



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
June 3, 2013

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:05 P.M.

Present: Berman, Burt, Holman, Klein, Kniss, Price, Scharff, Schmid, Shepherd

Absent:

ACTION ITEMS

1. Direction on Community Engagement Process for Concept Plan Refinement for Arts and Innovation District.

Council Member Klein recused himself from the item as his wife was a Stanford University faculty member. He left the meeting at 5:08 P.M.

James Keene, City Manager, noted the Council directed Staff to plan for at least two public outreach meetings. Staff provided a range of options and aligned costs and timeframes with Council's directives.

Aaron Akin, Assistant Director of Planning and Community Environment, reported that the Arts and Innovation District, also known as 27 University Avenue, included the Transit Center and the Julia Morgan Building, contained slightly more than 4 acres, and was owned by Stanford University. The name of Arts and Innovation District was utilized for consistency; however, the name could be changed. The Stanford University Medical Center Development Agreement set out the expectation of linking Stanford University with Downtown. Independent of any development occurring on the site, the Council would have to consider Transit Center capacity. Staff reviewed site circulation and layout and architectural alternatives for the Transit Center. The site could be a viable retail location. The Parks and Recreation Commission (PARC) was concerned that questions regarding the location of the Julia Morgan Building was delaying the design of El Camino Park; therefore, they recommended the Julia Morgan Building not be located in El Camino Park. Staff wanted to ensure that the vision resulting from the community input process determined the development. A Master Plan for

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the area should connect Stanford University with Downtown. The City needed to improve the Transit Center to facilitate increased ridership in the future. Any successful development in the Downtown area contained a mixture of land uses. The Staff Report provided three community engagement options. The first option was the Focused Community Input Process. Staff would develop several alternatives for components of the development; request community input on those alternatives at two or three community meetings; and then return to Commissions and the Council with alternatives for a Master Plan. The estimated cost was approximately \$150,000 not including internal project management costs. The resulting document would be a framework for future development review. The second option was the Visioning Process. The Visioning Process was more detailed than the Focused Community Input Process and would likely require two years to complete. The Visioning Process would include a dozen community meetings, and cost \$300,000-\$400,000. The third option was the Coordinated Area Plan. This option could require 3-5 years to complete; incorporated a detailed adopted document, similar to a specific plan used by other cities; and could cost up to \$750,000. Staff recommended the Council direct Staff to initiate the community engagement process known as the Focused Community Input Process for the site.

Emily Renzel felt the process allowed the Council to focus on Stanford's needs. The public wondered if the Council had already determined the outcome. The community input process was another ploy to avoid proper comprehensive planning.

Robert Kelley, TheatreWorks Artistic Director, hoped the Council would authorize a phase of public input for the 27 University Avenue project. As part of the project, a theater would operate during off hours, would contribute to Downtown, would offer parking beneath the site, and provide a cultural bridge between Stanford and the City.

Katie Bartholomew, TheatreWorks Associate Director, indicated TheatreWorks provided Palo Alto students with many programs year round and listed programs provided for school children and Lucile Packard Children's Hospital patients.

Richard Landes felt the proposed focus meetings were too few. The public needed to view the whole project, not just the components. More emphasis should be placed on proposals that met the existing height and density requirements. Parking for any development should be contained onsite. He suggested five or six meetings on details followed by several meetings on the overall picture.

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Davino Brown stated the project was ridiculous. The former Borders building at 456 University Avenue could revert to a theater according to existing zoning.

Robin Kennedy, TheatreWorks Board of Directors Chairperson, indicated the project should include a professional performing arts theater to improve connections between Stanford University and Palo Alto.

Beth Bunnenberg reported the location of the Julia Morgan Building was a key land-use decision that needed to be considered carefully. Left at its current location, the Julia Morgan Building could be incorporated with buildings more to the same scale.

Martin Sommer recommended the Council adopt Option 2 or 3. Option 3 was similar to the South of Forest Area (SOFA), which was a beautiful area. The area was too valuable to utilize only a few community meetings. He volunteered for a task force if created by the Council.

GE Smith felt the proposed theater would provide many benefits to the City.

Donald Kennedy stated Palo Alto could not truly be great without the arts.

Barbara Shapiro referenced a study from the American Planning Association regarding arts and economic development. Cultural events generated significant positive impacts on dining and shopping.

Mark Vershel remarked that TheatreWorks touched students through many educational programs.

Elaine Meyer recommended the Council maintain height limits and ensure development was traffic and parking neutral. TheatreWorks was not a public benefit as the City had no control over it. Mr. Arrillaga and Stanford University should fund a Transit Center rather than a theater. Development proposals should follow public opinion.

AJ Lumsdaine, speaking on behalf of a group, proposed a compromise for 27 University Avenue, Maybell Orchards, and neighbors of both locations. The Julia Morgan Building could be relocated to Maybell Orchards to become a meeting place and educational center. The four existing homes at Maybell Orchards could be sold at market rate to repay the original purchase price. The 27 University Avenue project could include affordable housing where transit, services and amenities were plentiful for seniors.

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Herb Borock suggested the Council proceed with a project under the California Environmental Quality Act (CEQA) to provide the appropriate public participation. The Council would need to study a variation on the no project alternative. He recommended the project be built on the opposite side of El Camino Real.

Adina Levin, Friends of Caltrain, indicated members of Friends of Caltrain were eager to provide input on improving the area. She hoped the traffic study included use of alternative transportation. Two or three community meetings would not be sufficient to cover information for architectural, land use, arts, public space and transportation issues.

Cheryl Lilienstein wanted the Council to require all commercial property owners and developers to fund in perpetuity an electric vehicle shuttle system.

Carol Kenyon noted there were many details connected with the project, and recommended the Council approve Option 2 or 3.

Council Member Schmid felt obtaining public comment and creating a process for public engagement were appropriate. However, the Council's participation in the process seemed to be missing. The Council identified basic principles relevant to 27 University Avenue and requested materials. The process should include a Council meeting to set basic guidelines.

Mr. Keene reported the Council was involved in the discussion in an ongoing manner; however, the issues and connection of issues continued to evolve. In responding to the Council's direction, Staff focused on developing a process and determining timing and costs.

MOTION: Council Member Schmid moved, seconded by Council Member Price to direct Staff to conduct 10-12 meetings to be concluded within twelve months. Prior to the first meeting of the Visioning Process, the Council will meet during August to discuss guidelines or principles to be used including the report of the Development Cap, the measure of public benefits and other contextual elements that are critical to the Comprehensive Plan goals.

Council Member Schmid indicated the Council identified a number of issues that were important for guiding major projects in the City. Establishing a timetable and holding a discussion regarding those critical points would be helpful.

Council Member Price believed the Visioning Process as presented provided sufficient time to proceed carefully and to include a stakeholder group. The

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goals of the process should be well developed, and the process should be logical. This would be a chance to coordinate and focus work.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND THE SECONDER to have Policy and Services Committee create the first draft of Guiding Principles regarding 27 University Avenue or Arts & Innovation District as a prelude to City Council discussions.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND THE SECONDER to direct Staff to have a joint study session with the Planning and Transportation Commission regarding Planned Community Zoning prior to the launch of the planning process for this site in the early fall.

Council Member Schmid requested a sequencing of the actions contained in the Motion.

