

Special Meeting
February 26, 2007

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FINAL ADJOURNMENT: The meeting adjourned at 10:03 p.m. in memory of William Rus, who recently passed away. He served on the Palo Alto Planning Commission from 1957 to 1961 and on the City Council from 1961 to 1967. 13

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:05 p.m.

Present: Barton, Beecham, Cordell, Drekmeier, Kishimoto, Klein, Kleinberg, Morton, Mossar

ORAL COMMUNICATIONS

Bonnie Packer, 768 Stone Lane, invited the Council and citizens to attend an event given by the Palo Altans for Government Effectiveness (PAGE).

Council Member Mossar requested to move Item No. 2 to the beginning of the Agenda.

MOTION: Council Member Mossar moved, seconded by Kleinberg, to move agenda Item No. 2 forward before Agenda Item No. 1.

MOTION PASSED 8-0 Barton not participating.

UNFINISHED BUSINESS

2. Public Hearing: Consider Approval of a Record of Land Use Action upholding the Director's decision approving a preliminary parcel map to create two parcels from one parcel at 897 Barron Avenue. *(Item continued from 02/20/07 -- PUBLIC TESTIMONY CLOSED)*

Council Member Barton stated he would not participate in this item due to an ethical conflict since he had met with the owner of the property five and a half years ago.

MOTION: Council Member Mossar moved, seconded by Kleinberg, to approve the staff and the Planning and Transportation Commission's recommendation to deny the appeal and adopt a Record of Land Use Action to uphold the Director's approval of the preliminary parcel map to subdivide a single parcel at 897 Barron Avenue into two separate parcels and for staff to work with the applicant to protect the tree on the site, as well as placing a condition on the lot split retaining the existing house.

Council Member Mossar stated her support for the Director's decision with the conditions that staff works with the applicant to save the tree and retention of the existing house.

Council Member Morton stated he did not support the motion.

MOTION PASSED 5-3 Klein, Kishimoto, Morton no, Barton not participating.

City Attorney Gary Baum requested the minutes reflect Council Member Barton was not participating due to his role as a consultant on the project for the applicant early in the process.

REPORTS OF OFFICIALS

1. Recommendation for Council to Review and Comment on Preliminary Revenue Enhancements and Expense Reductions to Address the \$3 Million Infrastructure Funding Challenge

Council Member Cordell requested staff review the procedure of submitting information to the community prior to the meetings. She was reluctant to move forward with the presentation without public review of the staff report.

Mayor Kishimoto suggested continuing the presentation with the possibility of removal of certain items.

Council Member Kleinberg requested to move the discussion to a later date to allow Council and the public adequate time to review the information received today.

Council Member Mossar stated the documentation received at the meeting was too detailed to make an informed decision and agreed to pull the item for presentation at a later date.

City Manager Frank Benest requested the Council hear the presentation this evening and suggested if the Council chose not to take action this evening, the \$3 million infrastructure item would be moved to the Council meeting on March 12, 2007.

Council Member Kleinberg stated the hearing needed to remain open for public comment until March 12, 2007.

Council Member Morton stated the Council adopted the additional \$3 million for infrastructure as a Council priority and, therefore, the discussion needed to begin this evening.

Mayor Kishimoto agreed to hear the presentation this evening and take public comment.

MOTION: Council Member Drekmeier moved, seconded by Kleinberg, to hear the presentation and the public comments this evening, and to continue taking action on this matter at a future meeting.

Vice Mayor Klein stated both he and Council Member Mossar were going to be out of town on March 12, 2007, and suggested the discussion be continued on a day of the week other than a Monday.

MOTION PASSED 8-1 Cordell no.

Mr. Benest stated the recommended \$3 million plan for infrastructure was in response to the Council priority, which did not take into consideration new revenues from economic development initiatives or tax elections. The plan was considered achievable during the 2007-09 budget cycle.

Ron Cooper, 13500 Graton Road, Sebastopol, urged the Council to consider lessening the budget cut from the Public Arts Commission.

Jeffrey Blum, 1494 Kings Lane, did not support depleting funds for HSRAP programs.

Phillippe Rey, 4000 Middlefield Road, expressed the importance of HSRAP funds for the younger community.

Linda Lenoir, 487 James Road, stated a decrease in funding would result in an enormous detrimental impact to the agencies assisted by HSRAP funding.

Martin Bernstein, P.O. Box 1739, suggested the positions of Historic Preservation Planner and the Planning Arborist not be cut.

