

Special Meeting  
April 11, 2011

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:06 p.m.

Present: Espinosa, Holman, Klein arrived @ 7:20 p.m., Price, Scharff, Schmid, Shepherd, Yeh

Absent: Burt

### STUDY SESSIONS

#### 1. Office of Emergency Services Study.

Arrietta Chakos, the City Manager's consultant from Urban Resilience Policy Group, presented her report on the Office of Emergency Services (OES), entitled: Toward a Resilient Future: A Review of Palo Alto's Emergency Readiness. The report contained three core recommendations: 1) reclassify the staff structure of the OES to have executive management level authority across all City departments, 2) develop a new Emergency Operations Center (EOC) facility, perhaps utilizing the new Mobile Emergency Operations Center (MEOC), and 3) consolidate information from various technical studies and other risk-related and infrastructure-related projects and groups. The Palo Alto/Stanford Citizen Corps Council (CCC), as the representative of all stakeholders, including Stanford University, the business community, and others, will have a role in the implementation of these recommendations.

#### 2. Update on City Sustainability and Environmental Initiatives Including a Report from the Community Environmental Action Partnership (CEAP).

Debra van Duynhoven, the Assistant to the City Manager for Sustainability, reported on the many sustainability programs and initiatives in the City of Palo Alto. She gave an update on the Climate Protection Plan and highlighted some community events sponsored by Community Environmental Action Partnership (CEAP). She also covered key programs

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included in the comprehensive staff report, which were Palo Alto Green, Urban Water Management Plan, Pesticide Free Parks Plan, Zero Waste – Commercial Food Waste Roll Out and Green Building Program. Ms. Van Duynhoven also announced a few events that were going on in Palo Alto in celebration of Earth Day.

### SPECIAL ORDERS OF THE DAY

3. Proclamation for National Library Week.

Council Member Schmid read the Proclamation into the record.

4. Community Partnership Presentation – Library Foundation.

Bern Beecham, former Mayor and current President of the Palo Alto Library Foundation, pointed out that 50 years ago the League of Women Voters spearheaded the bond funding of both the Main and Mitchell Park Libraries, both of which are being upgraded with funding from Measure N. The Foundation has raised \$3.3 million of their target of \$4 million to provide furniture, fixtures, and equipment, as well as new materials for these two facilities and the remodeled Downtown Library, opening in July, 2011. He called special attention to Alison Cormack and Susie Thom, who have worked tirelessly to not only pass Measure N but lead the fundraising campaign. A Topping Off ceremony was held earlier in the day at Mitchell Park as the last piece of structural steel was hoisted into place. The event honored a \$1 million donation from the Morgan Family Fund. The Foundation is eagerly pursuing community prospects to raise the remaining \$700,000 target.

5. Resolution 9158 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Mary Minto Upon Her Retirement."

Vice Mayor Yeh read the Resolution into the record.

**MOTION:** Vice Mayor Yeh moved, seconded by Council Member Shepherd to adopt the Resolution expressing appreciation to Mary Minto upon her retirement.

**MOTION PASSED:** 8-0 Burt absent

Mary Minto thanked all of her library co-workers, and other City employees for their work and assistance during her 39 years of working for Palo Alto.

Mayor Espinosa thanked Ms. Minto for her years of service to the City.

## CITY MANAGER COMMENTS

City Manager, James Keene spoke regarding: 1) the City Council Rail Committee hosting Supervisor Kniss and Caltrain representatives on the 13<sup>th</sup> of April to discuss Caltrain modernization, 2) a community meeting will be held on the 26<sup>th</sup> regarding the future of Caltrain, and 3) the Bay Area Senior Games were held this past week.

## ORAL COMMUNICATIONS

Mark Petersen-Perez spoke regarding censorship and the First Amendment Rights.

City of Palo Alto Teen Advisory Board members, Amy Chang, Elsa Chu, Sonal Prasad, and Wendy Park extended an invitation to a benefit fundraiser for Japan, the 15<sup>th</sup> of April at King Plaza.

Rita Vrhee spoke regarding the 1095 Channing Avenue cell tower installation and requested placing a moratorium on the installation of cell towers within the City.

