



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
September 16, 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 arrived at 5:15 P.M., Price arrived at 5:10 P.M., Scharff, Schmid, Shepherd

Absent:

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS
City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and (James Keene, Pamela Antil, Lalo Perez, David Ramberg, Joe Saccio, Kathryn Shen, Sandra Blanch, Dania Torres Wong, Val Fong, Marcie Scott, Brenna Rowe, Molly Stump)
Employee Organization: Service Employees International Union, (SEIU) Local 521
Authority: Government Code Section 54957.6(a)

The Council adjourned from Closed Session at 6:10 P.M. and Mayor Scharff announced no reportable action.

STUDY SESSION

2. Potential List of Topics for the Study Session with Assemblyman Rich Gordon.

Assemblyman Rich Gordon reported in January 2013 the Democrats had a two-thirds majority in both Houses. There was a lot of speculation about the Legislature rewriting Proposition 13, imposing new taxes and making Constitutional changes. None of that happened. As the session ended, the Legislature passed legislation increasing the minimum wage and authorizing the issuance of driver's licenses to undocumented individuals, and acting on a bill related to the California Environmental Quality Act (CEQA).

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Most of the bill related specifically to the project in Sacramento; however, attached to the bill were two items with State-wide significance. One provided an alternative for traffic analysis in the CEQA review process. Rather than using level of service, the alternative was to consider vehicle miles traveled. The second change provided alternatives to the full CEQA process if transit oriented developments met certain criteria within certain zones. The courts ordered the State to release 10,000 prisoners by December 31, 2012. Over the prior three years, the prison population was reduced by 40,000 inmates.

Council Member Kniss inquired about the total inmate population.

Assemblyman Gordon did not know the total. The State provided additional incarceration in private prisons and other locations on a temporary basis and added incentives to allow Counties to work on recidivism and rehabilitation activities. This package was better than what would have happened with court intervention only. Proposition 1C provided money for existing and newly formed housing trust funds. In November 2013, \$8 million earmarked for new housing trust funds would be transferred to the State Department of Housing and Community Development (HCD) for use in the CalHome Program. He carried legislation that allowed the money to remain available for housing trust funds. If the Governor signed the legislation, the Housing Trust Fund of Santa Clara County would be eligible to apply for additional money under that bill.

Council Member Burt requested Assemblyman Gordon comment on his concerns regarding legislation related to the Coastal Commission and whether the bill would be amended in the next session.

Assemblyman Gordon hoped that there was a reintroduction and amendment so that he could support it. The proposed legislation lacked due process. The Commission under the legislation would have had the ability to impose fines. The due process for those being fined was not sufficiently clear or well defined and did not provide a level of protection for the rights of those being fined. He committed to the author of the bill to work with her to obtain a balance of due process.

Council Member Kniss inquired about challenges facing the Legislature in 2014 and the Legislature's ability to control spending with a more robust budget.

Assemblyman Gordon noted that during the three years he was in the State Legislature, expenditures were reduced by \$20 billion. The Legislature made minor adjustments to the budgets of a few health and welfare programs.

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By restraining spending, the State had a small reserve fund. Having that reserve fund allowed Legislators to deal with the prison situation without making further cuts. In addition, funding to education was increased. In 2014, the topic of water would dominate the conversation. An \$11 billion water bond was scheduled for the November 2014 ballot. All of the polling indicated the public did not have the appetite for a bond at that level. It would more than likely fail. At the end of the session, two pieces of legislation were introduced to recast the water bond. The language in the Assembly's bill would not allow funds to be spent on tunnels or peripheral canals.

Vice Mayor Shepherd requested Assemblyman Gordon comment on the status of Housing Element reform, the voter threshold, Caltrain electrification, impact of the Kenny ruling on High Speed Rail (HSR) and local control.

Assemblyman Gordon intended to spend the fall attempting to determine a method for reforming the Housing Element process. The whole process was designed to build housing, yet more money was spent on planning and litigation than on housing. Legislation to reduce voter approval thresholds for infrastructure projects would be a Constitutional amendment to be placed on a ballot. There was a sense that the Legislature should give local communities an option in that regard. Relating to Caltrain and HSR, Senator Hill's bill clarified the path for HSR and also assured that money for electrification would be available. Caltrain could proceed with electrification without any concern. The Kenny ruling affected the Central Valley portion of HSR. He was amazed by the amount of time spent talking about HSR when HSR was decades away. There was no money for HSR, and it was not a Legislature priority. The Legislature's funding priorities were water, transportation infrastructure other than HSR, and school facilities. With respect to erosion of local control, the interest groups figured out that they may be able to convince Legislators to pass legislation requiring local jurisdictions to do things that they did not want to do. He expected the trend to continue, but hoped the Governor would veto those efforts. It was important for state associations representing local government to work collectively on strategies to counter those issues.

Council Member Holman was interested in Legislative efforts to provide more funding for social services.

Assemblyman Gordon indicated the majority of funding cuts affected health and human services programs. Investment in social services was critical because it impacted the quality of life in communities across California.

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Council Member Holman inquired whether any proposals had been made.

Assemblyman Gordon remarked that social services were a topic of conversation in the Democratic caucus, particularly with respect to restoring services. If additional funds continued to be available, then additional funding would be a priority.

Council Member Berman noted Assemblyman Gordon was instrumental in creating a Legislative Committee to study the impacts of climate changes on sea level rise. He requested Assemblyman Gordon comment on the Committee's efforts.

Assemblyman Gordon requested a select Committee be formed to study sea level rise and the California economy. The Committee held two meetings to gather basic information and to review issues related to agriculture, fishing, tourism and State parks. In late October another hearing would be held to discuss the effects of sea level rise on infrastructure. The Committee hoped to issue a report at the end of the year based on the study, which would lead to suggestions for legislation.

Council Member Klein asked if Assemblyman Gordon was familiar with Florida's study of sea level rise.

Assemblyman Gordon reported the Committee gathered information on efforts in other states. New Jersey provided information with respect to Super Storm Sandy. He requested Council Member Klein provide him with any information he received.

Council Member Klein congratulated the Legislature for restructuring the school finance system.

Assemblyman Gordon worked to ensure the new funding formula did not unduly harm districts funded with local tax dollars. Hopefully the new formula would assist children in difficult communities.

Council Member Klein asked if there was any prospect for changing the Revenue and Taxation Code to decrease dependence on income tax receipts.

Assemblyman Gordon felt there was an interest in that topic in the long term. As 2014 was an election year, it probably would not be discussed in 2014. The California tax system was dysfunctional in that it was highly dependent on volatile sources of income; personal income tax and sales tax. Communities that relied on property tax had greater stability. Perhaps the Legislature would have that conversation in 2015.