Tom Wyman, 546 Washington Avenue, stated concern regarding the break in the process of receiving materials prior to the meeting.

Crystal Gampage, 1568 Channing, requested the funding for La Comida not be cut.

Ruth Robertson, 762 Southhampton Drive, introduced the Raging Grannies and they sang against the budget cuts.

Mark Shepherd, 1556 Madrone Avenue, asked the Council to reconsider the Adolescent Counseling Services budget cuts from HSRAP.

Valerie Glassford, 3241 Greer Road, strongly urged against the cuts to the HSRAP funds.

Albert Carlson, 333 Parkview Terrace, Oakland, requested the City and the Council involve the residents and employees with more adequate and timely information so a proper informed discussion could be had.

Christine Lawson spoke against the outsourcing of the parks maintenance.

Ratu Serumalani, 239 Redwood, spoke against the outsourcing of the City parks maintenance.

Martin Eichner, 430 Sherman, stated he did not support the budget cuts for the Project Sentinel.

Ronna DeVincenzi, 2600 El Camino Real, #150, stated she did not support the Art Commission budget cuts.

Don Way, 320 Kellogg Avenue, stated the HSRAP funds were such a small amount that supported a large value of services. He requested the Council continue to support the effort.

Melissa Baten Caswell, 1139 Channing Avenue, urged the Council to not cut the HSRAP budget.

Beth O'Malley, 40 Crescent Drive, requested the Council not cut the HSRAP funding.

Shannon Turk, 711 Church Street, urged the Council reconsider the budget cuts to the HSRAP programs.

Marta Thoma, 4111 Higuera Road, San Jose, requested the Public Arts funds be maintained.

Robert Gaebler suggested the City would be sued for negligence for the way the budget had been handled over the past seven years.

Herb Borock, P.O. Box 632, requested the Council reconsider hearing the budget information and schedule a future date for the hearing. Mr. Benest would present his recommendations for the budget after a properly noticed public hearing.

Mayor Kishimoto stated the public hearing would remain open until the rescheduled date.

Council Member Barton asked Mr. Benest for clarification on the source of the HSRAP funding.

Mr. Benest replied the HSRAP monies came directly from the General Fund. The City had funded the partnership agencies with a pool of funds available for the Community Services or Human Services areas.

Council Member Barton asked that a list of agencies affected by the proposal be brought to the follow-up meeting.

Mr. Benest stated there was not a list available; the applicants apply annually for a two-year funding term. There was a list available for applicants currently receiving funds.

Council Member Barton requested the current agency list and the funding amounts be brought to the next meeting.

Mr. Benest agreed to furnish a listing of the current agencies and their funding.

Council Member Barton inquired about the elimination of the Police Records Specialist position with a resultant \$71,000 savings.

Mr. Benest stated the budget showed the additions and deletions of costs. The net effect in the Police Department was one less full time employee (FTE).

Council Member Barton commented on how difficult the budget cuts had been on all parties involved and asked how the proposal would have differed if the request was to perform a \$3 million cut in three phases.

Council Member Morton stated the infrastructure required a funding increase. Depleting the community funds was going to affect the City negatively.

Council Member Drekmeier stated staffing Fire Station 8 on all high-fire days during the summer season with a full company would save the City \$140,000. He asked about current staffing.

Mr. Benest stated, previously, there had been three firefighters on twelve hour shifts for the full summer. The program cost \$140,000 plus with a portion paid by Los Altos Hills.

Council Member Drekmeier clarified the cuts suggested were for a number of days not staff.

Mr. Benest stated the reduction of fire services seemed feasible, although the current three-year contract with the Union would create opposition.

Council Member Drekmeier asked how the increase in hazmat inspections saved \$50,000.

Mr. Benest stated the hazmat inspections were a self-supporting activity. With the existing staff and an increase in productivity, the revenue would be increased.

Council Member Drekmeier asked about the impact on the community with one less fire unit available.

Mr. Benest stated the City had a fully-staffed hazmat unit, which doubled as a heavy rescue unit. The City would need to rely on outside communities for assistance and most Cities did not have that level of service.

Council Member Drekmeier asked whether the subject of assistance had been discussed with other Cities.

Mr. Benest stated discussion had been ongoing with surrounding Cities.

Council Member Drekmeier asked whether the Planning Arborist was the same as the City Arborist.

Mr. Benest stated there were two arborists in the City of Palo Alto.

Council Member Drekmeier shared his concern regarding the feedback from Senior Management on the organizational distress.