Council Member Price explained the first step was for the Policy and Services Committee to develop Guiding Principles to inform Council discussions for the planning process. The implications and definition of public benefits were raised with respect to many development projects. That discussion would inform the discussion of 27 University Avenue.

Council Member Schmid asked when the study session would be held.

Council Member Price would defer to Staff for a logical sequence of meetings. Both the study session and the Policy and Services Committee discussions should occur before official launch of the planning process. The PC Zoning discussion was critical. The Guiding Principle discussion was important as it related to the planning process.

Council Member Schmid expressed concerns regarding the timing of meetings and the Council meeting in August.

Council Member Burt supported holding a study session with the Planning and Transportation Commission (P&TC).

Council Member Price explained that the Planned Community (PC) Zoning issue arose time and time again, but the Council did not set it as an Agenda Item. It applied to so many projects, and the Council needed to discuss the issues.

Council Member Burt indicated the study session would not precede the Council considering the framework.

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Council Member Price wanted a specific timeframe for holding a study session.

Council Member Burt suggested a joint study session be scheduled for the early fall.

Vice Mayor Shepherd inquired about the status of the Downtown Development Cap Study.

Mr. Aknin reported Staff was reviewing bids and beginning interviews. In August Staff would return to the Council for contract approval.

Vice Mayor Shepherd asked when a final report would be available.

Mr. Aknin explained that the Development Cap Study was broken into two phases and would require four to six months to complete. A final report could be available in early 2014.

Vice Mayor Shepherd inquired whether the Downtown Development Cap Study would be discussed as part of 27 University Avenue or independently.

Mr. Keene inquired about the intent of the Council's discussion in August regarding guidelines or principles. He did not believe that the Motion anticipated the Council having data from studies; however, they could inform any Guiding Principles applied to the project.

Council Member Schmid indicated the intention was to review the project strategically. The key question was whether the 27 University Avenue project, if rezoned, would be included in Downtown. Data from the various studies was not needed for the discussion; however, the studies would inform the types of guidelines applied to developments.

Mr. Keene noted the discussions could proceed on a linear track or on parallel tracks.

Vice Mayor Shepherd inquired whether the 12 public outreach meetings would solely be outreach or would each meeting discuss one component of the 27 University Avenue Project. She favored the Focused Community Input Process but with more meetings. She wanted the public benefits discussion, but could not support the Motion. She inquired about the role of Stanford University in the vision process.

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Molly Stump, City Attorney, reported the analysis with respect to conflicts of interest was very fact specific. Staff continually reviewed Agenda Items for conflicts of interest and to determine whether items could be segmented. Combining the Downtown Development Cap with the 27 University Avenue project was a new idea, and several Council Members would have conflicts of interest. If the Council could not form a majority because of conflicts of interest, then State law allowed Council Members to draw lots to return enough Council Members to form a bare majority.

Mr. Keene could not fully answer the question regarding Stanford University's role. To plan for the area was completely within the City's purview. Staff recommended the Focused Community Input Process, because it allowed flexibility in response to the public's needs.

SUBSTITUTE MOTION: Vice Mayor Shepherd moved, seconded by Council Member Kniss to direct Staff to initiate a community engagement process including 6-8 well publicized outreach meetings, pursuant to the "Focused Community Input Process," for the Arts and Innovation District Area (27 University Avenue site).

Vice Mayor Shepherd inquired whether the PARC recommendation regarding the Julia Morgan Building was provided as information for the Council.

Mr. Akin felt the recommendation was provided for informational purposes. The PARC would like to proceed with design of El Camino Park and to know whether the Julia Morgan Building would be located in El Camino Park.

Vice Mayor Shepherd noted that the Agenda Item did not include action regarding the Julia Morgan Building. The process for consideration of public benefits would be iterative. The Motion allowed Staff to notice meetings and have as many Council Members present as possible for robust discussions.

Council Member Kniss referenced the Motion from the December 12, 2012 Council meeting, and inquired whether it was the basis for planning and holding the community outreach meetings.

Mr. Akin responded yes. Staff used the Motion to determine the objectives for the overall process.

Council Member Kniss felt the intent of the December 12, 2012 Motion was clear, and several meetings would be needed to cover all the points.

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Council Member Berman supported the Substitute Motion, and emphasized that the number of meetings should be six rather than three. He wanted to hear the public's opinion.

Council Member Burt inquired whether the 10-12 meetings included in the Visioning Process were solely community meetings or community and stakeholder meetings.

Mr. Aknin reported typically a combination of meetings would be held in that the public would be invited to attend stakeholder meetings.

Council Member Burt indicated community and stakeholder meetings were different kinds of meetings. The Substitute Motion omitted a stakeholder group. Stanford University, as property owner, should participate as a stakeholder. The process could not be effective with only two or three meetings.

Mayor Scharff clarified that the Substitute Motion indicated three to six meetings.

Council Member Burt was skeptical that a process could be effective without a stakeholder group. He would support a 12-18 month process, inclusion of the parking and Development Cap studies, a two-part process of community and stakeholder meetings and a midpoint review by Council

Vice Mayor Shepherd inquired whether a stakeholder group concept could be included.

Mr. Aknin explained that as part of the community input process there would not be a stakeholder committee. If the Council wished to have a different process, then Staff could consider it once the input process was complete.

Council Member Holman believed the Visioning Process would lead to a better outcome. Three to six meetings was not sufficient for the size and scale of the project. The policy framework was important. Topics in addition to those mentioned in the December 12, 2012 Motion needed to be addressed as well as a stakeholder group. The Staff Report was not clear regarding the process and sequence. For example, it did not indicate when the Council would provide input with respect to scoping the traffic analysis.

Mr. Keene assumed many questions did not require an answer at the instant time.

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Council Member Holman stated the Council would not receive answers later because the Substitute Motion did not provide for a policy framework discussion.

Mr. Aknin reported that the traffic analysis was a review of approximately 25 intersections around the area. Staff proposed presenting a Request for Proposal (RFP) to the PTC and Council where additional details would be provided.

Council Member Holman asked if the traffic analysis would be presented to the Council for scoping input.

Mr. Aknin indicated the scoping input phase occurred, but the contract would be presented to the Council for award. The traffic analysis would review 25 intersections in and around the area, and then project the levels of service based on different land uses in the overall area.

Council Member Holman felt the Council should provide input regarding the scope of any studies pertaining to large projects. The Substitute Motion did not provide adequate guidance and structure and eliminated the Guiding Principles and a stakeholder group.

Mr. Keene understood the Council's intention for designing the input process was to focus on engaging the public. With three to six meetings, Staff could identify the need for a stakeholder group. The public would raise many of the same questions the Council was raising, and Staff may need Council guidance on some issues. He did not want the Council postponing a decision, because it wanted answers to all questions in advance of the input process.

Council Member Holman felt the opportunity to provide guidance would lead to fewer problems.

Mayor Scharff wanted Staff to provide a status update to the Council after three to six meetings. The Council should not prescribe 12 meetings in a year or state the process would require 18 months to complete.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to have a check-in after 3-6 meetings, a joint study session with PTC sometime in the fall, and a full Council discussion in the fall to discuss guiding principles for 27 University Avenue.

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Mayor Scharff was concerned about referring Guiding Principles to the Policy and Service Committee, because Council Member Klein would have to recuse himself from the discussion. The Motion contained features similar to Guiding Principles. He preferred the Council discuss Guiding Principles rather than referring them to the Policy and Services Committee.

