: The meeting adjourned at 11:40 p.m.47

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:00 p.m.

PRESENT: Beecham, Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton, Mossar, Ojakian

Mayor Mossar announced the City of Palo Alto received an Honorable Mention for the 2003 Clean Air Awards for being the first city to be certified as a Bay Area Green Business. The City also received a Certificate of Recognition from Senator Jackie Speier of the 8th District.

ORAL COMMUNICATIONS

John K. Abraham, 736 Ellsworth Place, spoke regarding noise.

John Lovas, 650 Coleridge Avenue, spoke regarding a new neighborhood association.

Ed Power, 2259 Dartmouth Street, spoke regarding the State of the City and State of the Nation.

Lynn Chiapella, 631 Colorado Avenue, spoke regarding the City's acquisition of property without knowing the actual costs of maintenance for the City.

Dorothy Bender, 591 Military Way, spoke regarding the 800 High Street meeting.

Doug Ross, 909 Alma Street, spoke regarding the 800 High Street meeting.

Mayor Mossar acknowledged the presence of Boy Scout Troop 627.

MOTION: Vice Mayor Beecham moved, seconded by Kleinberg, to move Item No. 11 forward for public testimony and then continue public testimony and discussion to later in evening.

MOTION PASSED 9-0.

ORDINANCES AND RESOLUTIONS



11. Approval of a Budget Amendment Ordinance in the Amount of \$275,000 to Supplement Capital Improvement Program Project 10304, Roth Building Wings Demolition and Approve Using Currently Available Funds to Construct an Interim South of Forest Avenue Park (*Item continued from May 5, 2003*)

Mayor Mossar declared the Public Hearing open.

Carina & Gabriela Rossner, 1022 Webster Street, expressed support for the SOFA Park.

Jeff Traum, 1040 Ramona Street, thanked the Council for extracting the SOFA Park as a benefit to the community and urged its approval.

Bob Moss, 4010 Orme Street, encouraged the Council to approve the appropriation of \$275,000 for the Roth Building wings demolition. The Park would be a real improvement to an area that needed a park for some time.

David Bubenik, 420 Homer Avenue, urged the Council to approve the SOFA Park.

Joy Ogawa, 2305 Yale Street, referred to Page 4 of the staff report (CMR:279:03) under Resource Impact and was struck by the notation that the City would have to compensate Summerhill Homes for the delay in completing the demolition of the Roth Building wings. Summerhill Homes was a major cause of the delay. They were the General Contractor and Project Manager for the demolition and underestimated the costs of the demolition of the wings. She believed Summerhill Homes should compensate the City for the delay and for the cost overrun. The Development Agreement that was part of SOFA I locked the City into an agreement that reaped great benefits for two developers and gave the City little in return.

CONSENT CALENDAR

Council Member Freeman registered a "no" vote on Item No. 6.

Council Member Lytle requested that Item Nos. 4 and 5 be removed from the Consent Calendar.

Council Member Kishimoto requested that Item No. 3 be removed.

Assistant City Manager Emily Harrison said Item Nos. 3, 4 and 5 would be re-agendized for a future meeting.

MOTION: Council Member Morton moved, seconded by Ojakian, to approve Consent Calendar Item Nos. 1, 2, 6 and 7.

ADMINISTRATIVE

1. Resolution 8290 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Police Chief Patrick Dwyer for Outstanding Service to the Community"
2. Contract Between the City of Palo Alto and ERS Industrial Services Inc. in the Amount of \$348,578 for the Dual-Media Filter Change Out

Project for the Water Quality Control Plant (Wastewater Treatment Capital Improvement Program Project 8021)



~~3. Approval of Installation of a Traffic Signal and Left Turn Pockets at the Intersection of Middlefield Road and Bryson Avenue~~



~~4. Contracts Between the City of Palo Alto and Urbsworks, Inc. and Van Meter Williams Pollack in the Amount of \$129,925 for Phase 2 of Urban Design Services for Zoning Ordinance Update~~



~~5. Amendment No. 1 Between the City of Palo Alto and Curtis Williams Extending the Term of the Agreement to June 2004 and Increasing Total Compensation over the Two Year Term to \$120,000 for Services Relating to the Zoning Ordinance Update~~

6. Request for Authorization to Increase the Amount of the Existing Contract for Legal Services with the Law Firm of Brobeck, Phleger & Harrison, LLP In Order To Pay For Final Services And To Terminate The Contract Thereafter

Request for Authorization to Enter into a Legal Services Agreement with the Law Firm of Morgan Lewis & Bockius for Representation in the PG & E Bankruptcy

7. Rejection of Bids for the Operations Building HVAC Upgrade Project at the Water Quality Control Plant (Wastewater Treatment Capital Improvement Program Project 8021)

MOTION PASSED 9-0 for Item Nos. 1,2, and 7.

MOTION PASSED 8-1 for Item No. 6, Freeman "no."

Council Member Kishimoto asked whether Item Nos. 3, 4 and 5 could be heard that evening if time permitted.

Ms. Harrison said the Director of Planning was presently out of town and staff would prefer to have him present for discussion.

Mayor Mossar noted the Council Agenda was full for that evening.

PUBLIC HEARINGS

8. Public Hearing: The City Council will hold a Public Hearing to Adopt the 2003-04 Community Development Block Grant (CDBG) Funding Allocations (One Year Action Plan)

Council Member Morton stated he would not participate in the portion of the item that dealt with Urban Ministries and Adolescent Counseling Services due to a conflict of interest because he provided or had provided services to those organizations receiving CDBG Funds.

Advanced Planning Manager Julie Caporgno said the funding allocation for 2003 for Palo Alto was approximately \$925,000, including almost \$800,000 of grant allocation from Housing and Urban Development (HUD). Eighteen applications were submitted for 2003-04 and fourteen for 2004-05. The funding requests for the 2003-04 cycle amounted to approximately \$1.3 million, which was \$400,000 more than the funding available. The City would need to be judicious and creative in allocating the limited funding that was available. One factor in assessing the allocation of funding regulated by HUD was the requirement that Community Development Block Grant (CDBG) funds be expended in a timely manner. Because CDBG funds were not often spent by agencies quickly, HUD imposed a new policy that would reduce allocations for jurisdictions that did not meet HUD's funding standards. In Palo Alto, the area most affected by the new regulation was the Capital Project Funding. The City's CDBG staff and the receiving agencies would have a limited timeframe in order to complete funded projects. Most of the City's Capital Projects were subject to the Davis-Bacon prevailing wage monitoring requirements, which meant staff and the agencies would have to work collaboratively or the City would begin to lose its CDBG funding. In the past, the City had processed approximately two to three Capital Project applications each year. For 2003-04, seven agencies submitted applications for Capital Projects. Due to limited funding and the timeliness issue, staff and the Citizen Advisory Commission (CAC) carefully evaluated the funding requests and focused on the urgent safety and health condition needs of the project and project readiness, while recognizing limited staff resources available for processing. Staff and the CAC recommended funding five of the seven projects in the first year and one in the second year of the two-year cycle. The Finance Committee recommended funding all seven projects in the first year by reducing the allocation to Clara-Mateo Alliance from \$200,000 to \$140,000 in order to reallocate \$30,000 to the Barker Hotel for improvements and \$30,000 to Lytton Gardens for kitchen renovations. City staff and the CAC chose to partially fund the Lytton Gardens project in Fiscal Year 2004-05 and no funding for the Barker Hotel. The staff believed funding all seven projects in the first year might impede the City's ability to meet the HUD timeliness requirements and, thereby, recommended to the Council funding only the five Capital Projects for 2003-04, as outlined in the Staff Report (CMR:198:03).

