

Special Meeting
June 13, 2011

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:02 P.M.

Present: Burt, Espinosa, Holman, Klein, Price, Scharff, Schmid arrived @ 6:07 P.M., Shepherd, Yeh arrived @ 6:07 P.M.

Absent:

CLOSED SESSION

1. 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, Marcie Scott, Darrell Murray)

Employee Organization: Utilities Management and Professional Association of Palo Alto (UMPAPA)

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, Darrell Murray)

Employee Organization: International Association of Fire Fighters, Local 1319

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, Darrell Murray)

Employee Organization: Palo Alto Police Officers Association

Authority: Government Code Section 54957.6(a)

6/13/2011

Council Member Burt left the meeting at 7:00 P.M.

The City Council reconvened from the Closed Session at 7:55 P.M. and Mayor Espinosa announced no reportable action.

CITY MANAGER COMMENTS

City Manager, James Keene announced that the Annual 4th of July Chili Cook-off was still looking for teams to enter the cooking competition. Interested parties may contact Community Services Division (CSD) Supervisor Minka Van Der Zwagg.

Mayor Espinosa announced that Sunday, June 19, 2011, 3:00-7:30 p.m. was World Music Day. The event would take place on University Avenue with 50 musical acts. He encouraged everyone to attend and enjoy live music in downtown Palo Alto.

ORAL COMMUNICATIONS

PaloAltoFreePress.com spoke regarding the Palo Alto Police Department and profiling issues among minorities. He urged the Council to start addressing these issues.

APPROVAL OF MINUTES

MOTION: Vice Mayor Yeh moved, seconded by Council Member Price to approve the minutes of May 2nd, 9th, and May 16, 2011.

MOTION PASSED: 8-0 Burt absent

CONSENT CALENDAR

MOTION: Vice Mayor Yeh moved, seconded by Council Member Klein to approve Agenda Item Numbers 2-6.

2. Recommendation From the Finance Committee to Accept the Auditor's Office Quarterly Report as of March 31, 2011.
3. Recommendation From the Finance Committee to Release Fiscal Year 2011 SAP CIP Projects.
4. Approval of a Contract With Ferma Corporation in the Amount of \$159,002 for the Long-Term Rental of a Track-Type Bulldozer for a Period of up to 12 (Twelve) Months.

5. Approval of a Three Year Contract With Northwest Woodland Services, Inc. in the Amount Not to Exceed \$241,550 for Annual Trail Maintenance in Baylands Preserve, Pearson Arastradero Preserve and Foothills Park.
6. Resolution 9172 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Howard Yancey Upon His Retirement."

MOTION PASSED: 8-0 Burt absent

ACTION ITEMS

7. Public Hearing – Assessment for California Avenue Area Parking Bonds – Plan G: for Fiscal Year 2011-2012; Adoption of a Resolution 9173 entitled "Resolution of the Council of the City of Palo Alto Confirming Engineer's Report and Assessment Roll, California Avenue Parking Project No. 92-13."

Mayor Espinosa read into the record the Public Hearing script to help guide the discussion with comments and decisions. The report had been open for public inspection. He asked the City Clerk if she had received any written communications from persons having interest in matters pertaining to any real properties within the parking assessment districts.

City Clerk, Donna Grider answered no.

Mayor Espinosa asked Staff if they had any additional information.

Director of Administrative Services, Lalo Perez answered no.

City Manager, James Keene answered no.

Public Hearing opened and closed without public comment at 8:06 p.m.

MOTION: Council Member Schmid moved, seconded by Council Member Scharff to adopt the Resolution confirming the Engineer's Report and Assessment Roll for the California Avenue District, Project No. 92-13.

MOTION PASSED: 8-0 Burt absent

8. Public Hearing: Approval of an Ordinance Adopting the Fiscal Year 2012 Budget, including the Fiscal Year 2012 Capital Improvement Program, and Changes to the Municipal Fee Schedule; Adoption of Five

Resolutions: (1) Amending Utility Rate Schedules for a Storm Drain Rate Increase; (2) Amending Utility Rate Schedules for Fiber Optic Rate Increases; (3) Amending Utility Rate Schedules for Wastewater Rate Increases pursuant to Proposition 218; (4) Amending Utility Rate Schedules for Water Rate Increases; (5) Amending the 2010-2011 Compensation Plan for the Management and Professional Personnel and Council Appointees; and Adoption of an Ordinance Amending Chapter 2.08 to Create a New Department of Information Technology.

Mayor Espinosa said two Public Hearings were scheduled for the 2012 Budget regarding utility rate increases. The first would be at this evening's meeting and the second on June 20, 2011, at which time the Council would take final action. The budget adoption process would include rate increases for Storm Drain, Fiber Optic, Wastewater, and Water. He said Proposition 218 required a majority protest hearing for Water and Wastewater. Water rate increases were agendaized in Item Nos. 8 and 9 and would be combined. A more detailed Staff Report on water rates was included because the Finance Committee had made changes to the Utilities Advisory Commission's (UAC) recommendations. The Public Hearings would be divided into three phases: 1) Proposition 218, 2) Stanford-related budget items, and 3) all remaining budget items. The process will begin with a Staff presentation and conclude with Council's questions and comments.

City Manager, James Keene deferred to the Finance Committee Chair Scharff for opening comments.

Council Member Scharff thanked the Staff and the Finance Committee for their hard work in compiling the budget for Fiscal Year (FY)2012. He said the budget had a deficit of \$4.3 million and Public Safety concessions from the Police Department of \$2 million and \$2.3 from the Fire Department would be used to close the budget gap. The Public Safety departments would be asked to come back to the Council with suggestions on budget cuts if concessions were not met. The Finance Committee had requested to do early check-ins on the negotiations to help determine if an interim budget amendment would be required after the budget was passed. The City Manager would be directed to reduce expenditures if concessions were not achieved. The FY2013 budget had a deficit of \$6.7 million and was crucial that structural changes were made. He said the community would face drastic impacts if concessions were not met. Services were intact for the FY2012 budget. The Public Works Department generated a savings of \$400,000 through department reorganization and job eliminations and an additional \$100,000 in savings from other miscellaneous adjustments. Staff recommended creating an Office of Emergency Services (OES) and \$833,000 was included in the budget for OES. The Development Center streamlined

their operations but did not impact the General Fund. He felt the proposed budget would work with no reduction in services.

Mr. Keene said budget cuts and the restructuring of benefits resulted in several employees retiring and impacted the Finance Department. He acknowledged Administrative Services Director, Lalo Perez and his team for putting together the budget with fewer resources. The FY2012 budget considered cutting the General Fund by \$14 million with ongoing structural adjustments. He said there was a 10 percent reduction in spending and a 10 percent reduction in staffing. Rising costs and expenditures in cities across California continued to outpace the economy in revenue growth. The City would face budget gaps in FY2013 and FY2014 if ongoing structural adjustments were not met. City services would need to be achieved through the public safety concessions if budget cuts continued. Structural changes needed to be distributed equally across the organization for the welfare of the City.

