



REVISED
FINANCE COMMITTEE

Meeting
February 7, 2012

Sections that are highlighted were excerpts and do not need to be typed. Please note the section at the end where it is not highlighted does need to be typed.

Chairperson Vice Mayor Scharff called the meeting to order at 7:10 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Burt, Scharff, Shepherd (Chair)

Absent: Price

Oral Communications

None

Agenda Items

1. Recommendation to Adopt Two Resolutions Pertaining to the Proposed Local Renewable Energy Feed-In Tariff Program Including the Purchase Prices and Agreements and to Adopt an Ordinance Amending Two Sections of Chapter 2.30 of the Municipal Code Relating to Facilitation of a Feed-In Tariff Program.

Resource Planner Jon Abendschein spoke regarding the feed-in tariff (FIT) program. He said that a FIT program involved a utility buying power from certain types of generators at a fixed price. The goal of the program was to purchase some of the utility's renewable energy supply from local sources. The program would do that by streamlining the purchasing process to make it accessible to small developers. For 2012 the program would focus on solar generators. The goal was to achieve 4 MW of solar capacity on rooftops of larger commercial facilities. In future years, Staff would consider opening the program to smaller sites or other technology. A set of design guidelines and policies for the program had been adopted by the Council in August

2011. In November 2011 Staff took the contracts and other program documents required to implement the program to the Finance Committee for approval. The Finance Committee approved the program materials and recommended adopting the name "Palo Alto Clean Local Energy Accessible Now (Palo Alto CLEAN)" for the program, but at that time the price had not yet been finalized. Tonight Staff was bringing the price to the Finance Committee for discussion. The program had been designed to with a price equal to the electric utility's avoided cost, which means that the price had been set so that the utility would pay no more for local renewable energy than it would for remote renewable energy. The cost of buying remote renewable energy and transporting it to the city was 13.55 cents per kilowatt-hour (kWh) for a twenty year contract. He noted that this rate differed from the December 2011 Staff report and that the capacity component had been updated to better reflect a solar load shape. He described the methodology used to develop each component of the price. He then noted that Staff's estimate of the price necessary to attract developer interest in the program was around 14 cents per kWh. Staff was asking for guidance from the Finance Committee on whether to pay an additional incentive to set the price at 14 cents per kWh to make it more likely the program would attract developer interest. The cost of the incentive would be \$29,000 per year if the program was fully subscribed. For an average residential customer the impact would be about one cent per month. There was value to making sure the program was successful. Staff would gain experience with the project approval process and developers would gain experience developing projects in Palo Alto.

City Manager James Keene said a change like this would require a policy change related to the pricing. Staff had made a good case for the benefit realized by this slight increase. He said there were a stream of initiatives being introduced focused on local sustainability and it was important to create momentum with the program.

Council Member Burt asked what the current Palo Alto electricity retail cost was compared to PG&E and other electric service providers.

Mr. Abendschein said the average bill of a Palo Alto resident was one of the lowest among the cities the City benchmarked itself against.

Council Member Burt asked whether that included PG&E.

Mr. Abendschein said it did.

City Manager Keene asked what the difference was between the average PG&E bill and the average Palo Alto bill.

Mr. Abendschein said the average bill in PG&E territory was about 25 percent higher, or

\$10 more.

Council Member Burt said the plan would narrow the difference between Palo Alto and PG&E by one-1000th. It was remarkable to have an opportunity to build on the renewable goal and to do so at such a small cost. He asked why the plan focused only on large commercial in 2012. Without including small commercial and residential customers, Staff would not learn anything about how those types of customers would respond to the program.

Mr. Abendschein said he believed Staff would gain experience in the large commercial program that would be applicable to a small commercial or residential program.

Council Member Burt asked whether there would be any problems with doing a limited residential and small commercial pilot program as well. He appreciated there were workload problems associated with an unconstrained program, but asked whether there would be any problems with a limited pilot.

Mr. Abendschein said there were additional issues with a residential program that would make it more challenging, such as entering into a 20 year contract with a residential customer.

Council Member Burt asked why it would be challenging.

Mr. Abendschein said Staff had not yet studied what issues would be involved with signing a 20 year power purchase agreement with an individual homeowner.

Utilities Director Valerie Fong said one potential issue would be when homeowners need to put a new roof on their home.

