

Special Meeting
January 27, 2003

<u>ORAL COMMUNICATIONS</u>	3
APPROVAL OF MINUTES	3
1. <u>Resolution 8264</u> entitled "Resolution of the Council of the City of Palo Alto Urging the California Legislature to Reject the Governor's Proposed Shift of Local Vehicle License Fee (VLF) Revenues and to Honor the 1998 State Commitment to Restore the VLF"	4
2. Amendment Number 1 Between the City of Palo Alto and Uptown Services in the Amount of \$132,500 for Development Contract in the Fiber to the Home Business Case	4
3A. (Old No. 3) Approval of a New Management Agreement for Golf Professional Services	4
4. <u>PUBLIC HEARING</u> : The Palo Alto City Council will consider a preliminary screening of a redevelopment concept for the former Sun Microsystems site located at 901 San Antonio Road, as provided for by Chapter 18.97 of the Palo Alto Municipal Code.	8
4A. From Planning and Transportation Commission: Request for Preliminary Review and Direction on Planning and Transportation Committee Recommendations Regarding the Industrial and Manufacturing Zoning Districts (ZOU)	8
5. Service Efforts and Accomplishments Report (City Auditor)	28
COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS	30
6. Conference with City Attorney -- Existing Litigation.....	31
7. Conference with City Attorney -- Existing Litigation.....	31
<u>FINAL ADJOURNMENT</u> : The meeting adjourned at 12:55 a.m. in honor of Beth Bunnenberg, who was honored by the Palo Alto Historical Association with the Gleim Community Leader Award for her volunteering over the	

course of many years on behalf of the community to make sure the City maintained its connection with its heritage.32

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:04 p.m.

PRESENT: Beecham, Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton, Mossar, Ojakian

ORAL COMMUNICATIONS

Dr. Richard Herndon, 2350 Amherst Street, spoke regarding code enforcement activity.

Mayor Mossar noted on Saturday, January 25, 2003, the Trees for El Camino Project presented the City of Palo Alto with a check for \$20,000 for the purpose of planting trees along El Camino Real.

APPROVAL OF MINUTES

Mayor Mossar noted that City Clerk Donna Rogers requested that the November 18, 2002, City Council minutes would be removed from the agenda.

MOTION: Council Member Morton moved, seconded by Burch, to approve the minutes of December 2, 2002, as submitted.

Council Member Freeman said she sent an amendment to the minutes by e-mail.

City Clerk Donna Rogers said typographical errors were not amendments, and the correction would be made to the minutes.

MOTION PASSED 9-0.

Council Member Lytle asked why the minutes of December 2, 2002, were pulled from the Consent Calendar.

Mayor Mossar said the procedure was if changes were requested to the minutes, the City Clerk took the intervening week to research the changes for accuracy.

CONSENT CALENDAR

Council Member Kishimoto requested Item No. 3 be removed.

Mayor Mossar announced Item No. 3 would become Item No. 3A.

Council Member Kishimoto said she had asked why Item No. 2 was not a competitive bid and received an answer that the vendor was well qualified. Staff believed time and money spent on an RFP process was not necessary.

City Attorney Ariel Calonne said the amendment in Item No. 2 was not subject to competitive bidding. The original proposal went out in January 2002 to 13 vendors, and a wide range of proposals were received prior to selection. Staff determined that competitively bidding the amendment was impractical.

MOTION: Council Member Morton moved, seconded by Ojakian, to approve Consent Calendar Item Nos. 1 and 2.

LEGISLATIVE

1. Resolution 8264 entitled "Resolution of the Council of the City of Palo Alto Urging the California Legislature to Reject the Governor's Proposed Shift of Local Vehicle License Fee (VLF) Revenues and to Honor the 1998 State Commitment to Restore the VLF"

ADMINISTRATIVE

2. Amendment Number 1 Between the City of Palo Alto and Uptown Services in the Amount of \$132,500 for Development Contract in the Fiber to the Home Business Case

MOTION PASSED 9-0 for Item Nos. 1 and 2.

- 3A. (Old No. 3) Approval of a New Management Agreement for Golf Professional Services

Council Member Kishimoto said Item No. 3A was the subject of a number of questions from the prior week. Staff was thanked for its detailed responses. Her question related to why there was no competitive bid, and the answer was that the Palo Alto Municipal Code (PAMC) did not require competitive bidding for professional or specialized services. Her concern was that no company could feel a sense of entitlement. The subject golf professional had a contract with the City since 1981, and provided excellent services. Palo Alto was a public entity and was obligated, over a reasonable period of time, to request competitive bids. Her request was that staff return with a recommendation for requesting competitive bids.

Mayor Mossar said what Council Member Kishimoto proposed was not on the Council's agenda. Council Member Kishimoto could request to add an agenda item to a future agenda during Council comments.

City Attorney Ariel Calonne said further information from staff was helpful. The property was leased for 15 years to the same vendor. The item could be continued, but there was considerable background involved, including the 1998 report to Council. If there were sufficient reservations on the part of Council, the item could be continued.

Council Member Kishimoto said she was willing to listen to staff comments prior to making a motion to continue.

Community Services Director Paul Thiltgen said staff would spend time with Council Members who were interested in the details and background of the golf course. Keeping the golf business operation functioning to generate cash flow for the City was critical.

City Manager Frank Benest said staff was ready to move forward with its recommendation. If the Council wished to discuss broadly the issue of agreements or learn the golf course business, staff was willing to do that.

MOTION: Council Member Burch, seconded by Morton, to approve and authorize the City Manager to execute the attached management agreement with Brad Lozares Golf Shop (Golf Professional) for golf course professional services at the Palo Alto Municipal Golf Course.

Council Member Burch said the subject had been researched. Council Member Kishimoto's point was a separate item that could be taken up as to how contracts were reviewed in the future. Attaching that qualification to the current issue was not appropriate.

Council Member Morton said continuity and the history of managing a golf course were important. Staff was prepared to propose modifications to an existing contract. There was no reason to not support the staff recommendation.

Council Member Freeman said she would not support the motion because she saw areas that made her uncomfortable. Examples included the fact there was no escape clause in the 3.5-year contract based on any type of performance evaluation. The agreement was amended to provide incentives for increasing revenue to the City through the golf services. Revenue to the City came from green fees and other sources, and the golf course was part of the General Fund. Understanding if and when the City broke even or registered the order of prior profit was a concern. The Report from the Auditor indicated \$100,000 was added during the current year and \$200,000 was added the prior year. Glowing reports about Brad Lozares' professional expertise were heard from the golfing public, but she was not convinced

approving the contract without conducting some type of open bidding provided the best choices for the community.

Council Member Kleinberg said her colleague's comments were worthwhile and valuable. Scrutiny of large and small contracts was important. The Council should meet with staff to learn more about the golf services. A short course in government contracts was helpful because government contracts were unusual and specialized. The County had exceptions for specialized services not to have a competitive bid process. The question was a matter of discretion, judgment, and experience as to whether unique services were exempted from a competitive bid process. Knowing there might not be a termination clause was important. If there were a breach of the scope of services, it was a breach that questioned the contract.