Director of Administrative Services, Lalo Perez said the Finance Committee held six budget hearings from May 3 - 25, 2011, and arrived with the proposed budget for FY2012. He said Staff's presentation would include an overview of the budget changes. He said the adoption of the budget was a two-step process starting with this evening's meeting and concludes with Council's vote on June 20, 2011. The City had made \$14.3 million in structural adjustments over the past couple of years. He said the FY2012 budget process began with a \$3.2 million budget gap in the General Fund, a \$1 million placeholder to create the Office of Emergency Services (OES) and a \$1 million placeholder for the increasing pension costs in FY2013. The deficit was addressed through department reductions that impacted the service levels totaling \$1 million and Staff's recommendation of \$4.3 million in Public Safety concessions. The City belonged to the California Public Employee Retirement System (CalPERS) and pension expenditures were at \$22.9 million and with City adjustments were reduced to \$19.5 million which represented the elimination of 60 positions. The City's CalPERS pension contributions were increased due to a 24 percent loss in the CalPERS portfolio assets for the City's Trust. The following were forecasted numbers. He said CalPERS assumed a 7.75 percent rate of return on investment values. There was an 18.2 percent in returns at the end of the third quarter but experienced a downturn in market equities in the past 6 months. The 18.2 percent could diminish towards the end of the fiscal year but expected to be higher than 7.75 percent. The numbers did not reflect Public Safety concessions. There was an upward movement in healthcare and concessions were made with non-safety employees through the 90/10 Program. Employees' healthcare premiums would increase in the next three years and cap at 10 percent. He said the healthcare trend did not include the Public

Safety concessions. On May 2, 2011, Staff identified a \$2.3 million gap in the Long-range Financial Forecast that resulted from movements in revenues and expenditures. The budget gap in December 2010 was \$2.3 million and by April 2011 increased to \$3.2 million. Departments made budget adjustment totaling \$1 million of which over \$400,000 resulted from the reorganization of the Public Works Department, \$100,000 was added to the contingency fund for innovation to develop ideas to help with efficiency and budget savings, a \$1 million placeholder for FY2013 healthcare and pension costs, bringing the budget deficit to \$4.2 million. The Public Safety concessions of \$4.3 million would result in a balance of \$131,000. He said Sales Tax Revenues in FY2007 was \$22.2 million, and declined to \$18 million in FY2010, with a projected increase of \$20.2 million or a \$2.2 million in growth. The concern was expenditures had escalated upward and revenues were \$2 million below the FY2007 figure. Property Tax growth was 2 percent which was consistent with Santa Clara County (SCCO) and the Palo Alto Unified School District (PAUSD) estimates. The concern was SCCO had sent a reassessment value notification predominant in commercial properties and could impact revenues. The City continued to work with the car dealerships to determine the decline in dealerships sales. Utility users' tax was flat with a downturn in telephone usage tax. The Transit Occupancy Tax (TOT) had an upward trend from 6.7 percent in 2007 and a projection of 8.2 percent in 2012. Documentary Transfer Tax had a slight increase at 4.3 percent. No upward movements in revenues that matched the 2007 revenues. The non-Public Safety expenditures from 2002 to 2012 were flat and the Public Safety budget had a 42 percent increase in the 2012 General Fund. The Finance Committee initiated a \$15,000 addition for public art maintenance. The Council's annual contingency fund was \$250,000 and proposed the same for 2012. He said \$28,000 was moved from contingency to fund the Human Services Resource Allocation Process (HSRAP) Administration in the Department in the Community Services Division (CSD). A different methodology was used to allocate City Council expenses because Council salaries were considered a stipend rather than a salary that impacted the Council's budget versus the other City departments' budgets. The Council's average healthcare cost was \$12,000 and was allocated at that level which reflected the increase of \$124,000 in the Council's actual expenditure. The General Fund had a \$500,000 placeholder to be used for Capital Improvement Projects (CIP) and funds would be returned to the Budget Stabilization Resource (BSR). Staff had recommended \$65,000 for a Foothill College Parking Revenue Program at the Cubberley site. The program was not put forth and revenues were removed from the budget. Staff proposed a \$1 million placeholder for the Office of Emergency Services (OES), and \$167,000 was returned due to the addition of a Director and non-salary increases for the program. Stanford reimbursements to the City were 30.3 percent of expenditures in the Fire Department, the budget

showed a \$252,000 increase in revenues. A \$300,000 placeholder for the Development Center initiatives that included the addition of an Administrative Associate and contract positions and a balance of \$14,000 was returned to the BSR. Staff proposed \$50,000 to conduct a study of Animal Services Shelter service challenges and a potential move to the former Los Altos Treatment Plant (LATP) site from the Municipal Service Center (MSC) site. There was a savings of \$37,000 from the Urban Forest Program restructuring in Public Works. The Council's actual had an offset of \$124,000 and \$283,000 in reserves was kept for a Civic Center debt. Final payment was due and payable in March 2012. The Finance Committee proposed a final balance of \$144,000 based on receiving Public Safety concessions of \$4.3 million. The Internal Service Funds was not included in the combined General Fund and Enterprise budget on May 2, 2011. Internal Service Funds were budgeted and the cost of the funds were allocated and not added. The City's total budget for 2011 was \$480 million. Capital Program distribution was \$72.9 million that included a transfer of \$10.4 million from the General Fund and Bond proceeds of 22.5 percent of the total. The Enterprise Fund increases consisted of the average projected monthly utility bill increase of \$12.07 to the average residential bill or a 3.7 percent increase that include water, wastewater, storm drain and user's tax. The Refuse Fund projected increases were not included. Refuse Fund had a gap of \$3.8 million and Staff would be returning to Finance Committee on July 5, 2011 with recommendations on how to close the gap. The proposed budget contained a Capital program budget of \$6 million for closure of the landfill to begin in July 2011 with a noticing process in Proposition 218. The 2011 adjusted budget began with 1,018.6 positions. The elimination of 3.5 positions was proposed. Staffing for the OES was added and one Administrative Associate II was added for the Development Center which increased the net by 1.5 positions. The decrease to the 2011 adjusted budget was 2 fulltime employees Citywide.

Mayor Espinosa said the proposed Water and Wastewater increases would be addressed and that the City Attorney's office had a statement of clarification regarding the rate amendment procedure.

Acting Deputy City Attorney, Bahareh Samsami said the procedure for Water and Wastewater rate changes would follow the requirements of the California Constitutional provision Proposition 218 (Prop.218) that adopted a set of rules in 1996 requiring local governments to follow prior to increasing property-related fees. The California Supreme Court found that water and wastewater fees were property-related and had to follow Proposition 218 procedural requirements. She said the rates would be considered together at this evening's Prop 218 Public Hearing. A majority protest procedure would take place after the hearing. The rate increases would not be

imposed if a majority of affected customers and property owners filed, signed written protest against the proposed increases by the close of the hearing. The proposed fiber rates were not property-related fees and not required to follow Prop 218 procedural requirements. The proposed storm drain inflation rate adjustments were previously approved by the voters and not included in the process. The rates would be considered during the budget's Public Hearing.