Council Member Burt asked how Gainesville Regional Utilities had launched a FIT that was open to residential customers.

Mr. Abendschein said Gainesville had offered a high contract price and was therefore not concerned about people shifting in and out of the program. For Palo Alto to get value out of the proposed 20 year program, the installation would have to remain for the full 20 years. A different approach might be needed for a residential program.

Council Member Burt said the resident would have a choice about whether to enter into a 20 year contract, and that presumably the contract would have to remain associated with the home.

Ms. Fong said Staff would want to work with the City Attorney to identify any issues.

Council Member Burt said he believed the issues associated with a residential program differed from a commercial program in degree, but not in kind.

Mr. Abendschein said Staff had only just started to think about the issues associated with a residential program.

Council Member Burt said he did not see any difference in the issues facing commercial and residential programs. He asked whether the program would offer ten and fifteen year contracts.

Mr. Abendschein said it would.

Council Member Burt stated that Staff expected fewer people to adopt a ten or fifteen year contract.

Mr. Abendschein agreed.

Council Member Burt said if the City offered all three, a residential customer could opt to participate in a shorter term contract. He did not expect much risk in piloting the program with small residential and commercial sites. He said there were a lot of unknowns, but he thought Staff would not discover them if they did not pilot the program with small commercial and residential customers. He asked whether Staff was considering a carbon overlay for different types of renewables.

Assistant Director of Utilities Jane Ratchye said there had been a discussion of a proposed carbon neutral policy at the Utilities Advisory Commission (UAC) and that it would go to the City Council in early March.

Council Member Burt said that not all renewables were equal. For example, landfill gas, while being designated as a renewable energy source, did emit some carbon dioxide. He asked whether there was any consideration in the program price for the fact that solar energy was free of carbon dioxide emissions.

Ms. Ratchye confirmed that landfill gas and solar were considered equivalent renewable sources in the program price calculation.

Council Member Burt said the fact that solar was emissions free could be a value consideration in adding some value to the program price. He asked whether Palo Alto could create a bare bones emergency power system if there were enough distributed generation in town.

Ms. Fong said Staff would want to speak to the utility's engineers about the issues associated with rerouting the power.

Council Member Burt understood there would be complexities, but asked for confirmation that there would be a certain point at which the distributed generation could provide some form of emergency power.

Ms. Ratchye said the power would only be available on a sunny day.

Council Member Burt said the sun would not be a factor if there was a mix of distributed generation.

Ms. Fong said that if the total capacity of distributed generation was high enough, 100 MW, for example, it could be possible.

Council Member Burt asked what the City's peak load was.

Ms. Fong said it was roughly 180 megawatts (MW).

Council Member Burt said that emergency power capability was important, and while achieving the necessary amounts of distributed generation would take time; this program would start the City toward that goal. This was another justification for adding to the program price, just like the fact that solar energy was carbon free. Such policies were aligned with City and Council priorities. He asked whether the program was limited to solar generators.

Ms. Ratchye said the first year was limited to solar.

Council Member Burt asked if other renewables could be eligible for the program in the future.

Ms. Ratchye said they could be.

Chair Shepherd agreed with Council Member Burt on the goals he outlined. She asked whether the program would close at the end of 2012, whether the City had achieved 4 MW or not.

Mr. Abendschein said that before the 2012 program year ended Staff would take a proposal to Council for the 2013 year.

Mr. Keene clarified that the program would not really close at the end of 2012, and that it would be renewed each year.

Chair Shepherd asked whether Staff was looking at City-owned real estate for panels.

Mr. Abendschein said the City's facilities would be eligible.

Mr. Keene asked how many rooftops would be required to fill the program's capacity.

Mr. Abendschein said roughly 1 million square feet of roof space.

Mr. Keene asked, given the average size buildings, how many would be used.

Mr. Abendschein said it would require roughly 20 average sized large commercial or institutional roofs.

Chair Shepherd said it would be interesting to look at residential installations in the future.