Vice Mayor Shepherd assumed Staff would develop Guiding Principles for Council discussion.

Council Member Price stated the Focused Community Input Process was truncated. Open community meetings were valuable; however, the community wanted meaningful engagement.

Council Member Burt explained that the primary differences between the Substitute Motion and the Motion related to the extent of the process and a stakeholder group. The stakeholder group would have a leadership role in the process. Community meetings would be informed and framed by the stakeholder group meetings. Having Stanford University as a participant would not occur under the Substitute Motion.

Mayor Scharff inquired whether Council Member Burt would support the Substitute Motion if it included a stakeholder group.

Council Member Burt noted the only difference then would be the number of community input meetings.

Mayor Scharff indicated the Council appeared to have a 4-4 vote on the Motion and the Substitute Motion, and asked if a compromise was possible.

Council Member Burt would like to see more meetings. Three to six meetings was not sufficient for the iterative process of stakeholder and community meetings.

Mr. Keene stated Staff would not hold three community meetings, but perhaps a minimum of six meetings over the course of a year. A joint study session of the Council and PTC could occur after the input process began. He inquired whether the Council wanted to discuss Guiding Principles before initiating public meetings.

Council Member Kniss as seconder of the Substitute Motion would compromise with six to eight community meetings.

Vice Mayor Shepherd understood the check in with Council was a precursor to holding additional community meetings, and was agreeable to adding

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more meetings. She was interested in Staff including the concept of a stakeholder group for Council discussion.

Council Member Price asked if Vice Mayor Shepherd was amending the Substitute Motion to include a stakeholder group.

Vice Mayor Shepherd replied yes.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to return to Council with their iteration of a stakeholder group.

Council Member Schmid believed the critical difference between the Motion and the Substitute Motion was the role of policy guidelines. 27 University Avenue was a major project with a long-term impact on the City. The Substitute Motion was project oriented. The Council was obligated to consider the wider impacts on the City. He opposed the Substitute Motion.

Council Member Holman indicated six to eight meetings with a check in between three and six meetings was not sufficient.

Mayor Scharff inquired whether Council Member Holman wished to suggest the check in be moved to after the third or fourth meeting.

Council Member Holman felt the check in should occur at the midpoint; however, a total of six to eight meetings was too few meetings. The Staff Report indicated 10-12 meetings in 12-24 months. The stakeholder group should be appointed by the Council.

Vice Mayor Shepherd did not believe the Substitute Motion precluded Council appointment of a stakeholder group. Council appointees were required to disclose their financial holdings, and some were not willing to do that.

SUBSTITUTE MOTION PASSED: 5-3 Burt, Holman, Schmid, no, Klein not participating

Council Member Klein returned to the meeting at 7:45 P.M.

Special Orders of the Day

2. Presentation by Jason Golbus on his Visit to Tsuchiura, Japan, and Representation of Palo Alto in the Kasumigaura Marathon.

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Jason Golbus reported on his trip to Tsuchiura, Japan, including meals with dignitaries and visits to natural and historical landmarks. The marathon was the second largest held in Japan. He finished the marathon in 3 hours and 21 minutes.

Mayor Scharff read his letter to Tsuchiura Mayor Nakagawa.

3. Selection of Candidates to be Interviewed for the Architectural Review Board for One Term Ending on September 30, 2015.
4. Selection of Candidates to be Interviewed for the Planning and Transportation Commission for Two Terms Ending on July 31, 2017.
5. Selection of Candidates to be Interviewed for the Utilities Advisory Commission for Two Terms Ending on July 31, 2016.

MOTION: Council Member Klein moved, seconded by Council Member Holman to place on the Consent Calendar of the next Council meeting the appointment of the incumbents (Michael Alcheck and Eduardo Martinez) for the Planning & Transportation Commission and the Utilities Advisory Committee (James Cook and Garth Hall), and to interview all the applicants for the Architectural Review Board.

MOTION PASSED: 9-0

CITY MANAGER COMMENTS

James Keene, City Manager, announced the Library and Community Services Department would kick off summer at Rinconada Park and Pool on June 8, 2013. The Biennial Citywide Yard Sale was scheduled for June 8, 2013 from 8:00 A.M. to 2:00 P.M. The Draft Environmental Impact Report (DEIR) for the Golf Course Reconfiguration Project was released on June 3, 2013 for review and comment. Two public meetings would be held. The San Francisquito Creek Joint Powers Authority issued a Notice of Preparation of the Environmental Impact Report (EIR) for the San Francisquito Creek Flood Protection Project. A scoping meeting was scheduled for June 6, 2013 at 7:00 P.M. Palo Alto held the largest digital civic innovation event in America with City Camp Palo Alto the prior weekend.

ORAL COMMUNICATIONS

Mila Zelkha, InnVision Shelter Network, was aware the Council would be considering a proposed vehicular dwelling ban. She invited the Council to

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visit the Opportunity Center to learn about ways InnVision could assist with homeless solutions.

Palo Alto Free Press stated the City's Police Information Officers refused to communicate with the Palo Alto Free Press. He possessed a tape recording of the City Attorney directing Police Information Officers not to communicate or grant interviews with Palo Alto Free Press, which was a violation of the Palo Alto Free Press' First Amendment rights.

Stephanie Munoz disagreed with Council Member Kniss' opinion that private companies could outbid Palo Alto for the Post Office Building. The City should not give the Post Office Building to the Federal Government to sell to the highest bidder. The City could simply refrain from rezoning the property.

Wynn Grcich indicated natural gas contaminated water sources and contained radiation. Workers in fracking operations were suffering from cancer, brain damage, and dying.

Art Liberman recalled on June 4, 2012, the Council approved a Motion regarding CPI's plating shop operations. The Council was to receive a status update prior to the six-month completion date. Staff was working on the study, but it was far from complete.

Mayor Scharff requested Staff comment.

Molly Stump, City Attorney, reported Staff was close to finalizing a meeting in June to begin the process with the consultant, CPI and neighbor stakeholders.

James Keene, City Manager, noted Staff had difficulty engaging a consultant who was willing to perform the requested analysis.

Mike Francois defined hydraulic fracturing, and listed the counties in California where fracking occurred. The Glass Stegall Act would benefit California.

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MOTION: Vice Mayor Shepherd moved, seconded by Council Member Kniss to approve the minutes of April 8 and 15, 2013.

MOTION PASSED: 9-0

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CONSENT CALENDAR

Dan DeCamp appealed approval of the project at 260 California Avenue (Agenda Item Number 11) because of inconsistencies in documents related to traffic and parking. The project did not have sufficient parking.

Paul Machado noted the 260 California Avenue project (Agenda Item Number 11) would not be required to build parking spaces needed for the project. It appeared the Council considered the residents' concerns as irrelevant.

Fred Balin stated there was no Architectural Review Board (ARB) recommendation on the environmental study as the hearing regarding 260 California Avenue (Agenda Item Number 11) was held prior to the close of the comment period. Good design along California Avenue did not warrant elimination of the rear 20-foot setback. The new use would add two floors of office space with only half of parking provided onsite.

Michael Eager was concerned parking for the 260 California Avenue project (Agenda Item Number 11) was insufficient. The assumption of one parking space per 300 square feet of office space was incorrect for the office space available along California Avenue. The lack of parking would adversely impact California Avenue and adjacent neighborhoods.