City Attorney Ariel Calonne said the Council had, at their places, a revised resolution that implemented the staff and CAC recommendations. The resolution contained in their packet represented the Finance Committee recommendation.

Elsbeth Newfield, Citizens Advisory Committee Member, said the CAC participated in two fieldtrips to all the applying agencies. The trips were particularly helpful in evaluating funding allocations for the Capital Projects. The CAC gave funding priorities to agencies that: 1) had a strong presence in Palo Alto: 2) provided housing for families: 3) made use of former clients and maintained follow-up: and 4) provided a unique service. The CAC started with the public service applications, which amounted to approximately \$125,100 or 58 percent of the amount requested by the different agencies. The CAC discussed the applications, conducted interviews, participated in fieldtrips, and reviewed the prior years' funding. The CAC was able to fund every agency that applied; however, no one received the full amount requested. The amount available for Capital Projects was approximately \$529,869 or 56 percent. The CAC was faced with additional constraints with the Capital Projects. The projects had to be a minimum of \$30,000 to comply with the Davis-Bacon requirements. To administer a Capital Project required the maximum of three projects per year, which had to be monitored and reported on weekly. To maximize the capital improvements and minimize staff time, efficiency and completion was essential. The Barker Hotel, owned by the Palo Alto Housing Corporation (PAHC), did not receive funding. During the interviews, the CAC had been informed that the Oak Manor townhouses, also owned by the PAHC, had recently refinanced their facility and would have available funding, as well as reserved funds. The Lytton Gardens proposal requested funds to replace the mini kitchens in the units, as the units turned over. Timing would have made the construction impossible for staff to monitor. Lytton Gardens assured City staff the work could be consolidated and completed in two months rather than two years. The CAC did consider funding the project as proposed in Fiscal Year 2004-05, based on the availability of funds.

Chris Kelly, Citizens Advisory Committee Member, said the Davis-Bacon requirements were in place to ensure that the prevailing wage was paid and union contractors were used in compliance with HUD funding. The CAC was faced with the difficult choice of looking at, in a constrained environment, how to best leverage public dollars with the programs of CDBG. As an example, the CAC made the reasonable choice of funding the Oak Manor project, the leverage of which would allow the PAHC to still do the Barker Hotel, and thus take the project off the Capital Projects list. The CAC was concerned whether the Lytton Gardens conversion proposal could meet the HUD requirements by the funding and the manner in which it was proposed; doing the units as they turned over. The CAC chose to defer the funding of the Lytton Gardens project to Fiscal Year 2004-05 on a revised proposal. The CAC strived to find a way to creatively get around the paperwork restrictions and efficiently use public dollars.

Mayor Mossar asked whether the Council could engage in general conversation about the recommendations, noting that Council Member

Morton had a conflict of interest in the portion of the item that dealt with Adolescent Counseling Services.

Mr. Calonne said the Council would have to do a structured process to find out whether there was an issue. The process involved severing the item that Council Member Morton was conflicted on.

Mayor Mossar asked her colleagues whether they would be willing to take action on the Adolescent Counseling Services (Caravan House Rehab) funding request in the amount of \$111,197 for Fiscal Year 2003-04.

MOTION: Council Member Kleinberg moved, seconded by Beecham, to separate out Adolescent Counseling Services (Caravan House Rehab) from the rest of the items for consideration.

Mayor Mossar asked whether public testimony could be taken on the applicant agencies together or separately.

Mr. Calonne said the Council should take public testimony only as to the Adolescent Counseling Services.

Council Member Morton said he had provided services to the Urban Ministry in the past 18 months and requested they be separated out as well.

Mayor Mossar asked whether the cutoff for conflict was 12 months.

Mr. Calonne said that was correct. If fee income had not been received in the past 12 months then there would not be a conflict of interest.

Council Member Morton said he could not immediately say whether he had or had not received fee income from Urban Ministry within the past 12 months.

Mr. Calonne said the request was legitimate.

INCORPORATED INTO MOTION BY MAKER AND SECONDER to also separate out Urban Ministry (Homeless Drop-in Center).

MOTION PASSED 9-0.

Mayor Mossar opened the Public Hearing and hearing no requests to speak declared the Public Hearing closed.

MOTION: Council Member Burch moved, seconded by Freeman, to approve Adolescent Counseling Services and Urban Ministry for funding.

MOTION PASSED 8-0, Morton "not participating."

Council Member Morton, Finance Committee Chair, said the Finance Committee recognized CDBG funding had many more requests than monies available. The Committee approved all the non-capital items without any changes. There was approximately \$630,000 available for the Capital Improvement items. The CAC and City staff proposed one-third of the funds to the Clara-Mateo Alliance for kitchen remodeling. The Committee looked at both Lytton Gardens and the Barker Hotel as being Palo Alto based entities that also had significant needs in spite of any additional burden on staff.

Council Member Burch said the proposed recommendation for the Clara-Mateo facility asked for funding for the kitchen renovation and security measures, which would save them an operating expense of more than \$40,000 per year.

Mayor Mossar asked Council Member Freeman whether she would like to make her own report about the Finance Committee action, as requested by Council Member Lytle.

Council Member Freeman said the Chair of the Finance Committee did an excellent job of explaining the Committee's actions. She believed her colleague's request was an explanation of the change in the staff report (CMR:258:03) that was inaccurate from her comments of that evening.

Mayor Mossar said she would like to hear from the public first.

Council Member Lytle commented if there were corrections in the staff report by the person that it represented, she would like to hear what they were.

Council Member Freeman referred to the last paragraph on Page 3 of CMR:258:03. She corrected her statement that she felt the proportion for elderly residents was not well represented. The staff report of April 1, 2003 (CMR:198:03), stated approximately 26 percent of the monies, including the Human Services Resource Allocation Process (HSRAP), was allocated toward one agency, the Clara-Mateo Alliance, versus what was contained in the updated staff report.

Genie Dee, Executive Director of Stevenson House, 455 E. Charleston Road, thanked City staff, the Finance Committee, and the Council for recommending the Safe Shower Project. The recommendation would provide safer access for showering, facilitate the independence of the residents, and enable them to maintain personal hygiene. She hoped the Council would give due consideration for a proposed hot water piping project in 2004-05.