Craig Lewis, Executive Director of the CLEAN Coalition, said his organization was based in Palo Alto and that its mission was to promote policies and programs that unleashed cost-effective local renewable energy. He said his organization was pleased with the program that has been proposed by Staff. It was a gold standard program. He had been involved with several programs across the country. This program promoted clean local energy, was cost effective, and was also simple. He liked the constrained nature of the program. He said no residential should be included in the first phase because of the tax issues involved. Residents without passive income were not able to take advantage of the tax breaks offered by the Federal government, which affected project viability. Gainesville Regional Utility's FIT price had been high enough that the lack of tax breaks was irrelevant. He thought that 14 cents per kWh was an acceptable price to generate some participation in the program. He encouraged the Finance Committee to adopt the name CLEAN for the program, which stands for Clean Local Energy Accessible Now. The name had been chosen through a nationwide focus group study by the Rockefeller Brothers Fund.

Council Member Burt asked whether the name of the program in the resolutions reflected the Finance Committee recommendation.

Mr. Abendschein said that Staff had intended to put a generic name in the resolutions which would be replaced when the Council made its decision.

Council Member Burt asked whether Staff had intended to put a generic name or the Palo Alto CLEAN name.

Ms. Fong said Staff had received differing recommendations from the UAC and Finance Committee.

Chair Shepherd said the Finance Committee had not been unanimous in the previous meeting when voting for the name.

Mr. Keene said Staff would include in its report that the previous recommendation from the Finance Committee had been that the name should be Palo Alto CLEAN.

Council Member Burt stated that a majority of the Finance Committee had previously voted to adopt the name.

Ms. Fong confirmed that was their recommendation

Council Member Burt said the resolutions in the Staff report for tonight's meeting should have included the Palo Alto CLEAN name.

Vice Mayor Scharff said he believed the UAC was advisory to the Finance Committee which was advisory to the Council, and that the Finance Committee recommendation would go to Council if it differed from the UAC recommendation.

Ms. Ratchye said the UAC was advisory to the Council rather than the Finance Committee.

Mr. Keene said that the Finance Committee was established to handle items in Committee on behalf of the Council. He believed it was appropriate to include the UAC recommendation in the body of the report so it was part of the background information. He said the Committee recommendation had primacy.

Council Member Burt said the UAC discussion of the name had taken place in a different context than the Finance Committee discussion of the name, and he did not know what the UAC decision might have been if it had taken place in a different context. He said there was a national movement focused on rebranding FIT programs as CLEAN programs and that the movement had widespread support.

Vice Mayor Scharff said the vote of the Finance Committee had been unanimous on everything except the name and the price. He asked why the resolutions were being reintroduced.

Ms. Ratchye said the resolution had been changed since the Finance Committee action to eliminate the use of a rate schedule and instead incorporate the price into the resolution itself.

Mr. Abendschein said there were also some non-substantive changes listed in the December Staff report that were incorporated in the resolution. He said the change from the use of a rate schedule was on the advice of the City Attorney.

Vice Mayor Scharff confirmed that the Finance Committee's action would amend the previous Finance Committee action.

Ms. Ratchye agreed

Mr. Keene said the changes were housekeeping items.

Vice Mayor Scharff agreed. He suggested that the Finance Committee vote again on the entire recommendation, including the name. The item could then go on the Council consent calendar if the Finance Committee chose to put it there. In that case the Finance Committee recommendation would be reflected in the recommendation that went to the City Council and the UAC recommendation would only be reflected in the report. This was because the UAC was advisory to the Finance Committee.

Chair Shepherd asked how the additional incentive would be incorporated into the 10 and 15 year prices.

Mr. Abendschein said the incentive would be applied to all three contract terms equally. The City Attorney had asked Staff to describe it as an additional incentive.

Mr. Keene said it was clear that in the Staff Report they should have been explicit about these housekeeping issues. He wanted no confusion about the UAC's role. The UAC is advisory to the City Council, but the Finance Committee was an appointed subcommittee of the City Council. Therefore the UAC is also advisory to the Finance Committee. There was an expectation that the Finance Committee makes a recommendation to the City Council that is informed by input from the UAC. That does not preclude the Council from not following the recommendations of either group.

Council Member Burt agreed there were times when Council would not agree with any Standing Committee and go with what the UAC recommended. But what goes to the Council is the Finance Committee's recommendation. He also noted that the 14 cent per kWh price was lower than the initial price estimates that had been discussed by the Finance Committee. The proposed price was less than had initially been expected, even with an incentive.