Mr. Benest said the City had cut seventy positions without reducing any of the workload.

Council Member Cordell asked if the projected revenue increases were secure.

Mr. Benest stated his confidence was high for the Stanford Shopping Center proposed revenue increases.

Council Member Cordell stated there was a \$3 million revenue generation possibility in the shopping center redevelopment and the transient occupancy tax.

Mr. Benest stated the political will of the City and Council was the determining factor for the security of the revenue increase.

Council Member Cordell questioned the necessity of the Human Services cuts when Mr. Benest appeared confident about receiving the \$3 million in revenue.

Mr. Benest stated realization of the proposed shopping center revenue would not be for a few more years.

Council Member Cordell stated her opposition to the budget cuts being balanced on the depletion of the services for those who were most vulnerable.

Vice Mayor Klein inquired about the elimination of all Family Resources Program funding without an actual amount.

Mr. Benest stated it was decided at the end of fiscal year 2007, the City would no longer subsidize the programs.

Vice Mayor Klein stated without an actual dollar amount associated with the line item, it did not appear to be a reduction in the budget.

Director of Administrative Services Carl Yeats said the line item was not a reduction. The line item was inserted as a reminder that the City was moving forward with the recommendation.

Vice Mayor Klein asked how the amount saved changed from \$900,000 to \$1.3 million with the removal of a service unit from the Fire Department.

Mr. Yeats stated the Fire Department was delayed in the return of their input for cost savings. The first number was an estimated savings.

Mr. Benest stressed the removal of a unit from service was a large problem for the community growth.

Vice Mayor Klein asked if the Friends of the Library had no guarantee of annual income, how did the City plan on a revenue increase of \$67,000 based on a grant from the Friends.

Mr. Benest stated the objective was to show revenue to offset the costs. The City felt confident in the Friends of the Library's ability in the area of collections.

Mr. Yeats added there was a plan in place to increase City funding by \$100,000, and the Friends of the Library would match the funding with \$67,000.

Vice Mayor Klein stated the group was based on volunteer actions over which the City had no control.

Mr. Benest said the City increase was \$100,000 to the Libraries. If the Council wished to remove the Friends of the Library, the increase of the line item would decrease by \$67,000.

Vice Mayor Klein questioned the revenue increase of \$76,000 to offset the development related work for the two arborist positions. The proposal covered a quarter of their cost and he questioned the source of the remaining three quarters of the cost.

Mr. Yeats stated the revenue portion of the work that directly related to the development activities offset the remaining three quarters.

Director of Planning and Community Environment Steve Emslie stated the non-cost recovery items were staffing, administration, and enforcement.

Vice Mayor Klein asked about the reduction of the number of City managers.

Mr. Benest said the Auditor's Report referred to a standard number for management without proposing a reduction in the management force.

City Auditor Sharon Erickson stated the recommendation was for a framework to analyze the span of control in various departments.

Mr. Benest stated the eleven plus positions proposed had supervisory roles.

Vice Mayor Klein said the Council knew there were programs that needed to be eliminated during this process.

Mr. Benest explained during the past seven years there had been five large budget cut cycles. With each proposed cut, there had been tremendous negative feedback from all sides.

Vice Mayor Klein asked for a list of the non-partnership organizations in HSRAP funded by the City, and the percent at which they were funded.

Mr. Benest stated the City was committed to the service of the community and offered to establish the list for the return of the budget discussions. He mentioned the City of Palo Alto was unique in the aspect of utilizing General Funds to support non-profit organizations and Human Services programs.

Council Member Kleinberg asked what effect was created by the fifty percent reduction to the School District athletic funds.

Mr. Benest said the original agreement with the School District was based on a fifty percent split. The City had been paying more than half of the costs and was renegotiating with the District to revisit an equitable share of costs.

Council Member Kleinberg said the budget listed a \$50,000 reduction over a two-year span for middle schools. How was the delineation determined for middle schools.

Director of Community Services Richard James stated the middle schools had fee-based athletic programs.

Council Member Kleinberg asked the amount of the fee per child.

Mr. James stated the fees were approximately \$40 per child per season.

Council Member Kleinberg asked whether the fees discussed calculated to the \$50,000 reduction.

Mr. James stated the amounts would even out over the two-year span.

Council Member Kleinberg stated the proposal showed \$50,000 increase in the first year for the School District fields.

Mr. James stated the proposed amount covered the actual amounts. The City and the District agreed on a split budget, which had varied. The deductions and increases were to bring the actual amounts where they were scheduled to be.

