

Special Meeting
March 07, 2011

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:04 p.m.

Present: Burt, Espinosa, Holman, Klein, Price, Scharff, Schmid, Shepherd, Yeh

Absent:

CLOSED SESSIONS

1. CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Pamela Antil, Dennis Burns, Lalo Perez, Joe Saccio, Sandra Blanch, Marcie Scott, Darrell Murray)

Employee Organization: Palo Alto Police Officers Association

Authority: Government Code Section 54957.6(a)

CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Pamela Antil, Lalo Perez, Joe Saccio, Sandra Blanch, Marci Scott, Darrell Murray)

Unrepresented Employee Group: Management, Professional and Confidential Employees

Authority: Government Code Section 54957.6(a)

CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Pamela Antil, Dennis Burns, Lalo Perez, Joe Saccio, Sandra Blanch, Marcie Scott, Roger Bloom, Darrell Murray)

Employee Organization: Palo Alto Fire Chiefs' Association

Authority: Government Code Section 54957.6(a)

03/07/2011

CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Pamela Antil, Lalo Perez, Joe Saccio, Sandra Blanch, Marci Scott, Darrell Murray)

Employee Organization: Service Employees International Union, Local 521

Authority: Government Code Section 54957.6(a)

The City Council reconvened from the Closed Session at 7:44 p.m. and Mayor Espinosa advised no reportable action.

SPECIAL ORDERS OF THE DAY

2. Community Partners Non-Profit Presentation - Canopy.

Canopy representative, Catherine Martineau stated Canopy was started 15 years ago by the City Council. They work with the Cities of Palo Alto, East Palo Alto and Mountain View. Their goal is to protect and grow the urban forest by tree plantings; care, education, and outreach are several of their programs. There was an Arbor Day Festival planned on Saturday, March 12, 2011 in Eleanor Pardee Park.

Mayor Espinosa stated this portion of the agenda was a recommendation by Council Member Klein in an effort to showcase the City's non-profit partners.

Council Member Shepherd asked for details with respect to Canopy's gifting policy.

Ms. Martineau stated a gift purchased through Canopy would provide a tree being planted during the planting season. The gifter can choose the designated location of the tree; however, there cannot be a plaque at the site.

Vice Mayor Yeh asked how community members could participate in or volunteer for Canopy.

Ms. Martineau stated there were many different avenues citizens could take and the first one would be to visit the Canopy website to view the listing of upcoming events.

3. Proclamation of the Council of the City of Palo Alto for National Arbor Day and California Arbor Week.

Council Member Holman read the Proclamation into the record.

City Arborist, Dave Dockter spoke regarding the Tree City U.S.A requirements. He stated 26 years ago the City had committed to having tree managers and Staff that were able to assist in the managing of the tree resources within the City.

Council Member Holman expressed her appreciation to Dave Dockter for his commitment to his job and the City.

4. Resolution 9147 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Wayne Fluss Upon His Retirement."

Council Member Price moved, seconded by Vice Mayor Yeh to approve the Resolution expressing appreciation to Wayne Fluss upon his retirement.

MOTION: Council Member Price moved, seconded by Vice Mayor Yeh to approve the Resolution expressing appreciation to Wayne Fluss upon his retirement.

MOTION PASSED: 9-0

Wayne Fluss thanked the City Council, fellow workers and his family for their support. He thanked the citizens of Palo Alto for their support during long hours, nights and weekends.

5. Appointments to the Human Relations Commission for Two Terms Ending on March 31, 2014.

MOTION: Vice Mayor Yeh moved seconded by Council Member Holman to appoint Claude Ezran and Daryl Savage to the Human Relations Commission for two terms ending on March 31, 2014.

MOTION PASSED: 9-0

Mark Petersen-Perez spoke regarding the Charter of the Human Relations Commission (HCR) and noted the HRC e-mail is no longer monitored.

Council Member Burt requested that the previous vote be redone due to a member of the public that was not able to speak prior to the vote.

MOTION RECONSIDERED: Vice Mayor Yeh moved seconded by Council Member Holman to appoint Claude Ezran and Daryl Savage to the Human Relations Commission for two terms ending on March 31, 2014.

MOTION RECONSIDERD PASSED: 9-0

6. Proclamation of the Council of the City of Palo Alto Proclaiming March 2011 Peace Corps Month.

Vice Mayor Yeh read the Proclamation into the record.

Nathan Hillsargent, Peace Corps recruitment office, noted the Peace Corps has been in existence for 50 years and has had over 200,000 Americans who have served.

Mayor Espinosa spoke of the Peace Corps representatives and how once they return from service they continue their engagement within their own communities.

Vice Mayor Yeh mentioned Stanford University was hosting a Peace Corps 50th Anniversary celebration April 15, 2011.

CITY MANAGER COMMENTS

City Manager, James Keene shared in conjunction with Stanford, Zip Car and the Sheraton Hotel, two Zip car parking stalls had been implemented at the Palo Alto Transit Center. He noted the Family Resources Program had 25 families graduate from the 12th Ambassador Class. He congratulated the Children's Theatre for the production of Ferdinand the Bull which was the highest attended and highest grossing production in the 79 year history of the theatre.