Alisan Turner, representing Lytton Gardens, 437 Webster Street, said the CDBG funding would allow completion of ten of the kitchen renovations for the assisted-living residents. Most of the work would be completed in-house while only contracting out for electrical work.

Mayor Mossar understood the kitchen renovations for Lytton Gardens would be completed in 2004-05. She asked whether that was correct.

Ms. Turner said it could be completed in 2004-05; however, the sooner the project was undertaken the better, especially for the safety of the residents.

Zoilamarie Parodi, representing Shelter Network Haven Family House, 260 Van Buren, Menlo Park, said Shelter Network provided housing and support services for homeless families and individuals. Within six programs, more than 2,000 homeless children and adults had been served. The City's support allowed Shelter Network to provide comprehensive and effective services to homeless families and individuals in the community.

Chris Kelly, representing the Citizens Advisory Committee, 422½ Palo Alto Avenue, said three was the maximum to be handled under the current allocation funding without the diversion of public dollars. The CAC was supportive of the Lytton Gardens kitchen renovations and wanted to see a proposal that would accommodate doing all the renovations at once.

Marlene Prendergast, representing the Palo Alto Housing Corporation, 725 Alma Street, supported the renovation of the Barker Hotel project, and appreciated the partial funding of the water pipe system for Oak Manor. The Barker Hotel served the poorest in the community and those just out of homelessness. The PAHC was in the process of refinancing Oak Manor, but those monies were not necessarily available to put into the Barker Hotel. Staff needed to take some of the reserves, some of the refinancing, and some of the CDBG funding to pay for the water system at Oak Manor. She expressed appreciation to the Council for their consideration of the Barker Hotel.

Robert A. Dolci, Emergency Housing Consortium, Director of Singles Programs, 13584 Woodburn Way, San Jose, expressed appreciation for the City's support of the homes programs for single adults and families. In the midst of decreased recommendations of funding, the EHC had increased the service goals for the upcoming fiscal year because of increased programs to serve the homeless. Three hundred new Single Resident Occupancy (SRO) apartment units and ten new family units would be opening in the coming fiscal year, which EHC hoped the homeless and low-income people from Palo Alto would access.

Donna DiMinico, Catholic Charities, Long Term Care Ombudsman, 2625 Zanker Road, San Jose, said Catholic Charities had a long relationship with the City of Palo Alto. Fiscal Year 2002-03 was the first year they were not recipients. The value of the program was to serve persons in the three nursing homes, one intermediate care facility, and seven residential care facilities for the elderly. She thanked the Finance Committee, City staff, and the CAC for their recommendations to Council 2003-04.

Irvin Dawid, Citizens Advisory Committee Member, 753 Alma Street, #126, expressed thanks and support to his colleagues on the CAC. The original recommendations were made with a great deal of thought, and he urged the Council to consider them.

Herb Borock, P.O. Box 632, said the staff report (CMR:258:03) was a recommendation from the Finance Committee. The Report from the City Attorney and the comments from staff indicated it was staff's intent to present the recommendations from the staff report of April 1, 2003 (CMR:198:03). He understood the normal process was to present the report of the Standing Committee along with the motions made by that committee. He believed the decision made by the Council that evening should be based on the merits of the projects, whether they agreed or disagreed with the recommendations of the Finance Committee.

Mr. Calonne said, traditionally, the Finance Committee would make its recommendations; however staff was not permitted to prepare resolutions or ordinances at the direction of the committee. The revised resolutions put at Council places conform the recommendations to past practice. There was nothing to stop the Council or the Finance Committee from directing staff to change the resolution. The Council should have the recommendations as they went to the Finance Committee with any suggested changes by that committee.

Mayor Mossar clarified staff did not make changes to the ordinance because the committee consisted of four members, not a five-member majority.

Mr. Calonne said that was correct.

Jeff Rensch, 741 Chimalus Drive, said the CAC and staff recommendations on capital spending seemed to be disregarded. The CAC spent many hours discussing the most efficient way to spend capital monies that were not sufficient for every possible request. For the first time in his experience, the CAC and staff agreed on recommendations. However, a Finance Committee member modified the agreed upon recommendations by the CAC and staff. He urged the Council to consider the recommendations presented by Ms. Newfield and Mr. Kelly.

Jeffrey Blum, Human Relations Commission Liaison to the Citizens Advisory Committee, 1494 Kings Lane, said the CAC considered the Barker Hotel project carefully. They visited the site and looked at the condition of the property. The CAC felt there was a need for security and sinks, however those projects did not add up to \$30,000, so they came up with a creative way of addressing that issue.

Steve Mullen, Citizens Advisory Committee Member, 10 Phillips Road, urged the Council to accept the CAC and staff's recommendations.

Vice Mayor Beecham asked what impact would there be if funding for the Clara-Mateo Kitchen Rehabilitation were cut from \$200,000 to \$140,000, as recommended by the Finance Committee.

Mr. Mullen said it was a business-case item that justified spending a larger amount of money on the front end, deferring future dollars, and the ability to fund other projects that amounted to smaller amounts of money.

Mayor Mossar declared the Public Hearing closed at 8:42 p.m. She said it was the sixth year she and Council Member Ojakian had done CDBG. Typically recommendations would come forward to the Finance Committee and staff would recommend one thing and the CAC would recommend another. The Finance Committee would mediate the decision and then take it to the full Council. The CAC and staff were in agreement with their recommendations, while the Finance Committee had gone in another direction. There was no ability to pull money from some other place to make the funds available.

MOTION: Council Member Morton moved, seconded by Freeman, that the Finance Committee recommend to the City Council approval of the following:

- ❖ Allocate CDBG funding as recommended by staff in the final 2003-2004 Action Plan update to the Consolidated Plan for the period 2000 to 2005.
- ❖ Commit future CDBG funds to repay the General Fund for a portion of the CDBG-eligible site acquisition costs in connection with a new affordable housing project, if a site can be identified and acquired in 2003-2004.
- ❖ Authorize staff to submit the 2003-2004 Action Plan to the Department of Housing and Urban Development (HUD) by the May 15, 2003 deadline.
- ❖ Authorize the City Manager, on behalf of the City, to execute the 2003-2004 application and Action Plan for CDBG funds and any other necessary documents concerning the application, and to otherwise bind the City with respect to the application and commitment of funds.
- ❖ Allocate Fiscal Year 2004-2005 funding as recommended.

Further, the following changes be incorporated into the recommendation:

- ❖ Decrease by \$60,000 the funding in FY 2003-2004 to the Clara-Mateo Alliance for the kitchen and Elsa Segovia security rehabilitation
- ❖ Provide \$30,000 for Community Housing Incorporates Lytton Gardens kitchen renovation in Fiscal Year 2003-04
- ❖ Provide \$30,000 to Palo Alto Housing Corporation (PAHC) for the Barker Hotel Improvement Plan in FY 2003-2004.

