

CITY COUNCIL  
MINUTES



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February 02, 2009

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ADJOURNMENT: The meeting adjourned at 11:59 p.m. ....18

The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:10 p.m.

Present: Barton, Burt, Drekmeier, Espinosa, Kishimoto, Klein, Morton, Schmid, Yeh

### STUDY SESSION

1. Joint Meeting with Assemblyman Ira Ruskin Concerning State and Local Issues.

No action required

### SPECIAL ORDERS OF THE DAY

2. Resolution 8902 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Lynne Johnson Upon Her Retirement."

**MOTION:** Vice Mayor Morton moved, seconded by Council Member Barton to adopt the Resolution expressing appreciation to Lynne Johnson upon her retirement.

**MOTION PASSED:** 9-0

Sherry Bijan, Palo Alto Downtown Business and Professional Association (PAD), spoke on behalf of the Representatives of PAD extending their gratitude to Chief Lynne Johnson for her years-of-service to the community which was carried out with integrity and innovation.

Paula Sandas, spoke on behalf of the Palo Alto Chamber of Commerce, expressing their appreciation for Chief Johnson's 34-years of service to the community. She said Chief Johnson will always be an Athena, an award bestowed by the Chamber of Commerce.

Sylvia Smitham, 2514 Birch Street, thanked Chief Johnson and the Police Officers for making this city one of the safest on the peninsula.

3. Proclamations Celebrating Black History Month and Honoring Individuals on the 9<sup>th</sup> Annual List of 50 Most Important African-Americans in Technology.

Mayor Drekmeier said a ceremony was held in the City Hall lobby earlier that afternoon for Soul Technology, an exhibit honoring the African-American

pioneers of high technology. The exhibit would be on display during Black History Month.

Council Member Yeh read into the records the Proclamation honoring the 9<sup>th</sup> Annual Soul Technology list.

Council Member Klein read into the records the Proclamation honoring Roy L. Clay Sr. as a Freedom Rider of the Cutting Edge.

Council Member Barton read into the records the Proclamation honoring Dr. Frank Greene as a Freedom Rider of the Cutting Edge.

Mayor Drekmeier read into the records the Proclamation honoring the late Ronald Lee Jones as a Freedom Rider of the Cutting Edge. Mr. Jones passed away in 2004.

#### CITY MANAGER COMMENTS

City Manager James Keene thanked the City Staff for their participation in distributing the Red and Green literature on January 31, 2009. He spoke of the progress the environmental volunteers made on renovating the Eco Center, formally known as the Sea Scout Building. The site would be the base operations center for the volunteers. Evaluations of the Ambassador Development Program could be viewed online by logging onto [www.ambassadorsrus](http://www.ambassadorsrus). The evaluations covered several of the program's achievements to increase the community's awareness of resources available to families who were in need and personal connections, particularly during these difficult economic times.

Council Member Espinosa said the distribution of the Red and Green literature was a success. He encouraged outreach activities to help connect and pull together citizens, neighborhood associations, non-profits, and City Staff in addressing the City's critical needs and saving City money.

Council Member Kishimoto said the neighborhood outreach program consisting of over 150 volunteers and covered a vast percentage of the City in distributing Red literature on emergency preparedness and Green literature in reducing greenhouse gas footprint at home. The City coordinated with three non-profit organizations; Acterra's Green at Home, Palo Alto Neighborhoods (PAN) Emergency Preparedness, and Community Environmental Action Program (CEAP).

#### ORAL COMMUNICATIONS

Nadia Naik, 1825 Emerson Street, spoke on High Speed Rail and asked the City to keep citizens well informed on the process, decisions, funding and the progress of the on-going project.

Cecilia Lancaster, 1637 Mariposa Ave, spoke on High Speed Rail and felt the project would do more harm than good. It would be unsightly, costly and more efficient if Bay Area Rapid Transit (BART) and CalTrain were to make appropriate connections.

Rita Tetzlaff, 1835 Newell Road, spoke on High Speed Rail, and said the project would change the City's landscape. She raised concern about the City not providing more information on the current impacts.

