



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
June 24, 2013

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:30 P.M.

Present: Berman, Burt, Klein, Kniss arrived at 6:40 P.M., Price, Schmid, Shepherd

Absent: Holman, Scharff

CLOSED SESSION

1. CONFERENCE WITH CITY ATTORNEY – Potential Litigation
Subject: Written liability claim against the City of Palo Alto by Chuck Fong & Grace Wood (Claim No. C12034)
Authority: Government Code section 54956.9

Council returned from Closed Session at 6:45 P.M.

Vice Mayor Shepherd announced there was no reportable action.

STUDY SESSION

2. From Infrastructure Committee: Preliminary Survey Findings.

Dave Metz, Fairbank, Maslin, Maullin, Metz, and Associates, presented key findings from the infrastructure finance survey. He conducted 603 interviews with Palo Alto voters who, based on past voting behavior, were considered likely to vote in the next election. Surveys were conducted at the end of April through the beginning of May, 2013. The survey was designed to be a preliminary survey, and survey findings were not determinative of Council action. The survey was compiled based on industry best practices, consultations with Staff, and Council direction. Local voters had an overwhelmingly favorable impression of City government, but reported only a modest need for infrastructure improvements in the City. When presented with conceptual descriptions of potential packages of infrastructure improvements, two-thirds of voters were willing to support

MINUTES

some of those packages, particularly in the areas of transportation and public safety. Approximately two-thirds of voters were willing to tax themselves to finance infrastructure improvements. With respect to financing a Public Safety Building, public support did not reach the two-thirds threshold. Approximately two-thirds of voters supported bond measures or an increase in the Transient Occupancy Tax (TOT) to finance infrastructure improvements. An increase of the documentary transfer tax and of the business license tax achieved majority support. An increase in the parcel tax, sales tax and utility user's tax was supported by less than half of voters. Approximately half of respondents saw some need to fund improvements for parks, streets, sidewalks and police and fire stations; however, only 10 percent of respondents saw a great need to fund those improvements. Approximately two-thirds of voters generally supported improvements for public safety, transportation or a combination of the two. More than a majority but less than two-thirds of voters supported parks and recreation and core infrastructure. Less than half of voters supported parks, playgrounds and playfields; facilities to support community service organizations; and restoration of historic buildings. A streets, sidewalks and trails measure and a public safety measure were strongly supported by approximately 40 percent of voters. Voters were likely to be receptive to packaging of improvements. Voters reported transportation and public safety projects should have the highest priority. Slightly more than half of voters would support a Public Safety Building constructed through City only financing or through a public-private partnership. A majority of respondents opposed proposed parking facilities, Animal Services Center, restoration of the Roth Building, and new playing fields and recreational facilities. Two-thirds of voters in principle supported a tax or bond measure to fund infrastructure improvements. Approximately three-fourths of voters were willing to pay \$100 per year; 53 percent were willing to pay \$200 per year; 48 percent were willing to pay \$250 per year. These statistics provided the Council with an approximation of the public's willingness to pay for infrastructure improvements.

Herb Borock suggested all electric customers pay the full 5 percent utility users' tax in order to raise revenue for infrastructure improvements.

CITY MANAGER COMMENTS

James Keene, City Manager, announced Jonathan Reichental, Chief Information Officer, was awarded the Bay Area's Community Champion Award. A groundbreaking ceremony for the Main Library was scheduled for June 25, 2013 at 2:00 P.M. The Policy and Services Committee would review a draft Ordinance regulating vehicle habitation at 6:00 P.M. in the Council Chambers on June 25, 2013. Staff was working with Santa Clara

MINUTES

Valley Transportation Authority (VTA) and Stanford University regarding a lease for VTA's use of the Transit Center. Street tree maintenance would be conducted along University Avenue through mid-August 2013.

ORAL COMMUNICATIONS

Herb Borock spoke regarding the Policy and Services Committee consideration of the Ordinance prohibiting human habitation of vehicles on Tuesday, June 25, 2013. He suggested that in lieu of having a total ban on habitation in vehicles that the same types of restrictions could be applied to human habitation of vehicles as was with oversized vehicles. He discussed a previous attempt to ban parking on Encina Avenue near the Opportunity Center. He suggested Encina Avenue be the only street in Palo Alto to house all of the human habitation vehicles; it was 800 feet long with parking available on both sides. It could be limited to the existing vehicles with permits as a transition program but with no new permits.