Susan Stansbury spoke regarding Transition Palo Alto, a network of individuals and groups committed to building an eco-friendly community.

Kim Ferm, spoke regarding the Santa Clara County 211 Program; a human services program available to residents of Santa Clara County, assisting with housing, utilities, legal, public safety, and health care.

## APPROVAL OF MINUTES

**MOTION:** Vice Mayor Yeh moved, seconded by Council Member Price to approve the minutes of March 7, 2011.

**MOTION PASSED:** 8-0 Burt absent

## CONSENT CALENDAR

Council Member Shepherd advised she would not be participating in Agenda Item No. 9 as her husband has a business lease that is located on the edge of the Business Improvement District.

Russ Cohen, Executive Director of the Downtown Business and Professional Association spoke regarding Agenda Item No. 9, the Business Improvement District.

Herb Borock spoke regarding Agenda Item No. 19, the Capitol Advocates Contract, he suggested it be pulled from Consent and brought back to Council as an Action Item.

**MOTION:** Mayor Espinosa moved, seconded by Vice Mayor Yeh to approve Agenda Item Nos. 6-19.

6. Approval of a Contract with Tradestaff Contracting Services in a Total Amount Not to Exceed \$167,500 for Hazardous Material Removal at the Palo Alto Art Center (PF-07000, Art Center Electrical and Mechanical Upgrades).
7. Cancellation of Council Meeting of April 18, 2011.
8. Finance Committee Recommendation to Approve the 2011 Ten-Year Gas Energy Efficiency Goals.
9. Preliminary Approval of the Report of the Advisory Board for Fiscal Year 2012 in Connection with the Palo Alto Downtown Business Improvement District and Adoption of Resolution 9159 Declaring its Intention to Levy an Assessment Against Businesses within the Downtown Palo Alto Business Improvement District for Fiscal Year 2012 and Setting a Time and Place for a Public Hearing on May 2, at 7:00 PM or Thereafter, in the City Council Chambers.
10. Finance Committee Recommendation Regarding Adoption of: (1) Budget Amendment Ordinance 5118 Amending the Budget for Fiscal Year 2011 to Adjust Budgeted Revenues and Expenditures in Accordance with the Recommendations in the Midyear Report and (2) Resolution 9160 Amending the FY 2010-2011 Compensation Plan for Classified Personnel (SEIU) Adopted by Resolution No. 9088 to Correct the Compensation for One Existing SEIU Classification and Change the Titles of Two Classifications.
11. Approval of Contract with Bibliotheca, Inc. for Provision of a Radio Frequency Identification System (RFID) for the Palo Alto City Library - Capital Improvement Program Project TE-06001.
12. Adoption of Budget Amendment Ordinance 5119 in the Amount of \$403,267 to Fund the Purchase of Two Ambulances; and Approval of a Purchase Order with Leader Industries in an Amount Not to Exceed \$393,267 for the Purchase of Two Ambulances (Scheduled Vehicle and Equipment Replacement Capital Improvement Program Project VR-11000).
13. Adoption of Resolution 9161 Approving Agreement to Terminate the Third Phase Agreement for Western GeoPower Incorporated Renewable

Energy Power Purchase Agreement and Adoption of Resolution 9162 Approving Third Phase Agreement for Western GeoPower, Inc. Geothermal Project Renewable Energy Power Purchase Agreement.

14. Approval of an Additional Authority of \$98,877 of the Consolidated Maintenance Contract Between the City of Palo Alto and Public Safety Systems, Inc. for Computer Aided Dispatch, Police Records Management, Fire Records Management, Mobile Data, and Geovalidation.
15. Acceptance of the City Auditor's Office Quarterly Report as of December 31, 2010.
16. Approval of a Contract with LFG Control Corporation in the Amount of \$474,071 for Landfill Closure Phase II Environmental Control System Modifications, Capital Improvement Program Project RF-11001.
17. Appointment of Council Member Larry Klein as Director to the Boards for Bay Area Water Supply & Conservation Agency and the Bay Area Regional Water System Financing Authority.
18. Approval of Resolution 9163 to Authorize the City Manager to Submit Application(s) and Sign Related Agreement(s) for the Department of Resources Recycling and Recovery (CalRecycle) Household Hazardous Waste Grant Program for Fiscal Year 2010/11 (Cycle 19)
19. Approval of Amendment Three to Contract S1013554 with Capitol Advocates, Inc. to Extend the Term and Add \$42,900 for a Total Not to Exceed Amount of \$136,400 Legislative Advocacy Services Related to High Speed Rail.