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Council Member Schmid reported the State Demographic Office identified a number of problems that were important for local governments. These problems were important issues in the discussion of local options. The demographic numbers from HCD and the Association of Bay Area Governments (ABAG) were driven by a job-based forecast. Under State law, the State Demographer had priority for identifying and discussing demographic issues that should be used by all local agencies. He inquired about the reason for use of information from ABAG rather than from the State Demographer.

Assemblyman Gordon was not sure why the good information from the State Demographer was not used. Legislators were reviewing that to try to understand the potential for reforming the Housing Element law. Population figures rather than job figures should be utilized.

Council Member Schmid indicated that property tax assessments in Santa Clara County historically were balanced 50/50 between commercial and residential property. Over the prior five to fifteen year period, the assessment ratio was \$42 billion for commercial property to \$92 million for residential property. In the future, local governments would suffer because of this. He encouraged Assemblyman Gordon to make tax reform a political issue in 2014.

Assemblyman Gordon agreed that since Proposition 13 was passed, the percentages of property tax had shifted. The challenge was understanding how to make it appropriate.

Council Member Price felt the operational and safety issues regarding Caltrain continued to be challenging. She asked if Assemblyman Gordon had any observations about grade separation as it affected safety and operations throughout the Peninsula.

Assemblyman Gordon believed a grade-separated line would be far safer. He supported the ability of communities to decide the type of crossing within communities. He would like to see a bond for rail improvements including grade separations. An obvious challenge for Caltrain was the lack of a dedicated source of funding. The Legislature would consider dedicated funding and perhaps propose a bill in the future.

Council Member Price understood San Francisco City and County required infrastructure projects to have elements addressing climate adaptation. Funding could be tied to climate adaptation elements in the infrastructure projects.

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Assemblyman Gordon did not wish to implement a State law requiring climate adaptation elements in infrastructure projects. Perhaps incentives could be used to encourage inclusion of those elements. Problems would arise if the issue of sea level rise was not addressed.

Mayor Scharff requested Assemblyman Gordon comment on AB 1126.

Phil Bobel, Public Works Department Assistant Director, clarified that AB 1126 concerned the biomass to energy program.

Assemblyman Gordon hoped the Governor would sign the bill. It allowed engineered waste to be used alternatively.

Mayor Scharff inquired whether Assemblyman Gordon was aware that the State Water Board was attempting to increase storm water fees by 30 percent.

Assemblyman Gordon was not aware of that.

Mayor Scharff requested Assemblyman Gordon work with Staff on that topic. Staff requested Assemblyman Gordon consider legislation regarding a biodegradable cigarette butt.

Assemblyman Gordon would consider that. The single largest item collected from beach clean-up programs was cigarette butts.

Mayor Scharff suggested smoking on beaches be banned.

Assemblyman Gordon led the effort to ban smoking in County beaches and parks as a County Supervisor.

SPECIAL ORDERS OF THE DAY

3. Presentation of \$1.2 Million Donation Check from the Palo Alto Library Foundation to the City of Palo Alto.

Alison Cormack thanked the people who donated the funds to the Palo Alto Library Foundation.

Susie Thom believed the donation was an excellent example of a public-private partnership. The Library Foundation received broad support from the community. The fundraising campaign would remain open through the end of 2013. She was pleased to present the check to the City of Palo Alto.

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CITY MANAGER COMMENTS

James Keene, City Manager, announced the Palo Alto Weekly's Best of the Best Awards included the Best Place for a Kid's Play Date was the Junior Museum and Zoo, and one of the Best Places for Live Entertainment was the Children's Theatre.

Robert De Geus, Community Services Assistant Director, reported the Community Services Department provided 145 unique summer camp programs and 20 aquatics programs. During the summer, 5,648 children were enrolled in summer camps. The Department hired many high school and college students from Palo Alto as summer camp staff. Summer camp staff trained for a full week before beginning work. Enrollment increased 10 percent over the prior year. The Foothills camp was particularly successful through the use of online and media marketing. The City provided traditional camps along with visual arts, performing arts and science camps. Children's Theatre had 958 participants, and revenues increased by 17 1/2 percent. Children's Theatre also worked with high school teenagers. Nine science camps had 837 campers.

Mr. Keene reported Vice Mayor Shepherd addressed the opening celebration of the Johnson Canyon Landfill Gas to Energy Generation Facility. The Palo Alto Firefighters hosted approximately 200 community members at Fire Station 2 on September 14, 2013 for a showing of "How to Train Your Dragon." The City's website received accolades from the Center for Digital Government and the Web Marketing Association. The new Household Hazardous Waste Program would be dedicated on September 19, 2013. Mayor Scharff and Jeremy Lin of the Houston Rockets initiated the new basketball court at the Mitchell Park Library and Community Center.

ORAL COMMUNICATIONS

Palo Alto Free Press stated the Independent Police Auditor was negligent in following up on emails and telephone calls. He had asked the Independent Police Auditor to investigate an incident in May 2013; however, he had heard nothing.

Arlene Goetze provided the annual water report from the City of Sunnyvale. Fluoridation of water was unhealthy. A recent study by NIH found that fluoride in water had no relationship with preventing cavities in children. Fluoride should not be given to babies.

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Cory Wolbach, Office of Senator Jerry Hill, reported on bills recently passed by the State Legislature. SB 132, the Mountain Lion Protection Act, required the use of non-lethal measures to remove a mountain lion from a neighborhood unless the mountain lion posed an imminent threat. SB 589 allowed voters by mail to learn what happened to their votes. Voters by mail could contact their local Registrar of Voters to learn whether their votes were counted. SB 557, of particular interest to Palo Alto, ensured funding could not be removed from Caltrain electrification and reiterated that a blended system must be used on the Peninsula. A senior scam stopper seminar was scheduled for September 27, 2013.

Herb Borock reviewed the history of the appointment of Michael Edmonds as Acting City Auditor. All meetings concerning Mr. Edmonds' appointment were public as required by the Brown Act. No public meetings were held regarding the current appointment of an Acting City Auditor.

Stephanie Munoz requested the Council review the City's basic development policy.

Omar Chatty reported three people were killed by Caltrain over the past two weeks. Caltrain was outdated and should be replaced. Since 1995, 199 people had died. A blended system was not safe. The electrification project was really for High Speed Rail rather than for Caltrain.

Trina Lovercheck felt Ordinances were adopted without data supporting the need for the Ordinances. She reviewed the Human Relations Commission's history regarding homelessness.