Mary Brodbeck, 2383 South Court, spoke on High Speed Rail. It would impact the City's safety, aesthetics, environment, and lower property value. She said citizens were frustrated and their issues of the project were not being heard.

Sara Armstrong, 4118 Park wanted the City to provide more detailed information on the High Speed Rail.

Lynn Krug, Service Employee International Union (SEIU) representative, spoke on how the organization worked and interacted with the City in providing services.

Joe Webb, Woodside, spoke regarding a study on crime and race data in San Mateo County and Santa Clara County.

Tom D'Arezzo, 1563 Mariposa Avenue, spoke on High Speed Rail and raised concerns regarding his home and neighborhood being subjected to eminent domain.

Council Member Burt asked to have the High Speed Rail project posted on the City's website to promote steady communication between citizens and the Staff regarding the project and its progress.

City Manager, James Keene said the City's website would be expanded to share all of the information it had access to, but may not be complete since the City had many unanswered questions.

#### CONSENT CALENDAR

**MOTION:** Council Member Kishimoto moved, seconded by Council Member Burt to pull Agenda Item Number 4 to become Agenda Item Number 7A.

Herb Borock, P.O. Box 632, spoke on Agenda Item No. 6 regarding unpaid rent from the Refuse Fund to the General Fund. He spoke on how numbers should be reconciled in the reports.

Administrative Services Director Lalo Perez addressed Mr. Borock's concerns and said a followup was completed by external Auditors in 2006 to ensure the City complied with the requirements. The Council had authorized the department to defer the rent. The department would pursue documenting the transaction.

**MOTION:** Council Member Klein moved, seconded by Vice Mayor Morton to approve Consent Calendar Item Numbers 5-7.

4. ~~Adoption of a Resolution Approving the Utilities' Legislative Policy Guidelines for 2009~~
5. Approval of Amendment No. 1 to Contract No. C07122034 with URS Corporation Americas to Add \$111,160 for Construction Management Services for a Total Not to Exceed Amount of \$1,411,160 for the Palo Alto, Mountain View/Moffett Area Recycled Water Pipeline Project, Capital Improvement Program Project WQ-04010.
6. Ordinance 5026 entitled "Ordinance of the Council of the City of Palo Alto Authorizing the Closing of the Budget for the 2008 Fiscal Year," and to Approve 2008 Comprehensive Annual Financial Report (CAFR).
7. Finance Committee Recommendation to Accept Maze & Associates' Audit of the City of Palo Alto's Financial Statements as of June 30, 2008 and Management Letter.

**MOTION PASSED:** 9-0

- 7A. (Former No. 4.) Resolution 8903 entitled "Resolution of the Council of the City of Palo Alto Approving the Utilities' Legislative Policy Guidelines for 2009".

Council Member Kishimoto said her reason for pulling the item was because when she was Vice Mayor she was asked to sign a letter opposing AB2021. It was a bill opposing to have public-owned agencies bring their energy efficiency program up to the level of the Investor Owned Utilities (IOU). Palo Alto carried a lot of weight and had concerns the City was lending its weight to defend other public agencies that were performing poorly. She did not want the City to send out letters of opposition on items that straddled the goal of having local control and also being committed to reaching aggressive goals.

Director of Utilities, Val Fong, said in a recent California Municipal Utilities Association meeting there were discussions on overtaking positions on renewable portfolio standards. Palo Alto did not oppose the concept to the renewable portfolio standards or the very aggressive standards being proposed.

Council Member Kishimoto asked whether it would require a policy change.

Ms. Fong said it did not and was designed to be in line with the department's philosophy.

Council Member Kishimoto referred to Attachment B, Goal #1 and asked to add the words "but not at the expense of achieving statewide environmental goals."

Ms. Fong said the term "local control" was being avoided and instead used "local accountability." The department did not resist the concept of statewide renewable portfolios standards and believed in the ability to design programs that make more sense locally.

Council Member Burt spoke regarding Staff's concerns of legislative pressures which increased the cost or standards for construction such as solar facilities for reliability purposes. He needed a better understanding of what the regulatory impediments were in order for the Utilities Advisory Commission (UAC) and the Council to play a more active role in supporting Staff with these issues.