Council Member Morton said there was a complete misrepresentation of the Davis-Bacon Act (Davis-Bacon). Davis-Bacon was primarily a requirement to ensure prevailing wages were being paid in an area. It was not a requirement that a project be managed. He also said it was the role of elected officials to take input from the community including appointments to commissions. The Finance Committee did accept the CAC's approval of the operating grants. The one change made by the Finance Committee involved capital monies that Palo Alto received. The Committee believed those monies should look to many agencies, such as Stevenson House and the Barker Hotel, which were a creation of their own community. The Finance Committee recognized an additional burden would be put upon Clara-Mateo to come up with other funding, but they did not feel it was their responsibility to ensure that Clara-Mateo received 100 percent of its funding for the kitchen rehabilitation from Palo Alto. The Finance Committee favored recommendations for all the organizations that served Palo Alto, and he supported the decision of his colleagues.

Council Member Freeman said the Finance Committee did not disregard the comments of the CAC, but held them in the highest regard. The purpose of the Finance Committee was to review and make recommendations. The change from CAC's recommendation, though minor, involved taking \$60,000 from a \$200,000 allocation to Clara-Mateo and splitting into two other entities, the Baker Hotel and Lytton Gardens. Those agencies fell into the category of: 1) having a strong Palo Alto presence; 2) being unique in service; and 3) being family focused.

SUBSTITUTE MOTION: Council Member Burch moved, seconded by Ojakian to adopt the resolution reflecting the Citizens Advisory Committee and staff's recommendations.

Resolution 8291 entitled "Resolution of the Council of the City of Palo Alto Approving the Use of Community Development Block Grant Funds for Fiscal Years 2003-04 and the Preliminary Commitment of Funds from Fiscal Year 2004-2005 and Adopting the 'Analysis of Impediments for Fair Housing Choice'."

Council Member Burch said he was concerned that in a time when there was talk about thinking more broadly, decisions were being made as to whether the facility was located within the Palo Alto City Limits or not, and letting that effect an otherwise financial decision. He had visited the Barker Hotel, Lytton Gardens, and Stevenson House and found them all to be valuable to the community; however, Clara-Mateo had a security issue and the need for kitchen renovations. The staff report (CMR:258:03) indicated by building the kitchen in fiscal year 2003-04, an estimated \$40,000 would be saved in operating costs each year.

Council Member Ojakian agreed with the comments of Council Member Burch and thanked the CAC members for their work.

Council Member Lytle assured the CAC members and City staff, the Council did value and appreciate their recommendations and, although those recommendations might be modified, their role was important to the Council and the community. She was opposed to the substitute motion. She agreed with taking a small portion from Clara-Mateo and splitting it proportionately between the two agencies that served the City regionally and locally.

Council Member Kishimoto referred to Page 8 of staff report (CMR:198:03), which stated "the amount of the City's CDBG Allocation for FY04/05 is uncertain... and President Bush's administration proposed reducing Palo Alto's annual allocation by half." She said \$500,000 had already been committed for the Opportunity Center in FY2004-05, which only left \$42,950. The Finance Committee's intent was not to take away from Clara-Mateo, but to leverage the \$140,000 and share it.

Vice Mayor Beecham expressed support for the substitute motion. He said there was a sense of making the "pie" more equitable. He felt it was equitable because everyone received a portion however, he did not believe that was the best route for the community.

Council Member Kleinberg agreed with Council Member Freeman that \$60,000 was a small amount of money. However, to a non-profit organization it was enormous amount of money, especially when those dollars would either save the dollars downstream or leverage current dollars. She expressed support for the substitute motion.

Mayor Mossar expressed support for the substitute motion. She said Palo Alto played a significant role in founding the Clara-Mateo Alliance. She acknowledged the agency had a strong Palo Alto tradition and involvement by members of the community.

SUBSTITUTE MOTION PASSED 5-4, Freeman, Kishimoto, Lytle, Morton, "no."



9. Public Hearing: The City Council will hold a Public Hearing for Approval and Adoption of the Fair Housing Provider and Adoption of the "Analysis of Impediments to Fair Housing Choice 2000-05"

Council Member Morton stated he would not participate in the item due to a conflict of interest because he currently served as the Auditor for Project Sentinel.

Planning Manager Julie Caporgno indicated the staff recommendation on the selection of the Fair Housing Provider was a collaborative effort with the 05/12/03

Cities of Mountain View and Sunnyvale. Both Councils had approved selection of Project Sentinel as the Fair Housing Provider. The Analysis of Impediments to Fair Housing Choice was in draft format. If any of the Council Members had recommendations to language revisions, those could be incorporated prior to sending the action plan to Housing and Urban Development (HUD).

Council Member Freeman said the Analysis of Impediments to Fair Housing Choice stated African-Americans made up 2 percent of the Palo Alto population, while African-Americans filed 14 percent of all local discrimination cases. She asked what staff was doing to monitor the imbalance and could they provide insight regarding the reasons.

Ms. Caporgno said she did not believe there was any correlation between the population and the number of complaints by any ethnic group; however, there could be a correlation between the population and low-income figures. She said staff could ask the Fair Housing Provider to inquire, when a complaint was made, as to the reasons for the complaint.

Council Member Freeman noted the Caucasian population matched the Caucasian complaints and the Hispanic population matched the Hispanic complaints. However, the category with the smallest percentage in population had the highest percentage of complaints and that concerned her.

Associate Planner Eloiza Murillo-Garcia said Fair Housing complaints were not limited to residents of Palo Alto. It meant the accusation of discrimination occurred at an address in Palo Alto; however, the complainant could reside in San Francisco or Fremont. They came to Palo Alto to look at an apartment or to purchase a home, felt they had experienced discrimination, and reported it.

Council Member Freeman expressed concern that there were a high percentage of complaints of discrimination in Palo Alto compared to the percentage in Silicon Valley. She asked whether that could be monitored in some way.

Ms. Murillo-Garcia said staff received monthly monitoring reports from the Fair Housing Provider, but it was not an exact science. Perhaps the marketing to the African-American community had been more effective than to other ethnic communities.

Ms. Caporgno said staff would convey the concerns of Council Member Freeman to the selected Fair Housing Provider.

Mayor Mossar declared the Public Hearing open at 9:10 p.m.

Chris Kelly, 422½ Palo Alto Avenue, said the CAC also reviewed the Fair Housing Providers and were excited at the collaborative process between the Cities of Mountain View and Sunnyvale. The CAC was impressed with the statistics and the overall view that Project Sentinel added to Fair Housing services. He also expressed endorsement of Council Member Freeman's request for explanation of the disparity.

Martin Eichner, 30144 Park Street, representing Project Sentinel, said although Project Sentinel was new as the Fair Housing Provider, the agency had a strong record of service and responsibility to the City.

Ann Marquart, 430 Sherman Avenue, representing Project Sentinel, said Project Sentinel was a hardworking organization dedicated to service in Palo Alto. Project Sentinel was known on the national level for being a well organized and managed Fair Housing agency.

Mayor Mossar declared the Public Hearing closed at 9:15 p.m.