MINUTES APPROVAL

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Kniss to approve the Minutes of August 12, 2013.

MOTION PASSED: 9-0

CONSENT CALENDAR

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Price to approve Agenda Item Numbers 4-10.

4. Budget Amendment Ordinance 5211 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto to Appropriate the State Homeland Security Grant Program Funds for Blue Card Command and Control Certification."

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5. Approval of Amendment No. 1 to Contract C13149552 with Turner Construction Company to Increase Compensation by \$785,000 for a Total Amount Not-to -Exceed \$1,485,000 for Additional Construction Management Services for the Mitchell Park Library & Community Center Project.
6. Approval of Amendment No. 1 to Contract No. C12144101 with WMB Architects, Inc. in the Amount of \$105,974 for a Total Not-to-Exceed Amount of \$284,691 for Design of Improved Public Lobby and Meeting Spaces and Consolidation of Utilities Customer Service Functions on the First Floor as Part of the City Hall First Floor Renovations Capital Improvement Program Project PE-12017.
7. Approval of Amendment No. 20 to Contract No. S0114750 With The Peninsula Corridor Joint Powers Board for Rail Shuttle Bus Administration to Extend the Term for Six Months and Add \$26,684 for a Total Not To Exceed Amount of \$2,903,928.
8. Resolution 9373 entitled "Resolution of the Council of the City of Palo Alto Approving the 2014 Municipal Fee Schedule Amendments."
9. Approval of Utilities Enterprise Fund Construction Contract No. C141541174 with DN Tanks, Inc. In a Not to Exceed Amount of \$340,000 for Repairs at Mayfield Reservoir.
10. Confirmation of Appointment of Hillary Gitelman as Director of Planning and Community Environment.

MOTION PASSED: 8-0 Klein absent

Hillary Gitelman, Planning and Community Environment Director, was excited to be joining the City of Palo Alto. Planning was about the past, present and future.

ACTION ITEMS

11. Review of Preliminary Economic Analysis Report for a Planned Community (PC) Rezoning to Accommodate: 1) Four-Story Office Development at 395 Page Mill Road; and 2) Three-Story Public Safety Building with Attached Six-Level Parking Structure Located at 3045 Park Boulevard.

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Aaron Aknin, Planning and Community Environment Interim Director, reported that the City Manager directed Staff to perform an economic analysis of the public benefit contained within a proposed Planned Community (PC) development. The economic analysis attempted to capture the value of the public benefit provided to the City. The Council's input to the report would be incorporated into a revised report. The project proposed construction of two four-story buildings at 395 Page Mill Road in addition to the existing AOL building. Across the street at 3045 Park Boulevard, the project proposed construction of a 44,000-square-foot Public Safety Building in addition to secured parking and parking for the development at 395 Page Mill Road. The AOL Building contained approximately 219,000 square feet, which was in excess of the amount allowed under current zoning. The site was zoned General Manufacturing with a 0.5 floor area ratio (FAR). It was a large development, especially when compared to historic construction outside the Stanford Research Park.

Doug Svensson, Applied Development Economics, indicated a number of cities were looking at the relationship between development and potential community benefits. Two key parameters in those considerations were consistent with the PC Zone in Palo Alto. The first was that the community benefit must be above and beyond any mitigation for direct impacts. In most programs the development incentive was also above and beyond the base amount zoning would allow. PC Zoning was an incentive program to fund community benefits through the development process. This analysis represented a beginning effort to develop more formal procedures for review of these kinds of situations. In addition to the analysis, he worked with Staff to identify best practice models and to develop parameters for creation of a formal process. The initial step was understanding the proposal. The Jay Paul Company purchased the AOL site and proposed an intensification of use and use of an adjacent site. The basic approach to this type of development was to build the development and operate the office building for a time. There were some extraordinary development costs for the site as it was a superfund site. The proposal was to develop the Public Safety Building in tandem with the office development. The 395 Page Mill Road site was an existing development; therefore, the land could be considered a sunk cost and not associated with the proposed development. The Public Safety Building was a public benefit; however, the City could consider an equivalent amount for other benefits. The purpose of the discussion was to obtain Council input regarding the various issues. He expected the two office buildings to be constructed within an 18-month period with the Public Safety Building being part of the second year of construction. Some existing parking would be lost during the construction phase. Costs of construction ranged from \$440 per square foot for the office buildings to \$120 per square foot for the structured parking.

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Site development costs were relatively high given the soil condition on the site, and were estimated at \$18 million. The total construction cost would be approximately \$185 million. City fees such as impact fees and building permits, the cost of the Environmental Impact Report (EIR), and other soft costs such as marketing and leasing were estimated at an additional \$24 million. Financing of construction added another \$8 million. He estimated a grand total of \$217 million to construct the two office buildings. Based on a projection of financing arrangements, he estimated the company would need to front approximately \$88 million in cash along with financing. On the revenue side, he estimated lease rates would be \$5.40 per square foot per month, and assumed a 2 percent vacancy rate based on the current market. After adding revenue for parking, the gross revenue was projected to be approximately \$22 million a year. He assumed the Developer would bear some common area costs, but the annual increases would be passed directly through to the tenants. By translating the net operating income into a sales value, he developed an overall value for the project of approximately \$245 million, slightly less than \$790 per square foot. Given the initial investment of \$88 million and the projected revenues, the project would break even in year 18 if held for 30 years. Over 30 years, the internal rate of return would be 6 percent. The project would generate actual cash of \$171 million over 30 years. In today's dollars that amounted to approximately \$15.7 million, which would be an approximate 17 percent return on the Developer's equity investment. In a scenario without the Public Safety Building, the return on investment would be \$39.7 million. A series of risk factors could improve the Developer's position in the project and some could make it worse. Factors that could be adverse to the project from the Developer's standpoint were increased interest rates, higher than projected site costs, and faster escalation of construction costs. At this stage in project planning, there was not a California Environmental Quality Act (CEQA) analysis; therefore, the economic analysis did not include any costs associated with mitigations. He assumed a low vacancy rate. If the general economy declined, then the vacancy rate could increase and the annual revenues could decrease. If operating costs could be passed through to tenants, then that impacted the value of the project. From the City's perspective, the sunk costs of the land improved the profit outlook. If the market continued strong and capitalization rates moved, then the project could have a higher value than projected. As the initial scenario was developed, the land cost and site development costs of the project were relatively fixed but could be mitigated. The size of the project could be reduced; however, a foundation and a basement would still be needed. Almost any size project on the site would have to deal with soil issues. If those factors were held constant, then reducing the project 25 percent would decrease the amount available for the public benefit by 60 percent. The economic analysis assumed 60 percent of the profit would fund the public benefit. If a higher percentage

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was devoted to public benefit, then the numbers would change. If land costs were removed and site development was more scalable, then the public benefit and the size of the project moved closer to a 1:1 ratio. If the land value was removed, then the net present value increased to \$46.9 million, which resulted in another \$30 million that could be assigned to public benefit. The economic analysis was a projection based on assumptions. He was interested in Council input on key decision points in order to perform the remainder of the analysis. The development market was inherently risky. Typically Developers added a risk margin to cover risk factors that could be adverse to a project. The portion of the profit that should be allocated to public benefit was open to discussion. His approach and the basic model were tools the City and the Developer could use as the project moved through the planning process. It was a method to consider different alternatives for the project and different considerations of what constituted public benefits.