Council Member Kniss inquired about the year the Ordinance was adopted.

Mr. Borock indicated the oversize vehicle parking Ordinance was adopted in 1999 and the Ordinance restricting parking was adopted in 2003.

Stephanie Munoz admired the Council for allowing all members of the public to speak at Council meetings. The Council could have taken other actions to obtain the 60 senior housing units provided in Palo Alto Housing Corporation's Maybell Avenue project. The Council should not change the zoning for 400 low-income housing units.

Robert Moss clarified misstatements made by various parties in discussing Palo Alto Housing Corporation's Maybell Avenue project. These statements concerned school population, traffic congestion, size of lots, distance to El Camino Real, number of units for low-income senior citizens.

Mark Petersen-Perez stated his life was changed when the Palo Alto Police Department tapped his phone without a warrant and attempted to blame him for despicable crimes in 2003. The Palo Alto Police Department was corrupt.

CONSENT CALENDAR

Palo Alto Free Press supported the Council renaming streets for police officers, Agenda Item Number 3.

MINUTES

Herb Borock indicated the Council was trapped into approving Agenda Item Number 4 because of actions taken years earlier by Planning Department Staff.

Robert Moss noted the traffic study contained in Agenda Item Number 5 utilized the new model. This model should have been utilized for Palo Alto Housing Corporation's Maybell Avenue project. Staff confirmed that the traffic study utilized in the Maybell Avenue project did not meet standards for current data.

Timothy Gray requested Agenda Item Number 11 be removed from the Consent Calendar. The revised policies allowed a political justification for underground tracks in north Palo Alto and above-grade tracks in south Palo Alto. All Palo Alto deserved the same treatment with respect to High Speed Rail.

Herb Borock concurred with Mr. Gray's request to remove Agenda Item Number 11 from the Consent Calendar. The proposed policies focused on mitigations rather than the project. The Council should be able to craft a policy that treated all parts of the rail line equally.

Adina Levin, Friends of Caltrain, supported Agenda Item Number 10 because of the high Caltrain ridership in Palo Alto and Mountain View.

MOTION: Council Member Klein moved, seconded by Council Member Berman to approve Agenda Item Numbers 3-11.

MOTION: Council Member Schmid moved to remove Agenda Item Number 11 from Consent Calendar.

MOTION FAILED DUE TO LACK OF A SECOND AND A THIRD

Council Member Schmid said he would vote against Agenda Item Number 5, because it would add costs of approximately \$300,000 for consultants with respect to the Comprehensive Plan. A great deal of the funds would be utilized to develop a traffic plan. Basing information on inaccurate data would not rebuild trust with the community. The Council should discuss key assumptions of traffic analysis before finalizing the Comprehensive Plan.

3. Approval of Monroe Place (formerly Palo Alto Bowl) Motor Court Names.
4. Approval of Record of Land Use Action Approving a Request for Extension of a 2010 Site and Design Review Approval to June 2014 for

MINUTES

- a New Residence at 805 Los Trancos Road.
5. Approval of Amendment Number 1 to Contract in the amount of \$290,019 with The Planning Center | DCE to Provide Additional Services Associated with the Comprehensive Plan Amendment Project for a Total Not to Exceed Amount of \$1,140,000.
 6. Ordinance 5201 entitled "Ordinance of the City of Palo Approving and Adopting a Plan for Improvements from Eleanor Pardee Park (1st Reading, June 13, 2013 PASSED: 9-0)".
 7. Park Improvement Ordinance 5202 entitled "Ordinance of the City of Palo for the San Francisquito Creek Bonde Weir Fish Passage Improvement and Channel Stabilization Project (1st Reading June 10, 2013, PASSED: 9-0)."
 8. Approval of an Agreement Between the City of Palo Alto and the Palo Alto Unified School District of Santa Clara County Concerning the Public Use, Brokering, and Maintenance of District-Owned Athletic Fields, Tennis Courts and Basketball Courts Jointly Used by School Students and the General Public.
 9. Technology and Connected City Committee Recommendation to Develop Work Plan to Evaluate the Feasibility of Building a Citywide Fiber-to-the-Premise Network in Palo Alto and Request the City Manager to Appoint a Community Advisory Committee to Assist Evaluation.
 10. Review and Approval of a Draft Letter to Valley Transportation Authority Board Chair Pirzynski on Peninsula Corridor Joint Powers Board Representation.
 11. Review and Approval of the Proposed Revisions to the Palo Alto City Council Rail Committee Guiding Principles.