Chair Shepherd noted that the resolution permitted the City to exceed the 4 MW cap by up to an additional 1 MW if necessary to enable the City to accept the last application

submitted even if it exceeded the cap by some small amount.

Council Member Burt asked whether it would be possible to open the 2012 program up to a limited number of small commercial applications. He asked what number would be appropriate.

Mr. Abendschein said Staff could consider adding five small commercial applications but would ask that the limit for large commercial applications be reduced to 3.5 MW in order to limit the maximum workload to an amount achievable by Staff.

Council Member Burt said he preferred not reducing the total program capacity.

Mr. Abendschein said that not reducing the program capacity could result in more applications than Staff could handle because the small commercial applications would not take up much space under the cap.

Mr. Keene clarified that the concern was that small commercial customers were very small. They would not impact the cap substantially, leaving the same amount of space for large customers, leading to the same number of applications.

Ms. Fong said there were several groups involved in processing these applications.

Mr. Abendschein one of the things Staff wanted to avoid was having backlogs in application processing.

Council Member Burt stated he was not happy that the program could not include small commercial or residential sites, but he did not want to reduce the program capacity in order to include those sites.

Vice Mayor Scharff confirmed that small commercial and residential could be included in future years.

Mr. Abendschein said they could, and that the additional time would give Staff time to determine how to handle the work load associated with a larger number of applications.

Vice Mayor Scharff asked what the minimum size of a large commercial roof was.

Mr. Abendschein said 25,000 square feet.

Vice Mayor Scharff asked what a small commercial roof minimum size would be.

Mr. Abendschein estimated 2,500 square feet.

Vice Mayor Scharff confirmed that 1,000 square foot roofs would be not included

Mr. Abendschein said Staff would have to look at that when they considered accepting those types of applications. The program was based on the size of the solar array rather than the roof size. A reasonable minimum for a commercial site was 10 kW.

Vice Mayor Scharff asked whether solar panels were becoming more efficient on a per square foot basis.

Mr. Abendschein said it varied with the technology.

Vice Mayor Scharff said that the smallest viable rooftop would decrease over time as efficiency improved.

Council Member Burt said it would because all technologies were improving efficiency on a surface area basis.

Mr. Abendschein said that was true, but that sometimes there was a trade off between price and efficiency.

Council Member Burt agreed but would expect in the future more generation per square foot.

Vice Mayor Scharff asked whether the City had legal protection if the project failed before the end of the contract.

Mr. Abendschein said there were situations where something could happen outside the control of either party resulting in the lapse of contract. But it was not possible for somebody to simply decide to exit the contract.

Vice Mayor Scharff asked whether providers would have an obligation to fix the panels if they break.

Mr. Abendschein said there was not a provision for damages in that situation.

Vice Mayor Scharff asked what Staff meant when they said the customer would have to provide the City power.

Mr. Keene said Staff did not have answers to all questions yet.

Ms. Ratchye said the contractor does not get paid if they do not deliver.

Mr. Abendschein said there were situations with any contract that were unforeseeable in which the supplier would be unable to deliver power.

Vice Mayor Scharff asked what would happen if the supplier chose to stop delivering power.

Chair Shepherd asked to hear from Mr. Lewis.

Mr. Lewis said the cost of the systems was up front. The developer has a motivation to keep the project operating as long as possible. The contract would prevent the developer from selling to another party.

Council Member Burt said there was an incentive for the supplier to continue. He thought there were remote circumstances where somebody might choose to continue. In that circumstance it is unlikely the City would suffer financially. If in the future the cost of renewables rose substantially a system owner might have an incentive to remove the panels, but he considered that unlikely.

Vice Mayor Scharff did not think it was unlikely. He said the price front-loaded the value associated with the energy. If the contract ended early the City would not get the full value of the project.

Council Member Burt asked to clarify whether the discussion centered on cost or value.