James Keene, City Manager, remarked that the Council could choose to pursue other factors and methodologies. The public benefit analysis was separate from the zoning review and CEQA analysis. The project, which required PC Zoning, was entirely within the Council's discretion. The Council could demand any public benefit level, regardless of an analysis. Staff's role was to support the Council's decision.

Elaine Johnson understood the scope of the development would add at least 1,200 cars per day to traffic. The current traffic backed up daily into the Ventura area. Three proposed driveways would cross the bicycle boulevard, which would not be safe for bicyclists and pedestrians.

Robert Moss agreed with performing an economic analysis; however, there were problems with the initial study. Office building development costs should have been estimated at \$200-\$300 per square foot. The \$33 million amount for the land was grossly overestimated. The cost for parking spaces was higher than normal. Operating revenue should be more than \$7 per square foot. The construction costs were overstated, and the value of the construction was grossly understated.

Herb Borock referred to analyses performed by others in the press. Using figures from the analysis and Former Mayor Rosenbaum's standard for public benefit, the City's public benefit should be \$55 million. The study understated revenue and overstated expenses; therefore, the City's share should be more than \$55 million. The project should not proceed.

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Stephanie Munoz felt the City's zoning plans were not observed. The increase in density would increase traffic and auto pollution. The public did not want the Public Safety Building.

David Adams stated the economic analysis began with a false assumption. The rezoning was not mentioned, and the benefit to the Developer was ignored. The size of the existing building was stated differently in the City Manager's Report, in the economic analysis, and on Jay Paul Company's website. The parking ratio was extremely low. The project violated the City's height limit. He urged the Council not to approve the project.

Arthur Liberman did not understand how a project with 1,700 parking spaces fit into the initiative of reducing traffic. He requested the transportation division hold a meeting with the community regarding the traffic study before it was presented to the Council.

Ray Bacchetti felt an unmistakable benefit of the project was a Public Safety Building. Recent studies indicated the need for a new Public Safety Building.

Neilson Buchanan supported a new Public Safety Building for the City.

Mayor Scharff stated the Council could make Motions concerning the economic analysis; however, Staff requested review and comment on the analysis.

Mr. Keene reported the Agenda Item had the nature of a Study Session; however, the Council could provide specific directions to Staff.

Council Member Burt did not understand why the land cost was included in the analysis. There was no incremental cost of land for the Developer to add 311,000 square feet. The cost of environmental impacts was embedded elsewhere in the calculation.

Mr. Svensson explained that the initial scenario was an opening to evaluate the project. He understood the concern about including the land cost; therefore, he provided alternate scenarios without the land cost. Because the development company bought an existing site and proposed the intensification, he included the assumption.

Mr. Keene noted the Developer acquired the two sites at different times. There was existing value in the parking site and more development potential in the existing zoning.

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Council Member Burt agreed that the land value issues could be separated. He could not find any rationale for attributing land value to the primary site. Assuming the land for the parking garage and Public Safety Building was built at fair market value, the analysis became more complex. He inquired whether the development costs included the land.

Mr. Svensson answered no.

Council Member Burt did not understand how the construction of an office building would be twice as much per square foot, excluding land costs, than the average sale price throughout Silicon Valley. Everything that flowed from the report was fatally flawed. The report stated that if the project was reduced by half, there would be no possibility of any public benefit contributions with the same rate of return. He knew there were big dollars left over for public benefit on projects far smaller than the proposed development.

Mr. Svensson reported the average value in Silicon Valley was a gross average for many different property types. The construction costs contained in the analysis included parking, basements, and site development.

Council Member Burt noted the average transaction price in San Francisco was \$582 per square foot, another \$100 below the report's construction costs excluding land costs. At this point in time, the report was not informative with respect to economic benefits of the project. The proposed economic benefit of a new Public Safety Building was large. PC Zones should be applied to uses appropriately requiring flexibility under controlled conditions which conformed with and enhanced Comprehensive Plan objectives. PC Zones were used in circumstances where design and zoning constraints could be relaxed to allow for a better project. There would be intrinsic benefits to that project. There would be public benefits alongside the intrinsic benefits. The PC Zone was not designed to eliminate zoning. The discussion should focus on additional development on the site that would be appropriate and consistent with the area plan and road capacity. The economic analysis needed to return to the Council when a traffic study and a draft of the California Avenue Area Plan were available. The Council should make decisions based on the right design for the area. The Council needed to return to public meetings regarding vision for areas. He rejected further consideration of the economic benefit until those other components were in place.

Vice Mayor Shepherd understood this was the process for examining the exchange for an exception for zoning. The California Avenue Area Plan should be presented to the Council.

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Over a year ago, the Council directed Staff to explore the project with the Developer. The Council was not deciding the public benefit at the current time. It was reviewing the methodology of the economic analysis of a public benefit value. This type of analysis was performed to determine construction costs for a construction loan. She wanted to see the economic benefit of a no build and the value of a 30,000-square-foot Research and Development building. From there, she wanted to determine the added value for the project. The City could create exemptions to capture a public benefit. She would include the land cost in order to explain to investors the cost of the project. With no zoning changes, it appeared the City would need to provide a public benefit to the Developer to develop the site. This type of analysis was not typical for the Council. She wanted to see what could be built versus a proposed project. She inquired whether it was typical to give away the square footage of the building, and whether the site of the proposed Public Safety Building was currently vacant.

Mr. Aknin reported one building was located there with a vacant construction site adjacent.

Vice Mayor Shepherd requested an explanation of the consideration of the square footage of the parking site with the 30,000 square feet that could be built under current Research and Development zoning. A Research and Development building did not require the same number of parking spaces as a Class A office building.