MOTION PASSED to approve Agenda Item Numbers 3-4 and 6-11: 7-0
Holman, Scharff absent

MOTION PASSED to approve Agenda Item Number 5: 6-1 Schmid no,
Holman, Scharff absent

ACTION ITEMS

12. Recommendation from Finance Committee to Adopt Resolution 9357 entitled "Resolution of the City of Palo Amending the 2013 Management and Professional Compensation Plan" and Adopt Resolution 9358 entitled "Resolution of the City of Palo Amending the

MINUTES

City of Palo Alto Merit Rules and Regulations (continued from June 17, 2013)."

James Keene, City Manager, reported that the proposed Resolution adopted changes to the classification and pay plan for the Management and Professional Employee Group. The Management and Professional Group included administrative assistants, planners and the leadership team. The Group's current compensation was compared to compensation in regional competitive markets and adjusted to the median of the market rate. Adopting the Management and Professional Compensation Plan (Plan) would improve the City's flexibility to recruit and retain excellent Staff, promote internal equity between jobs, and support fiscal accountability.

Kathy Shen, Chief People Officer, felt adoption of the Plan was imperative for retention of the City's workforce. Because the proposed Plan was accurate as of 2011, Staff committed to performing a new salary survey in the coming year.

Mr. Keene noted Management and Professional Employees' contribution to the California Public Employees' Retirement System (CalPERS) increased from 2 percent to 7-8 percent after the compensation survey was performed. Taking action on the proposed Plan was necessary for the organization.

Council Member Burt reiterated the increase in employees' contribution to CalPERS. The Finance Committee requested an update on the market comparison within 18 months. The Finance Committee also requested Staff consider methods to equalize compensation as well as salary.

MOTION: Council Member Burt moved, seconded by Council Member Schmid to implement the Management and Professional Compensation Study by adopting the attached Resolutions amending the 2013 Management and Professional Compensation Plan and amending the City of Palo Alto Merit System Rules and Regulations.

Council Member Schmid stated the proposed Plan changed the salary range such that salaries would be competitive with salaries in surrounding cities. Total compensation was comprised of salary and the cost of benefits for each worker. The City's current payments for future benefits may not be sufficient for future costs.

Ms. Shen would review total compensation for Palo Alto in comparison to other cities. She informally surveyed comparable cities and learned that approximately 1/3 to 1/2 were changing employee contributions for benefits.

MINUTES

Council Member Klein inquired about the effective date of the Plan.

Ms. Shen reported the effective date was May 18, 2013. The October 2012 date was the date of the last increase.

Council Member Klein indicated the paragraph titled Compensation Adjustment Authorization in the proposed Plan had four different recommendations.

Mr. Keene explained that the paragraph was an actual amendment to the Plan. When the employee contribution to CalPERS was increased, a partially offsetting 3 percent pay adjustment was implemented.

Molly Stump, City Attorney, added that the nomenclature "control point" was revised to "midpoint."

Ms. Shen reported the Plan was amended by adding the new salary structure. The current Plan recited past actions.

Council Member Klein asked why the effective date was May 18, 2013 rather than June 24, 2013.

Ms. Shen explained the recommendation was originally presented to the Council on May 6, 2013.

Mr. Keene indicated the date was a courtesy to employees who had been waiting several years for a new Plan. The Council could change the date.

Council Member Price noted Staff planned to survey comparable cities again in 2014, and inquired whether Staff would perform periodic compensation surveys.

Ms. Shen reported the next salary survey would be performed in the third quarter of fiscal year 2014, and she anticipated performing surveys on a two-year cycle.

Council Member Price asked if future survey results would be implemented rapidly in order to maintain relevance.

Ms. Shen stated that was Staff's intent.