Vice Mayor Scharff asked Staff to explain the 20 year pricing

Mr. Abendschein said that the value of the energy increased over time, but that the price paid for the energy was flat. In the early part of the contract the value of the energy to the City was less than the price paid, but in the later years the value was greater than the price paid. This was the same as the pricing in several of the City's existing renewable contracts. If the contract ended early the City would not get the full value out of the contract, but neither would the developer. Developers would take measures to ensure that the contract lasted for the full 20 years, such as making sure that the roof was not expected to need replacement over the life of the contract. There was also implicit risk mitigation in the program because it was spread across several small projects. To the extent that one project failed, the consequences of that failure were small. He also agreed with Council Member Burt that renewable energy prices could be much lower at the time the project failed, meaning the City might be able to replace the contract with cheaper energy. All of these things reduced the risk associated with project failure.

Mr. Keene said he did not think anybody would sign up for a ten or fifteen year contract.

Ms. Ratchye said it was unlikely they would.

Ms. Fong asked that the Finance Committee include new policy and resolution language if they chose to pay an additional incentive.

Chair Shepherd said Staff was recommending a 0.45 cent/kWh adder for the 20 year contract. She asked what the adder was for the ten and fifteen year contracts.

Ms. Fong said it was the same for the ten and fifteen year contracts.

Chair Shepherd said the current Policies and Design Guidelines only addressed an avoided cost program, but the new language would enable payment of an additional incentive.

Mr. Keene clarified there was an additional policy for the Policies and Design Guidelines, an additional finding for the resolution adopting the program, and an additional section for the resolution.

MOTION: Council Member Council Member Burt moved, seconded by Council Member Vice Mayor Scharff, that the Finance Committee recommend adoption of the Staff recommendation with the addition of a 0.45 cent/kWh incentive and the adopting of the name Palo Alto CLEAN name for the program, as follows:

1. Adopt a resolution:
 - a. Adopting the feed-in tariff prices, program rules, and requirements,
 - b. Adopting a standard form power purchase agreement for the purchase of local renewable energy,
 - c. Adopting an interconnection agreement for the interconnection of non-net-metered generators,
 - d. Authorizing the City Manager or designee to sign one or more contracts for a maximum output of five megawatts (MW) of solar capacity, and
 - e. Adopting changes to the previously approved Renewable Feed-in Tariff Policies and Design Guidelines.
2. Adopt a resolution approving changes to Utilities Rule and Regulation 27 (Generator Interconnection).
3. Adopt an ordinance amending Sections 2.30.340 and 2.30.360 of Chapter 2.30 of Title 2 of the Palo Alto Municipal Code (Contracts and

- Purchasing Procedures) to incorporate provisions that would facilitate the implementation of a FIT program.
4. Adopt the name Palo Alto Clean Local Energy Accessible Now (Palo Alto CLEAN) for the program.
 5. Add the following policy to the Renewable Feed-in Tariff Policies and Design Guidelines: "At the discretion of the City Council, an incentive may be paid for the power in addition to the avoided cost purchase price. The incentive may be limited to specific technologies or may be applicable to all local generation."
 6. Add the following finding to the resolution adopting the program: "Council finds that providing an incentive for wholesale solar projects in Palo Alto will lead to greater participation in the renewable FIT program, which will enable Utility Staff, host customers, and solar developers and installers to develop familiarity with permitting and interconnection, leading to lower costs for future projects and facilitating the installation of distributed generation within Palo Alto."
 7. Add the following section to the resolution adopting the program: "Authorization for the City Manager or his designee to pay incentives up to 0.5 cents/kWh for the output of one or more solar energy generating facilities that 1) are located within Palo Alto's jurisdictional boundary, 2) deliver all power to the City's distribution system, with none of the power used to offset loads on site, other than small incidental loads, 3) have an aggregate capacity not exceeding five megawatts, and 4) submit an application to the program prior to December 31, 2012."

Mr. Keene said that if the Motion passes Staff would incorporate these changes into the resolutions when the packet was taken to the Council.

Council Member Burt said he thought the program was a good one. There was additional value to the program because solar power did not emit greenhouse gases, and because distributed generation in the City could eventually become a source of emergency power.

Vice Mayor Scharff said the program was good one, and that it would provide a physical presence to the City's green initiatives. He thanked the UAC and Staff for their efforts. He appreciated that the program was a pilot program and could be expanded in the future. He said the program met its objectives without having a significant impact on ratepayers.

Chair Shepherd believed the program was a good one. She hoped to be able to include small commercial sites in the future, but appreciated the economies of scale involved in setting up the initial program. She was fascinated to see what other renewables could

be incorporated in the future.