Mr. Aknin explained that generally outside the Downtown commercial district, parking was not included in the overall FAR totals. Within the Downtown commercial district, parking was included in FAR.

Amy French, Chief Planning Official, noted in some districts above-grade parking was included in FAR.

Vice Mayor Shepherd asked if below-grade parking was part of the FAR.

Ms. French indicated below-grade was not included in FAR.

Vice Mayor Shepherd asked how the Council should consider the 164,000 square feet of parking, because it could not all be placed underground.

Mr. Aknin suggested the Council consider that as part of the overall development application in terms of a suitable use for the site. A suitable land use for the site was a different issue.

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Vice Mayor Shepherd did not wish to consider the parking garage as part of the value the City would receive, when the garage would be tied to the AOL site.

Mr. Keene agreed the garage should not be considered as a benefit for the City.

Vice Mayor Shepherd would like to see the analysis move from a no-build to the proposed build to allow the Council to determine the value of the benefits given to the Developer. She expressed concern that the Council had not made progress in obtaining a new Public Safety Building.

Council Member Price felt this was an opportunity to utilize PC Zoning in a responsible way. The economic analysis was not perfect, but it was credible in many areas. The community was concerned with the true value of a public benefit. The City was in critical need of a new Public Safety Building. She concurred with comments regarding traffic and the California Avenue Area Plan. She inquired about a gross cost of possible mitigations from the EIR process.

Mr. Aknin did not have an estimate.

Council Member Price asked if Staff had an estimate of costs for traffic mitigations.

Mr. Aknin responded no.

Mr. Keene stated the land use decision and potential mitigations needed to be separate from the proposal from a policy point of view. Obviously the project would have to mitigate impacts. Even though the consultant identified the fact that mitigation costs could affect the Developer's investment, the Council had not subscribed to that perspective.

Council Member Price inquired about the type of construction considered in the comparison. The comparative projects must have included a range of construction costs and different products.

Mr. Svensson assumed in this location for this type of development, the project would need to be premium construction with some consideration of high-end construction. The requirements for building on this site would dictate that. A great deal of the cost was in the basement and structured parking.

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Council Member Price asked if the sensitivity analysis could include a range of estimates.

Mr. Svensson reported the model was designed to handle that type of analysis. It was difficult to look over a period of time with a number of different assumptions moving at the same time. However, he could perform different projections based on a range of construction costs.

Council Member Price assumed the existing conditions on the site would be included in the traffic study.

Jaime Rodriguez, Chief Transportation Official, indicated Staff would review that as part of the Transportation Demand Management (TDM) Plan for the project. Normally it would not be part of a Traffic Impact Analysis. If the Council wished, Staff could request the Developer to consider that information as part of the Traffic Impact Analysis.

Council Member Price felt it would be worthwhile to have that information. She inquired whether the square footage was gross or leasable.

Mr. Aknin stated the figures were gross.

Council Member Price believed the distinction was useful.

Council Member Klein felt the discussion should focus on the economic analysis. The City polled regarding the Public Safety Building in 2008 and 2013. The results were similar in that 60 percent of respondents favored a new Public Safety Building in the \$40 million range. The traffic study was a determining factor for the project. A discussion of public benefit should not be held until the Council decided that traffic impacts were manageable. He expressed concern regarding the consultants performing the traffic study. He accepted the assumptions in the economic analysis with the exception of the Developer holding the property long term. He wanted a simplistic analysis indicating current value of the property and the value subsequent to rezoning of the property. He did not want to know construction costs or rate of return.

Council Member Berman supported having an economic analysis. A new Public Safety Building was a high personal priority. The land cost for 396 Page Mill Road was a sunk cost and should not be factored into the analysis. The carrying costs should not be included. He inquired about the 1.2 percent for the land holding costs.

Mr. Svensson reported that was the property tax.

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Council Member Berman asked if Mr. Svensson would normally not consider the financing cost of purchasing the land.

Mr. Svensson indicated the financing costs were built into other parts of financing. It was not a significant cost; therefore, it was not included.

Council Member Berman asked why the consultant assumed the Developer could obtain only 65 percent financing rather than 80 percent.

Mr. Svensson explained that 65 percent applied to the construction loan. The long-term loan was calculated at 70 percent of loan to value ratio.

Council Member Berman asked why the long-term loan did not assume 80 percent financing.

Mr. Svensson reported that 70 percent was the amount quoted in research.

Council Member Berman inquired whether Staff requested a pro forma from the applicant.

Mr. Svensson indicated Staff did not receive a pro forma from the applicant.

Ray Paul, Applicant, intentionally kept the discussion with Staff at arm's length in order to provide an independent analysis. The applicant could not obtain 80 percent financing.

Council Member Berman felt a pro forma from the applicant would be valuable.

Mr. Paul noted the consultant's analysis was close to the applicant's analysis; although, the methods were different. The applicant had detailed cost estimates from professional estimators, including the mitigation costs associated with the superfund site. He did not share those, but he understood them.

Council Member Berman encouraged the consultant to review the numbers for inconsistencies. The use of high-end construction costs and rental rates was logical.

MINUTES

Council Member Schmid was mystified by inclusion of the land use. The \$5.40 rental rate was a starting point. He assumed current rental markets would grow 5 percent or 7 percent per year on average, rather than 2 percent. With only 1,700 parking spaces, the project would be under parked or the Council would grant an exception of 22-23 percent.

Mr. Paul reported the project was parked at the same level as the existing building, which was fully occupied. It was consistent with other developments he constructed throughout Silicon Valley.

Council Member Schmid explained the ratio of public benefit to private benefit was approximately 15 percent using square footage. That was a base number to understand the tradeoff. The Council could not make a decision without the traffic assessment. The size and scale of the project would probably preempt other developments. In addition to the traffic study, the Council should have the California Avenue Area Plan.

Council Member Holman felt the Public Safety Building was a critical project for the community. The Council was determining the future of communities one development at a time rather than setting a vision. The traffic study was the major driver of development at the site. She agreed with comments made by Council Members Burt and Schmid regarding land cost, and with Council Member Klein regarding the Developer holding the project. She inquired whether the Planning and Transportation Commission (PTC) initiated the project as a PC Zone.

Mr. Aknin replied yes.

Council Member Holman preferred having an independent economic analysis. She requested Staff provide the project comparisons including height and acreage. Any PC project should be compatible with the vision of the Comprehensive Plan. She looked forward to the next step occurring within the context of the California Avenue Area Plan and transportation model.

Council Member Kniss felt the Council was struggling with balancing the value of the Public Safety Building with the impacts of the development. It was difficult to comment on the economic analysis without the traffic study. The amount of traffic would be onerous.