Mr. Calonne said that was correct.

Council Member Kleinberg said the point was the termination clause did not need to be explicit to be in breach. The Council needed the same comfort level in order to vote for such a large contract. Staff was asked how quickly the answers could return to the Council.

Mr. Calonne said the type of questions raised were exactly the questions staff addressed. The Council was on the right track; however, in the check and balance process between Purchasing, his office, and Community Services, the pros and cons of having an explicit termination clause were examined. Staff looked at the competitive bidding issues, the interrelationship with the lease, and the business issues with the Community Services Department taking the lead. The question was how much administrative detail the Council wanted on a recurring basis.

Mr. Benest clarified the Council was suggesting holding the contract for a tutorial on government contracting and answers given for questions.

Council Member Kleinberg responded she wanted to see the answers to questions that pertained to the particular contract, with a later study session on contracts in general.

Mr. Benest said staff tried to answer the questions where data was available. Other questions were raised during the prior two weeks that required a substantial amount of research. At the last Council Meeting, staff did not get authorization to do that. The Council needed to be explicit as to what areas staff failed to provide the adequate data.

Council Member Kleinberg said Council Member Freeman raised a valid suggestion regarding quantifiable performance outcomes.

Mr. Calonne said the Council Members who studied the contract recognized the fact that many of the terms were open ended. The contract was a professional service contract. The problem was if the person did not perform. The concept of a termination clause was a good idea but only worked if specific kinds of performance requirements were detailed. Staff indicated there were two big sources of information that did not need to be written into the contract. One was the history of performance by the golf pro, and the other was the standard within the golfing community about what the golf pro needed to do. His first reaction was: no termination clause, no definitions. The terms were heavily backed by the golf industry. He was confident there was sufficient information for staff to enforce the contract if there were a breach. The Council could try to define all the terms, but that would be a major effort without much likelihood for a productive return. At the end of the day, the City's interests were identical to that of the golf pro. The need for a closely scrutinized relationship was not necessary.

Council Member Lytle was uncomfortable with the agreement due to the lack of competition since 1981 in the service provision and felt more comfortable if the City Auditor looked at the situation prior to the Council taking any action. The viability of the service provider was a concern.

City Auditor Sharon Erickson said the City Auditor's Office planned to do a review of cash handling practices at the golf course shortly. In the City Auditor's Service Efforts and Accomplishments Report, staff showed that the golf course had revenue the prior year of \$3.1 million, expenditures of \$2.3 million, and debt service of \$.7 million. There was a net profit. Revenues from the coffee shop and other locations were included. The General Fund did not contribute money for the prior year.

Council Member Morton encouraged his colleagues to support the contract. In the general economy, recreation facilities did not make money. The fact that debt services were covered and a contribution was made to the General Fund during the prior year was amazing. The golf professional had a positive record for the City.

Council Member Freeman encouraged the Council to think about ensuring inclusivity and not exclude companies or professionals who could provide added benefits to the City. There were new people who might want to become part of the government organization through contracting. The City excluded those people by not having a formal process of open bidding.

Council Member Beecham was familiar with contracts that had termination clauses and contracts that did not. The subject contract was for a relatively short time. The Attorney's comments on the history of the subject and the

difficulty in putting in explicit termination clauses and rationale were persuasive. The contract was negotiated fairly.

Council Member Kishimoto suggested continuing the item for one week to allow Council Members with questions to feel more comfortable.

SUBSTITUTE MOTION: Council Member Kishimoto moved to continue the item to the February 4, 2003, Council agenda.

SUBSTITUTE MOTION DIED FOR LACK OF A SECOND

Council Member Kishimoto said the City did not expect all recreational facilities to pay for themselves, but the golf course warranted special scrutiny because 85 percent of its users came from outside of Palo Alto.

MOTION PASSED 6-3, Freeman, Kishimoto, Lytle "no."

PUBLIC HEARINGS

4. PUBLIC HEARING: The Palo Alto City Council will consider a preliminary screening of a redevelopment concept for the former Sun Microsystems site located at 901 San Antonio Road, as provided for by Chapter 18.97 of the Palo Alto Municipal Code. The redevelopment concept is a mixed-use development, with housing units, a community center and senior housing with assisted living services. Bridge Housing and Campus have requested this preliminary screening for Jewish Life. Environmental Assessment: Prescreenings are exempt from CEQA. Zoning District GM. *(Item to be continued to a later date at the request of staff)*

Mayor Mossar announced the item would be removed at the request of staff.

REPORTS OF COMMITTEES AND COMMISSIONS

- 4A. From Planning and Transportation Commission: Request for Preliminary Review and Direction on Planning and Transportation Committee Recommendations Regarding the Industrial and Manufacturing Zoning Districts (ZOU)

Mayor Mossar reported the work product included properties that were both Stanford lands and non-Stanford lands. She and Council Member Kleinberg had conflicts related to Stanford. They would be present while staff made presentations. Public comment would be heard with all present. She and Council Member Kleinberg would then leave the room, and Vice Mayor Beecham would conduct the part of the meeting that addressed Stanford lands. The Council, under Vice Mayor Beecham's direction, would discuss, make motions, and vote on the motions regarding Stanford lands. She and

Council Member Kleinberg would rejoin the Council and complete the tasks for non-Stanford land properties

Planning Manager John Lusardi pointed out that the item before the Council was a preliminary direction and preliminary recommendations and was not the adoption of the Industrial Manufacturing Zoning Ordinance. That would return to the Council with a completed update of the entire Zoning Ordinance. Staff would lay out the action items at the conclusion of its presentation to delineate the Stanford items and non-Stanford items for the Council's purposes.

Consulting Planner Curtis Williams reminded the Council the primary objectives were to implement the 1998 Comprehensive Plan (Comp Plan) to try to reflect modern land uses in the districts, to clarify terms and definitions that were unclear or in need of new definitions, to explore new zoning techniques and formats for the Zoning Code (Code), to make the Code more user-friendly, and to enhance its online usefulness. That permeated the Zoning Ordinance update work that staff did. The purpose of the Study Session was to give the Council an opportunity to review the Planning and Transportation Commission's (P&TC) preliminary recommendations on the Industrial and Manufacturing Districts and to accept recommendations or provide modifications to those suggestions. The districts that staff looked at were Office Research (OR), Limited Industrial/Research Park (LM), General Manufacturing (GM) and related combining districts, LM-3 and 5 zones, and the GMB zone. The LM zone covered more area than any of the others. The review process to date on the districts began with a formulation of a reformatted ordinance that combined all of the districts that were currently in different chapters of the Palo Alto Municipal Code (PAMC) into one chapter and utilized tables for delineating the allowable uses and required development standards rather than reiterating each of the uses in each chapter. A number of focus groups were conducted by staff, attended by Planning and Transportation Commissioners and business and property owners, as well some of the neighboring residents to discuss the issues. The P&TC then toured the various districts and the key potential redevelopment sites in those districts and conducted a series of four study sessions to discuss the number of issues. Staff went to the Council on September 23, 2002, with some interim work product and discussion. The PT&C made its recommendations on December 18, 2002. The PT&C discussed several key issues during the process. One issue was whether to limit office uses in the industrial zones and make a distinction between office and research and development and manufacturing uses. A second issue was to adjust the names of the districts to better reflect the uses, as well as, in some cases, the geography of those areas. Other issues were how to allow for a better mix of land uses such as retail services and housing within the industrial zones, to review some of the definitions, to