**MOTION PASSED for Agenda Item Nos. 6-8, 10-19:** 8-0 Burt absent

**MOTION PASSED for Agenda Item No. 9:** 7-0 Shepherd not participating, Burt absent

ACTION ITEM

20. Request for Council Direction on Draft Energy/Compost Feasibility Study Due to Council in June 2011.

Interim Director of Public Works, Mike Sartor stated this item was a follow-up to the March 27, 2011 Study Session regarding the Waste to Energy Composting Study.

Acting Assistant Director of Public Works, Phil Bobel gave a brief presentation on the Energy Compost Study and requested Council direction

to Staff. Staff was scheduled to return to Council in October 2011 with completed recommendations.

City Manager, James Keene reiterated Staff was before Council as directed in the previous meeting to review the process after considering the comments received by the public.

Council Member Schmid asked whether the analysis of the proposal before Council was driven by the general City goals. He asked if the sustainability goals had a reduction in greenhouse gases, zero waste goals, and renewable energy goals.

Mr. Bobel stated that was correct, those were the three principle goals within the proposal.

Council Member Schmid asked for confirmation that this was a long-term project and that there may be a review beyond the 20-year lifespan of the project.

Mr. Bobel stated that was correct, the term of 20-years was chosen as it was a standard engineering lifespan for most of the equipment being used in the project.

Council Member Schmid asked whether it was a fair statement that Council should be aware this matter was a long-term commitment beyond that of the present Council.

Mr. Bobel stated yes, that was correct.

Council Member Schmid stated when this was brought to Council in April of 2010 and the direction was for there to be new conversion technology reviewed with neighboring city's that had similar goals.

Mr. Bobel stated yes, that was the understanding.

Council Member Schmid stated over the past twelve months there had been active exploration of new conversion technology by regional groupings in California. He asked whether Staff was aware of the activity in Los Angeles County.

Mr. Bobel stated he had some knowledge of the activity.

Council Member Schmid asked whether Staff was aware of the activity in Santa Barbara County.

Mr. Bobel stated yes he was aware of the activity.

Council Member Schmid asked whether Staff was aware of the activity in Salinas Valley.

Mr. Bobel stated yes he was aware.

Council Member Schmid stated the above mentioned areas had comparisons of Anaerobic Digestion technology with other conversion technologies. He stated Salinas Valley was the only area to move forward with a conversion technology other than Anaerobic Digestion.

Mr. Bobel stated all three of the aforementioned areas were in the decision stage of choosing conversion technologies. Los Angeles was selecting technologies for demonstration projects.

Council Member Schmid reiterated Los Angeles had chosen three conversion technologies.

Mr. Bobel clarified Los Angeles was referring to them as demonstrations although the Los Angeles area was a much larger area than Palo Alto.

Council Member Schmid stated the three areas mentioned have publicly requested Request for Proposal's (RFP's), with explicitly stated evaluation criteria. They had publicly available reports from a number of consultants regarding the evaluations of the technologies for consideration. He also stated the referenced cities had public conferences and presentations regarding the evaluation criteria, the consultant reports, and their outcomes.

Mr. Bobel stated that was correct.

Council Member Schmid stated given the fact that Palo Alto was involving themselves in a 20 plus year commitment, it would be a good public policy to look at alternatives.

Mr. Sartor stated he agreed that would be a good idea.

Vice Mayor Yeh asked for clarity with respect to the incinerator. He was unclear as to why Staff would continue with the incinerator process given the consensus for discontinuing the use.