City Attorney, Molly Stump said Prop 218 required that protest letters be in writing. No specific form was required. The Council adopted a policy in 2008 allowing facsimile or a faxed protest of the written protest but electronic mail (e-mail) was not acceptable. The policy was being reviewed to allow the possibility of electronic signature and would return to the Council regarding suggestions for revision. She said Council's decision was to continue accepting written protests through June 20, 2011 when Council voted on the budget. The existing policy applied and all written protests were to be submitted to the City Clerk.

Mayor Espinosa read the script for Proposition 218's Public Hearing on Water and Wastewater rates. He said public speakers would be allowed 3 minutes on each proposed rate increase and 6 minutes for both.

Public Hearing opened at 8:47 P.M.

Bob Sikora spoke regarding the State Emergency Response Team (SERT) volunteers and the Office of Emergency Services (OES). He urged the City Manager to reappoint an experienced, fulltime, interim OES Coordinator as soon as possible. The leadership was needed to continue the SERT program in moving forward into the new organization.

Laurence Hootnick, said the data on the proposed residential water increase was insufficient to make judgments on the proposal. The report lacked 2011 and 2012 comparison data and no projection on water purchase that was supposed to double in five years. Many questions remained unanswered. He said he had no problem of expanding the water levels from 2 to 3 in charging users more if usage was more. He felt it was unfair if the City did not provide relief for people who owned large lots and discriminatory if there were no provision to cover higher water usage during July through October billing. The average residential hundred cubic foot (CCF) usage was acceptable for minimal to none for irrigation usage but inadequate for people who had to maintain larger lots.

Herb Borock spoke regarding the OES. He said the current fire protection agreement with Stanford required their prior approval for any cost increases.

He said any Fire Department changes needed written amendments. He spoke of an environmental lawsuit in progress regarding the California Avenue streetscape. Palo Alto would be responsible for any expenses incurred prior to the Judge making a decision.

Joe Baldwin said he represented the occupants at the Waverly Park Condominiums and was being billed as residential for wastewater and as commercial for water. The City of Palo Alto Utilities (CPAU) referred to their situation as an illusion of inconsistency due to naming convention and certain definitions. He asked the Council to resolve the inconsistent rates in the City's billed process.

Public Hearing continued to June 20, 2011 at 9:01 P.M.

Mayor Espinosa announced that Water and Wastewater rates were being discussed. He advised that if Staff recommendations were to be followed he asked that the Council entertain a Motion at the end of the discussion to continue the Prop 218, Water and Wastewater Hearings to June 20, 2011 to allow the Council to vote on the entire budget at the same time.

Council Member Schmid asked why a 10-unit condominium was being charged as a commercial operation.

Director of Utilities, Val Fong said the customer was put on a W-4 rate schedule and considered as non-residential. The title was not the defining factor in the schedule but the applicability clause applied to master-metered residential dwellings. The W-1 rate schedule did not apply because the applicability section was for a single-family, single-metered unit. She said there would be a title change at the next clarifying modification process.

Council Member Schmid asked if the same rule applied to a townhouse with dual owners.

Ms. Fong said yes, if they were master-metered and no, if it was not master-metered and had single meters and considered on the W-1 rate schedule.

Council Member Schmid said the issue was around the master-meter and not ownership or residential use.

Ms. Fong said that was correct.

Council Member Klein asked what the cost would be to retrofit the building with separate meters for each unit.

Ms. Fong said it would be costly. Readings could only be taken at the master-meter. The cost for service analysis showed that the cost incurred to serve the master-meter was included in the W-4 rate class and distributed to the W-4 class customers.

Council Member Klein said the trend throughout the country was to get multi-family unit buildings to have individual meters. He asked Ms. Fong if she was aware of individual meters being installed in buildings that were converted into condominiums.

Ms. Fong said she was not but the City's current standards no longer permitted master-meters and installed a meter for each unit whenever possible.

Council Member Price asked the City Attorney if the protesting required a majority to be successful in making revisions to the rate schedule.

Ms. Stump said yes. The standard was 50 percent plus one of the customers.

Council Member Price asked if an electronic mail (e-mail) protest was legitimate at this time.

Ms. Stump said under the Council's current policy an e-mail would not be acceptable at this time and the option to accept e-mails and electronic signatures was being reviewed.

Council Member Price asked when the last adjustment was made to the water and wastewater rates.

Ms. Fong said in 2009 and had a 5 percent rate increase to both.

Council Member Price said what would be the basis for a 3 years or more projection in costs of purchasing and providing water to various sites.

Ms. Fong said Staff would need to forecast by looking at what the trend had been for several years and anticipate the increase in actual per unit cost from the San Francisco Public Utilities Commission (SFPUC). The SFPUC's capital cost for the water system improvement project was \$4.6 billion. The City's share was 4 percent of that amount.

Council Member Price asked if any assumptions were made to modify behavior in irrigation issues and costs within the next several years.

Ms. Fong said yes. There were water conservation programs and some conservation would result from the programs and incorporated into the forecast.

Council Member Scharff said he sensed that a large percentage of water was fixed cost rates and in moving towards more conservation would not lower the cost but would increase the cost for the amount of water used. He addressed Mr. Hootnick's comment regarding the irrigation of his large lot and how it would subsidize other people's rates. He felt the City should examine his concerns and that Staff needed to review the water rate structure and perhaps consider a third tier to commercial and residential rates.

Council Member Holman asked how Staff would address the issue on water usage of large lots with many variables such as lot size, number of people living on a parcel, and home gardeners with less water usage and who composted.

Ms. Fong said there was a methodology to fine tune the situations and to incorporate the findings into the rate making. There was a water budget process that required looking and assessing every City parcel. The process would be extremely expensive and required an analysis and the need to modify the billing system and incorporate the new billings that reflected the analysis.

Council Member Holman asked if there was a method where the owners could provide proof regarding their particular situation rather than looking at every parcel.

Ms. Fong said Staff had not done that process and needed to see if there would be a big swing and how to address that.

Council Member Holman said not all issues could be addressed. For example, utility rates would be extremely higher compared to the proposed flat rates for six people living on an acre parcel and garden. She asked if Staff could return in a week on a methodology on how people could provide demonstrated evidence of their particular situation.

Ms. Fong said she would give it some thought and could not promise an answer. The methodology had never been done and would require a fair amount of time to analyze.

Council Member Holman clarified she was not proposing that every parcel in Palo Alto be analyzed.

Council Member Schmid said rather than take drastic measures in looking in everyone's yard and telling them what to do, an economic incentive would be to think of conservation as a benefit by using the price system. It would be an affective way to achieve long-term goals in water conservation.