Ms. Fong said Council Member Yeh and UAC Vice Chairperson Melton recently discussed public power issues with Senator Joe Simitian and Assemblyman Ira Ruskin.

Council Member Burt asked whether trends described in Staff report (CMR:125:09) Attachment B were discussed.

Ms. Fong said Assemblyman Ruskin planned to sponsor legislation to talk about reporting requirements put forth by agencies pushing the legislative front and the California Energy Commission to streamline reporting requirements.

Council Member Burt said he recently had a discussion with a leading solar installation company regarding the impediments the installers were having in California which worked against State legislation that was trying to promote solar installation. He asked whether Staff discussed with the installers their understanding of impediments. The installer said his company had backed

out of the Palo Alto market because Palo Alto was one of the few cities in the Region that would not provide over-the-counter permits for photovoltaic installations. In addition to adhering to State regulations, Staff may need to review the internal process as to whether the City was being a leader in permit streamlining.

Interim Director of Planning & Community Environment, Curtis Williams said he would be meeting with solar installers to discuss these issues and attempt to resolve some of the impediments. The City did not issue over-the-counter permits and the turnaround time for processing was 2-3 days. The reason for this was to get everything in order so final approval would be made after the first inspection. Most other cities took multiple inspections to get the final approval.

Council Member Klein said the Resolution should include how the guidelines would be used, at what level they would be approved, and who had sign-off authorization.

Ms. Fong said the City did not sponsor its own legislation on behalf of public power or water but worked with the Bay Area Water Conservation Supply Agency (BAWSCA), Northern California Power Agency, and the California Municipal Utilities Association. They were guiding principles and Palo Alto voiced its opinions in accordance with the legislative priorities.

Mr. Keene agreed the check and review process was not explicit in the Resolution. If Staff felt the direction was clear at the department level, they could go ahead and respond on the City's behalf on legislation. If a decision was questionable at Staff's level it could mean going to Council for clarification.

Council Member Klein asked to have a procedure be established to have the Director of Utilities or the City Manager sign off on actions taken in writing pursuant to positions made by the City Council.

Mr. Keene agreed to the new procedure.

Council Member Klein asked to clarify what "voluntary actions" meant in Goal Number 2. He did not want the goal to be misread as the City being into voluntary actions as opposed to mandatory actions.

Ms. Fong said it was not meant to exclude mandatory actions but to recognize there would not be a penalty in having a carbon neutral portfolio. She was open to modifying the language.

Mayor Drekmeier suggested adding the words "shouldn't be penalized for early adoption."

Council Member Klein asked whether the guidelines would include that any written position shall only be with the approval of either the Utilities Director or City Manager.

**MOTION:** Vice Mayor Morton moved, seconded by Council Member Burt to approve the Resolution for the Utilities' Legislative Policy Guidelines for 2009 with amendment to Attachment B: 1) amend Goal Number 1 adding to the end of the sentence "while balancing statewide climate protection goals, 2) amend Goal Number 2 to remove "voluntary actions" and replace with "adoption", and 3) add "written utilization of these guidelines will be subject to the approval of the Utilities Director or City Manager".

Ms. Fong suggested adding to Goal Number 1 "While balancing statewide climate protection goals"

**MOTION PASSED:** 9-0

**MOTION:** Council Member Burt moved, seconded by Council Member Yeh to direct Staff to return with language for engaging the Utilities Advisory Commission (UAC) more in legislative and regulatory policy.

Council Member Burt said the intent of his Motion was to request the UAC be involved in analysis and advisory roles to Council and Staff on regulatory matters affecting Utilities.

Council Member Yeh asked to add language for Staff to take action by forwarding the Northern California Power Agency (NCPA) legislative and regulatory committee analysis to all of the Council Members.

Mr. Keene asked the Motion not move into the governance issues and structure of the UAC role without some relief. He raised concerns about the amount of work being directed if analysis and advisory got involved in the regulatory aspects of utilities.

Council Member Burt asked whether the City Manager had wanted to set boundaries regarding his concerns.