MOTION: Council Member Ojakian moved, seconded by Kleinberg, to approve the staff recommendation as follows:

1. Review and adopt the "Analysis of Impediments to Fair Housing Choice, 2000-2005 (Attachment A of CMR:262:03)," that includes an Action Plan for Fair Housing;
2. Direct the City Manager to submit the Action Plan to the U.S. Department of Housing and Urban Development (HUD); and
3. Approve the selection of Project Sentinel as the City's Fair Housing Provider.

Council Member Ojakian said he had every confidence in Project Sentinel because of other work they had done in Palo Alto.

Council Member Kleinberg congratulated Project Sentinel for the wonderful work they did. She expressed concern over the lack of certainty attached to one of the other applicants in terms of their merger and leadership. She said it was important to those who needed fair housing services to have an organization that had a strong reputation, and would do an excellent job. She expressed her support for Council Member Freeman's concern about what appeared to be disproportionate statistics.

Council Member Freeman praised Project Sentinel for having "a stronger record in effective community outreach". She believed that was an important quality, because Palo Alto was a well-engaged community.

Council Member Kishimoto agreed with the comments of Council Member Freeman. She thanked the Midpeninsula Citizens for Fair Housing (MCFH) for their many years of service.

MOTION PASSED 8-0, Morton "not participating."

Mayor Mossar said staff requested Item No. 12 be removed from the Agenda.

City Attorney Ariel Calonne said the San Francisco Bay Regional Water Quality Control Board (Regional Board) submitted a letter extending the compliance deadline from July 15, 2003 to October 2003. Staff wanted to evaluate what that meant before having the Council act on the ordinance.

MOTION: Council Member Kleinberg moved, seconded by Lytle, that Item No. 12 be removed from agenda at the request of staff.

MOTION PASSED 9-0.

RECESS: 9:20 p.m. to 9:30 p.m.

REPORTS OF OFFICIALS

10. Proposed Milestones for Council "Top 5" Priorities Fiscal Year 2003-05

Mayor Mossar said the proposed milestones included in the staff report (CMR244:03) had been budgeted, were staffed, and were manageable in the timeframes indicated. If any of her colleagues chose to make additions to the list, other items would need to be removed.

Assistant City Manager Emily Harrison noted corrections to the Infrastructure portion of Attachment 1 (CMR:244:03). The estimated completion dates for the Parking Structures: Lot R and Lots S/L were September 2003 and November 2003, respectively. The Roth Building demolition would occur in June 2003 and the Joint Powers Authority (JPA) short-term objectives would take place in June 2003.

Council Member Lytle referred to Page 5 of Attachment 2 (CMR:244:03) regarding the study of options to enhance recreations and field space. She did not see any information addressing the issue in the draft budget and asked for an explanation.

Ms. Harrison said staff was still working on the budget document when it had to go to print. The intent was to provide a presentation at the Finance Committee meeting that was part of the discussion of the overall Capital Improvement Program (CIP) scheduled for May 20, 2003.

City Manager Frank Benest said there would be recommendations coming from the discussions with appropriate funding.

Council Member Lytle asked whether a report would be available to help the community understand where the City was headed.

Ms. Harrison said materials would be made available when completed.

Council Member Lytle said Item 22 (b) in Attachment 2 indicated the process would begin for developing cost and other data, timelines, issues and potential approaches. She asked whether recommendations would be presented by July 2003 or would the process be beginning for developing those.

Ms. Harrison said staff had not started the work, but she hoped it would move fairly rapidly once they got past the short-term solution.

Council Member Lytle asked whether staff would refine the language to make the milestone clearer.

Ms. Harrison said yes.

Council Member Lytle referred to Item 24 (b) in Attachment 2 regarding the acquisition of a site zoned for public facilities. When the Comprehensive Plan (Comp Plan) was done, it was determined there was inadequate public facility acreage to accommodate the population and needs of the community. The conversion of public facility land to housing was not recommended at that time. She asked whether the finding for surplus public properties could be made. She also asked why the project was being pursued in the absence of analysis to show such a surplus.

Chief Planning Official Lisa Grote said staff had looked at mixed uses on the site as part of the South of Forest Area (SOFA) Coordinated Plan. With the approval and preparation for development of the SOFA I Park, there were additional park facilities being provided that were not there when the Comp Plan was undertaken.

Council Member Lytle clarified she was not just speaking about park acreage, but to general public facilities support. She clarified that beyond parkland, staff would bring the analysis forward prior to acquiring a property.

Ms. Grote said that was correct.

Mr. Benest asked whether the proposed site was on the Housing Site's Inventory (HSI).

Ms. Grote said yes. It was added to the HSI as part of the Housing Element Update (HEU).

Council Member Lytle said an agreement was made that if the unit count needing shifting, it would be done at the time of the inventory.

Council Member Freeman referred to Page 4 of the staff report (CMR:244:03) under *Report Format*, which stated Attachment 1 would be in effect from July 1, 2003 until June 30, 2005. She understood the timeframe coincided with the budget cycle, but it did not coincide with the election of Council Members in November 2003. She asked when new Council Members would have the opportunity to have input on milestones created during the two-year process.

Mr. Benest said the milestones would normally be reviewed during the second year of the two-year budget.

Council Member Freeman clarified the milestones would be reviewed again in May 2004, during the time the budget was reviewed.

Mr. Benest said yes.

Council Member Freeman expressed concern of the continued use of *CityPages*. She did not believe it had been approved for the next budget cycle.

Mr. Benest said staff would continue to evaluate the distribution and/or format process for *CityPages*. It would continue to be promoted "In the Loop".

Council Member Freeman said she would like to see the milestones re-evaluated with measurable action items listed. She referred to Items 2 and 6 in Attachment 1 regarding aggressively pursuing grants and structural budget reductions. She said it would be beneficial to outline and/or name the grants presently under consideration, and provide a report on upcoming retirements and review inter-department reorganization through attrition.

Bunny Good, P.O. Box 824, Menlo Park, was amazed the milestone for the Homer Avenue Caltrain Undercrossing indicated the completion of funding would occur in June 2003. She said the scenario for funding had changed. Federal and State governments had taken back over \$3 million. The City would have to take \$3 million from the General Fund and loan it to the government on the possibility the money would never return.

MOTION: Council Member Freeman moved, seconded by Lytle, to direct staff to add measurable steps where possible to allow the tracking of progress.

Council Member Freeman said her motion followed the trend the Council was pursuing with the evaluation process, whereby measures could be accounted

for rather than just having general ideas. When quarterly review of the milestones came about, the Council and the public could see what progress had been made.

Council Member Lytle believed she heard Council Member Freeman ask for two things: 1) for each of the milestones to be carefully crafted to actually represent an achievable objective by a point in time; and 2) an action plan. She believed staff's intent, as they moved along, was to "flush out" how to go about achieving the proposed milestones. In her perspective, the milestones would not be worded as some of those in the staff report (CMR:244:03), because they were too general and did not indicate whether they were completed or not.