ORAL COMMUNICATIONS

William Landgraf spoke regarding the increase in City natural gas prices, government spending, and employee salaries.

John Barton spoke regarding the Housing Trust of Santa Clara County and extended an invitation to the Annual Investors Briefing on Friday, April 8, 2011.

Mark Petersen-Perez spoke regarding First Amendment Rights.

Mayor Espinosa stated in no way was the Council denying any person the right to criticize this Governing Body or Staff, the Protocols clearly denotes addressing the Body as a whole.

Ken Alsman spoke regarding lack of parking in the Professorville area.

7. APPROVAL OF MINUTES

MOTION: Council Member Shepherd moved, seconded by Vice Mayor Yeh to approve the minutes of January 18 and 31, 2011, and February 7, 2011.

MOTION PASSED: 9-0

CONSENT CALENDAR

MOTION: Council Member Klein moved, seconded by Council Member Shepherd to approve Agenda Item Nos. 8-13.

8. Resolution 9148 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rule and Regulation 29 (Net Energy Metering Service and Interconnection)."
9. Deferral of Adoption of the Energy Risk Management Policy.
(Continued from 1/18/11).
10. Resolution 9149 entitled "Resolution of the Council of the City of Palo Alto Amending the Administrative Penalty Schedule to Update Parking Violation Penalties to Implement a State Mandated Surcharge Identified in Senate Bill 857."
11. Approval of High Speed Rail Committee Name Change to Rail Committee.
12. Resolution 9150 entitled "Resolution of the Council of the City of Palo Alto Authorizing the City Manager to Submit Application(s) and Sign Related Agreement(s) for the California Department of Resources Recycling and Recovery (CalRecycle) Rubberized Asphalt Concrete (RAC) Grant Program."
13. Approval and Authorization for City Manager to enter into Amendment No. 1 to contract with Systems Planning Corporation/Tri Data Division to add \$40,000 for preparation of an EMS study for a total contract amount not to exceed \$87,000. Authorize the City Manager to sign an amendment to the agreement with Systems Planning corporation/Tri Data Division in the amount of \$34,000 to complete the City of Palo Alto Emergency Medical Services Resources, Services and Utilization Study.

MOTION PASSED: 9-0

ACTION ITEMS

14. Public Hearing: Approval of a Mitigated Negative Declaration and Adoption of an Ordinance to Amend the Existing Palo Alto Commons Planned Community ("PC") to Add a 0.83 Acre Site and Rezone it to PC from CN and RM-15 for a new 3-story Building Providing 44 Senior Assisted Living Rental Units at 4041 El Camino Way.

Council Member Holman advised that she would not be participating in this item as she has a conflict due to collecting rent from one of the tenants. She left the meeting at 8:20 p.m.

Director of Planning and Community Environment, Curtis Williams gave a brief presentation explaining the proposed Planned Community District Amendment.

Planning and Transportation Commission Vice Chair, Samir Tuma stated the project had been reviewed by the Planning and Transportation Commission (P&TC) twice in 2010 and again in January 2011. They requested an economic analysis be prepared to evaluate the loss of commercial area being replaced with residential. The draft Ordinance was approved 7-0 by the P&TC with the following conditions; TDM program needed to be evaluated within 6 months of the project being implemented, the restroom windows required frosting where there were adjacent neighbors, "Keep Clear" signage be painted on the streets to ease the entrance and exit of the neighboring properties.

Public hearing opened at 8:40 p.m.

Steven Reller, Applicant, stated the project was the addition of 44 units to the Palo Alto Commons, senior rental housing which includes several care levels; dementia and assisted living. Senior rental housing was in great demand and brought no impacts to schools, causes very little noise or traffic. The proposed building while larger than what would be normally allowed in this zone, was the most appropriate option for the parcel and the City.

Rob Steinberg, Steinberg Architects gave a brief presentation on the merging of the existing site and new facility to create the Planned Community (PC) Zone, and the streetscape. A Transportation Consultant had been retained by the Applicant to examine the parking for the residents and the guests. The parking spaces in the underground garage had been increased to 38 for residents and an increase in visitor parking to 25 spaces.

Steve Ross spoke in support of the project.

Millie Kohn spoke in support of the project.

Anne Lektis spoke in support of the project.

William Hahn spoke in support of the project.

Colleen Hahn spoke in support of the project.

Roger Smith spoke in support of the project.

John Erving spoke in support of the project.

David Mitchell spoke in support of the project.

Steve Player spoke in support of the project.

Robert Moss spoke in support of the project and urged Staff to revise zoning districts to include a zone for senior housing.

Council Member Scharff asked for clarification with respect to there being 44 units and only 38 parking spaces.

Sandy Sloan, Counsel for the Applicant, stated the Zoning Code specified the required parking allotment could be reduced by 50 percent for senior housing. She noted in the existing facility there were 117 rooms where merely 5 occupants had vehicles.