Mr. Keene felt the UAC and Staff should formalize the boundaries and establish a quarterly or semi-annual work plan in order to be aware of demands placed on the Staff.

Vice Mayor Morton said he viewed the Motion as highlighting a subsection of the UAC's established responsibilities. There may be the current need to highlight the responsibilities because of immediate concerns regarding climate control which may not be necessary in 2-3 years. He trusted Staff and UAC to come up with the topics and set their own agenda. He did not support the Motion.

**MOTION PASSED:** 8-1 Morton no

### REPORTS OF COMMITTEES AND COMMISSIONS

8. Finance Committee Recommendation to Review and Comment on the Update to the Long Range Financial Forecast, Status of Midyear Financials, Presentation of Budget Policies and Guidelines for the FY 2010-2011 Budget Process.

Vice Mayor Morton said the Long Range Financial Forecast (LRFF) was a predictive and projective map reviewed by the Finance Committee. Because of the current economic times it was necessary to recommend the full Council initiate discussion on the LRFF.

City Manager, James Keene, said the financial forecast presented to the Finance Committee was optimistic and financial circumstances could worsen. The Finance Committee expressed the need to do what-if scenario planning if situations worsened. The current budget deficit for the year had risen from \$2.3 million to \$5.8 million. There was a drop in revenue of \$6 million but had a carry-over revenue from the earlier budget. Staff had been dealing with the FY 2009 budget in making a one-time adjustment to close the \$5.8 million budget gap in a way causing less harm which only postponed the challenge of an \$8 million deficit in the 2010 budget. In closing the \$5.8 million gap, the Council Appointed Officers (CAO's) and the department directors identified a \$3 million reduction for the remainder of current fiscal year through salary savings and deferral of purchases. There were no program or service reductions. A hiring freeze was instituted for the remainder of the year which yielded \$1 million and still allowed for selective hiring but a reduction in recruitments. A \$1 million transfer was eliminated to the Infrastructure Reserve from the General Fund and \$800,000 was suspended to the General Fund contribution for retiree medical liability for the current year. The City faced more budget reductions in the next budget year in trying to maintain the General Fund Reserves at the 15 percent of expenditures minimum and reduce or eliminate the projected deficits in FY 2011. The Council Appointed Officers (CAO's), Executive Leadership Team (ELT), and the City Manager met and acknowledged pay increases and variable Management Compensation

payments would be inappropriate for the following year. Challenges not included in the forecast was a \$500,000 estimate for a new Public Safety Building and a \$1 million annual operating expense associated with the voter approved bond package for the Library and Community Centers to begin in FY 2012. There was no funding in the forecast for potential debts service obligations for the new Public Safety Building historically identified as a \$5.2 million expenses. There were potential increases in the CalPers pension expense depending upon how the portfolio continued to perform but would not take effect until FY 2012. The FY 2010 forecast model did not include salary increases for Service Employee Internationals Union (SEIU) or management employee groups. The following year's budget included the contractually obligated salary increases previously negotiated for Police and Fire. Numbers would be obtained after the actual negotiations took place with SEIU and management. The focus was on a hiring freeze and other recommendations in trying to position the City for the current and the following year's budget. There currently was no proposal to balance the FY 2009 year budget where lay-offs were involved.

Administrative Services Director, Lalo Perez provided a presentation as outlined in Staff report (CMR:109:09) which covered the Balanced and Sustainable General Fund Budget which was the goal of the Long Range Financial Forecast (LRFF); Purpose of the Long Range Financial Forecast; General Financial Outlook; Forecast Assumptions and Drivers; Downside Risks and Potential New Revenues.

Deputy Director of Administrative Services, Joe Saccio said there was a downturn in revenues which would continue to descend into 2010 with an upturn in the second half of FY 2010-2011. Revenues that were economically sensitive were the sales tax, transient-occupancy tax (TOT), documentary transfer tax, and building permits which constituted the decrease of \$7.7 million. The \$1.7 million increase was from the utilities user tax and an expected increase in property tax.