provide incentives for onsite childcare within the industrial districts, and to address potential traffic impacts, as well as possible economic implications of the changes. There were no substantive changes to the basic standards of the zones involving lot sizes, FARs, coverage provisions, height, and setbacks. The names of some of the districts were changed and purpose statements revised to better reflect their geography and intent. The current LM zone was divided into one district west of El Camino Real (Research Park (RP) District) and one east of El Camino (Research, Office and Limited Manufacturing (ROLM) District). the area currently known as LM-3 district along Embarcadero Road, would be retained as be changed to ROLM-E (Research, Office and Limited Manufacturing – Embarcadero) subdistrict; The current Office Research (OR) District along Welch Road was renamed Medical Office and Medical Research (MOR) emphasizing those uses in that zoning district. There was no change to (GM) and the GM-B overlay would be deleted. The MOR district was renamed to emphasize the focus on protecting and promoting the medical related uses in close proximity to Stanford Medical Center. The MOR would be the permitted use in that particular district and allowed for a degree of medical support services. The RP district, which was generally comprised of Stanford Research Park focused on research and development (R&D) and was the primary, permitted use. The main change was a limitation on stand-alone office uses to 25 percent of the total floor area, with the intent to preserve the research emphasis of the Research Park. The stand-alone uses tended to be attorneys, accounting, and real estate, and currently comprised approximately 20 percent of the Research Park’s square footage. The calculations excluded office space that was part of an R&D firm. There was a provision to require an office occupancy permit to track the process when change in occupancy occurred. The P&TC recommended that transportation demand management (TDM) approaches be utilized to try to minimize the traffic and parking impacts of the office and R&D uses. The GM district, which was predominantly along the San Antonio Road, Fabian Way, and the Charleston area, remained permitted uses. Administrative Office, currently a permitted use, became a conditional use to try to retain the existing small manufacturing businesses. Other office uses were currently prohibited. The GM-B combining district was deleted, which applied to parcels near the East Palo Alto border and along Park Boulevard near Page Mill Road. The P&TC believed the limitation of Administrative Office uses to a conditional use permit (CUP) helped to ameliorate concerns about traffic that office development otherwise generated in the GM-B zone. There were some institutional, semi-public uses, such as day care centers and churches, which required CUPs to assure they were compatible with the industrial uses in the area. The Research Office and Limited Manufacturing District (LM) zone east of El Camino Real included research and development (R&D) and office uses as well as light manufacturing, which remained as permitted uses without specific limitations on those office components. The Embarcadero area retained the

more restricted standards for FAR and coverage that the LM-3 zone currently prescribed. The P&TC felt the TDM measures were useful in that location to try to minimize the traffic and parking impacts for office and R&D. Discussion was held regarding housing in the zones, and no determinations were made, in particular, with how mixed use housing was appropriate. The P&TC deferred the discussion on housing until the deliberations took place. Other uses such as stand-alone retail and restaurants were looked at in terms of their mix with industrial and were prohibited in the MOR district as they currently were in the OR zone. Childcare was addressed with a provision for a 50 percent floor area credit for childcare facilities on top of the exemption that onsite childcare currently received. Other issues that needed to be addressed included mixed-use requirements and how they related in the zoning districts, and performance standards in terms of compatibility with neighboring residential areas. The next steps in the process included continuing to develop the design prototypes for the specified development types outlined in the Comp Plan, scheduling the parking analysis focus groups and study session with the P&TC, initiating review of the low density residential districts that included second units as part of the analysis, and an ongoing environmental review process with the environmental consultant. The Council was asked to accept the P&TC's preliminary ordinance recommendations or modify those as necessary; direct staff and the P&TC to proceed with developing the mixed use parking and performance standards to incorporate into the ordinance; and direct the Transportation staff to proceed with the TDM analysis, particularly for the Stanford Research Park and the Embarcadero/Bayshore area.

Sherri Sager, Lucile Packard Children's Hospital, 725 Welch Road, thanked the Planning staff and P&TC for their hard work with the revisions. The Hospital supported the change to the MOR but asked for additional clarity in the definition section. The title currently read, "Medical Office." The change in wording to "Medical Office and Research" was suggested. The P&TC recommended exclusion to "biotech research" in Chapter 18.99.02. There were times when some of the research and pharmaceutical research were connected to ongoing clinical trials in doctors' offices. Suggested wording included, "unless directly related to clinical trials occurring at nearby hospitals or clinics." That change in wording kept the intent of the P&TC and allowed the appropriate research to occur in close proximity to the hospital.

Joy Ogawa, 2305 Yale Street, said when staff began one year prior to update the Zoning Ordinance by addressing the industrial and manufacturing districts, she was concerned because the reason staff gave was that those districts would be simple. The districts were the main source of the jobs/housing imbalance and much of the traffic impacts. If the City were serious about addressing the job/housing imbalance and traffic impacts, the industrial/manufacturing districts required a major overhaul. If the City were

to seriously address the jobs/ housing imbalance, unlimited job growth in the Research Park should not be allowed. Housing was a permitted use in the Research Park for the prior 25 years, but no housing was built. Incentives for housing needed to be provided. A goal to consider was that all new jobs created in the Research Park needed to be housed in the Research Park. Lower commercial FAR, coupled with incentives for building housing, was a topic for discussion. Stanford University claimed it voluntarily adhered to a policy that limited office use in the Research Park. Stanford University defined research and development to include administrative offices. When staff, at the direction of the P&TC, drafted an ordinance that tried to limit office use in the Research Park, Stanford University objected to the change. Stanford University submitted its own rewritten wording to codify Stanford's deceptive definition of research and development. If the City were to allow unlimited administrative offices in the Research Park, that should be stated clearly in the PAMC rather than hiding it with deceptive definitions of R&D, which was referred to in Provision B-4 on page 5 of Attachment A of the staff report (CMR:132:03). Stanford should not continue to make a false claim that they were limiting office use in the Research Park to 25 percent. On December 9, 2002, the Council held a public hearing on 2300 East Bayshore, the former Scott Seafood location, and Council voted 7-2 to deny the PC application. The motion included direction to look into allowing for auto dealerships on the property and to review whether housing could be built on the property. On December 11, 2002, the P&TC held a meeting on preliminary recommendations for the industrial/manufacturing districts, which included LM-3. Those recommendations were before the Council. Council's direction regarding 2300 East Bayshore should have been a topic of discussion at the December 11, 2002, meeting. The P&TC voted on preliminary recommendations without any discussion of concerns she raised at the December 11, 2002, meeting.