Council Member Freeman said it was a combination of coming up with dates for the "ongoing" milestones and providing more detail than what was presently listed for a number of the proposed milestones.

Council Member Kishimoto asked whether the motion directed staff to add "bullet points" to the milestones that had none.

Council Member Freeman said yes. It gave staff room to fit things in where they could and understand the general ideas being put forth.

Mayor Mossar asked Council Member Freeman if she wanted to change the wording of her motion.

Council Member Freeman said no. It was worded correctly.

Council Member Kishimoto said the suggestion of "flushing out" a few of milestones would be beneficial.

Vice Mayor Beecham said the proposed milestones were not the action plan. He did not believe every interim step had to be listed as long as the Council continued to receive quarterly updates.

Council Member Ojakian was opposed to the motion. He did not believe the Council should get the "granular level" of activities but the higher level of milestones that outlined key items being worked on, which could be reworked in terms of wording. The key point was for staff to keep the Council informed of the various activities taking place, as well as defined timelines.

Council Member Morton said the proposed milestones were general items. The Council needed to understand certain things would be done under each category. He did not feel it required his colleagues going through it adding verbiage.

SUBSTITUTE MOTION: Council Member Morton moved, seconded by Ojakian, to adopt the proposed milestones for the Fiscal Year 2003-05 Council Top 5 Priorities.

Council Member Morton said there were a number of Council priorities that were not shared by the community, such as Traffic Calming. He believed staff had done a good job of giving the Council a fair number of milestones, and the staff report (CMR:244:03) should be accepted as is.

Council Member Ojakian expressed support for the substitute motion.

Council Member Burch expressed support for the substitute motion.

Council Member Kleinberg agreed with her colleagues to have more specificity with the proposed milestones, but as they moved further away from the current year, it became harder. She expected that after the budget was completed, there would be more specificity about the milestones. She referred to Page 1, Item 5 of Attachment 1 regarding the Youth Oriented Milestones and her idea of a Children's Budget. She said she wanted to make sure the budget included not only programs, but also services and facilities. She asked whether it was appropriate to add language, subject to a possible vote that evening for the improvement of SOFA Park as a milestone.

Mayor Mossar suggested that when the Council heard Item No. 12, a motion be made to direct staff to add it to the milestones.

Council Member Kleinberg clarified it would be to reflect any vote the Council took that evening about SOFA Park

Mayor Mossar said yes, but it was premature to do so now.

Council Member Kleinberg said she would like to see an additional milestone of dedication of the park related to the SOFA Park. She asked whether the Council needed to include a milestone that reflected the efforts of the Friends of the Children's Junior Museum and Zoo to raise money and execute a partnership in terms of the City's responsibility and role with respect to improvement of that facility.

Ms. Harrison said there would not be a problem from staff's perspective.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add Support for Friends of the Children's Junior Museum and Zoo and the Friends of the Art Center to the milestones.

Council Member Kleinberg said polls had been taken in the community that revealed and confirmed affordable housing was of significant concern in Palo Alto. She did not see any comprehensive effort in Attachment 1 or 2 to study
05/12/03

and plan for affordable housing. She would like to see a milestone that included a community-based analysis of how the City could realistically and affordably produce the type of affordable housing the community needed.

Mr. Benest asked if staff was doing an overall look at the City's Below Market Rate (BMR) Program and how to modernize it.

Ms. Grote said yes; however, the program might suffer as a result of having an additional assignment. She asked whether the suggestion was to wrap it into the BMR Program.

Mr. Benest said there was a strategy in place that may or may not be the best way to promote BMR units in the community. Staff was looking at whether to continue down the same path of producing BMR units or look at a better way, which had been planned for and could create additional milestones. The intent of executing a strategic plan, over-and-above what was included in staff's commitment in the Housing Element, was a major undertaking.

Council Member Kleinberg expressed concern that there was not a written document to a resident what the plan was. The section of the Affordable Housing Priority was disjointed. If the BMR Review was staff's strategic plan, it should be listed in the milestone.

Mayor Mossar said she did not believe the subject of debate was whether or not there should be a strategic plan. The issue was if the Council chose to add a milestone to develop a strategic plan, there would not be funding or staff available without modifying the other milestones.

Council Member Kleinberg clarified that staff considered what they were doing to be the strategic plan. If staff had considered a comprehensive and workable strategic plan for achieving affordable housing according to the City's Housing Element Update (HEU) then it should be listed as a milestone.

Mr. Benest said BMR units were created through several mechanisms: 1) the inclusionary zoning requirement; and 2) housing development funds. Both mechanisms would be accelerated through actions taken by the Council. In the past they were created for ownership and for sale. Some of those units were getting old. Staff believed it was a good time to be self-critical about the program.

Council Member Kleinberg said the words on the document did not connote a comprehensive plan for affordable housing. If there was a plan keyed from the HEU, the wording should reflect that.

Mayor Mossar said the concepts expressed by Council Member Kleinberg had to do with the HEU, which was listed on Page 6 of Attachment 1.

Council Member Kleinberg said the Affordable Housing Plan should be under Affordable Housing as the milestone.

Mr. Benest suggested under the Affordable Housing milestone, staff could create an implementation plan through adoption of the HEU.

Mayor Mossar asked staff for direction on whether there was something that could be added which met Council Member Kleinberg's interest.

Mr. Benest said a study session was being planned on Affordable Housing and would include a list of key actions for implementation.

Council Member Morton asked whether staff's suggestion under Affordable Housing would change the wording for Housing Site Request for Proposals to reword the language as part of the implementation of the HEU.

Mr. Benest said under Affordable Housing staff would include an item about implementing the HEU and identify what were considered the key items for implementation for staff and Council.

Council Member Kleinberg clarified that under the title of Affordable Housing a separate number would be added for the implementation plan for the housing element.

Council Member Morton said he presumed the implementation plan was not an additional work burden but a formulation. He accepted the amendment.

Council Member Ojakian said there was already a HEU, which the City had limited control over because of private pieces of property being developed. The City had a Consolidated Plan that focused on the affordable housing items, which operated independently of the "Top 5" Priorities. He reluctantly accepted the amendment.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add under affordable housing a separate number for the implementation plan for the Housing Element.

Council Member Kishimoto expressed support for the substitute motion. She referred to Page 5 of Attachment 1 (CMR:244:03) under Zoning Ordinance Update (ZOU). She did not see a step for a revised zoning map to apply the newly created zoning categories. She asked whether that was agreeable with staff.

Ms. Grote said that could be added as a milestone. Staff anticipated adding it as a follow-up action to the ZOU.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add as a milestone to revise the Zoning Map to apply newly created zoning categories.

Council Member Kishimoto said similar discussions were had at a Finance Committee meeting. She believed the missing step was to tie the "Top 5" priorities to the budget.