Budget Manager, Sharon Bozman, spoke on expenditures used in the forecast model. Salaries and benefits were main expenditures for the City with a projected average annual growth of 3.9 percent for the next ten years. The average annual growth over the past ten years was 4.2 percent. Only contractual salary increases for Public Safety were included in the forecast. The average annual growths for the General Fund expenditures were projected at 3.4 percent from FY 2009-2019. It was 4 percent for the prior 10 years. Without systemic changes the City would recognize deficits through FY 2019. Staff would return with the FY 2009 midyear budget report and the FY 2010 budget recommendations that balanced the General Fund and maintained the 15 percent Budget Stabilization Reserve (BSR) guideline. The projection for March 2009 was \$5.8 million in estimated

expenditure reductions with an \$8 million estimated reductions for the FY 2010 budget.

Mr. Perez spoke of the challenges in the LRFF, the infrastructure funding that included the Council's addition of \$4 million funding with a 7 percent annual increase and the funding of the General Fund's retiree medical liability. The total General Fund liability for FY 2009 was \$5.5 million. Financial challenges not included in the LRFF was the potential ongoing expense for the Public Safety Building and Libraries/Community Center; potential debt service obligation of \$5.2 million for the Public Safety Building Certificates of Participation, possible increase in CalPERS pension expense, possible impacts from the State budget crisis, funding for new unknown initiatives, FY 2010 did not include salary increases for SEIU and Management employee groups. Some of the downside risks were continued deepening of the current recession, continued erosion of City's economic base, deterioration of the infrastructure, competitive labor and rising benefit costs, potential debt service obligations, possible increase to CalPERS pension expense beginning FY 2012, and possible new State takeaways and new unknown initiatives. Potential new revenues were expansion of the Stanford Shopping Center with a new hotel which would increase the tax base, Destination Palo Alto, identifying dealership sites along Highway 101 and the business license tax.

Mr. Keene said in closing the \$5.8 million deficit, he instituted a budget balancing plan that included a one-time expenditure reduction. Staff would return to the Finance Committee with a midyear report to include a request for additional appropriations that would offset revenues such as grants and detailed information on budget balancing expenditure reductions. For the \$8 million deficit in FY 2010, the General Fund would be balanced by focusing on changes to employee compensation, service and program levels and potential new revenue sources. Council guidance on budget policies and priorities were important. The City Manager would conduct City Council budget study sessions and community and employee outreach in March 2009 giving the people a better understanding of the tradeoffs the City faced. The Finance Committee would return to the Council in May 2009 with FY 2010-2011 Proposed Budget recommendations.

Herb Borock, PO Box 632, said a business license tax would be the best on-going revenue source to maintain the existing service levels. He advised not to change the budget stabilization guidelines.

Council Member Barton said civic engagement should be a proactive exercise and would play a big part on how the City conducted its work. He understood the necessity in closing the current year's budget through job freezes but did not want to see that happen for the following year. He did not want to set the Police Building project aside for the following year but

wanted to see what the cost would be if it were to be added to the current burden. He said \$5.2 million for the Police Building was a lot of money, but worth the cost in the event of a major disaster. If the building could not be done in the immediate future, he suggested looking into a short-term change to allow for a safer Emergency Operations Center (EOC). He spoke of PERS Contributions of being less during good times but required an increase in contributions during the not so good times and encouraged Staff to establish a policy to level out the PERS contribution or what he referred to as the "PERS Curve" during unpredictable times.

Council Member Schmid referred to the 4.2 percent average annual growth for salaries and benefits over the past ten years against total fund expenditures and asked why salaries and benefits were growing faster than revenues.

Mr. Keene said the core challenge for Staff was what conversation they were going to have on the benefits side with health care costs.

Council Member Schmid said the Palo Alto Landfill was valued at \$7.4 million per year. Under the current payment schedule the City received approximately \$4.3 million per year and payments extended into the future. The payment schedule would expire at the end of 2010 when the landfill closed. In December 2008, Staff noted if commercial disposal were suspended, it would extend the landfill for 2 years past the closure date. In January 2009, when Council suspended commercial dumping, it meant there would be another payment in January 2011. The Refuse Fund would owe the General Fund \$7.4 million; this should be noted in the LRFF.