Jean Snider, Stanford Research Park Director, 2770 Sand Hill Road, Menlo Park, supported the staff recommendations, which were the result of many focus groups and P&TC meetings. One concern heard in the focus groups had to do with biotech uses in the Research Park. The 35-foot height limitation proposed challenges for biotech companies that required a great deal of mechanical equipment between floors. The optimal build was 40 feet. Staff was asked to look into the height limitation to accommodate biotech.

Todd Arris, 3401 Hillview Avenue, supported the preliminary ordinance recommendations. The importance of maintaining flexibility in the Zoning Code was stressed.

Mark Sabin, 533 Alberta Avenue, Sunnyvale, supported the staff recommendations and agreed there should be flexibility in terms of research

and development, which was a critical part of the area's economy. Having zoning regulations that supported current and future needs was important.

Bud Mission, Roche, 3401 Hillview Avenue, addressed two issues that impacted R&D businesses in the LM-5 or new RP zones. A proposal was put forth that suggested the Council implement a percentage cap on the amount of administrative versus non-administrative operations within an individual R&D business. The P&TC heard those ideas and recommended against them. The idea seemed to have been born from the notion that what had been applied in the case of limiting retail businesses was reasonable and fair to apply toward R&D business for the broader purpose of congestion management. The investment horizon was different for an R&D business. The capital outlays on a square foot basis were significantly greater. R&D businesses required flexibility over time to shift the proportion of administrative support functions and non-administrative functions as the research activity expanded and changes occurred through the product cycle. The need for flexibility to accommodate shifts in the workforce through the R&D cycle was critical.

Jim Robinson, 3410 Hillview Avenue, supported the Zoning changes. Limiting office space to retain the flavor of the Research Park was important. Council needed to look at transit and other traffic mechanisms.

Mayor Mossar learned the City of San Jose invested heavily to attract biotech to San Jose and asked whether staff considered how economics played into decisions.

Mr. Williams said staff carefully considered the components of flexibility for biotech. An economic analysis had not been done, but staff hoped that would be done by the economic consultants.

Mayor Mossar clarified staff hoped to have an economic analysis.

Mr. Williams said staff hoped to look at economic multipliers for the different types of uses and feasibility issues.

City Manager Frank Benest said recent data was released by Joint Venture Silicon Valley. Their new analysis showed a growth in biotech in the Silicon Valley. A separate meeting was held with the Stanford Research Park about being open and supportive of that trend. The two areas of concern included height for configuring space and the issue of more administrative area. Staff's concern about administrative area was to find a way to ensure that sales and marketing stayed in Palo Alto.

Council Member Kleinberg stated she would not participate in the item due

to a potential conflict of interest because her husband's former law firm represented Stanford in land use matters.

Mayor Mossar stated she would not participate in the item due to a conflict of interest because her husband was employed by Stanford University.

Council Member Freeman asked the Council to agree to add to the Urban Design Consultant's task, a feasibility and design study of the "spine" that ran perpendicular to El Camino Real, Hanover Street, California Avenue, and Page Mill Road behind the Bank of America.

Mr. Williams said the Zoning Ordinance was not going to be as site specific for parcels in a certain location to state they have a spine road through it; however, there could be a design prototype for a site in the vicinity.

Vice Mayor Beecham believed what the Council had before it was definitional and not geographical.

Council Member Freeman said the study could fit in related issues under "Placeholders and Ordinance" and fit in "Next Steps" under "Development of Design Prototypes for Specified Development Types."

Mr. Williams said that was not part of the current ordinance but could be dealt with later as part of the design exercise. When the issue returned, the Council had to decide whether it was appropriate to enact it into some type of prototype or guideline or into the Architectural Review Board (ARB) process.

MOTION: Council Member Freeman moved, seconded by Kishimoto, to direct staff to have the urban design consultant review the feasibility and design of the spine, as discussed during the Hanover project, that would run perpendicular to El Camino Real and Hanover Street and between California Avenue and Page Mill Road.

Council Member Freeman said when the Council discussed the Hanover Project; one of the points the College Terrace Neighborhood Association addressed was that there might possibly be a spine for delivery trucks. That would take traffic off the residential part of California Avenue and place it where there was currently a semi-street. Stanford Management Company had stated that was a possibility for the future.

Council Member Morton felt the Council was on the verge of passing an ordinance that dictated future development, which basically included road and a specific site. Since there was no project before the Council, including general discussion of permitted uses in zoning areas was not appropriate.

Mr. Calonne said for the Council to say, as a Comp Plan exercise, that it wanted a road in a particular location was unlawful. To the extent the motion asked the Urban Design Consultants to look at the impacts of the spine road in terms of land use was appropriate and lawful.

Council Member Ojakian recalled the Council's discussion on the Hanover Project a year prior and believed there was a mutual understanding at that time between Stanford University and the neighborhood association. Mr. Lusardi was asked to comment on the matter.

Mr. Lusardi suggested the current discussion was similar to a discussion the Council held two weeks prior on urban design and prototypes where staff talked about developing prototypes to look at relationships between different land uses. What was asked at the current meeting was to show a prototype on how an industrial development could happen with relationship to public rights-of-way, public spaces, and other land uses.

Council Member Ojakian clarified staff was amenable to the motion.

Mr. Lusardi said that was correct. It was a matter of how much analysis was necessary.

Vice Mayor Beecham asked whether staff had any idea how much analysis was necessary.

Mr. Lusardi replied if the Council wanted staff to investigate the prototype, it could be done with the Urban Design consultant.

Vice Mayor Beecham said he worked with the College Terrace residents on the issue one-year prior and was interested in finding a way to make the spine work. The motion was not supported because there was not enough information on priorities and staff requirements.

MOTION PASSED 5-2, Beecham, Morton "no," Kleinberg, Mossar "not participating."

Council Member Morton said more flexibility than the 25 percent limitation allowed was necessary. Tax revenues came from product sales tax and individual employees in the community who used restaurants and shopping centers. The Council did not fully understand what happened when a firm did not find space in the community. The City lost major patent attorney firms and attorneys. A concern was that administrative limitation, in terms of the Research Park, did not permit the evolution of major companies. Staff was asked to comment further on the 25 percent limitation.

Mr. Williams said Stanford University applied its 25 percent. The City was not necessarily losing something, but there was a potential that the Research Park could turn into an office park. The 25 percent applied to the attorneys and accountants and allowed a substantial growth in biotech firms.

Council Member Morton clarified if the Research Park became entirely an administrative office, it would still qualify for the 25 percent.

Mr. Williams said no. The P&TC asked staff to return with guidelines for maintaining an R&D component in the Research Park. The language said there had to be an R&D component in order to have the office use not count as part of the 25 percent.

Council Member Morton clarified the R&D could drop to 30 percent.

Mr. Williams said that was correct.

Mr. Calonne said the language in the ordinance was vague, and the administrative uses were to remain ancillary to the R&D. The Council could modify the definition to be more specific.