Mr. Bobel stated for the alternatives which required an incinerator, the present incinerators might not be sufficient. He clarified the comprehensive studies had not been completed at the Water Quality Control Plant. In the event there was an option accepted involving an incinerator, the replacement equipment would not be the same type.

Vice Mayor Yeh stated Staff had indicated the incinerators there had a remaining ten year life. If there was alternative incinerator technology that

was being considered as part of the Regional Water Quality Control Plant's Master Plan, then Staff should be very clear. To look at alternatives with incinerators seemed contrary to the City's intention of phasing out the incinerator. He questioned maintaining any technology that has a certain level of inefficiency.

Mr. Bobel stated Staff felt leaving the incinerator as an option was necessary because Palo Alto was only a 35 percent partner of the sewage treatment plant. Any decision made by Palo Alto would need to be shown to the other partners because they were liable financially.

Vice Mayor Yeh asked whether there would be preliminary outreach with the other partners prior to June of 2011.

Mr. Bobel stated no, the Regional Water Quality Control Plant portion of the study would not be completed by June; therefore, no outreach would take place until after the completion of the study.

Vice Mayor Yeh stated his position was clear; if the footprint was within the Regional Water Quality Control Plant, he was in favor of the project. He assumed the phasing out of the incinerators would be accepted by the regional partners.

Mr. Bobel stated the partners were aware the existing multiple hearth incinerators needed to be phased out. New fluidized bed incinerators that would recover energy should not be eliminated as an option.

Vice Mayor Yeh asked whether Staff intended to present the outside available data analyses from the other jurisdictions previously mentioned to Council in their June presentation.

Mr. Sartor stated the Consultant, Alternatives Resources, Inc., was running models of the cost benefits for digestion. The City was not set-up to complete the modeling with the other alternatives, in a six to eight week timeframe.

Vice Mayor Yeh stated he was interested in receiving the Executive Summary details from the results of the digestion alternatives from the other jurisdictions.

Mr. Bobel stated Staff could provide summary information, although there was a difference between a summary and a quantitative analysis of the alternatives.

Vice Mayor Yeh asked for clarification on resource impacts, the funding and the impact that would have on the initial CEQA study.

Mr. Bobel stated the smoothest way to address the comments brought forth tonight was to delay the CEQA checklist. He stated there would be a general discussion for environmental pros and cons of the options. In order to redirect funds and avoid an immediate problem with the contract the CEQA checklist for June should be delayed.

Vice Mayor Yeh asked whether there was a dollar figure associated with the delay.

Mr. Bobel stated if Council were to direct Staff to perform the CEQA analysis after June, the contract would need to be augmented in the amount of \$20 thousand.

Council Member Scharff asked whether Staff had ample time to complete the analysis necessary and return the information to the public and Council by June.

Mr. Keene stated there was much discussion regarding the viability of dry anaerobic digestion. The ability to locally manage green waste in an environmentally sustainable manner was still being debated. Staff had been directed to complete a Feasibility Study on the technology and to consider other possibilities. He noted Staff was not given a directive to review all possibilities of any sort with an equal degree of depth and investigation.

Council Member Scharff stated the Staff Report indicated they would provide a manageable number of scenarios. He asked for clarification on what Staff felt was a manageable number of scenarios.

Mr. Bobel stated it would not be manageable to take all of the different scenarios and cascade them out. He felt three to five scenarios where the parameters were grouped according to the Council comments would be manageable.

Council Member Scharff asked for an explanation of how the CO<sub>2</sub> adder worked.

Mr. Bobel stated a CO<sub>2</sub> adder was the dollar amount, per ton of greenhouse gas or CO<sub>2</sub> equivalence, added on to the project as a negative depending on the amount of greenhouse gas emitted. For example: if Option 1 had twice the amount of greenhouse gas than Option 2, Option 1 would be charged with the adder.

Council Member Scharff stated concern with the financial state of the Refuse Fund and he felt receiving accurate information regarding the long-term rates was of high importance. His concern with the scenarios was the CO<sub>2</sub> adder and the land rent offset each other. It appeared a high land rent could

make it infeasible while the higher the CO<sub>2</sub> could make it look more feasible; although, at the end of the day it costs more than what would be expected.