Council Member Klein provided data from the Bay Area Water Supply and Conservation Agency (BAWSCA) meeting in May. Palo Alto was one of the 26 wholesale customers of the San Francisco Public Utilities Commission (SFPUC). He said water usage was down in the San Francisco, East Bay, and throughout California. There was a decrease in water drawn from the Hetch Hetchy River from 175 million gallons per day (mgd) to 140 mgd and the lowest since 1992. He said it was a great mystery why this was happening and possibly could be due to conservation, recession, but it was unknown. He said San Francisco had incurred \$4.5 billion in capital cost. The 25 partners were responsible for \$3.5 billion and San Francisco's portion was \$1 billion. San Francisco retail customer would be seeing a 15 percent increase per year for the next 6 years. The 26 wholesale customers were being charged 38.4 percent. The initial proposed rate was 47.4 percent and the reason for the difference was due to various estimates on how much more usage was going to decline. There were concerns of how the system would remain financially viable with the reduction in water usage. San Francisco's fixed-cost was 98 percent of their total cost.

Mayor Espinosa announced that the Water and Wastewater Public Hearing would remain open for another week and welcomed written protests to the water and wastewater proposed rate increases. Protest letters should be submitted to the City Clerk.

MOTION: Council Member Klein moved, seconded Council Member Price to keep the Public Hearing on water and wastewater rates, Proposition 218, open until June 20, 2011.

MOTION PASSED: 8-0 Burt absent

Ms. Stump said there were items in the budget that had direct impact on Stanford University. Council Member Klein would not be participating on Stanford-related portions of the discussion because his wife was a Stanford University staff member. Stanford-related items would be discussed first. Council Member Klein would not be present and would return when the Stanford discussion was completed.

Council Member Klein announced he would not participate in discussions of Stanford-related budget items because his wife was a Stanford University staff member

Mr. Perez said the following items related to Stanford University. The City provided Stanford with dispatch services in terms of capital programs such as technology projects that were charged back to Stanford for reimbursements or other fire-related activities.

Mayor Espinosa said discussions would begin with Stanford-related items in the Police and Fire Budgets, and the Capital Improvement Program (CIP) Budget.

Council Member Price asked if the Stanford fire protection agreement was renewed annually and what was the agreement process with Stanford University.

Mr. Perez said documents would be given to Stanford as they related to the changes in the proposed budget. Meetings would be held to discuss adjustments in the proposed budget. Potential concessions would impact Stanford's reimbursements program and would be included in the discussions.

Council Member Price asked if the same procedure occurred annually.

Mr. Keene said it did. He reminded the Council that their approval of the budget was on appropriations and did not result in automatically making all expenditures that were proposed. He recommended the Council to proceed with the OES program and any issues encountered with Stanford's agreement would be brought back to the Council prior to making any expenditure in that area.

Council Member Schmid spoke regarding the 30.3 percent that Stanford covered based upon station locations and responses to alarms on the campus. Stanford had grown in millions of square feet over the last decade while Palo Alto declined in commercial space. He asked if the 30.3 percent was still accurate.

Mr. Perez said the last review was in 2006 and felt it was a good opportunity to do another review since a study had been completed on Citywide services. Stanford did an independent study in 2006 and was satisfied with the formula they used at the time.

Mayor Espinosa asked if there were more questions on the Police and Fire Budgets and CIP Budgets as they related to Stanford University. He closed Council's discussion on this portion of Item No.8. He invited Council Member Klein to return to the meeting and asked that the record show that Council Member Klein did not participate in the discussions.

Mayor Espinosa noted discussions would continue on the remaining portions of the Police, Fire, and CIP proposed 2012 Budget.

Council Member Klein said he did not understand the additional \$500k in the CIP budget when using the term "placeholder".

Council Member Scharff said it was funds that could be put into the Budget Stabilization Reserve (BSR), the Infrastructure Reserve Fund or a few other accounts to balance the budget. The monies put into the Infrastructure Reserve Fund would not be spent and would be a placeholder for unexpected issues in Infrastructure.

Mr. Keene clarified that the funds were not put back into the Infrastructure Reserve. A separate appropriation was made in the Reserve and set up as an additional General Fund appropriation that could be available for CIP projects. The Finance Committee did not earmark the funds for any particular project.

Council Member Klein said the budget was legally balanced but significantly under-balanced due to infrastructure backlog.

Council Member Holman asked for a response to her question regarding compensation changes.

Mr. Perez said some changes for Staff did have budgetary impacts. He said he was not comfortable releasing the information until he cross-checked the figures and provided a brief summary on a few changes in the chart. He said Chief Operation Officer would be added to the Assistant City Manager's title but would not change the pay rate and control point would not change. The same applied to his position title by adding Chief Financial Officer to Director of Administrative Services. The Budget Manager title would change to Chief Budget Officer with a change in compensation. He said a complete summary would be provided to the Council prior to the June 20th meeting and would be included in the Council packet.

Mayor Espinosa asked for any other comments to the 2012 budget.

Council Member Holman asked the City Manager to comment on the structuring of the Urban Forester.

Mr. Keene said the budget had proposed a response to the direction of the Urban Forest Master Plan by putting clarity on the forestry function in the City. It would provide a more clear and informal status to forestry that had been divided among various departments which caused confusion for the organization and the community in terms of services and responsibilities. He said individual trees and the Urban Forest were important policy and asset management values to the City. The Urban Forester position was created when the Arborist retired from the Public Works Department. The concept was to take positions in Planning Department and Public Works Department and to unify those positions in one organizational unit within the Public Works Department.

Council Member Holman said she appreciated the logic but raised concerns in not knowing if the structure could change when the Urban Master Plan was presented. Additionally, she did not know if the Urban Forest Master Plan consultant had commented on the position. She said she was not totally certain that the Urban Forester position should be part of the Public Works Department.

Mayor Espinosa stated the recommendation was to entertain a Motion to continue the item to June 20, 2011.

MOTION: Vice Mayor Yeh moved, seconded by Council Member Shepherd to continue this item to June 20, 2011.

MOTION PASSED: 9-0

9. Public Hearing: Approval of Water Utility Rate Changes pursuant to Proposition 218.

Agenda Item No. 9 was heard during Agenda Item No. 8.

10. Public Hearing: Recommendation From the Utilities Advisory Commission to Adopt Resolution 9174 to Adopt the 2010 Urban Water Management Plan and SBx7-7 Compliance Strategy.

Utilities Director, Valerie Fong said Utility Account Representative, Catherine Elvert would be providing an overview of the Urban Water Management Plan.

Utility Account Representative, Catherine Elvert said she would be presenting a proposal to adopt Staff's update to the 2010 Urban Water Management Plan (UWMP) and method for compliance with SBx7-7 also known as the Water Conservation Act of 2009. She said the California Urban Water Management Planning Act required the City to prepare and adopt an Urban Water Management Plan (UWMP) every five years.

Mayor Espinosa read into the record the Public Hearing script for Item No. 10. He said the City must adopt its 2010 Urban Water Management Plan by July 1, 2011. The public was encouraged to participate in the process. The City was also required to adopt a compliance methodology under SBx7-7 to determine its water use reduction target. The public hearing pursuant to the California Water Code was intended to allow community input regarding the implementation plan, consider the economic impacts of the implementation plan, and to adopt a method pursuant to Section 10608.20, subdivision (b), to determine the City's urban water use target. The City would take into consideration any comments received.

Public Hearing opened at 9:49 P.M.