Council Member Kniss inquired about the number of employees affected by the new Plan.

MINUTES

Ms. Shen reported approximately 114 different job classifications were contained in the Management and Professional Group. The salary midpoint would decrease for 53 job classifications and increase for 43 job classifications. Assuming the Council adopted the Plan, Staff would review employees in the 43 job classifications to determine how many would be impacted.

Council Member Kniss asked if the Council received a list of new hires.

Ms. Shen regularly prepared a report of new hires, but she did not provide it to the Council.

Council Member Kniss requested a report be provided to the Council.

Mr. Keene added that the City published all employee salaries on its website.

Council Member Kniss was interested in a report of new hires and the level at which they were hired.

Mr. Keene would identify an appropriate periodic timeframe for providing a report of new hires.

Council Member Kniss suggested once a month and asked if orientation occurred once a month.

Mr. Keene replied yes.

MOTION PASSED: 7-0 Holman, Scharff absent

13. Resolution 9359 entitled "Resolution of the City of Palo Alto Implementing Terms for Utilities Managers and Professionals Association of Palo Alto Pursuant to California Government Code Section 3505 (continued from June 17, 2013)."

Sandra Blanch, Assistant Director of Human Resources, reported the City negotiated with the Utilities Managers and Professionals Association of Palo Alto (UMPAPA) for two years. On April 30, 2013 UMPAPA declared an impasse and requested that the City's last best offer be presented to the Council for implementation. Key terms for implementation were similar to terms included in the Management and Professional Group Compensation Plan. UMPAPA employees would pay the full employee retirement contribution and would receive a 3 percent pension offset and additional salary increases. Medical cost sharing would be consistent with other

MINUTES

bargaining units. New division managers and assistant department directors would be at will employees upon hire. Director Valerie Fong was the only Utilities Manager not subject to UMPAPA. The benefit for professional development would decrease from \$1,500 to \$500 per year. Government Code Section 3505 required the City to bargain with UMPAPA prior to the end of the fiscal year.

James Keene, City Manager, understood the main concerns were compensation, placement of employees within the marketplace, and the risk of losing key employees. The proposal was unusual for an imposed contract in that the City advocated for significant pay adjustments. Concessions were similar to concessions granted by other bargaining units. It was important for the Utilities Managers to be competitive in the marketplace.

MOTION: Council Member Klein moved, seconded by Vice Mayor Shepherd to approve a Resolution (Attachment A) implementing the changes described in the City's Last, Best, and Final Offer to employees in the Utilities Managers and Professionals Association of Palo Alto (UMPAPA).

Vice Mayor Shepherd believed Utilities Staff were dedicated and hardworking, and hoped the dialog would continue.

Council Member Burt stated the City lost key employees in the Utilities Department because of market changes. The terms granted significant salary increases in order for the City to retain skilled employees.

MOTION PASSED: 7-0, Holman, Scharff absent

14. Resolution 9360 entitled "Resolution of the City of Palo Approving Terms for Palo Alto Police Managers' Association (continued from June 17, 2013)."

Kathy Shen, Chief People Officer, reported Palo Alto Police Managers' Association (PAPMA) agreed to pay the full 9 percent retirement contribution with a 3 percent offset.

Marcie Scott, Employee Relations Manager, indicated PAPMA was comprised of seven employees in two classifications. The agreement would align PAPMA with other manager groups in terms of overall benefit concessions. Salary ranges for Police Captain and Police Lieutenant would be consistent with the market survey. Employees would pay the full retirement contribution with a 3 percent salary offset. The City contribution for professional development would be eliminated. The annual net savings totaled approximately \$81,000.

MINUTES

Palo Alto Free Press suggested the Council review the Federal Labor Standard Act of 1938. Police Officers should be exempt employees in order to eliminate overtime costs and should be paid based upon performance.