Tommy Derrick urged the Council to require developers to build the required number of parking spaces. The 260 California Avenue project (Agenda Item Number 11) should be required to build the number of parking spaces required by the Code.

Trish Mulvey was concerned about the contract regarding the Newell Road Bridge (Agenda Item Number 12). The contract did not give the Council the opportunity to express ideas.

Mayor Scharff noted Agenda Item Number 14 was correctly placed on the Consent Calendar and not in the Budget.

Molly Stump, City Attorney, reported that the Fiber Optic Utility Rate Increase was considered by the Finance Committee. Agenda Item Number 14 could be placed on the Consent Calendar and in the Budget.

Herb Borock felt the Resolution attached to the Staff Report for Agenda Item Number 14 was part of the Budget. The Resolution also appeared in the

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Budget under Agenda Item Number 16. The Budget document referred to the Staff Report. The Council should remove it from the Consent Calendar.

Andrew Boone was happy the Council decided to expand the scope of work regarding the Newell Street Bridge (Agenda Item Number 12). The traffic analysis should count bicyclists and pedestrians at more than just one point and consider cut-through traffic.

Mark Conroe represented the applicant regarding the 260 California Avenue project (Agenda Item Number 11). The property was assessed and paid for 56 parking spaces, and was allowed a credit for those spaces. He requested the item not be removed from the Consent Calendar.

MOTION: Council Member Kniss moved, seconded by Vice Mayor Shepherd to approve Agenda Item Numbers 6-16.

Council Member Berman inquired about the legal reason for parking permits being distributed to individuals rather than businesses.

Ms. Stump explained that use of tax exempt bonds to finance construction of parking structures prevented the allocation of parking spaces to businesses.

Aaron Akin, Assistant Director of Planning and Community Environment, reported Staff changed its methodology for the Downtown area to increase the number of permits distributed, and expected to apply the same changes to California Avenue in the near future.

Council Member Burt noted the 260 California Avenue project was parked according to the current zoning rules, yet 56 parking spaces would be located in public parking areas because the property paid into the Parking Assessment District.

Mr. Akin explained there was an assumption that none of the people generated from the commercial business would park within structures. Some would park on the street and some onsite. The project provided 41 onsite parking spaces when 38 spaces were required.

Council Member Burt inquired about the length of the waiting list to obtain a parking permit.

Mr. Akin reported more than 200 people were on the overall waiting list, and they could wait a year or two to receive a permit.

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Council Member Burt inquired about a systematic review of parking requirements for projects.

Mr. Aknin agreed a systematic review of overall parking requirements was needed.

James Keene, City Manager, would send an informational memo to the Council regarding a review. If the Council required additional information, it could request an Agenda Item on a future agenda.

Council Member Burt requested Staff comment on the environmental analysis with respect to pedestrian and bicycle needs for the Newell Street Bridge. Other issues noted by Ms. Mulvey were not part of the environmental analysis on the Agenda.

Brad Eggelston, Assistant Director of Public Works, intended to have a thorough evaluation of the potential layouts for any replacement bridge as part of the full Environmental Impact Report (EIR) process. The Agenda Item was a screening of alternatives. Staff was considering a wider range of options than originally proposed in 2012. When Staff determined which options were feasible, then they would present a contract amendment for the EIR phase of the project for more detailed evaluation of the bicycle and pedestrian facilities.

Council Member Burt asked if the Council would receive an analysis of a full array of bicycle and pedestrian alternatives.

Mr. Eggelston responded yes.

Council Member Burt reiterated that parking and other issues would be part of the project analysis but not part of the environmental analysis.

Council Member Price asked when the parking requirement review could be completed, because the Council needed to be mindful of parking spillover into residential areas.

Mr. Aknin did not have an exact timeframe. As part of the informational item, Staff could create a realistic timeframe. In the meantime, Staff would continue working on methodology changes for California Avenue.

Council Member Price inquired whether the methodology changes would be implemented on California Avenue area as well as Downtown.

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Mr. Aknin indicated the methodology changes for Downtown were implemented. The changes for California Avenue could be implemented in a short timeframe.

Council Member Price inquired about a rationale for deferring changes for California Avenue.

Mr. Aknin felt Staff focused on Downtown because of the greater parking issue.

Council Member Price suggested Staff consider all neighborhoods adjacent to commercial corridors.

Council Member Holman did not see a Condition of Approval for Agenda Item Number 11 regarding a Transportation Demand Management (TDM) program.

Mr. Aknin reported no TDM requirement was associated with architectural review.

Council Member Holman inquired whether the item needed to be removed from the Consent Calendar in order to request the applicant implement a TDM program to the project.

Mr. Aknin stated without the applicant agreeing to a TDM program, there was no nexus to require a TDM program.

Council Member Holman asked if the Council needed to remove the item from the Consent Calendar to request the applicant agree to a TDM program.

Ms. Stump did not believe the Council's approval would preclude Staff from having discussions with the applicant. However, she needed to review the Council's ability to impose a requirement when the project was Code compliant.

Mr. Keene did not believe the item had to be removed from the Consent Calendar.

Mayor Scharff felt the item did have to be removed from the Consent Calendar.

Council Member Holman felt a Council vote in support of a TDM program would indicate the Council's desire for a TDM program for the project.

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MOTION: Council Member Holman moved, seconded by Council Member Schmid to pull Agenda Item Number 11 and to have Staff pursue a Traffic Demand Management Program with the applicant.

MOTION FAILED DUE TO THE LACK OF A THIRD COUNCIL MEMBER

Council Member Holman inquired whether a second smaller bridge for bicycles and pedestrians would be an option for Agenda Item Number 12.

Mr. Eggelston would not interpret that to be an option.

Council Member Holman asked if that option could be added to the list.

Mr. Keene questioned whether the funding agency would fund the construction of two bridges.

Council Member Schmid registered a no vote on Agenda Item Number 11.

6. Recommendation that the City Council Approve a Memorandum of Understanding with the Santa Clara Valley Water District for the Administration and Funding of Water Conservation Programs.
7. Resolution 9339 entitled "Approving a Professional Services Agreement between the Northern California Power Agency and the Cities of Alameda, Palo Alto and Santa Clara for Electric Transmission, Generation and Regulatory Consulting Services."
8. Approval of a Five-year Contract with G&K Services for Rental/Laundry of Work Uniforms for Various City Departments at a Cost Not to Exceed \$140,000 per Year of \$700,000 for the Five-year Term.
9. Approval of Contract Amendment One to Contract S13149314 with TruePoint Solutions LLC in the Amount of \$72,800 for a total contract amount of \$157,800 to Provide Deployment Support for Accela Mobile Applications.
10. Resolution 9340 entitled "Determining the Proposed Calculation of the Appropriations Limit for Fiscal Year 2014."
11. Appeal of the Director of the Planning and Community Environment's Architectural Review Approval of a 3-story, 27,000 s.f. building, including Design Enhancement Exceptions for a zero rear property line setback (at New Mayfield Lane) and a 42-foot tall stair tower (five feet

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over the 37 foot height limit) within the CC-2-R-P zone district, and a Mitigated Negative Declaration, at 260 California Avenue.