Council Member Morton referred to a question from the speaker from Roche and asked staff to assure the City would allow for the evolution of a business from, in effect, a startup to full production and marketing support.

Mr. Williams said that was the intent and the understanding staff had with Stanford University.

Council Member Kishimoto said she went back to two large frameworks in understanding the proposal to change the zoning. One was to review the Comp Plan policies and programs, and the other was to remind the Council of the original rationale to have zoning, which was the police power that a community had. In the old days, the police power was given to a community to protect the community's public health, safety and welfare, and zoning was done to separate residents from noxious fumes and hazardous wastes. Two current community problems were traffic and the impact on jobs/housing imbalance, which drove up the price of housing and drove out teachers from the community. The Stanford Research Park and employment districts were an important part of the City. Good companies should be encouraged to stay in Palo Alto. The City's responsibility was to manage and minimize impacts.

MOTION: Council Member Kishimoto, seconded by Ojakian, to accept the Planning and Transportation Commission (P&TC) preliminary ordinance recommendations regarding modifications to the industrial and manufacturing districts West of El Camino (Stanford Lands): Research Park

(RP) and Medical Office and Medical Research (MOR) Districts and direct the ordinance provisions be revisited upon preparation of criteria related to mixed use, parking, and performance standards and including the definitions as indicated by the City Attorney.

Council Member Kishimoto was curious to find there was no subdivision map for the Research Park.

Mr. Calonne said Stanford University operated under a number of State law exceptions to the Subdivision Map Act that allowed leasing in such areas without subdivision maps. That would change if residential were added.

Council Member Kishimoto said when she looked at the Comp Plan goals for the area, the dominant policy direction was for there to be developed, in addition to TDM, sidewalks, pedestrian paths, and connections to the city transportation system. Staff should be asked to develop urban design standards to be used by the Architectural and Review Board (ARB).

Mr. Calonne said staff did a legal analysis on what could be done by way of TDM, and the Council could discuss that.

Council Member Lytle asked about the issue of affecting site development parameters. Her understanding was that site development parameters were not changed, per staff recommendation, although there was a request from the public to increase height in medical research areas.

Mr. Williams said that was correct. There would be some change to standards when staff talked about mix use and housing relations.

Council Member Lytle asked whether the P&TC discussed the idea of bringing development intensity toward El Camino Real and away from the foothills; for instance, down-zoning some of the areas in the outlying parts of the Research Park and making more development closer to where there was transportation and services.

Planning and Transportation Commissioner Karen Holman said the P&TC talked about housing to some degree and talked about keeping housing towards areas where there was transportation available. The P&TC did not address the development standards. Public comment was heard about needing more height for the R&D projects to be more viable.

Council Member Lytle asked whether there was a district where development intensity could be brought down in some of the outlying areas and shift higher development intensity in the compact areas.

Ms. Holman said development standards had not been addressed. Staff looked at uses.

Council Member Lytle said the issue points indicated childcare and restaurants were encouraged, but steps were taken to make those more difficult in most of the districts by requiring a CUP. Staff was asked to explain why the Council worked in the reverse direction.

Mr. Williams said the childcare facilities in the GM district would be a CUP. The P&TC was concerned about the proximity of childcare facilities to industrial uses. There was concern that if childcare facilities were permitted uses, they could proliferate at the expense of some of the remaining research and manufacturing types of uses.

Council Member Lytle said the PAMC was amended to include childcare in the districts. As part of the Childcare Master Plan recommendations, some of the regulatory burdens on childcare facilities throughout the community were relieved. The ordinance was relaxed so that childcare was a permitted use in the districts.

Mr. Williams indicated the CUP was required only in the GM district.

Mr. Lusardi said staff found that an individual R&D or individual industrial could not support a stand alone childcare for only their employees. Staff looked at ways to congregate a childcare facility within an industrial park so several companies could share the facility.

Council Member Lytle said the performance standards were the next step, which were critical for the neighborhoods that abutted the Research Park areas. The City wanted uses that generated tax revenue for the City in the Research Park, which was the original model when the Council set up the areas for growth. She asked whether anything was done, as part of the Zoning Ordinance, to encourage the retail sales center uses as part of what was required to be in the Research Park or was the City trying to indirectly limit the uses to 25 percent. The definition on page 5 of the staff report (CMR:132:03) seemed to make a mockery out of the 25 percent limit because staff used the word "ancillary," which usually meant it occupied less but staff said it occupied more than the main use. If staff was going to limit to 25 percent but say ancillary use did not mean a subsidiary use to the primary use, she asked what was the limit.

Mr. Williams said staff needed to address that concern. The P&TC left staff with the task to return with further definition. Staff did not focus on the tax revenue aspect, although the City Manager had subsequent meetings to broach that subject with Stanford.

Council Member Lytle asked what would be done in the future to try to assure the economic gain out of the Stanford Research Park in the long term. The way the community doubled in population placed an enormous burden on the City, and the residents paid for the daytime population in terms of wear and tear on the infrastructure. The Council needed to take into account the cost benefits of the various uses in the Research Park and how incentives could be added to the Zoning Ordinance that assured the City received return from the uses that were required or permitted.

Council Member Ojakian said staff talked about having a conditional use for restaurants for various reasons and asked whether there was any discussion about limiting restaurants to a percentage of one of the particular zones or Stanford Research Park.

Mr. Williams said because the restaurants were conditional uses, there was a sense that there would be some discretion at looking at them. There was discussion in the GM zone, but that was where they were limited more severely.

Council Member Ojakian commended staff and the P&TC for the work they did on the topic. There were many important aspects of the zoning that were considered. The addition of the TDM and bonus around childcare were supported. The advantage of having a restaurant in the area was that it limited traffic to some degree. Housing could go into the industrial park. The Council was urged to support the staff recommendation.

Council Member Burch supported the efforts of the P&TC. The speaker from Roche had said companies needed help and there needed to be alternative transportation methods for them to work with. The Council had a responsibility to push for an expanded shuttle with different ways for businesses to offer uses to their employees.

Vice Mayor Beecham said the community wanted commerce, retail, and the services used by residents every day. The objective was to come up with the best possible general health of the community. The overall purpose for the zoning for the industrial areas was the good, economic health of the City. The City needed to insure that research operations had the services they needed, which included accounting, legal, restaurants, and childcare. A complete mix was needed for future industries. Flexibility was needed. Palo Alto was uneconomical for manufacturing. In the future, many revenues might be at long-term risk, and industries needed what was necessary to be successful. The City needed to provide the environment for businesses to be successful.

Council Member Freeman agreed with Vice Mayor Beecham's comments on zoning. The Council balanced the economic vitality with the quality of life and balanced flexibility with the quality of life and people who lived in the City. One issue noted in the staff report (CMR:132:03) on page 5 was that some additional monitoring of office use was needed, but staff would rely primarily on the property owners, especially Stanford, and applicants to provide the necessary support information. Staff was asked if they had thought of some way to automate the gathering of information.

Mr. Williams said staff wanted to get base information on the uses from the applicant, and staff would update that information with a computerized database. If information were not available from an applicant right away, staff would get the information from Stanford.