MOTION: Council Member Schmid moved, seconded by Council Member Price to 1) approve a Resolution (Attachment A) approving employee concessions and changes to benefit levels and pay for the Palo Alto Police Managers' Association (PAPMA), 2) approve and direct staff to sign the Letter of Agreement confirming that Palo Alto Police Managers' Association members pay the full CalPERS 9 percent member pension contribution and receive 3 percent salary offset as soon as administratively possible, 3) approve tentative agreement eliminating the annual Professional Development contribution of \$1,500 per member effective July 1, 2013, and 4) approve tentative agreement to modify the PAPMA salary ranges pursuant to the City's Compensation Market Study, decreasing Police Lieutenant pay range by 2.11 percent and increasing Police Captain pay range by 10.5 percent.

MOTION PASSED: 7-0 Holman, Scharff absent

15. Highway 101 Bike and Pedestrian Bridge at Adobe Creek Project Update and Direction on Design Competition.

Brad Eggleston, Assistant Director of Public Works, reported the City was ready to begin the design phase of the Highway 101 Bike and Pedestrian Bridge (Bridge). If the Council chose to hold a design competition, then Staff would work with the American Institute of Architects (AIA) and return in August 2013 with details of the process. The goal of the Bridge was to have a year-round grade-separated crossing over Highway 101. Staff anticipated conducting preliminary design in 2013, proceeding with full design in 2014, and beginning construction in fall 2015. In late 2011 the Council directed Staff to begin the preliminary design of a Bridge and to investigate options for a design competition. Cost estimates for the Bridge were \$5.4-\$9.4 million and did not include the Adobe Creek Trail, which could add \$150,000-\$200,000. A cost estimate of \$5.4-\$6.7 million would provide a standard Bridge, 10 feet wide, and surrounded by chain link fence. A cost estimate of \$6.6-9.4 million would provide an enhanced Bridge, 20 feet wide, with fencing, railing and lighting, and possibly a viewing deck. The City was required to perform a number of studies for environmental review, which should be completed by early 2014. The City obtained a \$4 million grant from Santa Clara County and a \$4 million grant from the One Bay Area Grant program; however, the City had to provide \$1 million in local matching funds. Staff would work with AIA to develop design criteria, which

MINUTES

included elements such as the type of Bridge, alignment, location of landings, feel of the Bridge, compatibility with local environment, and a budget. AIA would assist Staff with selecting approximately 20 experienced firms to receive invitations to participate in the competition. A jury would review firms' preliminary ideas and submissions, and select three or four firms to develop designs. The City would then contract with the selected firms and pay them a stipend of \$10,000-\$20,000 each. Firms would develop and submit designs, and then the jury would review the designs and determine a winner. Staff would present the final designs to the Planning and Transportation Commission (P&TC), Architectural Review Board (ARB), and Council to determine which design would be constructed. The standard design process would be slightly faster by a few months. A competitive process would provide multiple concepts from different designers, cost slightly more, and require a greater investment of Staff time.

Council Member Kniss felt standard bridges were not noticed. A stunning bridge with attractive lighting would be an asset for Palo Alto; however, cost would be a factor.

Council Member Klein believed a design competition was the first step to improving the design of public infrastructure. He assumed the design competition rules would clearly state that designs must meet a proposed budget.

Mr. Eggleston indicated the rules would make that very clear.

Council Member Klein noted the Council could reject designs selected by the jury.

Council Member Schmid was concerned about designs being too costly to construct, and asked how the jury would consider cost in their deliberations.

Mr. Eggleston would set cost as a design constraint at the beginning of the process.

Council Member Schmid assumed firms would design to the limit of the budget.

Mr. Eggleston suggested the Council consider whether to state the budget limit was \$10 million.

Council Member Schmid inquired about Staff's ability to set a limit when there was no design to consider in preparing a budget.

MINUTES

Mr. Eggleston would solicit assistance from AIA to develop design criteria. Staff envisioned obtaining P&TC and ARB comments and Council approval of design criteria before beginning a competition.

Council Member Schmid noted that AIA, P&TC and ARB would not be responsible for creating a budget for the project.

Elizabeth Ames, Senior Engineer, explained that firms would provide a cost estimate along with designs. Staff would then evaluate the cost of the proposed designs.

Council Member Schmid inquired whether design and engineering experts would review costs.

Mr. Eggleston replied yes.

James Keene, City Manager, suggested the design criteria could clearly state an upper amount while allowing designers to include features that were optional for construction.

Council Member Schmid added that the City had other important projects that needed funding.