Council Member Lytle said her colleagues backed away from developing an Action Plan for one of the milestone areas to a more general area of implementing the HEU. She was unsure how helpful that would be as a milestone because the work plan was for two years while the HEU was a five-year plan. She did not believe ongoing programs were milestones. They should possibly be acknowledged in the document, but not as milestone objectives. Milestones should be described as something achievable by a certain timeframe and could be measured by its success. She expressed support for substitute motion.

Mayor Mossar expressed support for the substitute motion. She said part of the reason the staff report (CMR244:03) was not final was because it was unclear how to use it.

Council Member Freeman hoped the substitute motion allowed for the incorporation of little bit of her earlier motion of additional wording where possible. She asked if that the maker of the motion would accept.

Mayor Mossar said the discussions that evening showed the Council expected the Proposed Milestones to improve and change over time.

SUBSTITUTE MOTION PASSED 9-0.

ORDINANCES AND RESOLUTIONS

CONTINUED DISCUSSION OF ITEM NO. 11

Karen Holman, representing the Palo Alto History Museum Project Committee (Project Committee), 725 Homer Avenue, said the Project Committee believed that retention of the Roth spine was a practical action from the perspective of having a viable building for preservation and sustainability. She said the Project Committee believed they could do the project for substantially less.

Herb Borock, P.O. Box 632, urged the Council to dedicate as much of the South of Forest Avenue (SOFA) Park as possible. One-year prior the Council unanimously adopted a motion on the Roth Building to include the intent to dedicate the portion of Scott Street as parkland. He said the location of existing trees at the interim park was important when it came time for the

neighborhood to design and construct the permanent park. He understood it was the policy of staff and the Council that the use of neighborhood parks for organized sports groups was limited to parks with five or more acres rather than a park with two acres.

Mayor Mossar declared the Public Hearing closed.

Director of Public Works Glenn Roberts said staff considered four options for the Roth Building Spine. Option A of the original proposal was to demolish the spine as well as the wings at a cost of \$750,000. Option B, the proposed recommendation, would keep the spine, reinforce it up to the Building Code, and demolish the wings at a cost of \$1,235,000. Option C involved keeping the spine but temporarily bracing it with external beams, which would have to be removed in the future at a cost of \$930,000. Option D evaluated the possibility of demolishing the spine now, and building an addition at the same location in the future at a similar cost per square foot. Staff recommended Option B, which involved major structural work in the roof area of the spine to be retained. There were approximately 11 different roof sections in various angles and configurations, which would act independently in an earthquake and needed to be braced and tied together. The basement of the building required major reinforcement. In the back of the building, where the wings were removed, a new wood frame and stucco-covered walls would be built flat against the exterior of the spine. A similar type of treatment would be constructed on the other side of the building. The original budget for the project was \$930,000 for demolition, with revenues coming from Summerhill Homes in Phase I of the work for their avoided costs in dirt removal. He requested Council approval for an additional \$275,000 in funding to bring the total cost for the project to \$1,235,350. The additional \$275,000 was comprised of \$225,000 worth of additional construction in the structural reinforcement, \$5,000 for the preservation architect that had been retained, the initial estimate for the preservation cost \$15,000, and \$30,000 for protection measures and project contingencies.

Mayor Mossar said the Council received a letter requesting several items from the Roth Building be salvaged. She asked if that the \$30,000 for protection measures would be included in the salvage.

Mr. Roberts said staff was working closely through the architect and with the Palo Alto Historical Association (PAHA) to evaluate those items. Some they agreed and others had questions. Most of the items would be included, i.e. roof tiles, copper downspouts, scuppers.

Mayor Mossar clarified there was some money in the Budget Amendment Ordinance (BAO) to cover salvage efforts.

Mr. Roberts said yes.

Assistant City Manager Emily Harrison said the SOFA Park and the Roth Building were two pieces of the same puzzle. In the discussions of athletic fields, one thing staff struggled with was Council's priority for the Phase I Athletic Fields and how to balance it against the \$1.5 million it would cost to both design and build the new SOFA park. In recognizing the City's significant financial problems and Council's directive to value current infrastructure needs before new, staff moved out the implementation of the SOFA Park. In working with the neighborhood group, staff found receptivity to the idea of an interim solution to the Park, which would allow it to be useable and playable for the neighborhoods. There were already monies in the Capital Improvement Program (CIP) that had been set aside to do both minor construction work at the Roth Building and begin the design process for the final Park. No additional funds were required. Staff was asking the Council for permission to reallocate those CIP funds. She assured the Council that staff had not stopped the search for a permanent solution for the Park.

Council Member Kleinberg asked whether the land connecting the SOFA Park to the Scott Park would be privately owned.

Mr. Roberts said the Park dedication was 2.4 acres of the proposed SOFA Park. The final map offered the muse for dedication to the City as public property, however he did not know if that offer had been accepted.

City Attorney Calonne said the issue was who would maintain what was fundamentally a narrow private space between a condo development and some single-family homes. The land would be there for unencumbered permanent pass and repass by the public.

Ms. Harrison requested Council approval of a BAO to allow the retention of the Roth Building Wings and approval of the redirection of current funding in the Roth Building project to allow construction of interim improvements to the SOFA Park.

Mayor Mossar asked the City Attorney to explain what could and could not be done with a park dedication.

Mr. Calonne said the Council could dedicate all but the Roth Building and sufficient surrounding land to permit resale for private use. The problem in April 2001, was no one had mapped or had an analysis of what land ought to be kept out of the Park to facilitate or accommodate use of the Roth Building if all of the plans about non-profit use fell through. The challenge for park dedication would be staff drawing a reasonable line around the Roth building, which would allow them to say it was useable in the hands of a third party, if the City had to let it go.

Council Member Morton asked whether it was feasible to construct a park if, at some future time, the Council chose not to dedicate certain portions of it.

Mr. Calonne said all portions of the park would not have to be dedicated to permit public use, particularly if it was an interim park.

MOTION: Council Member Kleinberg moved, seconded by Burch, to adopt a Budget Amendment Ordinance (BAO) to supplement Capital Improvement Program (CIP) Project 10304, Roth Building Wings Demolition, in the amount of \$275,000, to provide the necessary funding to complete the demolition project; requesting approval of the use of infrastructure funding currently available in CIP Project 10218, South of Forest Avenue (SOFA) Park, to construct an interim SOFA Park, to state Council's intent to agendize the dedication of park in December 2003 as such time as temporary parking use is removed and to add appropriate milestones to permanently dedicate the SOFA Park and construct the interim park as soon as possible.

Mayor Mossar said she believed the Council had already stated their intent to permanently dedicate the park as open space.

Mr. Calonne said yes.

Council Member Kleinberg said she was happy to see the demolition project get underway while saving the spine. It was time the neighborhood got the park promised to them years ago. The dedication of the park gave certainty to Council's commitment to make sure it remained a park in perpetuity.

Council Member Burch expressed support for the motion. He said it was the right thing to do, and the community did tremendous work to get to that point.

Council Member Freeman asked what was the exact size of the Park.