Mr. Bobel stated Staff was going to present a range of options that fit the parameters requested for Council review.

Council Member Scharff asked how much would be spent for the Consultant between now and June.

Mr. Bobel stated the additional cost would range from \$15 to \$20 thousand.

Council Member Klein asked whether Staff had obtained cost data on the GreenWaste facility being built in the City of San Jose.

Mr. Bobel stated Staff had no additional data beyond what Staff previously reported to Council. There was continued dialogue with GreenWaste, although there was no new information on the lease arrangement with San Jose.

Council Member Klein asked if the cost estimate to build the GreenWaste facility in San Jose appeared low compared to having the facility built in Palo Alto.

Mr. Bobel stated yes.

Council Member Klein asked how GreenWaste could build a facility in San Jose for a lower figure than Staff had thought possible, and why the same would not be true in Palo Alto.

Mr. Bobel stated the thought behind the variance in cost was the economy to scale from building a much larger facility.

Council Member Klein asked whether the numbers justified the economies of scale.

Mr. Bobel stated that was one of the issues being brought back to Council in June.

Council Member Klein asked whether there would be a line item breaking out the size variance with the economies of scale.

Mr. Bobel stated Staff, with the help of the Consultant, would make an effort to explain the differences.

Council Member Klein stated it would be helpful if Staff was able to quantify the size by the expense.

Mr. Bobel stated Staff could not analyze the GreenWaste costs because of an estimated tipping fee. Staff did not have the calculations leading up to the tipping fees.

Council Member Klein asked how Staff would determine whether there were economies of scale without the exact numbers from GreenWaste.

Mr. Bobel stated the information GreenWaste was willing to release gave Staff their best estimate of why the difference in building expenses existed.

Council Member Klein asked how Staff knew there were economies of scale if there was no data to show proof.

Mr. Keene stated Council needed to acknowledge Staff may return in June with no more specificity than what was available at the present time.

Mr. Bobel stated Staff probably would not be aware of how GreenWaste computed the estimated price.

Council Member Klein asked whether there were some industry standards which could be invoked to get an approximate cost.

Mr. Bobel stated Staff could have a discussion with the Consultant; although he noted this would be the first facility of this scale in the United States.

Council Member Klein stated on page 3 of Staff Report there were three items listed that Staff had noted would not be completed by the Council directed June timeline. He asked what the timeline for completion would be.

Mr. Bobel stated the first and second items involved the Water Quality Treatment Plant. Although Staff had the ability to retrieve interim data from the process, those items would not be completed until mid-2012. He noted there was not sufficient funding to complete the gasification item on the nine-acre site; although, the gasification portion at the Water Quality Control Plant would be completed in the same timeline as the prior two items.

Council Member Klein asked what information of substance Staff would have by September 15, 2011.

Mr. Bobel stated there was not adequate time remaining to compile reliable data.

Council Member Klein stated a representative of the Sierra Club presented their opposition to the process of gasification. He suggested contacting them to review their aspect of the process.

Mr. Bobel stated Staff was aware of the position taken by the Sierra Club on high temperature conversion technologies. They noted a variety of reasons as to why high temperature conversion technologies were not good resources.

Council Member Klein stated if Staff was assembling data, the information the Sierra Club had in opposition of the high temperature conversion technologies would be important data.

Council Member Holman asked about the reliability of the grant assumptions in terms of funding.

Mr. Bobel stated most projects which previously had gone before Council involved some sort of grant funding. He noted grant funding was an unreliable source.

Council Member Holman stated concern about depending on an unreliable funding source.

Mr. Sartor stated the Consultant had built grant scenarios into the model ranging up to 50 percent of the cost of the new facility. Since Staff had reviewed the Council comments, they had regrouped with the Consultant and the plan was to reduce the grant assumptions to a 20 to 25 percent range.

Council Member Holman stated she was interested in knowing the true cost for the project.

Mr. Sartor stated the Consultant working with the City advised that a grant assumption to cover 20 to 25 percent was attainable.