Robert Echolls, Transportation Consultant for Applicant, stated the analysis concluded 40 percent of the units would maintain a vehicle which equated to 18 parking spaces for residents, 7 spaces needed for the staffing, 5 visitor spaces, and the remaining 8 spaces would be shared with the existing facility.

Council Member Scharff asked for confirmation that the new facility was not being under parked, thereby creating spillage onto the street.

Mr. Echolls assured Council the number of spaces provided was above the required code.

Council Member Scharff stated the Applicant indicated the City would acquire approximately \$70,000 in Use Tax. He asked how the City would collect the Use Tax funds.

Mr. Williams clarified the tracking of Use Tax was difficult and was not generally tied to a specific project. The City would receive a portion of Use Tax; although with administrative costs both from the City and the Applicant it would not be \$70,000.

Council Member Scharff clarified a percentage of the Use Tax would go to the City; although to track the funds would burden to the Applicant and the City Staff.

Mr. Williams stated that was correct.

Council Member Schmid asked how the Zoning Code applied parking to this type of project. He noted on page 239 of the Staff Report, the Senior

Housing had 2.66 trips per day per bed. He asked whether that was the basis for the Housing Code's traffic and parking.

Mr. Echolls stated there were two separate calculations; trip code and parking code. The parking code for the City's rate was one space per 2.5 beds which would indicate a requirement of 22 parking spaces.

Council Member Schmid noted it appeared by following the present required code there had been many issues of under parking.

Mr. Echolls stated the approach taken was to estimate the parking of the facility itself based on existing traffic patterns, existing parking needs and future projections. He assured the Council the number of parking spaces being provided was well above the required City parking code.

Council Member Schmid stated his understanding was there was a gated area for visitor parking which had an access code to enter thereby making a number of spaces unavailable.

Mr. Echolls stated the gate was required for security purposes. There were family members who currently possessed the access key to enter the gate. The current proposal with parking management was to have the employees park behind the gate which would open spaces in front of the facility for visitors.

Council Member Schmid asked whether there was a way to monitor the use of the spaces to ensure the proper availability was there for the perspective person needing to park.

Mr. Williams stated the experience with other similar complexes had shown no issues. With this complex there were a few perks in place to assist with the parking solutions; there was a shuttle provided and the Transportation Demand Management (TDM) program was implemented to monitor or prevent further issues.

Mr. Echolls stated the use of public transportation and car pooling to this point had been voluntary. The goal was to utilize community checks, promote more frequent use of transit, and the 5-1-1 program for the facility employees.

Council Member Schmid stated on page 101 of the Staff Report there was a property tax estimated at \$17,600. He asked how the number was calculated.

Mr. Williams stated within the calculation table the taxes were based on the increment between the estimated future value and improvements less the assessed value of property at time of purchase.

Council Member Schmid stated the implication seems to be the City did not receive a large amount from the new developments in terms of property tax.

Mr. Williams stated in this particular case it was relative, the \$17,600 was representative of the incremental construction costs. He noted at the time of purchase there was an assessment which increased substantially.

Ms. Sloan clarified the property was assessed when the land was purchased; there was an anticipated increase in value once the improvements were complete.

Public hearing closed at 9:34 p.m.

MOTION: Council Member Price moved, seconded by Council Member Scharff to: 1) approve the initial Study and Mitigated Negative Declaration, in accordance with the California Environmental Quality Act (CEQA); and 2) adopt the proposed Ordinance, and amendment to the existing Palo Alto Commons Planned Community (PC-3775) zone district to add the 0.83 acre site to the existing 1.7 acre site, and construct senior assisted rental housing facility to replace the existing buildings at 4041 El Camino Way.

Council Member Price thanked all parties involved in support of the project. She felt it was moving to see so much heartfelt support for this type of project. The project achieved many goals in the City's Comprehensive Plan, the commitment in providing diversified housing, and the social responsibility in providing additional housing for seniors both rental and assisted. The benefits were sufficient and the financial donation to Avenidas was appropriate. She noted the project complimented the existing facility.

Council Member Scharff stated senior rental housing was a difficult task to be taken and he was pleased to have the community of Palo Alto embrace such a project. He noted his strong support for the Council policy on commercial versus residential zoning, with that being said, given the extraordinary nature of senior rental housing changing the zoning was justified.

Council Member Schmid spoke in support of the project and the persistence of the people who have been pursuing the project. He mentioned visitors to the center was a critical consideration and the assurance of ample parking needed to be available.

Council Member Shepherd complimented everyone involved with the project and the work that had gone into the preparation. She mentioned it was a pleasure to read through the report and was pleased at having a facility

being able to support the difficult times of aging while maintaining the dignity of our elders.

Vice Mayor Yeh thanked Staff for the presentation and the work done by the Boards and Commissions involved in the project. He noted the project was helping to create an intergenerational aspect to the City, adjacent to multi family housing, adjacent to single family units and numerous commercial areas accessible by foot which would assist in encouraging less usage of vehicles.

Mayor Espinosa thanked everyone for their work on the project. He stated there had been studies compiled showing the residents of Palo Alto plan on remaining in Palo Alto while enjoying an active senior live. Therefore it was incumbent upon us as a community to work together to provide a panoply of housing for seniors.