Mr. Roberts said the approximate acreage was 2.4, which included the area where the wings were to be demolished.

Council Member Ojakian said the whole site, including the Roth Building footprint, was 2.41 acres.

Mr. Roberts said that was correct.

Council Member Freeman asked whether staff had an approximation of the land acreage if the City had to sell the Roth Building with preserved land around it.

Mr. Roberts said no. Staff had no estimation of land it needed to preserve in order to facilitate uses of the Roth Building to make it available for sale.

Council Member Freeman asked whether an amount of acreage was previously discussed in Council's intent to dedicate the park.

Mr. Calonne said it was approximately 2 acres.

Council Member Freeman said she had information SOFA Park was to be a minimum of 2.2 acres of parkland.

Mr. Calonne said the goal was 2.0 acres, not including the Roth footprint.

Council Member Freeman asked whether the SOFA Park would remain an interim park during the 2003-04 budget cycle.

Ms. Harrison said that was staff's expectation, but everything was being done to come up with a funding source for the final park. The earliest construction could begin was the fall of 2004.

Council Member Ojakian understood both Vice Mayor Beecham and Council Member Kishimoto reviewed the site with staff and came back with an opinion of whether the spine should be retained or not. He asked to hear what they found out.

Vice Mayor Beecham said he and Council Member Kishimoto met with the Director of Public Works and the Project Engineer. They did not go out to the site, although he had been there in the past. His concern was what was the cost and what were the other options. He learned the seismic upgrade of concrete and steelwork involved putting in a reasonable concrete foundation below the foundation of the basement and beam work from the eastside to the westside to tie the walls together. He came away from the meeting understanding the costs were not unreasonable. The final user of the project would have the ability to make the backside as attractive as possible.

Council Member Kishimoto said she took a tour of the building with a number of staff members. She expressed concerns about the high cost of renovating and whether the permanent redesign was something a potential tenant might want to tear down in the future. Her concerns were allayed by the construction drawings, which outlined the reinforcement of the building's foundation.

Council Member Ojakian expressed support for the interim park, but was opposed to the Roth Building wings demolition. He did not like the idea of taking money from the Infrastructure Reserve (IR) Fund. He believed those funds should only be used for existing infrastructure facilities. In 2000, the original cost on the Roth Building was approximately \$5.6 million. In 2001, that number changed, and in 2003, that number changed again to over \$7 million and counting. He believed the Council needed to take a stand and decide how much they were realistically willing to put into the building.

Council Member Morton expressed support for the interim park. He suggested wording for the milestone to indicate the park would be

constructed into an interim park as quickly as practical. He said the Roth Building was the City's asset and it was unfortunate there was not already a plan in place. The City was faced with the choice of adding an additional \$400,000 to save \$2.8 million worth of construction. He believed the project should move forward.

Vice Mayor Beecham expressed support for the interim park and the Roth Building project. He was more comfortable with the cost associated with reinforcing the spine, and the hope that potential users of the spine would value maintaining it. He believed it was appropriate for the funds to come from the IR, relative to otherwise coming from the Budget Stabilization Reserve (BSR), which he would not have supported. The Roth Building project was an asset not simply an expense.

Council Member Lytle said Ms. Ogawa was under the impression the cost overrun of \$275,000 was the result of Summerhill's underestimation of costs. She asked whether it was Summerhill Homes' or the City's underestimation.

Mr. Roberts said there was not a cost overrun, but a change in the scope of work to retain the spine and retrofit the spine to code. The change in scope had necessitated a cost increase for greater scope and project size.

Council Member Lytle asked whether staff had assumed in their original estimates to remove the wings and the spine, or was that not looked into.

Mr. Roberts said the original project, as contemplated by the Development Agreement, was for removal of the wings and spine. The original conceptual cost estimates were based on that scope of work, and not upon retaining the spine and reinforcing it.

Mayor Mossar clarified it was the Council who changed the original scope of work.

Mr. Roberts said yes.

Council Member Lytle expressed support for the motion, but was concerned the interim park would look like a lawn if public park amenities were not added. She hoped the cost overrun was part of the Council's learning process as an organization.

Mayor Mossar clarified the project was not a cost overrun, but a change in the original scope of work.

Council Member Lytle said the wings were what she believed the Council had previously discussed, but not the spine of the building.

Mayor Mossar said it was Council action that put the spine of the building into play.

Council Member Lytle said if the Council had professional assistance on the historic renovation earlier in the process, it would have been understood much earlier.

Mayor Mossar clarified if the Council had looked at the project in more detail at the time the action was taken, the cost consequence might have been understood.

Council Member Kishimoto expressed support for both parts of the motion.

MOTION SEPARATED FOR THE PURPOSE OF VOTING

FIRST PART OF MOTION to adopt a Budget Amendment Ordinance (BAO) to supplement Capital Improvement Program (CIP) Project 10304, Roth Building Wings Demolition, in the amount of \$275,000, to provide the necessary funding to complete the demolition project;

Ordinance 4790 entitled "Ordinance of the Council of the City of Palo Alto Amending the Budget for the Fiscal Year 2002-03 to Provide An Additional Appropriation of \$275,000 for Supplemental Funding to Complete the Demolition Project of Capital Improvement Program Project 10304, Roth Building Wings Demolition"

MOTION PASSED 8-1, Ojakian "no."

SECOND PART OF MOTION requesting approval of the use of infrastructure funding currently available in CIP Project 10218, South of Forest Avenue (SOFA) Park, to construct an interim SOFA Park, to state Council's intent to agendize the dedication of park in December 2003 as such time as temporary parking use is removed and to add appropriate milestones to permanently dedicate SOFA Park and construct the interim park as soon as possible.

MOTION PASSED 9-0.

~~12. Ordinance Establishing Storm Water Pollution Prevention Measures for Land Development Projects~~

~~Ordinance of the Council of the City of Palo Alto Amending Title 16 [Building Regulations] of the Palo Alto Municipal Code by Adding Chapter 16.11 Relating to Stormwater Pollution Prevention Measures~~

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

MOTION: Council Member Burch moved, seconded by Beecham, to agendize the 800 High Street referendum for the November ballot at a future City Council meeting.

Council Member Burch said the developer had done the City a service stating the matter could not be handled any other way.

Vice Mayor Beecham heard that supporters of the petition indicated they had no ability to negotiate, which left no other option but to place the matter on the ballot.

MOTION PASSED 9-0.

Council Member Burch noted the future green energy in Palo Alto, which was a commitment to building a sustainable Palo Alto.

Mayor Mossar noted the Mayor's bicycle ride on Saturday, May 10, 2003.

Mayor Ojakian noted his thanks to retiring Police Chief Pat Dwyer for his service to the City of Palo Alto. He said he would be going to Sacramento on Thursday, May 15, 2003, on behalf of the City regarding financial issues. He announced a Youth Community Services event on Wednesday evening, May 14, 2003, at the Palo Alto Art Center.

ADJOURNMENT: The meeting adjourned at 11:40 p.m.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.