Former Mayor, Peter Drekmeier said he was representing the Tuolumne River Trust. He commended Staff for their work on a comprehensive Urban Water Management Plan. He said the baseline was liberal and wanted to comply with the requirements of the plans and to create and pursue an offline stretch goal. Palo Alto had made great progress and one of the higher per capita water users in the Bay Area Water Supply & Conservation Agency (BAWSCA) territory. He spoke regarding gray water and its potential of being an additional water supply and for irrigation use. He said Palo Alto's UWMP served as a model for other communities.

Bob Moss said Palo Alto had tried using two sources of recycled water in the past. One was recycled toilet water and the other was water pumped out of the ground to try to remediate the superfund sites at 1501 and 640 Page Mill Road. The recycled water was available and usable but the cost and getting people to utilize the water was difficult.

Public Hearing closed at 9:56 P.M.

Council Member Burt said there were four methodology options but the baseline year was not clear.

Ms. Elvert said the baseline range was 10 consecutive years, 1994-2004 was the baseline period and considered as a normal assessment of hydrological conditions.

Council Member Burt asked if that was stated in the Staff Report.

Ms. Elvert said it was in an attachment entitled: Draft Urban Water Management Plan, Section 4, Page 39, Water Demand.

Council Member Burt referred to a statement in Staff Report ID# 1688, top paragraph, page 5 of 8, and asked Ms. Elvert to clarify the statement "The increased savings from water efficiency measures is expected to cost more than the programs in the 2005 UWMP."

Ms. Elvert said the 2010 UWMP had more aggressive efficiency goals in meeting state mandated water use reduction targets from SBx7-7. She said there would be additional costs for programs offered to ensure that compliance was being met.

Council Member Burt said the increased cost of efficiency measures were expected to cost more than the offered programs. He asked if it was the savings that would cost.

Ms. Elvert said it was the programs.

Council Member Burt said the census bar showed higher population than the Planning Department's Comprehensive Plan Amendment.

Ms. Elvert said the Comprehensive Plan Amendment had not been acted on by the Council and projections shown were for comparison. The Association of Bay Area Government's (ABAG) 2009 population projections were different from those projected in the 2005 UWMP and what was projected in the update of the Comprehensive Plan Amendment.

Council Member Burt referred to a statement in the Staff Report, top of page 3, "Also shown is the preliminary population projection used by the Planning Department in an update to Council on the Comprehensive Plan Amendment" he asked why the projection shown on the chart was below the line of the actual census.

Ms. Elvert said they were projections developed by the Planning Department prior to the census data being released.

Council Member Burt asked how would the City do on a per capita basis on water consumption if the City did not have the higher ABAG projections for the City's population growth.

Ms. Elvert said the future water demand forecast was based on the higher growth.

Council Member Burt asked how Palo Alto would do in meeting SBx7-7 requirements if it did not have the higher growth.

Ms. Elvert said Palo Alto would need to exceed the efficiency goal and reevaluate the compliance methodology and the water use reduction target in the 2015 UWMP.

Council Member Burt said based on the current projected water usage how would Palo Alto do in meeting the requirements if the population growth was more in line with the Planning Department's projections.

Ms. Elvert said she did not have the exact target numbers in front of her but could provide the information after the meeting.

Council Member Burt said he wanted to know how Palo Alto would do if it had the population growths that were projected and what would it take if Palo Alto were to aim for higher efficiency. He said the community was continually told the cost per unit volume to determine if bills would increase based on the cost per unit volume when the rate increases were no where near that for their monthly bill. He said it was an issue of concern and needed to be addressed.

Vice Mayor Yeh asked how the City was achieving the SBx7-7 mandated interim goal of ten percent in conservation and water efficiency for 2015.

Utilities Marketing Services Manager, Joyce Kinnear said the City was on target and with the UWMP programs would be able to reach the 13 percent goals for 2020.

Vice Mayor Yeh asked if goals were based on a per capita basis.

Ms. Kinnear said that was correct.

Vice Mayor Yeh asked if Staff could run the alternative models based on different per capita if the actual growth assumptions changed.

Ms. Fong said Staff would refresh the numbers as changes came along.

Vice Mayor Yeh asked if the Method 4 option in SBx7-7 was tailored to Palo Alto customers.

Ms. Elvert said Method 4 could not be used because changes in the billing system limited the capability of accessing City data back to 1994. Staff felt Method 1 was the most suitable for the City.

Vice Mayor Yeh asked if Method 1 was used by most urban retail utilities.

Ms. Elvert said it was.

Vice Mayor Yeh asked how Staff felt about revisiting the cost-effectiveness in achieving the projected water efficiency goals.

Ms. Kinnear said Staff had increased the funding for programs that helped implement cost-effectiveness.

Vice Mayor Yeh asked what basis Staff used to increase the funding.

Ms. Kinnear said Staff used cost-effectiveness programs to implement changes and to force savings and cost-savings technology in the community. Some of the programs and services used in residential areas to help reduce water usage was to encourage less landscaping irrigation, check for leaks, and to upgrade washing machines. There were intensive workshops offered and programs such as the implementation of the gray-water programs.

Vice Mayor Yeh asked about the recycled water project and intrusion into the system that increased the salinity of recycled water. He said there had been conversations regarding Palo Alto versus Mountain View as the primary source for the highest salinity and intrusion. He asked if it was Mountain View or Palo Alto.

Ms. Fong said the Regional Water Quality Control Treatment Plant (RWQC) would possibly have the answer but she knew that Mountain View and Palo Alto had taken steps to improve their systems to reduce the intrusion of salinity.

Council Member Holman said using ABAG's population growth projection for Palo Alto, the overuse of water would increase even with a 20 percent per capita reduction. She asked if Staff extrapolated where the City would be with the 20 percent reduction in terms of water allotment and would it be factored in with the approved Stanford projects.

Ms. Elvert said water demands were evaluated using the 20 percent reduction target and had factored in all demand management measures that would be implemented within the city. She referred to page 854 of the Council Packet, and said Palo Alto was within the Individual Supply

Guarantee in the SFPUC allotment using the higher ABAG projection and the approved Stanford projects.

Council Member Holman referred to the Population Projection Table in Staff Report, page 3 of 8, which indicated the population projections exceeded the Comprehensive Plan EIR in development. She raised concerns that the Council would be approving a development not covered by an EIR and should be reviewed.

Council Member Price said she thought ABAG numbers were updated every two years. The plan contained projections and assumptions that would come back in 2015. Census data would not be taken for another 10 years but might have ABAG data within 5 years. She asked how the Utilities Department would use the information.

Ms. Fong said the Utilities Department would include the information in annual informational updates on how the Palo Alto was progressing.

MOTION: Vice Mayor Yeh moved, seconded by Council Member Klein to accept Staff and the Utilities Advisory Commission (UAC) recommendation to approve the Resolution to adopt the 2010 Urban Water Management Plan and the recommended SBx7-7 compliance strategy.

Vice Mayor Yeh suggested that the Utilities Advisory Commission (UAC) do a follow up as it related to a revised review using realistic growth numbers used by other City departments.