MOTION PASSED: 8-0 Holman not participating

Council Member Holman returned at 9:44 p.m.

15. Finance Committee Recommendation to Adopt Resolution 9151 entitled "Resolution of the Council of the City of Palo Alto Approving the Proposed Gas Utility Long-Term Plan (GULP) Objectives, Strategies, and Implementation Plan." *(Continued from Council meeting of 1/10/11).*

Senior Resource Planner, Karla Dailey gave a brief presentation on the changes, key initiatives, and the implementation plan. The Gas Utility Long-Term Plan (GULP) was focused on the gas supply and commodity portion of the gas utility business and not the distribution system. She noted the intention was to balance the economic objectives with environmental stability.

Council Member Price asked when the Utilities Strategic Plan would be completed.

Director of Utilities, Valerie Fong stated the report was tentatively scheduled to be reviewed by the Finance Committee on April 19, 2011.

Council Member Burt asked the percent the gas consumption would be reduced by eliminating the incinerators at the Water Treatment Plant.

Ms. Dailey stated she was uncertain of the answer.

Council Member Burt stated his recollection was the Water Treatment Plant was the largest single consumer of gas in the City. He asked whether his information was accurate.

Ms. Dailey stated it was one of the largest users although she was certain the Veterans Hospital was the largest consumer of gas.

Council Member Burt felt the Water Treatment Plant being such a significant City controlled resource, would be included with the actions within the long term plan.

Ms. Dailey stated any impact by any customer would be folded into the forecast of usage.

Council Member Burt asked for clarification that the focus moving forward for gas use reduction and efficiency was to increase the use of cogeneration power.

Ms. Dailey stated she was uncertain as to size of the portion being represented by cogeneration power.

Council Member Burt stated he had listened to the Utilities Advisory Commission (UAC) meeting where he understood the conversation to be regarding the use of cogeneration power conversion.

Ms. Fong stated the UAC discussion was in regard to a potential energy purchase if an anaerobic digester plant was built. She stated if his recollection was in respect to the photovoltaic non feed-in-tariff, she did not feel there was necessarily a huge percent of the load being carried by a cogeneration unit.

Assistant Director of Utilities, Jane Ratchye stated that gas efficiency savings do not include any impact from cogeneration systems. Cogeneration systems actually use more natural gas, but produce electricity as well as heat to replace some of the gas use for heating. The UAC discussion regarding the development of a feed-in-tariff was about how the tariff should be set to encourage cogeneration. However, based on experience with a program in the past, we haven't been able to interest any customers to install a cogeneration system.

Council Member Burt stated he recollected there had not been major projects adopting the cogeneration; although, Jon Abendschein mentioned there were perspective projects on the horizon. Cogeneration would be a reduction in both gas generation as well as essentially energy efficiency.

Ms. Ratchye clarified with the use of cogeneration there was an expectation of a higher gas usage while being able to use the heat generated for whatever heating load there might be. She explained Palo Alto did not have facilities with the need for large heating loads.

Council Member Burt stated if the heat would otherwise be produced by gas then you would not be using any more gas than the net.

Ms. Ratchye stated the GULP addressed the issue by looking to incent anything that made sense including cogeneration or efficiency up to a high level. Staff looked to the avoided cost which was the cost of the brown gas and the renewable attribute and the savings on carbon. For setting the feed-in-tariff rates, Staff would evaluate each value including the electric generation.

Council Member Burt stated in the upcoming Electric Efficiency Plan we specifically mention the feed-in-tariff program; although in the GULP neither the feed-in-tariff nor the cogeneration were mentioned in the actions. He felt both actions should be included in the plan. He requested the reconsideration of the name GULP; he stated the name implied the report was inclusive of all of the Gas Utility Long-Term Plans although the report did not cover all of them.

Ms. Fong stated the report had been renamed to better suit the information included in the body of the document; however, the name was too difficult and was reverted back to the original.

Council Member Burt stated if the intent was to include certain elements in the report there needed to be a notice in the summary so the reader understands what to expect.

MOTION: Council Member Scharff moved, seconded by Council Member Schmid to approve the Finance Committee, Staff, and the Utilities Advisory Commission recommendation to adopt a Resolution approving the proposed Gas Utility Long-Term Plan (GULP) Objectives, Strategies, and Implementation Plan.

Council Member Scharff stated the UAC voted unanimously to approve the GULP and the Finance Committee had a thorough discussion on the matter. He noted the safety issues of the plan had been discussed at length and it was determined they belonged in the Strategic Plan.

Council Member Schmid stated between the years 2007 and 2010 Palo Alto's gas rates went from being 15 percent beneath PG&E gas rates to 25 percent above. He noted during that same time period the Gas Fund Reserves had doubled.

Vice Mayor Yeh requested moving forward with the laddering review for the UAC. It would be helpful to have alternatives vetted. He stated currently the ceiling was below 10 years as the longest contract but he noted it would be appreciated to see the one, three and five years as well.