Mayor Drekmeier said his understanding was the City would be paying money from the Refuse Fund into the General Fund for several years in trying to smooth out the payments.

Council Member Schmid said payments being smoothed out were for the \$7.4 million per year that would extend through the end of 2010, but if the landfill was being used after 2010 the new payment schedule would come into play.

Mr. Perez said the current schedule was through 2021 with the last payment being \$881,000. Between 2013 and 2020 payment would be \$2.1 million dollars. Another policy could be put in place to avoid a negative impact on the fund for the remaining two years.

Council Member Schmid said over the last 13 months there was no mention of the annual value of the landfill. The \$7.4 million per year should be noted in the LRFF.

Vice Mayor Morton said if the landfill stayed open for another 4-5 years and in leveling out the payments could the rent be adjusted for the additional years.

Mr. Keene said if the life of the landfill were extended for 2 years and additional rent were received for the short-term it would change the existing model in the revenues and how it related to smoothing payments.

Vice Mayor Morton said a policy decision would need to be made as to when the rent would be charged.

Council Member Espinosa encouraged Staff and the Council to be bold in their thinking regarding employee compensation, program and services and in revenue sources in long-term planning when discussions take place in May 2009.

Council Member Yeh asked whether key positions were factored in the analysis of the 40 percent salary and benefit savings from vacancies in department reductions.

Mr. Keene said the bulk of the salary monies were from holding positions vacant. A position would be filled if there was a return on the investments. Positions were not permanently eliminated and Staff would have a better idea of which to fill or eliminate during the 2010 budget process.

Council Member Yeh asked whether there was a risk in not funding the retiree medical cost.

Mr. Perez said \$33 million had been transferred to the trust account for the short-term.

Council Member Yeh asked the status on the phasing-out of the land-line.

Mr. Saccio said there were no deterioration in the revenues and he did not have data which broke out land-lines from cell phones. The remittance from the providers was one lump sum.

Council Member Yeh asked whether there were regional discussions regarding comparisons of compensations within local jurisdictions.

Mr. Perez said in a recent meeting with fellow financial officers he found that cities that were the same size as Palo Alto were in the same situation. There needed to be an agreement as to what total compensation meant in the County.

Council Member Burt said in 2003 to 2007 the Capital Improvement Plan (CIP) experienced escalating costs in construction. In the beginning of 2008 it leveled out. He asked if there was a good chance of receiving more in capital improvements for the same amount of dollars during the current time and in 2009.

Mr. Perez said Public Works Director Glenn Roberts confirmed project bids were coming in significantly lower than expected. There were concerns in the area of capacity given the priorities of the Public Safety Building and the Library.

Council Member Burt suggested not just looking at the dollars allocated toward infrastructure expenditures in the CIP fund, excluding dedicated dollars for the Library, but what could be accomplished for the dollars.

Mr. Keene said a more comprehensive review would be made and a detailed report would be provided in March 2009 to the Finance Committee.

Council Member Burt asked for an update on the Library Bonds that would be put to market at the end of the year.

Mr. Perez said it was approximately 4.9 percent interest for the \$5.2 million for the Public Safety Building and changed almost on a daily basis. Interest rates currently were at 5.5 percent. In comparison, if the water reservoir project had moved forward last week, 5.5 percent interest would have applied with an AA- rating.

Council Member Burt asked if the City could issue the bonds with an AA-rating.

Mr. Perez said that it could.

Council Member Burt confirmed the Council had made no decision to extend the life of the landfill when they move forward with the Blue Ribbon Task Force (BRTF). He concurred with his colleagues that Staff made a preliminary plan for FY 2009 and FY 2010 to not have a deficit.

Council Member Klein asked if Staff had examined the various stimulus packages. He said there were funds set aside for reconstruction of roads, bridges, and infrastructure needs, but asked if there were monies coming forth for the City.

Mr. Keene said the information was probably on target and no supplanting language or supplanting of other existing funds was in the stimulus package. He questioned the City's AA- bond rating because he thought it was higher.

Mr. Perez clarified the AA- bond rating was for the Water Storage project in the Enterprise Fund and said he had not reaffirmed the General Obligations (GO), but it was an AAA rating when last confirmed.