12. Budget Amendment Ordinance 5196 entitled "in the Amount of \$167,000 to CIP Project PE-12011, Newell Road/San Francisquito Creek Bridge Project, to begin an EIR Process Evaluating Project Alternatives, Approval of Contract Amendment No. One to Contract Number C12142825 in the Amount of \$167,000 with NV5, Inc. for a Traffic Study and Alternatives Analysis for the Newell Road/San Francisquito Creek Bridge Project, Capital Improvement Program Project PE-12011, and Approval of Amendment No. One to the Cost Share Agreement with the Santa Clara Valley Water District Providing for Contribution of Local Matching Funds for the Newell Road/San Francisquito Creek Bridge Project."
13. Adoption of 2014 City Investment Policy.
14. Resolution 9341 entitled "Approving Fiber Optic Utility Rate Adjustments Effective July 1, 2013."
15. Designation of Voting Delegate for the League of California Cities Annual 2013 Conference.

MOTION PASSED for AGENDA ITEM NUMBERS 6-10, 12-15: 9-0

MOTION PASSED for AGENDA ITEM NUMBER 11: 8-1 Schmid no

ACTION ITEMS

16. Public Hearing and Proposition 218 Hearing: Adoption of Budget Amendment Ordinance for FY 2014, including Adoption of Operating and Capital Budgets and Municipal Fee Schedule; Adoption of 6 Resolutions, including: Adopting a Dark Fiber Rate Increase and Amending Utility Rate Schedules EDF-1 and EDF-2; Adopting a Water Rate Increase and Amending Utility Rate Schedules W-1, W-2, W-3, W-4 and W-7; Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain Rates by 2.2 Percent Per Month Per Equivalent Residential Unit for Fiscal Year 2014; Amending the 2011-2013 Compensation Plan for Management and Professional Adopted by Resolution No. 9282 to Change the Title and Salary of One Position; Amending the 2012-2013 Memorandum of Agreement for Local 521, Service Employees International Union (SEIU), Adopted by Resolution No. 9277 to Add One New Classification and Amending the 2010-2014 Compensation Plan for the International Association of Fire

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Fighters (IAFF) Adopted by Resolution No. 9204 to Properly Record the Top Step Salary for One Existing Position and Create One New Position.

Mayor Scharff reported the Council would begin the Public Hearing process regarding the Ordinance adopting the Budget for Fiscal Year (FY) 2014. The Council would hold two Public Hearings on the budget and related utility rate increases. The second hearing was scheduled for June 10, 2013 at which time the Council would take final action. The Budget adoption process included rate changes for dark fiber, water and storm drain. The water rate increase required a majority protest hearing under Proposition 218. The public would be allowed to protest at the current meeting and at the meeting on June 10, 2013. Council discussion would be divided into two phases: Stanford related Budget items and all remaining Budget items. To ensure Staff received clear direction, Council Members should move changes so that the Council could vote. Budget change votes would be placed in a parking lot and finally adopted on June 10, 2013 when the Council adopted the final Budget.

Lalo Perez, Director of Administrative Services and Chief Financial Officer, reported Staff held five Budget hearings with the Finance Committee. Staff now believed some revenue increases were sustainable and embedded those increases in the FY 2014 Budget. Staff projected a 5 percent increase in revenues and a 4.6 percent increase in expenses. Increases in expenses were driven by pension, healthcare and retiree medical costs. The Proposed Budget contained a \$31,000 surplus and a Budget Stabilization Reserve (BSR) balance of \$30 million or 18.9 percent. At the end of the prior fiscal year, Staff transferred \$7.6 million of surplus funds to the Infrastructure Reserve in addition to the earlier \$2.2 million transfer. The Proposed Budget as originally presented contained a surplus of \$220,000. Tax revenues increased by \$5.8 million, an indication of economic recovery. The Transient Occupancy Tax (TOT) increased by \$2 million. Property taxes increased by \$1.8 million. The County Assessor's projection for FY 2014 also increased; therefore, Staff would revise the projected property tax revenue for the June 10 meeting. Golf revenues would decrease because of the Golf Course Reconfiguration Project. Plan check and permitting revenue also increased. The return on investment (equity transfer) decreased, because the rate of return utilized by PG&E decreased. Staff changed the Budget methodology to budget for the actual salary of the individual rather than the highest step amount for the individual. In 2012, the California Public Employees' Retirement System (CalPERS) reduced the rate of return assumption by 1/4 percent and provided the option of smoothing the impact over a two-year period. As a result of the improved financial outlook, Staff strongly recommended payment of the obligation in one year. The impact would be

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approximately \$1 million, \$600,000 of which affected the General Fund. The Budget also included a 2 percent salary increase for Miscellaneous Employees, non-represented managers and Service Employees International Union (SEIU) members. Approval of the 2 percent increase in the Budget did not mean the Council approved the actual increase for each classification. That would be presented in a separate process. Staff also unfroze seven Police Officer positions at various levels of the organization and increased overtime to align with actual usage resulting in a \$1.7 million impact. Development Center revenue and expenses increased due to accounting changes for deposit accounts. The Library Foundation donated \$500,000 to increase the Library's collection. Staff tried up the hourly staff budget for the Community Services Department by approximately \$400,000. The Golf Course Reconfiguration Project also decreased expenses. Council provided Staff with a net impact target of \$500,000 for Animal Services. Staff projected an impact of \$285,000; however, that would change to an impact of approximately \$582,000 because of the loss of Mountain View. The Finance Committee recommended an additional \$55,000 be allocated to Human Services Resource Allocation Progress (HSRAP). In FY 2016, Staff expected impacts from CalPERS because of changes in assumptions. The projections did not reflect savings from the third tier pension. Healthcare costs were a continuing challenge for the organization. Sales tax was approaching the all time high revenue amount set in 2001. The TOT was projected to reach all time high amounts in FY 2014. 52 percent of the City's revenues were based on taxes. Staff positions would increase by 4 Full Time Equivalents (FTE). The number of General Fund FTEs was maintained in order to control pension and healthcare liabilities. The Parking District requested Staff positions be centralized within those funds; therefore, 1.86 FTEs were reallocated. The FY 2014 Proposed Budget totaled \$466 million; the General Fund totaled \$33.4 million. Within the General Fund, buildings and facilities accounted for 18 percent of the Capital Improvement Program (CIP); streets and sidewalks 27 percent; and parks and open space 35 percent. Staff expected to issue debt of approximately \$5 million for the Golf Course Reconfiguration Project. Staff added notations regarding recurring expenses and revenues; embedded notations of catch-up, keep-up and new expenses; added pictures and graphics; and added salary and benefits to major projects. Staff increased the sidewalk repair budget by \$1 million a year and more than doubled the street maintenance budget to more than \$5.7 million. At that level of funding the Pavement Condition Index (PCI) score would reach 85 in ten years. The Bicycle and Pedestrian Transportation Plan was projected to cost \$6 million. The residential utility bill increased 2.3 percent or \$5.41 as a result of a 7 percent water rate increase and a 2.2 percent storm drain rate increase. Staff was working on rent amounts for Utilities and hoped to provide the impacts at the June 10 meeting.