Mr. Lusardi said the P&TC discussed the use of business licenses to help staff do monitoring, independent of a property owner such as Stanford.

Vice Mayor Beecham said the staff report (CMR:132:02) indicated staff considered looking at business licenses.

Council Member Freeman said it needed to be clear that the business license helped staff evaluate occupancy.

City Manager Benest agreed.

AMENDMENT: Council Member Kishimoto moved, seconded by Lytle, to direct staff and the Planning and Transportation Commission to add to the ordinance for the land west of El Camino Real, "development of Transportation Demand Management (TDM) development standards. "

Council Member Kishimoto said she was willing to allow some flexibility but wanted tight controls on the impact on the community. The two major impacts were traffic and jobs/housing.

Mr. Calonne said staff could do development standards that, in effect, implemented TDM, restrictions on parking, and requirements for transit as conditions of new development. As discussed the prior year during the Hanover Project, State law forbid the City from requiring employers to develop trip reduction programs. There were voluntary TDM programs, such as in the City of Pleasanton. The lawful range of TDM meant the type of requirements in the Zoning Ordinance that were for bus shelters, bus bulb outs, employee space, and childcare.

Vice Mayor Beecham said no one recommended the City do anything that was not allowed by State law.

Mr. Calonne was unsure how clear the range of options was to the P&TC.

Council Member Kishimoto was concerned about the precedent with the Stanford GUP where the City allowed a certain amount of square feet of development but added no net traffic increase.

Mr. Calonne said the no net traffic increase was fine; specifying a trip reduction program as the means by which to accomplish no net traffic increase was not allowed.

Council Member Kishimoto did not know if there was agreement about going for no net traffic increase. A standard for managing traffic increase should be developed.

Vice Mayor Beecham said the basic concept was to include TDM standards.

Council Member Ojakian asked whether the discussion applied only to the Research Park. If it applied across the board to the various zones, how would Mayor Mossar and Council Member Kleinberg get their voices heard.

Mr. Calonne said the discussion would be brought up again when the motion came up.

AMENDMENT PASSED 5-2, Morton, Ojakian "no," Kleinberg, Mossar "not participating."

AMENDMENT: Council Member Kishimoto moved, seconded by Lytle, that when staff returns to Council to include a California Environmental Quality Act (CEQA) evaluation for an analysis of the impact of jobs/housing balances.

Council Member Kishimoto said she was willing to look at flexibility but wanted the largest impacts on the community tightly managed. The impacts were traffic and jobs/housing imbalance.

Council Member Morton asked staff what they thought an analysis of the impacts of job/housing imbalance entitled.

Mr. Benest said he had no idea.

Vice Mayor Beecham said as the Council made changes to the Zoning Ordinance, an estimate could be made as to how job potential in Palo Alto would change. Housing potential would not change unless the City stated what it would specifically allow.

Mr. Lusardi said staff would look at the issue in the context of the environmental review on the Zoning Ordinance update. Staff would report back to the Council on what was involved.

Vice Mayor Beecham suggested the amendment include that the CEQA review included an evaluation of the impact of jobs/housing imbalance.

AMENDMENT PASSED 6-1, Morton “no,” Kleinberg, Mossar “not participating.”

Mr. Calonne said the importance of the motion was to flag that, regardless of the Environmental Impact Report (EIR); the Council had a planning issue to confront in the way of jobs/housing imbalance.

AMENDMENT: Council Member Kishimoto moved, seconded by Freeman, to include in the design requirements and guidelines urban design standards the Architectural Review Board (ARB) would use when reviewing projects.

Mr. Williams said site planning was not anticipated at the current time; however, the spine type approach could be included in the prototype.

Mr. Benest said at some point, staff had to return and suggest the priority urban design aspects to look at in terms of the prototypes, and the Council could decide if it agreed or disagreed.

Mr. Lusardi said staff would prioritize the urban design component of Phase 2 and return to the Council in the late spring.

Mr. Benest asked the Council to identify items it wanted staff to cost out, and staff would return to Council for approval.

Vice Mayor Beecham clarified staff’s intent was to return in late spring with an urban design approach that would be applicable in terms of the zoning definitions and guidelines.

Mr. Lusardi said that was correct. Staff would take what the Council discussed two weeks prior as far as the Phase 2 design folded into the prototypes discussed at the current meeting.

AMENDMENT WITHDRAWN BY MAKER AND SECONDER

AMENDMENT: Council Member Lytle moved, seconded by Kishimoto, to ask staff to revisit the definition on page 5 of proposed section 18.24.030 (b) (4), “Any occupancy with a research and development or manufacturing component, shall be classified as research and development or

manufacturing use, even if office uses ancillary to those uses occupy more floor area than the research and development or manufacturing use itself.

Council Member Morton did not want to end up driving industries or businesses out of the area.

Vice Mayor Beecham clarified the intent of the motion was to be sure there were no circular definitions.

Council Member Lytle said the solution might be to limit the section from the PAMC if uses were not to be limited.

AMENDMENT PASSED 6-1, Morton “no,” Kleinberg, Mossar “not participating.”

Mr. Benest asked whether there was a sense the Council wanted to allow the flexibility within.

Vice Mayor Beecham clarified the motion was not made with an intent to limit flexibility.

Council Member Lytle did not want to be disingenuous about a limitation that was not really a limitation. If staff recommended “no limit” because it did not allow sufficient flexibility, the limitation should be eliminated.

Mr. Calonne said one way to get flexibility was to have a quantitative maximum that could be exceeded with a use permit.

Vice Mayor Beecham said his understanding of the motion was to insure the definition was not circular.

Mr. Calonne said the definition spoke to ancillary. Staff would be asked to come up with a quantitative standard and flexibility to go beyond with a discretionary permit.

Council Member Morton asked whether the discretionary permit required Council approval.

Mr. Calonne said the idea was that there would be a safe level of office use, and more than that required analysis.

Vice Mayor Beecham clarified the ordinance would return to the Council.

Mr. Calonne said that was correct.

AMENDMENT: Council Member Lytle moved, seconded by Freeman, to make childcare a permitted use in general manufacturing districts and restaurants a permitted use in medical office zones.

Mr. Williams noted that childcare was permitted in all zones except for GM. Restaurants were conditional use permits (CUP) in all the zones except for the medical office zone.

Council Member Freeman said RP had permitted use for childcare and CUPs for restaurants. Staff was asked what the benefit was of making restaurants permitted uses.

Council Member Lytle said the intent with the Comp Plan was to allow uses to mix, particularly in the area around El Camino Real.

Council Member Freeman was concerned that the Research Park was separated into two segments: one segment was further to the foothills and one segment was closer in. The new RP considered that. By giving a permitted request for restaurants, a restaurant could be added without a CUP.

Council Member Lytle preferred to see the change in the area that currently had a constrained use.

Council Member Freeman said she would withdraw her second to the motion.