Council Member Scharff said he did not recall the item agendized at a Finance Committee meeting and asked why the item was being presented to Council so close to the filing date of July 1, 2011.

Ms. Fong said Staff ran into scheduling difficulties in getting the item to the Finance Committee and ran out of time. The initial filing due date was December 31, 2010. The State found it necessary to extend the due date because they took so long in providing the requirements that needed to be included into the plan. Staff had to do the analysis subsequent to getting the information which caused a backup.

Council Member Schmid said the Council would be voting on the water rates schedule that had tiered grades and asked Staff how they would assess the effectiveness of tiered grades versus demand management measures in achieving goals.

Ms. Elvert said it was difficult to get the conservation savings analysis for retail conservation prices. The State required retail conservation pricing be addressed and was included in the demand management measures. The conservation savings analysis had not been fully flushed out.

Council Member Schmid said one of the measures was what type of savings came from people who did not participate in an active demand management program.

Ms. Elvert said that was difficult to analyze. There was a significant reduction in water usage and a large portion was due to permanent water conservation measures, improvements in technology, and community outreach to improve water conservation practices.

Council Member Burt asked how reductions were broken down between commercial versus residential.

Ms. Elvert said overall there was an increase in the number of accounts in all sectors and a reduction in water use in every sector.

Council Member Burt asked what was the breakdown between commercial declining the same rate as residential and was it less or greater.

Ms. Elvert said it was similar. The UMWP had a breakdown by customer class type in terms of the number of accounts and the actual water use in units of acre feet per year. There was a significant reduction in residential use. The number of accounts had increased by 15 percent but water usage decreased by 27 percent.

Council Member Burt asked what percentage of water was residential.

Ms. Elvert said it was approximately 50 percent.

Council Member Burt said he was uncomfortable using the ABAG numbers because they were not realistic and could work against Palo Alto. The plan met the legislative requirements but did not address what Palo Alto anticipated. He said when the item returns to the Council for policy and direction on how to move it forward, it needed to be addressed. He supported the Motion.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to: 1) include in the cover letter to the State or in the Plan that states "the City of Palo Alto is using ABAG projections but does not believe in them," and 2) Staff would return to Council in a year using

more appropriate numbers based on the Comprehensive Plan, in order to file an amendment with the State.

Council Member Price said Council had critiqued the numbers but did not have a defensible methodology to counter the ABAG numbers.

Council Member Burt said ABAG's methodology for the entire region projection was correct but Palo Alto projections were questionable. ABAG viewed numbers as one in the same because Palo Alto did not have a revision to the region's methodology.

MOTION PASSED: 9-0

11. Approval of Park Development Impact Fees to Fund Park Improvements at El Camino Park in Conjunction With Utilities Department CIP WS-08002 El Camino Park Reservoir Project.

Director of Community Services, Greg Betts provided a brief presentation.

Parks & Open Space Division Manager, Daren Anderson said since June 2010 the Parks and Recreation Commission (PARC) discussed park design improvements at six regular meetings and one special on-site meeting at the park. The Commission raised concerns regarding pedestrian/bike access to the park, restroom location related to safety and access, tree protection, maximizing parking spaces, fencing for dog exercise area, and lighting improvements. The Commission's guidance on design included the Recreation staff's input from various field user groups that preferred features such as synthetic turf, field size, and multi-use designs to accommodate various sports. The input provided direction for the conceptual design of park improvements. Some options were not taken into consideration because user demand was not as high as other features or did not compliment the field design. On February 22, 2011, Staff presented the Commission with two possible impact fee options and had recommended "Option A" that included synthetic turf for the north and south playing fields, a storage building for maintenance equipment, expanded parking lot, lighting conduit for future lighting of north field, mulch for non-turf areas, soccer catchment fencing and funding for tree removal and design fees. This option would use \$2,360,500 of the current impact fee balance of \$2.8 million. The Commission recommended "Option B" which was similar to "Option A" except for natural turf at the south field, a lighted granite pathway and four picnic tables and would use \$1,420,500 of the current impact fee balance which was \$940,000 less than "Option A." Staff agreed with the 4-2 Commission vote that "Option B" represented the best use of impacts fees for El Camino Park.

Parks & Recreation Commission Chair, Daria Walsh, said the Commission wanted to see the park get used more by the residents. The soccer fields had the most value for the money but needed improvements. Synthetic turf allowed for more usage.

Parks & Recreation Commissioner, Pat Markevitch, said she supported "Option A" because she believed in tearing down and rebuilding the park all at once. Shutting down the park twice would be more costly. She said south of the baseball field, between the park and the Red Cross building, was land that could be utilized for parking and she did not perceive parking was an issue.

Paul Snyder, Seigfried Engineering gave a presentation that addressed design concepts. He said there were many connectivity issues that surrounded the sites such as the Alma crossing along the tracks, the Caltrain bus station, the Stanford Mall and the existing parking lot in the middle. The existing pump station was being replaced in the same position and the placement of the reservoir created additional issues. Efforts were made to preserve and enhance the urban forest. The northern field had the parking expansion, new buildings and the synthetic field. The southern field addressed the restoration of the park utilities project. His presentation included detailed information on how every effort was made to meet all amenities and desires of the community and Staff in creating a conceptual design.

Herb Borock said there were several environmental documents that were missing from the Staff report such as a draft of the Mitigated Negative Declaration and a recommendation that action would be taken on an Environmental Review (ER). He noted that all the park fee funds would be spent on synthetic material for the playing fields. Playing fields were not the only park use and other parks needed money. He said it was a bad use of money and violated the environmental law.

Council Member Klein asked Staff to respond to Mr. Borock's concerns.

Mr. Betts clarified the plans were only conceptual plans and Staff had worked closely with the Planning Department in reviewing the plans. He said the conceptual plans and the allocation of funds were being presented to the Council this evening before getting too far down the road. All required environmental documents would be provided when final plans were presented to the Council. A top 10 list adopted by the Council in 2007 was in the Staff report regarding fund usage and included monies for the Bixby Park Hills expansion. He said there was sufficient money for that and other

projects including the Magical Bridge project that was included in the budget.

Council Member Klein said the discussion was on the direction of funds and where they eventually would be allocated and was not being expended at this point.

Mr. Betts that was correct.

Council Member Klein said the plan called for 13 additional parking spaces and asked for the total number of spaces.

Mr. Snyder said he thought it was in the mid 40's but not certain.

Council Member Klein asked if there would be ample parking if both fields were in full use along with other activities. What would be the maximum amount of people in attendance.

Mr. Betts said the north field would not have bleachers and did not expect any more than 20-30 people when the north field was used for soccer. Scheduling of events would be controlled and would limit the number of activities that could occur at one time and booking of major events. He said the project was on a bicycle route and transit corridor with easy access to Alma Street for overflow parking. Parking was being increased from 33 to 47 spaces and he felt it was the right size parking for the expanded capacity with multi-use of both fields.

Council Member Klein said Alma Street had limited parking area and raised concerns about getting complaints from offices and stores. He said Commissioner Markevitch indicated parking use towards University Avenue and asked Staff to elaborate on its feasibility.