MOTION PASSED: 9-0

16. Finance Committee Recommendation to Adopt Resolution 9152 entitled "Resolution of the Council of the City of Palo Alto Approving the Proposed Long-term Electric Acquisition Plan (LEAP) Objectives, Strategies and Implementation Plan."

Senior Resource Planner, Monica Padilla gave a brief presentation on the key strategies developed for the Long-Term Electric Acquisition Plan (LEAP). The key strategies being the energy efficiency, renewable portfolio standards and local generation, and a number of alternatives evaluated while developing the objectives, strategies and the impacts the alternatives could have on the customers. She stated there were three main objectives, supported by eight strategies; four related to resource acquisition and four related to asset and cost management. She noted if Council approved the LEAP, the portfolio in 2020 would house supplies from the following areas; 52 percent from large hydro, 1 percent small hydro which was considered renewable, 12 percent from wind, 14 percent from landfill gas energy, 6 percent from a new source of renewables, and the remaining would come from the market or local generation.

Council Member Burt stated there had been previous discussion of increasing the energy efficiency objectives. The Staff Report indicated a 7.2 percent goal without further discussion of achievements for significant increases by the 2020 timeframe.

Assistant Director of Utilities, Jane Ratchye stated Council revisits the energy efficiency goal every three years. The 2007 energy efficiency reduction goal was 3.5 percent and in May of 2010 Council adopted a goal of 7.2 percent. Staff had reviewed the cost and bill impacts would be with more aggressive energy efficiency programs and came to the same 7.2 percent conclusion. She noted the higher the level of energy efficiency attempted the more expensive it was to attain. The goal for the City was to attain the 7.2 percent goal and continue more aggressive goals once that had been attained. Council Member Burt clarified his understanding was Staff's objective was to attain as high an energy efficiency goal as possible which was cost effective.

Ms. Ratchye stated that was correct. She noted there needed to be a balance between the economic benefit and the market potential in order for Staff to achieve the target energy reduction and cost effectiveness.

Council Member Burt stated receiving all of the renewables through energy efficiency, included some items which were considerably less cost effective than others that would be available by going above 7.2 percent although well below 18 percent. The more adopted the less cost effective they became. He asked for clarification on the Palo Alto Green Program with

respect to their assistance in Palo Alto meeting its renewable portfolio standards.

Council Member Scharff stated Palo Alto Green did not apply to the City's 33 percent and therefore the question from the Finance Committee was how Palo Alto Green could be applied to the 33 percent.

Council Member Burt stated he understood the question and was looking for the answer.

Council Member Scharff stated Staff had been requested to research and return to the Finance Committee with their findings.

Ms. Padilla stated Palo Alto Green was added as one of the implementation tasks. Staff was researching the possibility and had not yet returned with a vetted response.

Council Member Burt stated Palo Alto Green was not a transparent program to the community or Council. He asked Staff to address the reasons why it did not meet California State defined renewable energy.

Ms. Ratchye stated the main reason was it was a voluntary program and the Program was backed by renewable energy certificates which were not bundled with the energy and therefore were not eligible. She clarified one of the tasks in the LEAP implementation plan was to redesign the Program.

Council Member Burt asked what portion of the City's electricity output would derive from the anaerobic digester.

Ms. Ratchye stated the production output from an anaerobic digester was a maximum of 2.5 megawatts or 3 percent of the total energy use.

Council Member Burt asked why it was not included as one of the action items in the LEAP.

Ms. Ratchye stated the anaerobic digester was part of the strategic plan under the lowest cost resources. The utility would pay for the power generated by the plant. The payment for the power would be equal to the value of power based on the LEAP.

Vice Mayor Yeh stated in the LEAP strategic plan, regarding the anaerobic digester, the Utilities Department had contributed funds to the cost of the Feasibility Study in order to maintain connection with the process.

Council Member Burt stated we have a policy where our renewables must be new. We have included small hydro under two of our hydro sources that could be counted as renewables. We are excluding certain renewables that

we are purchasing because they do not meet the California State definition, even though they are renewable purchases for our City. We are also excluding things that do meet the State definition because we chose to exclude them.

Ms. Ratchye stated that the LEAP proposes to include the small hydro which had been previously excluded. One reason for wanting to be in alignment with the State's definition of renewables was Palo Alto would be folded into Senator Simitian's latest Bill on Renewable Portfolio Standard (RPS) and Palo Alto would then be under that law and would have to use the same definition.

Council Member Burt stated the City could continue to arbitrarily exclude items under its own definition.

City Manager, James Keene suggested defining the objectives within LEAP to make them clearer so they could be easily correlated to Council policy.

Council Member Burt stated that the Colleagues Memo that went to the UAC had included a request that Staff look at essentially an overlay of greenhouse gas emissions and not merely the compliance to a very narrow literal definition at the State level. He recognized that that process has not gone through its full vetting at the UAC but I did not see it mentioned in the LEAP.