MOTION DIED FOR LACK OF A SECOND

Council Member Ojakian hoped staff and the P&TC took a further look at the issue to see a value and benefit. Restaurants were previously housed in the Research Park and were popular.

Council Member Kishimoto said the City did not want the area to become a restaurant row. A square footage limit might be considered.

AMENDMENT: Council Member Lytle moved, seconded by Kishimoto, that site and design standards with housing and mixed uses to ask Planning and Transportation Commission to consider shifting some of the current development intensity from the far reaches of the research park toward the California Avenue and El Camino Real business district.

Council Member Lytle said the motion encouraged more compact development and less sprawl.

Council Member Kishimoto said the action did not have to be used to encourage more development, but there was a shift from less development near the foothills and more development near El Camino Real.

Council Member Morton said the industrial park was already built out. He did not support the motion.

Council Member Freeman suggested staff return with the feasibility of separating Stanford Research Park into two parts (above and below Foothill). There was a natural split at Foothill.

Mr. Williams said that had already been done. The zone was RP-5. Staff could distinguish the uses.

Council Member Lytle said there was a lot of development potential in the upper Foothill area. Stanford had plans to try to intensify in the upper part of the park. Looking at transferring development potential away from the outer parts of the community was useful. That should be done for all types of development.

Council Member Ojakian supported the discussions that came up with the Mayfield agreement regarding potential housing on the open areas off Foothill. There was an advantage to putting housing off Foothill, including the fact there was a high school down the street.

AMENDMENT FAILED 3-4, Freeman, Kishimoto, Lytle "yes," Kleinberg, Mossar "not participating."

AMENDMENT: Council Member Ojakian moved, seconded by Freeman, for staff to consider comments in a letter from Lucile Salter Packard Children's Hospital as follows: to include in Chapter 18.90 a separate definition of Medical Research or to change Chapter 18.99 (m) (2)" to include medical research as written: "Medical Office and Medical Research means..." and to add the following language to the end of the currently proposed Medical Office definition in Chapter 18.99.02 (m) (2), "...unless directly related to clinical trials occurring at nearby hospitals or clinics."

AMENDMENT PASSED 7-0, Kleinberg, Mossar "not participating."

MOTION PASSED AS AMENDED 7-0, Kleinberg, Mossar "not participating."

RECESS: 9:50 p.m. to 9:55 p.m.

Mr. Calonne summarized the Council's action. Staff was to return with Transportation Demand Management (TDM) performance standards, and the

CEQA review of the update was to include an analysis of the jobs/housing imbalance and consequences.

Mayor Mossar asked whether the Council had a discussion on performance standards about noise, etc.

Vice Mayor Beecham said the Council did address performance standards.

Mayor Mossar asked for future feedback about what happened as properties turned over, for example, what and where were the problems that might occur between different uses.

MOTION: Council Member Lytle moved, seconded by Ojakian, to add to properties west of El Camino Real to have the Planning and Transportation Commission review the compatibility of uses and building types over time with performance standards (lighting, noise, vibration, odors, etc.) to be coordinated with environmental consultant.

Council Member Morton asked whether Mayor Mossar's motion raised the philosophical issue about the appropriateness of mixed use developments. A major reason why people moved to the suburbs was because they did not like living above retail or that type of development.

Mayor Mossar replied that was not what she envisioned. Land uses were made up front and changed over time by residents. The Council needed to understand that by making decisions at the current time, things changed in the future that were not obvious when decisions were first made.

Council Member Kleinberg did not understand the wording of the second motion that the CEQA review include analysis of the jobs/housing imbalance and impacts that would cause.

City Attorney Calonne asked if the City Clerk had the wording.

Ms. Rogers said the wording was, "When staff returns to Council to include a CEQA evaluation for an analysis of the impact of jobs/housing balances."

Vice Mayor Beecham said the motion was by Council Member Kishimoto, and her intent was to insure that the Council had an analysis of the impact of any changes on jobs/housing imbalance. Housing was not being changed at the current time. Staff indicated that would be included in the CEQA review.

Council Member Lytle clarified Mayor Mossar's new motion, asking if it included the performance standards for performance of how to limit impacts on residents.

Mayor Mossar said the performance standards she referred to included noise, lighting, vibration, etc. to be coordinated with environmental consultants.

MOTION PASSED 7-0, Kleinberg, Mossar “not participating.”

MOTION: Mayor Mossar moved, seconded by Freeman, for properties east of El Camino Real to direct staff and the Planning and Transportation to add to the ordinance “development of Transportation Demand Management (TDM) development standards;” when staff returns to Council to include a California Environmental Quality Act (CEQA) evaluation for an analysis of the impact of jobs/housing balances; staff consider comments in a letter from Lucile Salter Packard Children’s Hospital as follows: to include in Chapter 18.90 a separate definition of Medical Research or to change Chapter 18.99 (m) (2) to include medical research as written: “Medical Office and Medical Research,” and to add the following language to the end of the currently proposed Medical Office definition in Chapter 18.99.02 (m) (2): “...unless directly related to clinical trials occurring at nearby hospitals or clinics. Further, that the Planning and Transportation Commission review the compatibility of uses and building types over time with performance standards (lighting, noise, vibration, odors, etc.) to be coordinated with environmental consultant.

Council Member Kleinberg said she would not participate because when she left the room, she understood there would be a complete discussion of the east of El Camino Real Zoning Ordinance presentation. Being denied the opportunity to discuss the issue, she would not participate in the vote.

Mayor Mossar agreed with Council Member Kleinberg and would also not participate.

MOTION PASSED 7-0-2, Kleinberg, Mossar “not participating.”

MOTION: Council Member Kishimoto moved, seconded by Burch, to accept the Planning and Transportation Commission preliminary ordinance recommendations regarding modifications to the industrial and manufacturing districts East of El Camino: Research, Office and Limited Manufacturing (ROLM) and General Manufacturing (GM) Districts, General Topics (definitions, childcare, etc.). Further, direct staff and the Planning and Transportation Commission to proceed with developing mixed-use, parking, and performance standards to incorporate into the ordinance and to include the definitions as indicated by the City Attorney.

MOTION PASSED 7-0, Kleinberg, Mossar “not participating.”