Council Member Holman asked if vendors considered the fact that Palo Alto had been moving towards more native plantings; therefore, the yard waste should be reduced.

Mr. Bobel stated there had not been adequate evidence of the reduction in yard waste over the past several years.

Council Member Holman stated the Native Plantings Program had merely been at the forefront over the past couple of years.

Mr. Bobel stated Staff had no basis on which to prepare a different estimate for the amount of yard waste.

Council Member Holman stated she was unclear as to what was being asked of Council from Staff.

Mr. Sartor stated after reviewing the comments with the Consultant, the decision was to run scenarios based off cost estimates from proponents, opponents, and neutral views. Staff was recommending Council direct them to run the scenarios for both Council and the public to evaluate.

Mr. Bobel clarified the term scenario was meant as a model run which took the various parameters into account and each scenario would have alternatives.

Mr. Keene stated Staff was planning on running several scenarios based upon a dry anaerobic digester at the nine-acre site with different variables or factors within the scenario where Council would be able to see what the different costs were broken down. He stated Staff could present a financial equivalence to certain factors.

Council Member Holman clarified Staff had yet to identify the scenarios they would present to Council.

Mr. Sartor stated Staff had looked at what assumptions they would make; for example, land cost, CO<sub>2</sub> adders, and those types of data points which would be run in the models of each alternative. Staff would vary the assumptions in each scenario produced to provide a different view for Council.

Council Member Holman asked whether refuse rate impacts were included.

Mr. Bobel stated Staff could include that factor although it was initially not part of the process.

Mr. Keene noted adding the refuse rate costs may complicate the information Council was presented for review.

Mr. Bobel stated he misspoke in reference on the ability to include the refuse rate additives to the assumptions. He stated given the timeframe Staff had to work within, there would not be sufficient time to adequately compile the numbers.

Council Member Holman stated in the 2007 Palo Alto Sustainability Report showed the Water Quality Control Plants' CO<sub>2</sub> emissions of 6,235 tons while the amount used for this project had been 20 tons. She asked how the differences in tonnage amounts were determined.

Mr. Bobel stated he did not have an explanation for those figures readily available.

Council Member Holman requested those figures be explained in the information coming forward. She had received information stating a dry

anaerobic system would not be able to manage all of the biosolids. She asked whether Staff had an evaluation of the statement.

Mr. Bobel stated he was uncertain as to why the system would be able to handle some of the biosolids but not all.

Council Member Shepherd asked if Council were to postpone the remainder of the discussion to May 1, 2011, how would that impact Staff's ability to meet the June deadline.

Mr. Bobel stated Council had previously approved the contract which required Staff to produce the document by June. He clarified the present meeting was an opportunity for Council to provide comment, affirm prior direction, or to redirect Staff although postponement would not detour the deadline.

Mr. Keene stated the items before Council this evening were additions or possible alterations to what the Council had previously requested Staff review. He clarified unless there was explicit redirection from the Council, Staff would proceed in the direction they were currently on.

Council Member Price asked for confirmation that the grant funds discussed earlier were in reference to capital costs. There had been no discussion on the funds being expended from the Planning Department budget to support some of the research for the project.

Mr. Bobel stated the grants in discussion would pay a portion of the planning costs. He acknowledged the entire grant funding being sought was related to the capital expense.

Council Member Price asked when the items that would not be completed by June would be completed.

Mr. Bobel stated Staff did not feel by the June or September deadline they would be able to complete quantitative analyses for new options whether at the Water Quality Control Plant or the nine-acre site. He clarified initially the thought was the initiative would be based on the dry anaerobic digestion system and therefore Staff moved forward with quantitative analyses for that process.

Council Member Price asked if Staff were to move forward with the modified scope for the Feasibility Study, did it preclude the City from revisiting and exploring different options in greater detail.

Mr. Bobel stated it did not, and clarified it would be a logical step to take.

Council Member Price asked based on what was being presented in the Staff Report and the additional information coming forth in June, would Staff be able to conduct the Initial Study for CEQA.

Mr. Bobel stated yes; although it would require an amendment to the contract and new funds added to the contract.