Ms. Padilla stated Staff attempted to address the issue in the strategy under Climate Protection. An assessment had been completed with the vision of a carbon neutral portfolio and given the uncertainty around Cap and Trade, it had been recommended not to pursue a carbon neutral portfolio. She stated under implementation task number 26, Staff had noted to return in January of 2012 with a more thorough proposal with respect to that specific objective.

Council Member Burt stated a carbon neutral policy was different from looking at a greenhouse gas weighting among our renewables. The City may be at a circumstance where it was not carbon neutral but could actually say Palo Alto felt it was more important to spend funds on renewables that did not emit greenhouse gasses.

Vice Mayor Yeh asked the status of the Council request for review of the true cost pricing by the UAC.

Ms. Fong stated typically moved toward valuing renewable purchases or energy efficiency at the renewable prices and carbon adders had been included in some of the calculations.

Vice Mayor Yeh asked for an update on the aggressiveness that the City was pursuing implementation of energy efficiency initiatives.

Ms. Fong stated at the present time presenting an update would be premature.

MOTION: Vice Mayor Yeh moved, seconded by Council Member Scharff to accept the Finance Committee, Staff, and the Utilities Advisory Commission to adopt the Resolution approving the proposed Long-Term Electric Acquisition Plan (LEAP) Objectives, Strategies, and Implementation Plan.

Council Member Scharff stated the LEAP Plan balanced a number of competing and complex issues. He asked how close the City was to meeting the renewables goal.

Ms. Padilla stated if the Western Geo Project was acquired, the City would be at 30 percent.

Council Member Scharff stated the Western Geo Project combined with the anaerobic digestion would accomplish the 33 percent.

Council Member Burt asked whether the 30 percent Staff mentioned was inclusive of feed-in-tariff's.

Ms. Padilla stated no, although it left room to add them.

Council Member Burt stated he did not understand the response and asked for clarification.

Ms. Padilla clarified the anaerobic digester and the feed-in-tariff could potentially be competing for the 33 percent.

Council Member Burt stated the City had no rule regarding reaching a higher goal.

Ms. Padilla stated with the two subjects combined the goal could reach 35 percent.

Council Member Burt stated between an anaerobic digester, the feed-in-tariff, and the increased deficiency the City had accomplished it could very well exceed 33 percent.

Council Member Schmid stated conversion technology was a green technology sweeping through California at a momentous rate and had a higher effective rate in cost, greenhouse gas, and energy production. He asked why Staff had not considered conversion technology amongst the 38 initiatives.

Ms. Fong stated the commercial viability was not entirely clear with respect to conversion technology. She stated there were RFP's to the extent it becomes an eligible renewable resource.

Council Member Schmid stated the Los Angeles County website site showed conversion technology as a renewable resource.

AMENDMENT: Council Member Schmid moved, seconded by Council Member XXXX to include conversion technologies as a part of the 38 Initiatives on the Implementation Plan.

AMENDMENT FAILED DUE TO LACK OF A SECOND

Vice Mayor Yeh asked the impact on Staff workload to include the conversion technology as an additional area to analyze.

Mr. Keene stated Staff had been working on alternatives with waste to energy and Council had requested they return with an update on a later date. The information presented to Council tonight did not include all of the alternatives being reviewed.

Ms. Fong stated Staff could add the conversion technology to the plan and select a target date to return to Council with information although she could not comment on the impact of Staff workload without more detail.

Council Member Burt asked for a clarification regarding the previous Council direction to evaluate bio-waste to energy alternatives; he asked whether there was latitude to evaluate emerging technologies if they were developing concurrent with the City's focus evaluation of the anaerobic digestion.

Mr. Keene stated that was his understanding of the original direction from Council. He explained the analysis was to be more detailed as it related to the anaerobic digester.

Council Member Burt stated he felt the initial Council direction was too narrow at the time the direction was given.

Council Member Schmid stated the LEAP mentioned anaerobic digestion as an alternative and he found it odd with so many other City's researching alternative energy sources the conversion technology was completely overlooked.

Council Member Klein asked for an explanation as to why Staff would not pursue the aggressive energy efficiency program when the cost was at \$8 per household per year and he asked how the rate was determined.

Ms. Ratchye stated the rate impact was steep.

Council Member Klein stated the average ratepayer was not as concerned with the cost per kilowatt hour if the bottom line rate was nominal.

Ms. Ratchye stated the number was determined by purchasing no more renewables than what was current. If the City maintained an 18 percent, the efficiency rate would be at 33 percent rather than the current 26 percent. The program involved purchasing no new renewables and the rate impacts would be from the aggressive energy efficiency. She stated Staff was uncertain of the achievement ability although the assumption was in order to get that amount there would be a substantial cost resulting in a rate increase of over 20 percent. She noted in order to achieve such a goal every person in Palo Alto would need to save at least 18 percent.

Council Member Klein stated there needed to be a box added to the chart explaining the capital costs to the consumer for the necessary equipment to be implemented in order to achieve the 18 percent energy efficiency level.

Mr. Keene asked what would be driving the additional costs.

Ms. Ratchye stated there would be higher rebate levels; more aggressive promotions program and the City would sell less thereby increasing the rate impact. She clarified in order to achieve a higher level of energy efficiency the cost would also increase.