MOTION PASSED: 3-0, Price Absent

Chair Shepherd asked to hear from other Council Members their thoughts on whether the item should be placed on the Council Consent Calendar or as an Action Item.

Council Member Burt said he would support it going as an Action Item.

Vice Mayor Scharff said he wanted it to be an Action Item.

Chair Shepherd agreed it should be an Action Item. It would be helpful to have the item introduced as Palo Alto CLEAN rather than as a FIT program.

Mr. Keene agreed it would be presented that way.

2. Timeline to Implement Gas Supply Rate Change to Monthly-Varying, Market-Based Rates.

City Manager James Keene reminded the Finance Committee (FC) that the Council approved in November 2011 moving from a laddered strategy with fixed rates to a spot gas-purchasing strategy with rates changing monthly based on actual gas market prices. He indicated that change required revisions to the Gas Utility Long-Term Plan (GULP) strategy and to the Reserve Guidelines. He said the Council asked that a timeline be provided to the FC so that it would be aware of the steps that must be completed to fully implement the changes. He reported the new rates would become effective July 1, 2012, with customer outreach beginning in May 2012.

Utilities Director Valerie Fong reported Staff did not have a presentation, but would answer questions.

Chair Shepherd indicated there was a timeline on page 404 of the Agenda.

Council Member Burt inquired if the wholesale rate for gas purchases was declining or leveling.

Ms. Ratchye stated the rate had been declining and was very low.

Mr. Keene noted a significant drop in renewables and brown power prices.

Council Member Burt recalled a conference speaker reporting the most significant impact on climate change caused by U.S. actions over the next decade would be

conversion from oil- and coal-driven power plants to natural gas. He stated that made it more difficult for renewables to compete, but provided a national environmental benefit. He reported as the cost of renewables decreased, the cost of less dirty brown power was also decreasing. He asked for an assurance from Staff that Utilities Staff would not change practices based upon anticipated policy changes.

Ms. Fong provided that assurance. She indicated the City was 60 percent hedged for this winter; therefore, there was a hedging program in place.

Council Member Burt stated the Council had been informed that Staff stopped laddering purchases in anticipation of Council action.

Ms. Fong said she understood.

Chair Shepherd did not have that explicit recollection.

Vice Mayor Scharff recalled that Staff made decisions within guidelines and did not make a policy change. He also recalled the person reporting to the Council misspoke as to how Staff was within those guidelines. He asked Ms. Fong to clarify that point. He understood that Staff did not change policy inappropriately.

Ms. Fong reported Staff developed procurement plans as was within her authority. She said Staff did not abandon a hedging program; that hedges were in place. She stated Staff did not necessarily follow the same purchasing pattern, but it was within the authority of the Utilities Director to adopt procurement plans. She again indicated her understanding of not changing practices prior to Council action.

No Action Required

3. Proposed Revisions to the Gas Utility Long-Term Plan Objectives, Strategies, and Implementation Plan.

Utility Director, Val Fong said this item was in regards to Administrative updates on the Gas Utility Long-Term Plan (GULP) to reflect the Council's direction on the gas implementation plan.

City Manager, James Keene said the Council had taken action on the item and Staff had to identify the language changes that needed to be made in the policy.

Chair Shepherd asked if the Commission wanted to speak to the item.

The Commission stated there was no discussion.

MOTION: Vice Mayor Scharff moved, seconded by Chair Shepherd, that the Finance Committee recommend that the City Council approve the proposed revisions to the Gas Utility Long-Term Plan (GULP) Objectives, Strategies, and Implementation Plan.

Vice Mayor Scharff said the recommendation seemed appropriate.

Chair Shepherd agreed.

Council Member Burt said he had been supportive of revising our program toward a greater balancing between what had been a stability emphasis to a balancing between stability and competitiveness. He wasn't sure how that had been weighted. Now the City has gone purely to the competitiveness side, which looks great until the market turns. He stated the City needed to be fully aware and have foresight about what this decision would do. He was not sure the City should have gone so far toward a pure market supply. If gas continued to go downward or stay down then it would be a good deal. If it doesn't then it will not turn out to be a good deal.

MOTION PASSED: 2-1, Burt no, Price absent

Chair Shepherd asked for Staff's opinion of the Finance Committee (FC) meeting at 6:00 p.m. rather than 7:00 p.m.