Council Member Klein said to avoid public confusion he asked Staff to not include the Library when referring to expenditures. He said the City was not paying for the retirement plan twice. The defined benefit plans was the employer would take the risk in market performance. He asked whether it was illegal to cooperate with other agencies in setting bargaining positions.

Mr. Baum said he would research the answer and was not prepared to answer that question.

Mr. Perez said the Finance Committee discussed the fact that interpretation of the data was not the same as other agencies.

Council Member Klein said his understanding was private industry could have multi-employer bargaining units that bargained with Unions and the City could not have a multi-bargaining unit in the public sector.

Mr. Baum said he thought it could be an unfair labor practice if the City formed a consortium of that nature. There could be ways the City could be creative and coordinate its interpretation of the data to avoid paying salaries or benefits that were out of line on a total compensation basis. He was not certain and would need to do additional research for the answer.

Council Member Kishimoto felt it was time to look at cafeteria plans to help control costs and provide flexibility with the benefit and salary portion at 63 percent. She suggested rethinking solar panel regulations and to move toward performance standards to help save costs. She said to recover from the recession we needed to have a more lean and green, high-performance based city.

Vice Mayor Morton spoke of the current financial hardship the City was being faced with and said it could be a 10-year freeze. The City may need to cut back in funding the Capital Reserve. The TOT was passed that enabled the City to remain where it was. He encouraged moving forward on business licensing for revenue. The landfill was a revenue source which needed to be faced. He suggested putting the Public Safety Building project on hold and stated there was no possible way of obtaining \$5 million from the General Fund.

No Action taken by Council.

### STUDY SESSION

#### 9. Review of the Transportation Analysis for the Proposed Stanford University Medical Center and Stanford Shopping Center Expansions

Council Member Barton advised that he would not be participating in Agenda Item Number 9 as he is on staff at Stanford University. He left the meeting at 10:40 p.m.

Council Member Klein advised that he would not be participating in Agenda Item Number 9 as his wife is on staff at Stanford University. He left the meeting at 10:40 p.m.

Staff presented a summary of the draft Transportation Impact Analysis (TIA) for the [Stanford University Medical Center and Stanford Shopping Center] Projects (Projects), including an overview of the purpose of the study, the analysis methodology, the key findings, and potential mitigation measures.

Planning and Transportation Commissioner, Susan Fineberg presented a summary of the Planning and Transportation Commission's comments on the TIA that was reviewed at a Study Session on January 21, 2009.

Jean McCown, Stanford University, stated that specific mitigation measures are needed in order to assess the net impact of the Projects. The possible implementation of the "Go Pass" program for hospital employees was the only mitigation studied. The growth assumption used in the TIA was conservative.

Brodie Hamilton, Stanford University, summarized the existing Transportation Demand Management (TDM) programs at Stanford.

Craig Barney, 3210 Maddok, said the hospital project was a medical project that provided medical care in the community. He spoke of the California Environmental Quality Act (CEQA) process which involved studies in moving mitigations and adjustments of the project forward in resolving problematic issues. He felt assumptions used in the model were conservative.

Norman Beamer, 1005 University, spoke of two intersections that would be highly impacted by the project which were Woodland Avenue and University Avenue and Middlefield Road and University Avenue. These intersections were in residential arterials and urged the Council to have mitigations.

Michael Feuer, 1310 University Avenue, spoke regarding the traffic impact on University Avenue. He said Stanford continues to develop its land with no plan to move traffic efficiently in those areas.

Michael Griffin, 344 Poe Street, spoke of the traffic trips generation and how the traffic may double with the onset of the project.

Bill Phillips, Stanford University, said the TDM which Brodie Hamilton spoke of were applicable to the University as well as to the hospitals and employees except for the "Go Pass."

Mayor Drekmeier advised by consensus of the City Council that this agenda item would be continued to February 9, 2009. Public comment was closed, however, members of the public could still write to the Council on this matter.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES

Vice Mayor Morton asked Staff to send a letter to the High Speed Rail Authority asking for an extension of the public comment period.

ADJOURNMENT: The meeting adjourned at 11:59 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.