Council Member Kleinberg clarified there was \$25,000 to the middle school parents each year and \$50,000 to the School District the first year. She asked whether there a possibility of amortization if the District was unable to produce the funds in the first year.

Mr. Benest said the City had an agreement with the District for an equitable cost split. The cost had risen and, therefore, the District was requested to encumber that increase.

Council Member Kleinberg asked for the percentage of the \$24,000 administration fees of the total CDBG funds.

Mr. Emslie said the annual grant was around \$800,000.

Mr. Benest stated the City was proposing to utilize the CDBG funds for affordable housing, related activities, and the staff that supported CDBG.

Council Member Kleinberg stated concern for not having received a cost analysis for the reduction of proposed positions.

Council Member Mossar asked whether the communications position under the City Manager's budget was responsible for public communications in the Manager's office and the Utilities Department.

Mr. Benest stated the goal was to cut communications services costs by combining the two positions.

Council Member Mossar inquired about the implementation of the library book delivery policy. She questioned whether the books were to stay where they were returned.

Mr. Benest stated the proposed policy was to implement the library program.

Council Member Mossar requested the location of the other revenue enhancements not included in the plan such as, Junior Museum and Zoo, the non-profits, and the golf course management study be moved to the last page of the budget.

Mr. Benest said the placement of the line items would be moved.

Council Member Mossar stated the Station 8 reductions were not recommended the first round of budget proposals and she asked why it returned as a possible reduction.

Mr. Benest stated a fully-staffed engine company on a low risk fire day was not necessary at such a high cost.

Council Member Mossar stated the CDBG committee recommended, and the Council agreed, to move the administrative costs out of the CDBG budget in order to have more funds to support the service agencies.

Mr. Benest stated he did not recall that particular decision.

Council Member Mossar recommended receiving a summary of the history of the usage of CDBG funds prior to the return of the budget discussion.

Council Member Beecham said a sustainable budget was one where the future residents were not burdened with today's consumption. The proposed current budget showed signs towards sustainability.

Mayor Kishimoto stated the Fire, Planning and Police departments had increased the most from cost recovery. She asked whether the Fire Service Plan was forthcoming.

Assistant City Manager Emily Harrison said the Fire Service Plan had not been scoped at that time. She said the completion of the Emergency Plan had taken priority.

Mayor Kishimoto asked whether the purpose of the Standards of Coverage was to look at the City coverage for fire services.

Ms. Harrison understood the importance of the project; however, it was postponed for completion of higher priorities and was proposed for completion in April 2007.

Mayor Kishimoto asked when the Council would review the completed plan.

Ms. Harrison stated there had not been a set schedule for return to Council.

Ms. Erickson said the idea was to look at response time, placement of stations, and placement of different engine companies over the past years.

Mayor Kishimoto said the budget needed to look at substantial areas of necessity and take the rationalization to the community. She asked when the budget discussions would return to the Council.

Ms. Harrison stated the budget discussions had been placed on the calendar for March 12, 2007.

Mayor Kishimoto wanted to be sure Council Member Mossar and Vice Mayor Klein were able to attend.

Council Member Mossar stated they would return March 13, 2007.

Mr. Benest suggested March 6, 2007 for the return of the budget discussions.

Ms. Harrison suggested the Mayor and the City Manager work together to coordinate a date and then inform the public.

Council Member Morton asked for a list of departments that showed cost savings due to retirements.

Mr. Benest stated most of the positions retiring were to be re-filled. The cost savings occurred when positions were combined. Generally, there was going to be a net reduction of four positions.

Council Member Morton asked whether it was anticipated for all four positions to be out of the same department.

Mr. Benest said he was uncertain until the completion of the retirements and postings were filled.

Vice Mayor Klein stated it appeared that \$947,000 of the proposed reductions out of the \$2.5 million were in question. The proposed budget appeared to be a good start.

COUNCIL MATTERS

3. Transmittal of a Request from the Taser Task Force to Extend the Deadline of the Written Recommendation on Tasers.

MOTION: Council Member Cordell moved, seconded by Morton, to approve the request to extend the Task Force's deadline of the written recommendation on tasers to the City Council on May 7, 2007.

MOTION PASSED 9-0.

FINAL ADJOURNMENT: The meeting adjourned at 10:03 p.m. in memory of William Rus, who recently passed away. He served on the Palo Alto Planning Commission from 1957 to 1961 and on the City Council from 1961 to 1967.

ATTEST:

APPROVED:

City Clerk

Mayor

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