Mr. Betts said the lot had potentials. There was a diagonal pedestrian pathway between Quarry Road and El Camino Real, across from PF Changs Restaurant, into a field. The field has a number of utility vaults, water and electrical meters, and two power poles. A feasibility study of gaining automobile access and parking at the field had not been done and was a concern.

Council Member Klein said it would be a trade off of El Camino Real, which was a State highway and would require Caltran's approval.

Mr. Betts said that was correct.

Council Member Klein asked if there was an appropriate number of parking spaces in that area.

Mr. Snyder said the area had several constraints and tree preservation issues. The biggest issue was a slope near the bus turn-around area. There would be approximately 20-25 spaces depending on Caltran's permission, signal timing and accessibility.

Council Member Klein asked if the Olympic Memorial trees located at the southwest corner would remain as is.

Mr. Snyder said every effort would be made to preserve the trees.

Council Member Klein asked where the dog park would be located.

Mr. Snyder referred to a wall map and pointed to the area where the dog park area could be fenced off.

Council Member Klein asked how definite the dog park was in the plan.

Mr. Anderson said the dog park was not definite at this time. The area was intended to be a passive recreation area. Issues and options needed to be studied during the conceptual phase.

Council Member Klein said this was not a topic of discussion for this evening's meeting and asked Staff to see about changing the name Stanford/Palo Alto Soccer Facilities to differentiate the facility's location.

Council Member Shepherd asked if a fence was planned along Alma Street across from El Palo Alto.

Mr. Snyder made reference to the wall map and indicated there was an existing fence in an internal area with shorter fencing for the dog park and would not limit access to the park.

Council Member Shepherd had issues on voting on an area with only the possibility for parking. She asked if there was an inventive way to create a pathway from the Red Cross building or the transit center to access the area.

Mr. Snyder asked as an engineer or a person in a truck.

Council Member Shepherd said a person in a truck.

Mr. Snyder said the area had several obstacles and a person in a truck could possibly create a path through the area. The opportunity would be there for a planner or an engineer but they would need to deal with leased property.

Council Member Shepherd said it would eliminate dealing with Caltrans. She asked who owned the property.

Mr. Betts said the property was part of El Camino Park. One of the challenges was relocating a JC Decaux Public Toilet that existed at the end of the street past the Red Cross building.

Council Member Shepherd said she was interested to see if access could be pursued in getting to the potential parking area.

Ms. Walsh said most of the Commissioners were expecting the area to be part of the park and not for parking.

Council Member Price asked what the life span was for heavily used synthetic turf.

Mr. Betts said seven to eight years.

Council Member Price said a comment was made that having two synthetic fields would bring a bigger demand for field use. She raised concerns regarding the cost for the additional parking area since it had not been included in the plan. She asked what the maintenance cost would be for a grass field where the base diamond currently existed.

Mr. Anderson said he could not provide a hard figure or hours. He said grass whipping was required once every 1-2 weeks where grass grew along the fence line versus synthetic material that did not require mowing, watering, or trimming.

Mr. Betts said additionally due to wear, a grass field required closing down for two months out of the year to reseed, reestablish, and re-thatch its growth. That would not be necessary for artificial turf.

Mr. Anderson said artificial turf needed to be groomed but far less than a grass field. Another advantage was not having pest making trip hazards in synthetic material.

Council Member Holman said Alma Street and the train tracks were impediments in getting to the park and asked if Staff had given more thought in providing connectivity to the neighborhood.

Mr. Anderson referred to the wall map and pointed to a pathway into Palo Alto Park. He said it required walking a few hundred yards along the park's edge which was not level and was unsafe.

Council Member Holman asked Staff to point on the map at the path to the train station.

Mr. Betts said he rode his bike almost daily from Menlo Park and took a route that crossed El Camino, entered the park, continued along the north field, a path along the baseball field and connected to a path near PF Chang's.

Council Member Holman asked if there was another path that ran along the tracks.

Mr. Betts said not behind the train station. There was one between the depot and MacArthur Park Restaurant and over to Homer tunnel and behind the Palo Alto Medical Foundation, on to the backside of the Town and Country Shopping Center, over Embarcadero Road and behind Palo Alto High School.

Council Member Holman said another reason for having one instead of two synthetic fields was because it left more funds for other projects. She said improvements would be completed in 2013 which was 20 years from the expiration of the lease agreement. Stanford housing was considered for that area and asked Staff if the lease would be extended.

Mr. Betts said if Stanford were to pursue housing they proposed not to move forward until after expiration of the 2033 lease.

Council Member Holman asked what the likelihood was of having an extension of the lease agreement beyond 2033 or was 2033 the horizon when Stanford wanted to use the property for housing.

Mr. Betts said in consultation with the City Attorney's office there had been discussions with Stanford whether or not the lease could be extended when they looked into obtaining the easement for the reservoir.

City Attorney, Molly Stump it was her understanding that during the negotiations for the Stanford Hospital project the issue was raised and the City did pursue the extension. Stanford was not interested at the time and it was not included in the hospital agreement.

Council Member Holman said that would be an indication that Stanford would not renew the lease when it expired.

Ms. Stump said that was the understanding at this time.

Council Member Holman said during the presentation, Staff made a comment to continue working with PARC on furthering the design. The Staff Report did not indicate the process of moving forward and wanted clarification on pursuing the design.

Mr. Betts said he would call on Seigfried representatives to provide the process in moving forward in finalizing specifications and design and ask Mr. Anderson to talk about the next steps in reviewing the project.

Mr. Snyder said the next step would be to incorporate input from the City Council, City departments, PARC, and public feedback. They would evaluate any added elements and costs to the plan and move forward in putting together improvement plans for the park.

Council Member Holman asked what was a typical practice in reviewing plans for a park.

Mr. Anderson said Staff would go to the Architectural Review Board (ARB) to get final approval on their recommendations, return to PARC for approval and move forward in getting the project to 100 percent.

Council Member Schmid asked whether 11 or 12-year children were scheduled to play on the field.

Mr. Betts said that was not the intent at this particular field. Younger children are advised to use facilities that are surrounded by homes with not a lot of street parking and can safely be accessed by bicycle or walking.

Council Member Burt said present use of the baseball field did include Little Leaguers and that would be a change in use to not allow younger children on the field. He said the bike path south of the Quarry area was makeshift bike routes started on the other side of the oval. It was a maze, dangerous and chaotic in terms of competition of bikes, vehicles, and buses. There was discussion of the getting the area redone with Stanford funds in getting connectivity and he raised a concern why that was not included in the Staff Report. He asked that be included in the record and to concentrate on the park portion. He was not in favor of extending the park into the dirt area south of Quarry area. He said the existing parking area was an oval

between the two ball fields. He asked what prevented extending the oval towards Alma Street to add more parking.

Mr. Snyder said the extension would be encroaching into Caltrain's right-of-way and the structural section supporting the tracks and high voltage boxes located at the edge of the parking lot. There was already encroachment into the area for future restrooms and storage buildings.