REPORTS OF OFFICIALS

5. Service Efforts and Accomplishments Report (City Auditor)

City Auditor Sharon Erickson presented the first annual Service Efforts and Accomplishments Report for 2001/02. The plan was to have an annual report on City Government performance that included information on the cost of providing services, the amount of service that was provided, performance results, five-year performance trends, and some comparisons with other cities. In addition, future reports would include results of residents' surveys rating the quality of City services. Objectives in doing the project were to utilize existing data in order to keep impact on City staff at a minimum. The ultimate goal was an informational report that enhanced accountability, encouraged discussion, and offered some insights on service results. Staff assessed the data for reliability, but the information compiled was not audited. Policy decisions by Council and residents were necessary in order to know service and level of cost. Between fiscal year 1997-98 and fiscal year 2002, the Capital Improvement Program (CPI) increased 21 percent, and City population grew four percent, from an estimated 57,900 to an estimated 60,500. In the year 2000, the estimated daytime population was 139,000. Some City departments served expanded areas. The Police Department provided communication services for Stanford and provided animal services to other jurisdictions. The Fire Department provided fire services for Stanford. The report covered overall spending and staffing and General Fund programs. The General Fund programs included Community Services, Fire, Planning, Police, Public Works, and Administration. Operating expenditures in those areas and other uses of general funds increased by 35 percent to \$121.4 million. Enterprise Funds included electricity, gas, water, wastewater collection and treatment, refuse, and storm drains. Those operating expenses increased by 61 percent to \$182.6 million. General Fund authorized staffing increased by 11 percent to 820 full time equivalent (FTE). Enterprise Fund and other authorized staffing increased by 10 percent to 374 FTE. As of December 2002, 52 of the authorized positions were vacant. Capital expenditures increased 184 percent, from \$5.8 million to \$16.5 million. The City Infrastructure Reserve increased by 149 percent, from \$12.6 million to \$30.2 million. Much of the money brought into the City during the "bubble years" went towards infrastructure. Staff looked at net General Fund costs per capita, which was a way to try to adjust for revenues that departments received from outside the City. In terms of workloads and results, General Fund reserves were up 46 percent. Staff hoped the Report was a resource of information on City government performance, spending, staffing, workload and performance, five-year trends, and comparisons to other cities. The five-year trends showed increasing service levels and increasing costs. Additional copies of the Report were available in the Auditor's Office, and the Report was on the web at www.cityofpaloalto.org/auditor.

Council Member Freeman said the public could clearly read and understand the Report. In addition to local jurisdictions, comparison with one or two of the renowned cities of similar size for a particular department might be useful. Looking at the five-year average and the current year would be good to compare in the future.

Ms. Erickson said staff would look at some renowned cities. There were computer problems with some data going back.

Council Member Kishimoto suggested the Auditor's Office look at a focus on personnel costs.

Ms. Erickson said personnel were a large part of the expense, and costs were up 37 percent. A portion of that were new hires, and a portion was negotiated increases with staff.

Council Member Lytle was concerned about the rise in employment during the "bubble period." That trend should be reversed to get back in line with projected revenues.

Council Member Ojakian said the Report covered the basic tenants of what needed to be done; part of that was to not necessarily focus in on only financial data. Finances were covered. The Report was data rich. The lesson learned was there was a cost to legislation that was imposed on the City. Impacts of the programs were seen, such as in the area of Utilities where there was a reduction in residential and commercial use. Further detail could be added such as the impact that deregulation had on changing staffing. There was a conscious effort by prior Councils where motorcycle police officers were added with the intent of reducing traffic hazards. That program had a positive effect. More measuring of accomplishments and meeting program goals should be included. Daytime population should be factored in because of its impact on services. State mandates should be spelled out. Certain areas should show program's performance and cost recovery. The notion of a citizens' survey was supported.

Council Member Morton said the Report established that Palo Alto was one of the premium cities in the State. The Report showed that Palo Alto provided among the highest level of services in Police, Fire, Libraries, Recreation, and Capital Expenditures. That was done at a competitive cost. The Report was an amazing compilation of very positive statistics.

Council Member Burch supported the work of the Auditor's Office on the Report.

Council Member Kleinberg said many of the graphic materials and comparisons were old because there was no newer data. The Council and public needed to know that some of the graphic comparisons might or might not be relevant. Higher revenues offset expenditures that were "up". Staff was complimented for grant money that was received. The per capita spending in the Planning and Community Environment Department went up 47 percent over the prior five years. That was not a surprise and matched the incredible amount of work that department handled. As service went up, particularly for youth, the crime went down. Services for seniors needed to be looked at since the senior population was the fastest growing in the community.

Mayor Mossar said the Report was a set of facts that were important in order to address policy questions as the Council did budget cutting.

Karen Holman, 775 Homer, noticed that waste was reduced 25 percent. The question was asked whether the percentage was waste reduction or diversion to other locations. While the landfill was considered a profit center, the Council needed to be responsible to its sustainability commitment to look at ways to track what waste reduction truly was.

No action required.

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

Council Member Lytle distributed to the City Council a report that she had compiled of the voting records of the Council during the past year. She shared with the Council a sheet entitled "Guidelines for Council Effectiveness" from 1986 and 1990 Council retreats. These guidelines had one suggestion that Council Members should do their homework, ask questions of staff before the meeting, and do not remove items from the Consent Calendar. She questioned the City Manager on the procedure for removing items from the agenda because the Council Member questions received would take a large amount of time to research.

City Manager Benest noted in the past both Council and staff had pulled items from the agenda. He felt the protocols being discussed at the continuing Policy and Services Committee would address the issue.

Council Member Freeman spoke regarding the Storm Drain Report and expressed her concern about monies being spent on a storm drain consultant without direction from Council.

MOTION: Council Member Freeman moved that in the near future the Council would review the storm drain situation before any monies were spent.

MOTION WITHDRAWN BY MAKER

Mayor Mossar said she would work with the City Manager to get the Storm Drain item agendaized.

MOTION: Council Member Freeman moved, seconded by Kishimoto, to agendaize the discussion of the review of open bid municipal code sections, including 2.30.130 and 2.30.140 to determine if the inclusivity and intent is clear regarding 1) exceptions to bidding and 2) how we handle amendments to contracts.

City Attorney Calonne stated the Council could not give direction to staff under Council Comments, Questions, And Announcements and that he had committed to bringing back the issue with Contract Streamlining.

Council Member Freeman agreed to withdraw her motion and let the items return.

MOTION WITHDRAWN BY MAKER AND SECONDER

Council Member Morton noted the informational report on investments returns that was in the Council packet. He complimented the city staff on successful financial management.

Council Member Kleinberg requested the meeting be adjourned in honor of Beth Bunnberg, who was honored by the Palo Alto Historical Association for volunteering on behalf of the community.

CLOSED SESSION

The meeting adjourned at 11: 23 p.m. to a Closed Session.

6. Conference with City Attorney -- Existing Litigation
Subject: The Embarcadero Publishing Company dba Palo Alto Weekly v. The City of Palo Alto, The City Council of the City of Palo Alto
SCC#CV814137
Authority: Government Code section 54956.9(a)
7. Conference with City Attorney -- Existing Litigation
Subject: The San Jose Mercury News, Inc. v. The City of Palo Alto, The City Council of the City of Palo Alto, SCC # CV814216
Authority: Government Code section 54956.9(a)

The City Council met in Closed Session to discuss matters involving existing litigation as described in Agenda Item Nos. 6 and 7.

Mayor Mossar announced that no reportable action was taken on Agenda Item Nos. 6 and 7.

FINAL ADJOURNMENT: The meeting adjourned at 12:55 a.m. in honor of Beth Bunnenberg, who was honored by the Palo Alto Historical Association with the Gleim Community Leader Award for her volunteering over the course of many years on behalf of the community to make sure the City maintained its connection with its heritage.

ATTEST:

APPROVED:

City Clerk

Mayor

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