Assistant Director Administrative Services David Ramberg indicated Staff could accommodate either start time.

Chair Shepherd suggested the FC meet at 6:00 p.m. for future dates.

Council Member Burt approved.

Vice Mayor Scharff agreed.

Mr. Keene confirmed regular meetings would be at 6:00 pm. going forward.

Council Member Burt requested Staff solicit input from the public at meetings to ensure the earlier start time worked for them.

Chair Shepherd asked Council Member Burt if he was suggesting the FC take oral communications on the topic.

Council Member Burt suggested at meetings well attended by the public that the FC note the change of time and request the public's feedback.

Chair Shepherd asked for discussion of the five-minute time limit for speakers.

Vice Mayor Scharff recalled that in the prior two years, the FC allowed three minutes.

Chair Shepherd thought it was a decision for the Chair. She felt comments of more than three minutes had provided good feedback, but a packed meeting would need a shorter time limit.

Council Member Burt indicated written policy should be followed and, if there was a problem with the policy, then the FC should request a policy change. He suggested the time limit could be increased or decreased at the Chair's discretion, depending upon the number of speakers.

City Attorney Molly Stump reported the policy was five minutes maximum per speaker for public comment or any alternate time limit specified by the presiding officer.

Mr. Keene suggested three minutes was better as it related to consistency.

Chair Shepherd preferred a five-minute time limit unless there were many speakers.

Vice Mayor Scharff thought three minutes was better, with the Chair's discretion for an extended time limit.

Council Member Burt agreed. He stated that not all speakers need five minutes, though they may feel obligated to use the entire time given to them.

Chair Shepherd indicated the time limit would be three minutes unless she allowed it to stop. She asked for the Agenda for February 28, 2012.

Mr. Keene stated the Agenda would include the Mid-Year Long-Range Financial Forecast and John Bartel for continuing discussions.

Mr. Ramberg reported Staff had reinstated the Status of Referral Items in Committee in order to provide a status of outstanding items.

Chair Shepherd requested Staff add the topic of fiber to the premises or provide an Action Item.

Mr. Ramberg indicated he would review the status.

Council Member Burt inquired if the fiber topic should be discussed first at FC or the Utilities Advisory Commission (UAC).

Chair Shepherd preferred it be discussed at FC first, in order to shape the conversation.

Council Member Burt stated that was not the typical protocol but was permissible.

Chair Shepherd felt FC needed better interaction to move the topic along. She thought discussion of long-range financial forecasting would present an opportunity to discuss FC planning.

Mr. Keene listed several issues within the purview of FC that were coming up: budget, Infrastructure Blue Ribbon Committee (IBRC) issues, and cost of service study.

Mr. Ramberg indicated the timeline for the cost of service study was after the 2013 proposed budget.

Chair Shepherd asked if the study was for programs.

Mr. Keene answered yes. He stated it was a revenue-cost, fee-based analysis. He thought FC would want to have discussions regarding the implications of that study.

Chair Shepherd mentioned taxes had been discussed at the Council retreat. She expressed interest in seeing what the UT was doing with regard to a gap and Cubberley. She suggested a conversation on February 28 concerning these topics.

Mr. Keene thought Staff would have a schedule of Council meetings on the IBRC recommendations by the February 28 meeting, and Council could explicitly refer some topics to FC also.

Chair Shepherd asked if FC should wait for direction from the Council.

Mr. Keene indicated Staff would review the retreat memo to confirm items were properly sequenced.

Chair Shepherd expressed concern that FC not fall behind.

Mr. Ramberg stated in March Staff would begin planning hearings on the proposed budget for May and June.

Chair Shepherd inquired if FC would receive a draft proposed budget for review at the next hearing.

Mr. Keene thought Staff could provide the mid-year status and the long-range forecast on February 28, so that FC could review the structural deficit versus short-term ranges. He felt the long-range forecast was a good entry point for discussions of infrastructure needs.

Chair Shepherd asked if the long-range forecast would include IBRC numbers.

Mr. Ramberg wasn't sure.

Vice Mayor Scharff thought the IBRC numbers should be included.

Chair Shepherd agreed.

ADJOURNMENT: Meeting adjourned at 8:54 pm.