Council Member Burt said it appeared there was some latitude to extend the oval to allow for added parking in the area where buildings are located. He said he would advocate reexamining extending the oval.

Mr. Snyder said he agreed there was some flexibility in the area.

Council Member Burt asked if it was possible to move the baseball field 10 feet south to allow widening the oval for additional spaces.

Mr. Snyder said there were challenges. The distance to the outfield fence was short. He said a proposed wall would mass two utility boxes which were access points to the buried reservoir and would limit adding the extra space.

Council Member Burt asked what the current zoning was.

Mr. Betts said it was Parking Facility (PF) zone.

Council Member Burt said PF was not necessarily recreational.

Mr. Betts said that was correct. Fire stations, community centers, and libraries were zoned PF.

Council Member Burt asked if zoning should be looked at for the park for retaining the land for recreational purposes.

Ms. Stump said it was her understanding PF was the correct zoning for the present use. Stanford would need to pursue an amendment for future housing on the site.

Council Member Burt said housing was one thing and asked if Stanford would be able to use it for other public facility functions different from the recreational park functions used by Palo Alto.

Ms. Stump said she would need to get back with the information.

Council Member Burt asked if Palo Alto would be incentivizing Stanford with Palo Alto's zoning that would cause Stanford to want to take the land back.

Council Member Scharff asked if it would be hopeless to try to pursue extension of the Stanford lease agreement since they indicated they were not interested of an extension at this time.

Ms. Stump said 2033 was a ways away and in recent discussions Stanford was not interested in advancing the issue at that point.

Council Member Scharff said one of Staff's recommendation stated that the Council direct Staff to pursue a long-term lease with Stanford for EL Camino Park beyond the current June 2033 expiration date. He said the issue was confusing and needed clarification on what the Council was asked to do.

Mr. Betts said that was a PARC recommendation and that Staff had not specifically gone to Stanford to ask them to reconsider.

Council Member Scharff asked for point of clarification, was Staff asking for the Council to direct Staff to pursue the issue or not to pursue the issue at this time.

City Manager James Keene said he thought the Council should direct Staff to pursue the long-term lease with Stanford.

MOTION: Council Member Scharff moved, seconded by Council Member Holman to accept Staff recommendation to: 1) Approve the Parks and Recreation Commission and Staff's suggested use of \$1,420,500 of Park Development Impact Fees (Impact Fees) to fund the Parks and Recreation Commission's recommended list of improvements to El Camino Park; and 2) direct Staff to pursue a long-term lease with Stanford for El Camino Park beyond the current June 2033 expiration date.

Council Member Scharff said PARC had given a lot of thought to the recommendation and felt the park was an asset to the community. He raised concerns regarding Little Leaguers no longer being able to play there.

Mr. Betts clarified the Little League park was primarily at Hoover and Middlefield Road. Little League may play some games at this park but it was not their primary location and would only be used as a backup.

Council Member Holman raised concerns in expending money on property that Palo Alto did not have long-term control over but made it more comfortable with the cost associated to synthetic turf's life span. The short-

term life span of turf in 20 years was more than half of the improvements for the site.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that Staff is to continue to explore pedestrian and bike connectivity to Caltrain and the neighborhood.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that the Project is to return to the Parks and Recreation Commission for final review of design and design element compatibility for park use.

Mayor Espinosa asked Staff to clarify that the incorporations to the Motion would happen as part of the process.

Mr. Betts said that was the intent that Staff would return to the PARC for final design approval.

Vice Mayor Yeh said he did not see a proposal for bike racks in the design.

Mr. Snyder said the design had not gotten to the level of detail for bike racks but confirmed there was ample space for bike parking and visible to users.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to include bike racks into the park design.

Mayor Espinosa raised concerns regarding parking, bike parking, dog run, public art, detail on Stanford connectivity, and connection to El Palo Alto Park and asked for more detail and additional ideas regarding these issues when the item returns to the Council.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to have Staff return within 90 days with an update on permissible uses under the current PF Zone and alternative zoning uses in the future.

Council Member Holman said that was acceptable if Staff confirmed this was the appropriate place to register the incorporation.

Mr. Keene said that was fine.

Council Member Klein asked to see more detail regarding parking and parking overflow and the dog run when the item returns to the Council. He

raised concerns about putting turf on the south field and would not interfere with the operation of the north field and the cost and risk for installation.

Council Member Klein advised he would not be participating in the part of the Motion where it pertained to Staff pursuing a long-term lease with Stanford, as his wife was a staff member at Stanford University.

Council Member Price said she believed it was appropriate to install the two synthetic turf fields at this point. She did not support the Motion.

AMENDMENT: Council Member Klein moved, seconded by Council Member Scharff to incorporate into the design a dog park at the north end of the site.

Council Member Holman said she was not convinced this was an appropriate place for a dog park due to access issues.

Council Member Klein responded to Council Member Holman's concern regarding the dog run and accessibility issues to the park. He said there was not a right place and would be hard pressed to find the right place in Palo Alto. He asked Council Member Holman to indicate an appropriate area for a dog run. He felt accessibility to the park was sufficient.

Council Member Scharff confirmed that Palo Alto did not have enough park runs and heard the community concerns regarding the issue numerous times.

Mr. Betts said Staff would also pursue the portion of El Camino Park north of Alma Street, next to San Francisquito Creek by the eucalyptus park as a dog park.

Mayor Espinosa confirmed the need for more dog runs in Palo Alto and felt this was an appropriate place for a dog run.

Council Member Holman said this was a troublesome location because of access. The only feasible connectivity was across Alma and difficult to negotiate. She asked to consider the possibility to locate a dog park on the south end of the south playing field.

Vice Mayor Yeh asked to clarify the Motion and asked if it was to direct Staff to incorporate into the design or to further explore.

Council Member Klein said to incorporate into the design of a dog run.

AMENDMENT PASSED: 7-2 Holman, Yeh no

MOTION PASSED: 8-1 Price no, Klein not participating in portion pertaining to Stanford University.

COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Council Member Holman asked that when Staff returns with the El Camino Park item that they provide the process to address park impact fees and how we compare to other communities.

Council Member Scharff stated that this was already being addressed by the Finance Committee with Staff.

Mr. Keene stated that Staff could return with a report on what it would take to do the analysis.

Council Member Klein reported that Lake Don Pedro Dam, which is part of the Tuolumne system, exists under a federal license that expires in 2016, it will be contentious license renewal; additionally the Water Supply Improvement Project is half completed, currently under budget and behind schedule, due to permitting for the Calaveras Dam in Alameda County.

Council Member Price asked Staff to clarify how Council would be involved in the discussion regarding the use of funds under the community health benefit of the Stanford University Hospital project.

Mr. Keene stated that this discussion would occur sometime in July before Council break.

Mayor Espinosa reminded everyone that World Music Day will be held on University Avenue on Sunday, June 18th, and Save the Bay will be celebrating their 50th anniversary at the Baylands on Saturday, June 25, 2011.

ADJOURNMENT: The meeting was adjourned at 12:21 A.M.