Mr. Keene noted the Council directed Staff to provide information about a competition. Staff would provide more information related to design criteria once the Council decided whether a competition would be held.

Council Member Burt suggested high value design be included in the criteria. LED lighting, a new visual art medium, was both low cost and sustainable. An integration of solar power and LED lighting would be interesting.

MOTION: Council Member Price moved, seconded by Council Member Klein to: 1) consider the relative advantages of the invited design competition process and the conventional design process; and 2) direct Staff to initiate an invited design competition process with management assistance from the American Institute of Architects for the design of the Highway 101 at Adobe Creek pedestrian/bicycle bridge, and to return to Council in August 2013 with a detailed process and schedule for conducting the competition.

Council Member Price believed the Bridge was a tremendous opportunity to develop a visible and significant landmark. A design competition could be mindful of value engineering while blending artistic and technical elements. Financial expectations should be clearly stated.

MINUTES

Council Member Klein felt Council Members' suggestions would be helpful in guiding Staff.

Council Member Berman inquired whether the City had ever held a design competition.

Mr. Eggleston noted only design competitions for art.

Council Member Berman indicated a competition was a good method to solicit a broad spectrum of designs.

Vice Mayor Shepherd believed the location of the Bridge would have visual impact.

Mr. Keene stated the experience of the Bridge would be a factor in design.

Council Member Berman applauded Staff for obtaining \$8 million in grants.

MOTION PASSED: 7-0 Holman, Scharff absent

16. Status Report on Current High Speed Rail and Caltrain Electrification Issues Submitted for Council Review and Comment.

Richard Hackmann, Management Analyst, reported that Caltrain began the environmental review process for electrification. The revised California High Speed Rail Authority (CHSRA) Peninsula Corridor Joint Powers Board blended system Memorandum of Understanding (MOU) was approved. The City submitted comments regarding the Caltrain Electrification project. CHSRA selected the initial construction segment design build contractor for the Central Valley. Staff continued to track rail legislation and to communicate the City's positions to Regional, State and Federal agencies as appropriate. On July 22, 2013 the Atherton litigation appeal would be heard. CHSRA anticipated beginning construction in the Central Valley in 2013. In late 2013, a draft Caltrain Electrification Environmental Impact Report (EIR) could be released. By the middle of 2014 the Caltrain Electrification EIR could be certified. On June 14, 2013 the Surface Transportation Board issued an opinion that would allow construction of the first 64-mile segment of High Speed Rail (HSR). On June 18, 2013 the Kings County Water District filed a reverse validation complaint against CHSRA, citing irregularities in the bid process for the initial construction segment. Staff was scheduled to meet with Caltrain Staff on July 31, 2013 to discuss positive train control installation plans. The City sponsored SB 557, which the Senate passed and the Assembly Transportation Committee was scheduled to hear on July 1, 2013. The Rail Committee and Hatch Mott and MacDonald were discussing a

MINUTES

potential feasibility study related to cost estimates for various grade separation scenarios.

Vice Mayor Shepherd added that the City's lobbyist in Sacramento was following SB 557 and any potential California Environmental Quality Act (CEQA) legislation.

Council Member Price looked forward to a discussion of grade separation issues.

Council Member Burt wanted to pursue an analysis of trenching because trenching in a portion of the City could be cost effective. Challenges in north Palo Alto could prevent trenching.

NO ACTION REQUIRED

COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

Council Member Price attended a tour of the Cubberley campus which she found enlightening. She discussed a presentation she saw regarding the high cost of parking through the Local Government Commission last week. She was informed during a Valley Transportation Authority meeting the Bus Rapid Transit System was going through the environmental review process and seven alternatives were under consideration. As a member of the Santa Clara County Mental Health Board, she wanted to share a new mobile application called Immediate Mental Health Assistant. The application can be customized for the user and is currently being refined.

Council Member Kniss noted Tony Oliveira spent a few hours with City Staff discussing CalPERS on the June 21, 2013.

Vice Mayor Shepherd mentioned Thursday, June 17, 2013 was the Peninsula League meeting on Seaport in Redwood City where they would discuss the Bay Delta Plan and she encouraged her colleagues to attend.

ADJOURNMENT: The meeting was adjourned at 10:20 P.M.