Council Member Price asked for clarification on the funds required, what would be required beyond the current \$20,000 to complete the items listed on page 2 of the Staff Report.

Mr. Bobel stated the funds were included in the initial amount although some funds were being borrowed and would need to be re-paid in order to accomplish the Initial Study for CEQA.

Tom Jordan spoke regarding the impacts on refuse rates in conjunction to the capital costs.

Walt Hays spoke regarding wet anaerobic digestion being a better alternative and with that technology there was only a need for one facility.

Peter Drekmeier stated there was currently a proposal available for the study of biosolids and he suggested scaling the proposal up to accept food waste. He feared the City may get caught in a contract with someone else thereby losing control of its own waste stream.

John Kelley spoke regarding the effects carbon particulates could have on the Climate Change, greenhouse gas, and the health of community members.

Emily Renzel spoke regarding anaerobic digestion being made up of major industrial systems and how they takeover and or border parkland.

Annette Puskarich spoke regarding yard trimmings and advocated for biosolids being kept separate because composting having no market value after the anaerobic digestion process.

Enid Pearson spoke regarding the raise of refuse rates and how the anaerobic digester was anti-green.

Cedric de la Beaujardiere spoke regarding wet anaerobic digestion as a contender to replace the existing incinerator. He added including the food waste to the digester created a higher energy output.

Susan Stansbury encouraged Council to direct Staff to include the Feasibility Study and analysis of combining waste streams by digesting food waste with bio-solids and composting that with yard waste.

Herb Borock suggested Council's Motion be specific and should direct Staff to complete the items achievable by a specified date.

Karen Harwell spoke regarding the challenges of 2011 and acknowledged the efforts being made to succeed in controlling our own waste.

Mike Ferreira spoke regarding the Sierra Club stand on the various policies with respect to composting and anaerobic digestion.

Shani Kleinhaus spoke regarding Council foregoing the CEQA review. She disagreed and felt knowledge of the full environmental impacts were important.

Penny Barrett stated the initiative she worked to get approved intended to set land aside for parkland once the landfill closed.

Jeff Levinsky spoke regarding conservation.

Anne Feldhusen spoke regarding producing green energy rather than purchasing it.

**MOTION:** Council Member Klein moved, seconded by Vice Mayor Yeh to direct Staff to: 1) submit a Draft Energy/Compost Feasibility Study on an Energy/Compost Facility in early June 2011, based upon the Preliminary Analysis submitted to Council on March 21, 2011, and Council and Public Comments, 2) present a manageable number of scenarios in the Draft Feasibility Study containing a range of input values which reflect the range of comments received, and 3) make the following changes and additions to the Preliminary Analysis:

A) Include additional "export" (non-Palo Alto) alternatives in which Wet Anaerobic Digestion is used in place of incineration at the Regional Water Quality Control Plant (RWQCP).

B) Lift the Net Present Value (NPV) analysis to the summary tables.

C) Include the replacement costs of the wastewater solids (bio-solids) incinerator in those alternatives involving the incinerator.

D) Conduct more runs of the economic and greenhouse gas models, providing new data points with respect to the following input parameters:

- a. Land Rent Value
- b. Greenhouse Gas Value ("CO<sub>2</sub> Adder")
- c. Interest Rate for Loans
- d. Contingency Amount

e. Amount of any Grants

E) Summarize the data such that Council can determine whether to complete the Feasibility Study or forego further work at that time.

Council Member Klein stated the discussion on the Table was not on the merits of wet anaerobic digestion, dry anaerobic digestion or any other facility that may be placed on the nine-acres that may be subject to the Initiative. The subject to be voted on was what additional work Staff was to complete under the Council direction by June of 2011 in order to supply as much information as available to the public for the November ballot.

Vice Mayor Yeh stated given the June timeframe he understood it was not possible for a full analysis to be completed from any particular perspective. He agreed the analysis completed on the five items would be informative for the public.

**AMENDMENT:** Council Member Schmid moved, seconded by Council Member XXX that in early June Staff is to bring back to Council the comparative evaluations of economics and environment of anaerobic digestion against other conversion technologies drawn from the Salinas Valley Solid Waste Authority, Santa Barbara County Waste Authority, and Los Angeles County Waste Authority.