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Council Member Burt, as Chair of the Finance Committee, noted that Staff recommended the Council fund the Bicycle and Pedestrian Transportation Plan at \$1.2 million using Stanford University Medical Center (SUMC) Funds. The Finance Committee supported funding the Bicycle and Pedestrian Transportation Plan, but recommended funding come from the Infrastructure Reserve Fund. Should the Council wish to utilize SUMC Funds for the Bicycle and Pedestrian Transportation Plan, then the Infrastructure Reserve Fund could be reimbursed from the SUMC Fund. The Finance Committee requested additional performance measures from the Development Center to better capture the activities of the Development Center. With a surplus in the Budget, the Finance Committee recommended increasing funding for HSRAP. Vice Mayor Shepherd advocated for the restoration of a second School Resource Officer (SRO). The recommendation was to restore an SRO contingent upon Palo Alto Unified School District (PAUSD) paying 50 percent of the costs. The Finance Committee recommended paying the CalPERS rate adjustment in one year. With additional CalPERS rate increases in the near future, the City would be in a stronger fiscal position. This was the second consecutive year without an increase in gas and electric rates, and Staff projected no increase for the following year. This was the fourth year for an increase in the street paving budget. The change in street condition was noticeable. The improved financial picture was the result of an improving economy, structural expense reforms, and labor group concessions.

Mr. Keene agreed the structural changes provided some financial relief. He did not propose adding Staff to handle policy issues in order to hold the number of General Fund positions constant.

Council Member Burt added that total staffing did not increase even with the unfreezing of seven Police Officer positions.

Public Hearing opened at 9:33 P.M.

Lisa Hendrickson, Avenidas, thanked the Finance Committee for recommending additional funding for HSRAP. She was dismayed to learn of the Human Resources Commission (HRC) recommendation for funding the agencies. Avenidas requested treatment equal to the other HSRAP agencies.

Molly Stump, City Attorney, reported the Political Reform Act required Council Members to refrain from participating in any decision which could have a foreseeable impact on a source of income to the Council Member. State law allowed conflicts to be segmented and handled separately. Traditionally, Palo Alto separated Stanford University related items in response to conflict of interest issues.

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Council Member Klein recused himself from items related to Stanford University as his wife was a faculty member.

Jo Jarus, Supervisor of Social Services at Vista Center for the Blind and Visually Impaired, was pleased to be a new recipient of HSRAP funding. Vista Center served primarily senior citizens, and 80 percent were low or very-low income. She described services provided by Vista Center.

Mayor Scharff closed Council discussion regarding Police, Fire and CIP Budgets related to Stanford University.

Council Member Price was delighted to see the recommendation for a second SRO. Ongoing positive relationships between police officers and students were critical. She appreciated the hard work and continued productivity of Staff.

Council Member Klein reiterated that the condition of roads was improving. He recalled that the City's past policy was to provide the same salary increase to management as SEIU members, and inquired whether Staff included that amount in the Budget.

Mr. Perez reported the Budget included 2 percent for the unrepresented management employees.

Council Member Klein asked if including a 2 percent salary increase in the Budget meant negotiations began at 2 percent.

Mr. Keene did not believe including the increase in the Budget determined the negotiations. Staff identified the increase with the intention of presenting it as an adjustment for the Professional and Management Compensation Plan if the Council approved it.

Council Member Klein recalled the Council specifically stated salary adjustments for management employees did not include a 2 percent increase.

Mr. Keene indicated funding was set aside to implement benchmark changes for the Professional and Management Compensation Plan; however, funds were not available for everyone within the class.

Council Member Klein stated only 30-40 people were eligible for the adjustments.

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Mr. Keene noted a recommendation to provide funding equivalent to 2 percent that could be allocated across the board. A salary increase for the management group had to return as an adjustment to the Professional and Management Compensation Plan. Salary increases for SEIU members were subject to negotiation. The amount of funding available for Miscellaneous Employees including SEIU members was small enough that it would not be problematic.

Council Member Klein believed SEIU negotiators would interpret a 2 percent increase as the minimum amount for negotiation purposes.

Mr. Keene felt 2 percent was the maximum amount.

Council Member Klein indicated a 2 percent increase was difficult to justify because the City's benefit package was better than other jurisdictions' packages.

Mr. Keene did not know that the City's benefit package was better. In the analysis of the Professional and Management Compensation Plan, total compensation allowed the City to be more competitive with other benchmark cities; however, the City still had to make salary adjustments. SEIU members had not received an adjustment since 2008, and they would be looking at the firefighter agreement which contained a 2 percent adjustment.

Council Member Klein believed the City was sending a strong signal that SEIU members would receive at least a 2 percent increase.

Mr. Perez noted that since the benchmark study was performed, unrepresented managers' contributions to medical premiums increased from 0-2 percent to 7-9 percent. Pension and healthcare costs continued to increase.

Mr. Keene inquired whether the Council meant that SEIU members would not receive salary adjustments because of increasing pension and healthcare costs. The Finance Committee discussed CalPERS constraints on combining benefit and salary packages.

Council Member Klein felt the burden should not belong solely to the taxpayer.

MOTION: Council Member Klein moved, seconded by Mayor Scharff to rescind the two percent salary increase from the 2014 Budget for miscellaneous employees and leave any increase to negotiations.

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Mr. Keene noted salary increases for the management and professional group would be presented through annual amendments to the Professional and Management Compensation Plan.

Council Member Klein recalled that SEIU negotiations were utilized to set management compensation.

Mr. Keene suggested the Council not follow that practice for FY 2014.

Mayor Scharff expressed dismay that a 2 percent increase was recommended in that it was a terrible negotiating strategy. The City had to negotiate the package as well as salary. He would agree to decouple management and professional group compensation from SEIU. The salary increase had to be negotiated with SEIU before it was included in the Budget.

Council Member Price would not support the Motion, and asked when the last salary adjustment for SEIU employees was.

Mr. Perez reported a true salary increase was made in July 2008; however, the increase was offset by an increase in the pension contribution.

Council Member Price stated without a salary adjustment the purchasing power of take-home pay decreased over time. As a group, some of the City's lowest paid employees were SEIU members.

Council Member Holman agreed with Council Member Klein and Mayor Scharff's comments.

Mr. Keene explained that Staff did not expect to negotiate a one-year contract; however, the recommendation was for funding equivalent to one year of salary adjustment. It provided flexibility for negotiations.

Council Member Burt would support the Motion, but did not agree with comments that the recommendation was illogical.

Vice Mayor Shepherd wanted to know how removal of the 2 percent increase would affect the overall Budget. It would be wise to allocate funds for potential salary or payroll expense increases.

MOTION PASSED: 7-2 Price, Schmid no

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Mr. Keene clarified that the Motion concerned the 2 percent salary increase for Miscellaneous Employees.

Mr. Perez reported the amount was \$589,000 for the General Fund's share, and \$825,000 for all funds including the \$589,000.

Mayor Scharff commented that a salary increase was determined in the bargaining process.

Council Member Klein inquired whether the City should have a policy regarding hiring employees from other CalPERS cities.

Mr. Perez did not believe the City had a choice regarding hiring classic members as a result of the CalPERS rules. If Palo Alto hired an employee already vested in CalPERS, then the City had to place him in the second pension tier. If the employee was new to CalPERS, then he would be placed in the 2 percent at age 62 tier.

Council Member Klein felt the second scenario was a significant cost savings over time.

Mr. Perez reported the City could not place a lateral or a transfer new hire into the 2 percent at age 62 tier under CalPERS rules.

Council Member Klein suggested an applicant in the lower cost pension tier should receive more hiring points than another applicant.