Vice Mayor Yeh stated the intention was to increase the market access to different customer bases in order to promote the adoption of the efficiency measures. He understood it was too early to have a large amount of information associated with the additional costs; although, the more information available regarding the different aspects of the programs would give a better understanding of the overall efficiency levels.

Council Member Burt stated the information he preferred to see were the costs between the 7.2 and the 18 percent. He needed to see the capital costs and the rate information to the consumer and the cost to the utility.

Council Member Holman asked if there was a rate increase of \$0.66 why the bill increase average was \$41.

Ms. Ratchye clarified the rate impact of .66 was a rate of \$0.66 per kilowatt hour. She stated the City was selling fewer kilowatt hours.

Council Member Holman asked whether there were tier programs discussed for the disparity in kinds of utility users.

Ms. Fong stated the electric utility had not yet been brought forward to Council. Presently there were no indications of electric rate increases, and no anticipated changes in tiers.

Council Member Holman asked Staff to provide Council with the portion of the presentation which was not included in the packet.

Ms. Fong stated the slides would be e-mailed.

Council Member Holman asked if the anaerobic digester analysis could include the conversion technology.

Ms. Fong stated for the purposes of the LEAP, Staff did not evaluate development of generation facilities. The LEAP was to review the value of the power, the kilowatt hours being purchased, and inherent within that value Staff included items such as carbon adders, local sighting of the generation. The conversion technology would fold into the value if it was a competitive process.

Mr. Keene stated Staff would be returning to Council with an assessment of alternative technologies as part of the Draft Feasibility Study. Council would have the opportunity to redirect Staff if there were a desire for further detail on an alternative.

Council Member Scharff asked for confirmation that the UAC had a technology group that reviewed the different types of available technologies.

Ms. Fong stated Staff was working on the guidelines for the technology group which had not yet been solidified.

MOTION PASSED: 9-0

17. Colleague's Memo from Vice Mayor Yeh and Council Member Shepherd to Request that the City Council Review and Comment on Suggested Items for the City/Schools Committee Agenda for Calendar year 2022.

MOTION: Council Member Klein moved, seconded by Council Member XXXX to continue this item to the March 14, 2011 Council meeting.

MOTION FAILED DUE TO LACK OF A SECOND

Council Member Shepherd stated the Palo Alto Unified School District (PAUSD) and the City Council were the two elected bodies in the City. The Colleagues Memo was brought forth to discuss and resolve concerns being voiced by the community.

Vice Mayor Yeh stated one issue brought for discussion was the collaboration between the two entities technology infrastructure with respect to fiber optic capabilities. He mentioned the possibilities of sustainability efforts being bridged by both PAUSD and the City. He felt coordination between the City's Citizens Corps Council and the PAUSD's emergency preparedness plan for the students would benefit all involved.

Council Member Schmid stated Item No. 1, public facility inventory, was of significant importance to both groups and Item No. 2, Cubberley Community Center, should be a subset to Item No. 1. A question he felt should be discussed was in the 2013 lease negotiations with the Cubberley site, what amount of the City's lease payments would PAUSD invest in refurbishments of the site.

Council Member Price commended the authors of the Colleagues Memo and felt a number of critical issues were touched. She stated a number of the items from the Colleagues Memo were on the Policy & Services Committee's list for discussion. She noted a number of the items on the Colleagues Memo had been reviewed and discussed at the PAUSD level. Her thoughts were to bridge the two groups and discuss what information may need to be updated. She asked, in order for the City to be prepared for the suggested joint discussions, what the resources impacts would be.

City Manager, James Keene stated there would need to be a resource budget developed. He stated there were limitations on the City/School Task Force itself given the frequency of its meeting schedule. He clarified any effort to make issues more explicit and clearer made it easier to assess the resources impacts.

Council Member Klein stated the items listed on the Colleagues Memo more than covered the remainder of the City/School Liaison meetings for the remainder of 2011 excluding the perennial topics such as the budgets or traffic. He had concerns with inventorying the property as suggested in Item No. 1. He asked the purpose of the inventory.

Council Member Shepherd stated the objective was to examine strategies for sites that could not be actively valuable for the City. She stated the purpose was to assist the School District in understanding how sites were zoned.

Council Member Klein stated the City had a general policy it did not sell its property to anyone. With respect to Cubberley he stated it needed to be made clear to the PAUSD the City owned the 8-acres and although the terms of the lease could be reviewed, the City was not holding the acreage for the benefit of the School District.

Council Member Holman stated the Cubberley site needed to be looked at closer and determined what that entire area was potentially going to

become. She clarified any alteration to the site had a larger impact to the surrounding area. She stated her desire to see ongoing and dynamic budget documents showing what the City paid to the School District and what the School District paid to the City.

Council Member Burt suggested the listed topics within the Colleagues Memo be looked at in the context of a defined group of regular, annual items that were a part of the City/School liaison agenda. He stated there needed to be clear understanding the City facilities were not being land banked for the School District. He suggested re-framing Item No. 1 around looking at opportunities for collaboration use of School District and City facilities. He noted although all of the topics broached were important, there needed to be a prioritization of the list.