**AMENDMENT FAILED DUE TO LACK OF A SECOND**

Council Member Schmid stated the issue was not around the difference between adding a carbon adder, grant funding or rent. The base question was were we making an investment on the right technology or in the right location.

Council Member Price stated she would be supporting the Motion.

Council Member Holman asked Staff to provide a specific example of a scenario.

Mr. Bobel stated a scenario would be to choose a value for rent, CO<sub>2</sub> adder, contingency value, a type of financing, and an interest rate; all of which were largely policy issues. Once the values were chosen they were plugged into the model, for that set of values for that scenario. The key alternatives were 1) exporting to San Jose location, 2) exporting to the Gilroy location, or 3) creating a Palo Alto facility.

Council Member Holman asked whether that was clearly understood in the Motion as it was stated.

Mr. Bobel stated yes.

**AMENDMENT:** Council Member Holman moved, seconded by Council Member XXXX that the Greenhouse Gas Value (“CO<sub>2</sub> Adder”) come as a separate column and not be included in the costs.

Mr. Keene voiced his concerns about the ability to single out factors in the scenarios.

**AMENDMENT WITHDRAWN BY THE MAKER**

Council Member Holman said the Motion was to include additional exports of non-Palo Alto site alternatives in which wet anaerobic alternatives would be used in place of incineration. She asked whether that would combine sewage sludge.

Mr. Bobel stated yes, sewage sludge and food scraps. He clarified that alternative would address all three components; although the food and the yard waste would be exported while the bio-solids were placed in a wet anaerobic digestion at the Sewage Treatment Plant.

Council Member Scharff stated he supported the Motion although he had reservations regarding the path.

Council Member Shepherd stated she supported the Motion.

Council Member Holman asked for clarification that Staff did not have enough information at this time to discuss refuse rates.

Mr. Bobel stated there would not be ample time by June to translate the options into refuse rates.

Council Member Holman asked if Staff would return with some of the scenarios that were in Palo Alto Sustainability Study and the economic cost.

Mr. Bobel asked if the question was the cost to get a ton of greenhouse gas reduction from one of the other techniques.

Council Member Holman stated that was correct and she believed the information was available.

Mr. Bobel stated he believed the information was available and Staff was working with the Utilities Department.

Vice Mayor Yeh clarified in the event the Ballot Measure did not pass, there were two regional facilities which involved regional partners where this analysis would be beneficial to them. He noted the work Staff was doing

would continue to enlighten a lot of Council policy decisions and discussion on other matters.

Mayor Espinosa stated he feared the information received in June was not going to be sufficient to adequately inform the public for the November election.

**MOTION PASSED:** 7-1 Schmid no, Burt absent

#### COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Mayor Espinosa thanked Acting City Attorney, Don Larkin for all the work and leadership he had provided to the City Attorney's Office.

Acting City Attorney, Don Larkin thanked Mayor Espinosa and the City Attorney Office Staff.

Council Member Shepherd advised that she went to Sacramento to support AB952 which would bring ethics to the High Speed Rail Authority; it passed 9-0 and has made it out of Committee.

#### CLOSED SESSIONS

Ken Horowitz spoke regarding Agenda Item No. 22 and his desire for the City to keep the Cubberley site for Foothill-De Anza College use.

The City Council convened into the Closed Session at 11:16 p.m.

#### 21. 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: International Association of Fire Fighters, Local 1319

Authority: Government Code Section 54957.6(a)

#### 22. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: 4000 Middlefield Avenue, Assessors Parcel No. 147-08-052

Negotiating Party: Linda Thor, Chancellor

City Negotiator: James Keene, Donald Larkin, Steve Emslie, Lalo Perez, Martha Miller

Subject of Potential Negotiations: Price and Terms of Payment for Sale/Lease

The City Council reconvened from the Closed Session at 12:40 a.m. and Mayor Espinosa advised no reportable action.

ADJOURNMENT: The meeting was adjourned at 12:40 a.m.