Mr. Perez believed the trade off for lower pension cost was lack of government experience. If the City's policy was to hire employees based on their pension tier, then the City would be forced to hire applicants with no CalPERS experience.

Mr. Keene reported the City did not have a strategic policy.

Mayor Scharff noted a third pension tier of 2.7 percent at age 55.

Mr. Keene explained that employees worked longer to receive a higher benefit, which was to the City's advantage.

Council Member Klein felt the pension amount would be significant over time, and the Council should discuss the impact of pension costs on hiring policies.

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Mr. Keene explained at times the City's pension tiers provided a competitive disadvantage in hiring employees. The City needed to minimize costs while continuing to attract quality employees.

Mr. Perez clarified that an applicant covered by a CalPERS reciprocity agreement would fall in the pension tier of 2 percent at age 60.

Council Member Burt reminded colleagues that the medical retiree benefit was greater for an early retiree. The Finance Committee discussed review of compensation and raises based on total compensation, but deferred the conversation to a later time.

MOTION: Council Member Klein moved, seconded by Vice Mayor Shepherd that Palo Alto Community Childcare and Avenidas get the same percentage increase in HSRAP funding as other agencies on paragraph 5 on slide 8.

Council Member Klein explained that Palo Alto Community Childcare (PACC) and Avenidas operated programs for Palo Alto that other cities administered themselves. He suggested PACC and Avenidas should be separated from the HSRAP process. Until then, they should be treated the same as other HSRAP agencies.

Vice Mayor Shepherd was disappointed that Avenidas and PACC received less funding, although the Finance Committee did not provide specific direction to HRC. Having Avenidas and PACC provide services was more efficient than the City providing them. The Council should consider some type of cost of living increase for HSRAP funding.

Council Member Holman inquired whether the additional funds would be taken from the \$31,000 Budget surplus.

Council Member Klein replied yes. PACC and Avenidas should receive the same percentage increase as the other agencies.

Mr. Keene would provide the amount of additional funds at the meeting on June 10, 2013.

Council Member Holman agreed with increasing HSRAP funding in general, and hoped to increase HSRAP funds to equal 1 percent of the operating budget.

Council Member Schmid noted the Finance Committee requested HRC consider changes in allocations to the agencies and expected information from HRC as to why the current allocation process was incorrect. He

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requested Staff provide a breakdown of HRC allocations proposed in March 2013 and the revised allocations proposed the prior week, and an explanation as to why Avenidas and PACC were different from other agencies.

MOTION PASSED: 9-0

17. Public Hearing: Adoption of an Ordinance Approving the Rezoning of a 1.57-acre Site from Community Commercial With a Landscape Combining District (CC(L) to Public Facility with a Site and Design Combining District (PF(D)) Zone, a Resolution 9342 Amending the Site's Comprehensive Plan Land Use Designation From Streamside Open Space to Major Institution/Special Facilities, and a Record of Land Use Action Approving a Conditional Use Permit and Site and Design Review Application for the Construction of a 69-Room, Three Story, 51,948 Square Foot Building to House an Expanded Ronald McDonald House Program, and a Mitigated Negative Declaration for the Project located at 50 El Camino Real.

Amy French, Chief Planning Official, reported the Ronald McDonald House provided lodging for families of children seeking medical treatment at the Lucile Packard Children's Hospital. The current facility could not meet the demand for lodging. The new facility would provide 69 guest rooms and parking. The project included a zone change and a land use map amendment. The current land use designation did not allow for development beyond the construction of biking, hiking and riding trails. The project would be consistent with the new land use designation. There would be no negative impact to the riparian area behind the project. The project included applications for site and design review and a conditional use permit. The Architectural Review Board (ARB) and Planning and Transportation Commission (PTC) reviewed the applications and recommended approval. Staff requested the Council approve the Mitigated Negative Declaration (MND), the Ordinance to rezone the site, the Resolution to amend the Comprehensive Plan designation, and the Record of Land Use Action.

Public Hearing opened at 10:25 P.M.

Greg Davis, Chairperson Building Committee of Ronald McDonald House, proposed to expand the Ronald McDonald House. The proposed building contained 52,278 square feet in three stories and mirrored the existing building. The proposed building included office space, recreation areas, community space and exercise rooms. The proposed building was adjacent to the existing facility. The landscape plan called for relocation of trees to the riparian area. Egress and ingress to the property was located at existing

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intersections. The decorative elements of the existing facility would be continued in the new building.

Annette Eros, CEO of Ronald McDonald House, explained that children were suffering more serious health conditions; treatment was more intensive; stays were longer; and families had higher levels of financial distress. The average length of stay increased from six days ten years ago to 29 days at the current time. The Ronald McDonald House was filled to capacity every day, and 40-50 families filled the daily waiting list for housing. The Lucile Packard Children's Hospital had plans to expand; therefore, Ronald McDonald House needed to expand to meet current and future demand.

Sarah Reichanadter, Ronald McDonald House Family Activities Coordinator, interacted with the families daily and provided tours of the facility. The families created communities and supported one another.

Sherri Sager, Chief Government and Community Relations Officer for Lucile Packard Children's Hospital, supported the Ronald McDonald House application to expand to serve children and their families. She urged the Council's approval of the application.

Public Hearing closed at 10:38 P.M.

MOTION: Council Member Price moved, seconded by Council Member Burt to accept Staff, the Planning and Transportation Commission (PTC), and the Architectural Review Board (ARB) recommendation to approve:

- (1) a Mitigated Negative Declaration (Attachment M) for the project;
- (2) an Ordinance (Attachment A) to rezone a 1.57-acre site at 50 El Camino Real, from CC(L) to PF(D) (from Community Commercial with a Landscape Combining District (CC(L)) to Public Facility with a Site and Design Combining District (PF-D));
- (3) a Resolution (Attachment B) amending the site's Comprehensive Plan land use designation from Streamside Open Space to Major Institution/Special Facilities; and
- (4) a Record of Land Use Action (RLUA, Attachment C) approving a Conditional Use Permit (CUP) and Site and Design Review application for the construction of a 69-room, three story, 51,948 square foot building to house an expanded Ronald McDonald House program.

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Council Member Price felt an expansion of the Ronald McDonald House was critical to providing quality services. The program was an excellent example of a working partnership.

Council Member Burt indicated the design was excellent and compatible with the environment. The Ronald McDonald House's mission was admirable.

Council Member Klein explained why he could participate in this Agenda Item when Stanford University was the property owner. The Ronald McDonald House benefited many people.

Council Member Berman agreed with previous comments. The Ronald McDonald House positively impacted the families it served.

Council Member Kniss noted the Board of Directors worked diligently to ensure the Ronald McDonald House was successful.

MOTION PASSED: 9-0

The City Council considered Agenda Item Numbers 18 and 19 together.

18. Policy and Services Committee Recommendation Related to the Annual Reorganization Meeting Including a Possible Charter Amendment.
19. Colleagues Memo from Council Members Kniss, Price and Vice Mayor Shepherd Regarding Potential Charter Change Initiatives for Council Terms, Number of Seats and Other Related Matters for November 2013 Ballot.