Council Member Scharff shared his concern for the allocation of Staff resources. He stated keeping the momentum of Project Safety Net was a priority for him. He felt the information technology portion would provide cooperative value and a win-win situation where both parties were working towards the same goal.

Mayor Espinosa stated the concept of the Colleagues Memo set a good precedence for an annual meeting schedule review. He suggested making the document a living document as it will continue to change and evolve as items get resolved and other issues become discussion points. He noted there was an issue not on the list although was more time sensitive was the phenomenal number of students and the increase which occurs annually with the number of students biking to school. He understood the Bicycle Master Plan was underway although he wanted to ensure enough attention was paid to amount of youths traveling simultaneously down a bike lane which was too narrow to support them safely.

Council Member Price stated there was a Safe Routes to School Program in the City and there was a City/School Traffic Committee which the Transportation Staff was highly involved in. She did say on an ongoing issue that was a topic that could be brought up with the City/School liaison group.

Council Member Klein stated the City/School Traffic Committee meets infrequently and there has been a gradual increase in the school aged bicycle traffic. He felt the Bicycle Master Plan changes to the bike lanes would enhance the flow.

MOTION: Council Member Burt moved, seconded by Council Member Holman to authorize the City/School Council liaisons to set their agenda for the next 1-2 years based upon the Colleagues Memo and feedback from the Council meeting and integrate it into the normal agendas of the City/School Liaison Committee.

Council Member Holman stated although the authors of the Colleagues Memo did not request more than Council comments and feedback she agreed with Council Member Burt the City/School Liaison Committee agenda process should be set based upon the feedback received. She asked how the comments made during the Council meeting were going to be captured for the City/School Liaison Committee to base their agendas on.

Mr. Keene stated the suggestions made by Council were descriptive not authoritative; they were indicators of the City/School Liaison Committee members being able to say let's put important issues forward on the agenda recognizing any one of them could take a lot of time. He stated the present position was to elevate work to be accomplished at the City/School Committee that incorporated strategic issues that both parties mutually faced.

Council Member Holman stated there was clear guidance provided on certain issues and she felt they should be captured in a reliable manner that could be referred to in the future.

Council Member Burt stated the authors who requested feedback probably took extensive notes on the comments and there will be sense minutes for review.

Vice Mayor Yeh stated action could not be taken as a Committee and the feedback received from Council was accurate and helpful.

Council Member Klein stated the City/School Liaison Committee had been in existence for a number of years and items had been worked out amongst the respective groups. He suggested removing a substantive part of the Motion referring to setting the agenda for 1-2 years; the liaisons only serve a one year term and he felt it would be inappropriate to set a work plan for a second year when all four of the members would be new.

Council Member Burt stated the intention was for an ongoing list to be present since not all of the items may be accomplished within a single year. Therefore the remaining items would be available for the next years' discussion.

Council Member Klein stated he would not be supporting the Motion.

Council Member Price stated she was uncertain as to the direction of the Motion. Her understanding was Council was presenting the liaisons with the content of the discussion to return to the City/School Liaison Committee for consideration in terms of the crafting of their agenda for 2011.

Council Member Burt stated the perception was accurate with the distinction of the items not able to be completed in 2011 would be continued to the perspective 2012 work plan.

Council Member Price stated her appreciation for the clarification although she maintained her position the work plan should not go beyond the current year.

Council Member Schmid stated the request was to make comments which have been done; he did not feel it was appropriate for the Council to place directives on how the comments were used. He stated he would not be supporting the Motion.

Mayor Espinosa stated he would not be supporting the Motion.

Council Member Scharff stated he would not be supporting the original Motion.

SUBSTITUTE MOTION: Council Member Scharff moved, seconded by Council Member XXXX to: 1) confirm the authority of the Council City/School Liaisons; 2) give them authority to take the comments made this evening back to the City/School Committee; and 3) set the agenda for the 2011 City/School Committee incorporating the comments and feedback from tonight's meeting.

SUBSTITUTE MOTION FAILED DUE TO LACK OF A SECOND

ORIGINAL MOTION WITHDRAWN BY MAKER

Council Member Shepherd felt the item that stood out as requiring action was to make the comments a living document. She asked for clarification on the meaning of living document.

Council Member Holman stated the budget component was respectfully referred to as the living portion of the document.

COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Council Member Burt reported on attending the San Francisquito Joint Powers Authority (JPA) meeting where they reviewed moving forward with a State grant application for the Phase I Below Grade Highway 101 plan, and other Highway 101 and Newell Street Bridge changes. He stated he will also be sitting on an Emergency Preparedness Committee through the San Francisquito JPA where they will integrate and fulfill objectives using an early warning system website. He also attended the Peninsula Cities Consortium where they discussed what San Mateo County is doing in regards to High Speed Rail.

Council Member Klein advised that he will be going to meet with 10 Congress Members or their staffs in Washington, D.C. regarding High Speed Rail.

ADJOURNMENT: The meeting was adjourned at 12:16 a.m.