Mayor Scharff inquired about the traffic impact fee for the Stanford Research Park.

MINUTES

Mr. Svensson explained that the City's traffic impact fees were segmented. The item was most likely mislabeled in the report. It represented the development impact fee, but the project was not located in the Stanford Research Park.

Mayor Scharff felt more work was needed regarding the sensitivity analysis and that the land cost should not be included.

Mr. Paul explained that land cost was included to apportion the land used by the project. Otherwise, the analysis of returns burdened one building with the full land cost and the lender would not accept it. Without the Public Safety Building, the applicant was offering about 20 percent of the cost that it would have to expend to build the project. He was surprised by the skepticism with regard to the economic benefit.

Mayor Scharff suggested the Council vet all assumptions carefully. He encouraged the consultant to remain independent, but to check assumptions with the Developer. He inquired whether the Developer was willing to share data on the project, to the extent possible.

Mr. Paul would share basic assumptions. To some degree, he could share cost numbers and rationale. He could share substantially more from an economic point of view.

Mayor Scharff asked if the Developer had a simple method for determining the value of the benefit.

Mr. Paul noted the company tended to build and hold properties. With the correct assumptions, the current and future values should flow together.

Mayor Scharff inquired whether utilizing the stabilized value less costs to determine the profit, and then determining the sale price was a fair method.

Mr. Paul indicated he routinely performed that calculation in-house, but it depended on cap rates, interest rates and rents at that moment in time. Every method had problems. He did not know how to calculate a value utilizing Council Member Klein's suggested method.

Mayor Scharff believed the traffic analysis would drive the size and scope of the project and determine whether there would be a project.

MINUTES

Mr. Paul did not disagree. In the interests of efficiency, items could be addressed separately. It was not irresponsible for the Council to have economic information with the understanding that it was not the complete picture. The Council would not make a decision based on economics alone. The Council was considering whether the benefit was worth the traffic problems.

Council Member Holman suggested Agenda Item Number 13 be heard before Agenda Item Number 12 due to time constraints.

Mayor Scharff agreed.

11B. (Formerly Agenda Item Number 13) Approval of City of Palo Alto's Response to the 2012-2013 Santa Clara County Civil Grand Jury Report - "The State of Public Safety Disability Retirement Rates In The County."

Kathryn Shen, Chief People Officer, reported the Santa Clara County Grand Jury reviewed the rates of Industrial Disability Retirements (IDR) throughout the county, specifically for agencies with both police and fire services. Staff recommended the Council approve the proposed response.

Herb Borock stated that until 2000 the Table of Organization for the Police Department included six additional officer positions to fill in for both disability and training. The City no longer had budgetary authority to replace police officers on disability leave or retired police officers.

Council Member Berman noted a typographical error in that Finding 3 should be Finding 4. The table on page 192 should be total retirements rather than total requirements. He inquired about the lack of an option for permanently disabled officers to remain employed in a permanent light-duty capacity

Eric Nickel, Fire Chief, explained that larger organizations had opportunities for permanently disabled, long-term disabled, and permanent and stationary disabled Safety Employees to work desk jobs. Those positions were not available in an organization the size of Palo Alto's Public Safety Department. Safety Employees could work in full, unlimited capacity or work temporarily under the one-year recuperation period.

Council Member Berman asked if it was a policy decision not to provide permanent light-duty jobs.

MINUTES

Mr. Nickel answered no. The decision was driven by economics and the size of the community.

Council Member Klein inquired whether the City had a similar problem in the 1980s.

Dennis Burns, Police Chief, agreed there was a similar problem in either the 1980s or early 1990s.

Council Member Klein asked how it came to the Council's attention.

Mr. Burns did not know.

Council Member Klein inquired whether he recalled the solution at that time.

Mr. Burns did not recall that information.

Council Member Klein asked if a higher disability rate had crept into the culture of Safety Employees.

Mr. Burns did not believe so. Most people involved in Public Safety did not look forward to leaving the field. The Public Safety Department attempted to keep employees fit, safe and well physically, mentally and spiritually. He tried to address problems early in order to manage smaller issues.

James Keene, City Manager, asked both Chiefs to track the annual experience and provide a yearly report. The reports would be compared with other jurisdictions in order to determine trends.

Council Member Holman questioned the difference between the City's percentage and the Grand Jury's percentage.

Ms. Shen did not know how the Grand Jury calculated its percentage. According to the City's data, the City had a 34 percent IDR rate, much lower than the 51 percent found by the Grand Jury.

Mr. Keene explained that the Grand Jury requested the information and City Staff provided it. Either the Grand Jury made an arithmetic error or injected some other factor or numbers into the analysis. Because the Grand Jury disbanded, Staff could not question it.

Council Member Holman was pleased with the average rate of 34 percent. She inquired about causes for the Fire Department's rate being lower than average and the Police Department's rate being higher than average.

MINUTES

Mr. Burns felt a number of injuries resulted from wear-and-tear rather than a specific injury. The City was purchasing vests for officers to reduce the weight of the gun belt, because a number of injuries were lower back problems. In addition, the ergonomics of new patrol cars would be better. He wanted to hire employees who demonstrated that health and fitness were a way of life.

Council Member Holman asked if the fitness regimen was required for Fire Employees and simply made available to Police Employees.

Mr. Nickel indicated Fire Employees had mandatory workout periods during the course of the working shift. The program was modeled on one of the national best practices.

Mr. Burns reported that Police Employees who participated in the program with Sequoia Medical Center were allowed to work out an hour a day on duty. Approximately 80 percent of officers participated.

Council Member Holman inquired whether Police Employees could be required to participate.

Mr. Burns could speak to unions about requiring it. Generally participation would be embraced.

MOTION: Mayor Scharff moved, seconded by Council Member Kniss to: 1) approve the following response to the 2012-2013 Santa Clara County Civil Grand Jury Report, "The State of Public Safety Disability Retirement Rates In The County;" and 2) the Mayor will send a letter to the Grand Jury with the City's Response by the deadline, September 30, 2013, to include the corrections indicated.

Council Member Schmid expressed concerned about the discrepancy between the Grand Jury's data and the City's data. He noted question 62 did not have a response, and asked if the Grand Jury did not ask the question or if the City did not respond.

Ms. Shen indicated that that information was provided to the Grand Jury subsequent to the report via email.

Council Member Schmid asked if there was a discrepancy between City records and the California Public Employees' Retirement System (CalPERS) records.

MINUTES

Ms. Shen had not found a discrepancy. She could not explain how the Grand Jury reached its conclusion.