Council Member Kniss reported the Council did not have term limits until 1992, when the community voted for two-term limits. From 1992 to 2002, the average term was approximately 6.2 years. In the 1980s, the average term was approximately 7.54 years. During the 2000s, 4 Council Members served two terms each (eight years), 12 Council Members served one term each (four years), 1 Council Member served a five-year term, and 1 Council Member served a one-year term. She suggested the Council alter the two-term limit to a three-term limit.

MOTION: Council Member Kniss moved, seconded by Council Member Price to direct the City Attorney to draft language for a Charter Amendment to extend permissible terms to three from the current two.

Council Member Kniss stated most Council Members did not serve eight years. Three terms were necessary for Council Members to rise to positions

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of leadership on State, Federal, County and Regional boards and commissions.

Council Member Price felt institutional memory for policies and practices was valuable. Developing connections and resources related to regional representation required continuity and time. Having three terms was necessary.

Vice Mayor Shepherd related the history of the Mayor of Mountain View serving as President of the League of Cities.

Molly Stump, City Attorney, reported a newly adopted State law allowed the Council to place a Charter Amendment before the voters no sooner than June 2014.

Council Member Burt inquired about the sense of urgency to proceed with term limits.

Council Member Kniss explained that the information regarding State law was received late that afternoon; however, the authors felt the time was appropriate to bring the issues forward.

Council Member Burt noted that Mountain View had term limits that did not inhibit the Mayor from achieving a leadership role.

Council Member Kniss explained it was unusual for an organization to hold a position for someone. It was not simple for Mountain View's Mayor to move into the regional position once reelected.

Council Member Burt wanted community dialog. He would support continuing the Agenda Item, but would not support Staff returning with proposed ballot language at the next meeting.

Mayor Scharff clarified that the Motion did not require Staff to return at the next meeting.

Council Member Burt inquired when Staff would return with proposal language.

Mayor Scharff assumed Staff would return sometime in the fall.

Vice Mayor Shepherd indicated the Colleague's Memo requested Staff return with proposed language on June 10, 2013; however, with the new law there was no need for Staff to return on June 10.

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Council Member Berman inquired whether the Council was to debate the topic at the current time or when Staff returned with proposed language.

Council Member Kniss explained the Council had time to discuss and vote on the topic when Staff returned with proposed language because of the change in State law.

Council Member Berman asked if a change in term limits would apply to seated Council Members or future Council Members.

Council Member Kniss recalled in 1992, when term limits were implemented, the former rules applied to sitting Council Members. That topic could be explored with the City Attorney.

Council Member Berman requested Staff provide a list of area cities and their term limits for future discussion.

Council Member Kniss noted Santa Clara County imposed a limit of three terms and the State imposed a limit of 12 years.

Council Member Berman expressed concerned about the negative impact of a longer term limit on new Council Member candidates.

Council Member Holman felt it was illogical to request the City Attorney draft language for a ballot measure when the Council had not discussed the issues. She suggested the Council pose questions and make comments at the current time, but continue discussion until after the Summer Break. She did not support term limits; and was unsure whether a new term limit should apply to present Council Members and whether the limit should be two five-year terms or three four-year terms.

Council Member Schmid believed a limit of three terms and a decrease in the number of Council Members would enhance the power of incumbency. A longer tenure and fewer incumbents increased the distance from the electorate. He hesitated to create barriers to bringing in new candidates.

Council Member Price indicated the Council would have time to vet the issues and obtain community input. She wanted to obtain information and input well in advance of the next election cycle to allow Council Members and potential candidates to understand the changes.

Council Member Klein opposed term limits, because they were undemocratic and insulting to the electorate. Term limits deprived former Council

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Members of the right to run for office. He preferred to abolish term limits. He inquired whether drafting the language would be a burden for the City Attorney.

Ms. Stump replied no.

Council Member Klein felt having a document to review and consider was helpful.

Ms. Stump agreed that reviewing an actual document sometimes provoked additional considerations. SB 311, a pending bill, would restrict the right of Charter cities to amend their Charters to only a statewide general election held in November of even numbered years.

Council Member Berman inquired whether litigation involving SB 311 would preclude it from taking effect in 2014.

Ms. Stump recommended the Council proceed with the policy debate as many things could happen to the bill.

Mayor Scharff agreed that term limits were not good for Council Members. The regional positions were given to Council Members without term limits. He suggested the Council consider eliminating term limits completely or limiting the number of terms to three or doing nothing.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct the City Attorney to draft alternative language to eliminate term limits.

Council Member Price asked if the Staff Report would discuss application of a new term limit to present and future Council Members.

Ms. Stump answered yes.

Council Member Price believed that issue could influence the nature of the discussion and deliberations.

Ms. Stump reported that typically a Charter Amendment became effective within a number of weeks after the election; however the Council could select a different date. The narrative section of the Staff Report would describe those options.

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Council Member Berman inquired whether the number of terms could remain at two even though that option was not mentioned in the Motion.

Council Member Kniss explained a no vote would continue the existing term limit.

Council Member Burt felt giving directions to the City Attorney to provide Charter Amendment language was not a good process.

SUBSTITUTE MOTION: Council Member Burt moved, seconded by Council Member Holman to continue the item to a date uncertain after Council returns from their Break.

Council Member Burt wished to continue the discussion to allow for public participation.

Council Member Holman agreed with Council Member Burt's comments.

SUBSTITUTE MOTION FAILED: 3-6 Burt, Holman, Schmid yes

MOTION PASSED: 7-2 Burt, Schmid no

MOTION: Council Member Kniss moved, seconded by Vice Mayor Shepherd to continue the remainder of the items to a date uncertain (Council reduction and reorganization, and any other items).

Vice Mayor Shepherd was pleased to have more time for community input and further discussion.

James Keene, City Manager, inquired whether Staff should identify methods for public input when the item returned to the Council.

Council Member Kniss answered yes. The issues needed community input.

Council Member Holman reported the Motion did not address item 3 of the Colleague's Memo.

Mayor Scharff assumed all items would return for discussion.

MOTION PASSED: 9-0

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COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

MOTION: Council Member Klein moved, seconded by Council Member Price to agendaize for the Council meeting of June 10, 2013 the scheduling of a Council meeting on Monday, June 24, 2013.

James Keene, City Manager, noted that meeting effectiveness was scheduled for discussion at the Retreat on June 13, 2013.

Mayor Scharff inquired whether Council Member Klein wished to discuss scheduling a meeting on June 24 at the Retreat.

Council Member Klein suggested Staff would need as much time as possible to prepare information and notices.

Mayor Scharff reported a Council Member could not agendaize an item for a specific date.

Mr. Keene indicated the June 4, 2013 Council Meeting included interviews in the afternoon with a Closed Session at 7:00 P.M. regarding Cubberley. He assumed there would not be an open session regarding Cubberley prior to the Council Break.

Vice Mayor Shepherd and Council Member Kniss attended the Fiber to the Premises conference in Kansas City.

Council Member Schmid attended the Santa Clara County Council on Aging meeting. The Council on Aging was losing approximately \$500,000 in Federal funding because of sequestration. Aging citizens, veterans and disabled citizens would be serviced by the same group.

Council Member Burt noted six Action Items were proposed for the June 10, 2013 Council meeting, and questioned whether the Council could accomplish all those items.

Council Member Price attended the Santa Clara County Mental Health Board awards luncheon the prior week. A program of crisis intervention training for police officers received the Program Hero Award.

ADJOURNMENT: The meeting was adjourned at 11:36 P.M.