Council Member Schmid understood the Grand Jury would have someone available to answer questions about the report.

Ms. Shen contacted the Grand Jury, and there was no one available to answer questions.

Council Member Schmid inquired whether providing emergency medical services was a benefit or a hindrance in terms of injuries.

Mr. Nickel indicated Palo Alto Fire was the only Fire Department within Santa Clara County that provided ambulance services. Because two-thirds of calls for service were for medical services, the opportunities for injury were greater. The majority of injuries occurred in lifting and transferring the gurney.

Council Member Schmid asked if the Fire Department should attend to a different kind of detail because it provided emergency medical services.

Mr. Nickel responded yes.

Council Member Schmid requested a breakdown on the number of occupational disability claims made because of providing medical services.

Mr. Nickel did not review injuries from that perspective. He had a general breakdown that orthopedic injuries accounted for 90 percent of total injuries and cardiovascular injuries for 10 percent. He could review the data and provide that information.

Council Member Schmid suggested Staff compare emergency medical service injuries to Santa Clara County health service injuries.

MOTION PASSED: 9-0

12. Colleague's Memo From Mayor Scharff, Vice Mayor Shepherd, Council Members Kniss and Price Regarding Palo Alto Traffic Demand Management Plan.

Vice Mayor Shepherd noted Palo Alto had 65,000 residents and those numbers doubled during the day. A Transportation Demand Management (TDM) Program was intended to reduce solo trips throughout the downtown area.

MINUTES

The purpose of the Colleagues Memo was directed toward creating better corporate citizenship and a smoother process for those entering the City from neighboring communities. Staff was instrumental in writing the Colleagues Memo and she felt some of the information needing to be included the future Staff Report; 1) The Infrastructure Committee was looking into a mechanism for parking garages called the Mello-Roos District, 2) The City Manager had introduced the concept of a residential parking permit system, and 3) Council would be reviewing the proposal to suspend parking exemptions for new developments. The recommendation of the Colleagues Memo was for Staff to develop a comprehensive TDM Plan for the California Avenue, Downtown Districts, and Stanford Research Park for the goal of reducing solo car trips by a minimum of 30 percent. During a Bay Area Council Regional meeting she met someone who had been involved in similar processes over the past 30-years for the Contra Costa Transit Center (Center). She visited the Center with Council Member's Kniss and Price and Acting Director Aaron Aknin. They were pleasantly surprised to see what had been crafted was a system that was not waiting for the Bay Area Rapid Transit (BART) System but rather working with other transit systems and businesses to create a program that was able to subsidize upward of 50 percent of their own ridership.

Council Member Price stated TDM was not a new concept; it began in the 1980's both, in the public and private sectors. Within the region there were a number of sophisticated corporate campus TDM systems; although, Stanford was the poster child for such programs. The concept of the program included climate change and greenhouse gas reductions.

Council Member Kniss noted the Contra Costa and Stanford areas were contained; however, she believed Palo Alto could do very well with the program. She expressed a program of this extent had not been undertaken by Palo Alto and it was ambitious. She strongly suggested the recommendation incorporate a consultant.

Arthur Keller, Planning & Transportation Commissioner, felt the Planning & Transportation Commission (PTC) should be involved in the effort. The PTC was currently finalizing the Transportation Element which was scheduled to be reviewed by Council soon. He noted Google had inquired whether there was a TDM for the East Meadow Circle area so he suggested considering widening the areas of TDM consideration. He spoke with a number of startup companies in the downtown area and they agreed to participate in a shuttle program for their employees.

MINUTES

Neilson Buchanan stated the TDM program was a positive idea for the City. He requested proper funding, tracking, and staffing of the effort in order to accomplish it in a timely manner.

Herb Borock stated the future development of the types of transportation in the City was important. He did not believe the road network in the region could satisfy any further growth. It was important the issue being presented to the public matched the objective for achievement. He felt the future intent of the TDM needed a link between the program and the amount of development.

Adina Leven noted Stanford had reduced the amount of parking development because of their TDM program's success. When their program began there was 72 percent of employee's driving and now, a decade later, there was 42 percent. She urged Council to engage the consultants to determine an aggressive and achievable goal.

Omar Chatty asked the Council to recognize the value of a single occupied vehicle. He mentioned San Francisco had a TDM program and the city was continuously in a state of gridlock. The High Speed Rail advocates higher density and more growth while the Supreme Court has upheld growth control since the early 1970's.

Stephanie Munoz spoke about Stanford providing housing for their hospital employees and encouraged the Council to promote that type of TDM. She requested the Council suggest the County of Santa Clara eliminate a transfer fee on the bus schedules. She suggested the High Speed Rail train could be more useful in a TDM program.

Mayor Scharff understood the realization of the parking and traffic issues in Palo Alto becoming the number one concern for the City. The issues need to be resolved and the community needed to see there is a comprehensive plan to accomplish a resolution. The Colleagues Memo was a step in laying out the vision on how to accomplish the end result; 1) suspend the parking exemptions, 2) institute a residential parking permit system, and 3) a plan to build parking garages. He believed items 1 and 2 were in play and would return to Council soon while building garages would take significantly more time. Palo Alto was a terrific City and deserved to be highly functional; a reduction in transportation was necessary.

MOTION: Mayor Scharff moved, seconded by Council Member Price to direct Staff to develop a comprehensive Transportation Demand Management (TDM) plan for the California Avenue and University Avenue Downtown Districts, the Stanford Research Park, and East Meadow Circle,

MINUTES

with the goal of reducing solo car trips by at least 30 percent and return to the full Council for further policy direction prior to initiating CEQA review, soliciting contracts, or proposing new fees, Ordinances or Resolutions. The City Manager shall retain a consultant to assist in the expeditious development of a rigorous TDM plan.

Council Member Price encouraged her Colleagues to move forward with the Motion on the table.

Council Member Klein believed there needed to be dramatic action taken in the community. He noted he was familiar with one of the cities mentioned earlier with respect to their TDM program and he did not see it made a positive difference. He believed the entire community residential and business needed to be involved before such a program was implemented.

SUBSTITUTE MOTION: Council Member Klein moved, seconded by Council Member Burt to direct Staff to organize one or two Study Sessions with outreach to various stakeholders, to have appropriate speakers including representatives from Stanford and Contra Costa County and anyone else identified as an expert or critic, and Staff will report to the City Council at the same time as to the cost of any such study and its feasibility at an appropriate timeframe to come forward. Also to have the City Attorney identify and speak to any legal issues. Identify an outline for proposed ideas of financing such a program. Identify possible other solutions to the traffic and parking problems. Such report and Study Sessions to take place no later than January 2014.

Council Member Klein did not feel the current recommendation of Staff developing a comprehensive TDM was sufficient. There was not a clear understanding of the time or cost implications. He questioned whether there was Staff with ample expertise to accomplish the lofty goal. He stated he was not advocating for any specific solution although he felt casting a wide net to capture any relevant solutions for the issues including but not limited to parking garages, a more sophisticated shuttle system, and additional parking lots east of Bayshore should be considered.

Mayor Scharff clarified a TDM consultant was to be hired.

Council Member Klein stated it was not the normal practice for the Council to authorize Staff to hire a consultant and the City Manager had a limit to his spending account. He was unclear as to what precisely the consultant was being asked to study.

MINUTES

Council Member Burt was enthusiastic with the perspective of a TDM program. He agreed the normal practice was not to move from a Colleagues Memo to an authorization of a significant expenditure. The purpose of a Colleagues Memo was to discuss an important concept to agendize a more meaningful discussion after feedback from Staff. A TDM program was a complex process needing a great deal of work, commitment, significant community engagement, and PTC involvement. The Colleagues Memo discussed solo car trips and car trips which were not the same issue. He agreed the solo car trip was an important metric but did not believe the best metric for a TDM discussion. If the solo car trips were reduced by 30 percent by two single drivers commuting in one car it would not be a true 30 percent reduction.

Council Member Holman stated the topic of transportation affects every person who lived and worked in the community and it was an important topic to be brought forward. She did not feel rushing into a resolution was beneficial. She asked the Maker of the Substitute Motion whether the Motion was to route through the PTC.

Council Member Klein noted although he neglected to mention the PTC involvement he agree it should be included.

INCORPORATED INTO THE MOTION WITH CONSENT OF MAKER AND SECONDER for Staff to consult with the Planning and Transportation Commission during the time period between now and January 2014.

Council Member Holman mentioned the Motion talked about traffic and parking problems, if the Council was looking for solutions with community support she felt the Motion should include a reference to the Residential Parking Program (RPP) specifically.

Council Member Klein agreed and would consider altering the Motion language prior to the vote.

Council Member Kniss asked who would be the intended audience and participants for the Motioned Study Sessions.

Council Member Klein stated the City Council and Staff would identify the various stakeholders.

Council Member Kniss noted she was not in support of the Substitute Motion but asked for clarification on the goal of the Substitute Motion. She felt the original Motion clarified a comprehensive TDM program.

MINUTES

Council Member Price mentioned she would not be supporting the Substitute Motion. She felt if additional study and investigation were to be accepted, the TDM program would lack the focus which would result in delaying incremental changes.

Mayor Scharff agreed there needed to be Study Sessions although without hiring a consultant to determine what direction was best for Palo Alto there was not a subject to study.

Council Member Berman asked the number of employees in the downtown business district.

Aaron Aknin, Acting Director of Planning and Community Environment, stated an exact number would be difficult to determine but the last conversation with the Economic Development Manager the estimation was between 10,000 to 15,000 and the same for California Avenue.

James Keene, City Manager, noted there was not an accurate matrix system for tracking all employees throughout the City with varied shifts and schedules.

Council Member Berman stated for a comprehensive TDM there needed to be accessible data whether through a business registry or a business license tax that was revenue neutral. He did not see a clear difference in the end result between the Motion and Substitute Motion with the exception of a comprehensive process in the Substitute Motion. He noted his support for the Substitute Motion.

Council Member Schmid asked if there were continued plans to move forward with a comprehensive parking plan in the downtown area.

Mr. Keene recognized the Colleagues Memo tried to identify some tracks that were concurrent with TDM. Some of the concepts could be partly identified as TDM such as an RPP.

Council Member Schmid suggested changing the language after Study Sessions to include Transportation Demand Management; so the Motion was specific.

INCORPORATED INTO THE MOTION WITH CONSENT OF MAKER AND SECONDER to add "on transportation demand management" after "direct Staff to organize one or two study sessions."

MINUTES

Mr. Keene agreed with the thought process of Council Member Berman that there was unification between the two Motions with a matter of emphasis separating them. The question was to what extent did the Council see a TDM program happening and to necessity. He reiterated once the process began Staff would be returning to the Council regarding updated timelines.

Council Member Kniss expressed bringing both the Motion and Substitute Motion together. Traffic and parking have been a point of debate for the community for many years. She suggested Staff attempt to combine the Motions to a suitable and agreeable product for the entire Council.

MOTION: Council Member Kniss moved, seconded by Council Member Price to Table the item.

Vice Mayor Shepherd clarified Council Members' Kniss and Price were electing to have Staff return to the Council with a combined effort of the Motions but she did not feel tabling was the proper method to accomplish that goal.

Council Member Klein asked Councilmember Kniss to withdraw her Motion to Table and replace it with a Motion to Continue. He felt there should be the creation of a Committee with one Council Member from each side of the argument, appointed by the Mayor, to resolve the differences.

MOTION TO TABLE WITHDRAWN

MOTION TO CONTINUE: Council Member Klein moved, Mayor Scharff seconded to form a Committee of two Council Members, to be appointed by the Mayor to draft a Resolution with respect to a Transportation Demand Management plan and bring back to Council by the first meeting in October.

Council Member Burt supported the Motion to Continue. He believed the entire Council was in agreement on the issue and on embracing an aggressive and comprehensive TDM program. It was well advised to not rush in to something that was going to be a multi-year project. He acknowledged input from experts and the community would be an important part on how to frame the direction to the consultant.

Vice Mayor Shepherd saw the merit of the Substitute Motion and had some of the same views in developing the Colleagues Memo. Her understanding as a participant of the Colleagues Memo was there would be community and expert involvement and outreach prior to moving forward with the TDM program.

MINUTES

Council Member Kniss stated the four Council Members who brought the Colleagues Memo forward had been more than accommodating to the suggested changes.

MOTION TO CONTINUE PASSED: 9-0

COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

Council Member Berman announced that he was in New York attending a conference regarding Fiber to the Premises.

Council Member Klein commented on the process for appointing an Interim or Acting City Auditor.

Mayor Scharff said the position was appointed as an Acting City Auditor by the previous City Auditor. The Council Appointed Officer Committee believed they would be able to find a permanent replacement soon. The confirmation of the Acting City Auditor appointment would be on the next Council Agenda.

Vice Mayor Shepherd said she and the Mayor had been invited to witness the Governor sign a Memorandum of Understanding with China regarding climate change.

ADJOURNMENT: The meeting was adjourned at 11:43 P.M.