

Special Meeting  
November 15, 2004

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The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:00 p.m.

CITY COUNCIL

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

YOUTH COUNCIL

PRESENT: Ahn, Chen, Farzaneh, Freeman, Fukui, Kozhukh, Liu, Mehrotra, Oza, Revueltas, Rogers, Ryu, Wu, Zhu

STUDY SESSION

1. Palo Alto Youth Council

The Palo Alto Youth Council (PAYC) met with the City Council to report on the PAYC's accomplishments for the past two years in relation to the Youth Master Plan. The PAYC also presented their ideas for 2004-2005, which included:

- getting more involved in politics;
- volunteering at community events;
- creating a "Pay it Forward" event where teens would perform random acts of kindness to other teens;
- identifying teen-friendly businesses by working with the *Palo Alto Weekly* to do a Best of the Best Teen section in the *Weekly's* Best of the Best edition.

The PAYC asked the City Council how they could both get more involved in politics and help resolve issues that related to the teen population. The City Council suggested some key groups and issues to help the PAYC become more involved in the political process, both on a local and national level.

The PAYC also asked why teen programs would not be receiving funds for the next eight years from the revenue generated by the lease of the property, which had housed the former teen center. Council Members explained due to the downturn in the economy, the building was leased out for less than what was expected in 2001, and there was no revenue left over for teen programs.

The Youth Council thanked the City Council for taking the time to discuss how the teens could get more involved in city government.

**No action required.**

ADJOURNMENT: The meeting adjourned at 6:58 p.m.

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:00 p.m.

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

ORAL COMMUNICATIONS

Mayor Beecham read the names of speakers unable to speak at the previous week's meeting.

John K. Abraham, 736 Ellsworth Place, spoke regarding the Noise Ordinance.

APPROVAL OF MINUTES

**MOTION:** Council Member Mossar moved, seconded by Burch, to approve the minutes of October 12, 2004, as submitted.

**MOTION PASSED** 9-0.

CONSENT CALENDAR

Council Member Kleinberg stated she would not participate in Item No. 3 due to a conflict of interest because one of the law firms involved had a contract with her employer, the American Electronics Association.

**MOTION:** Council Member Morton moved, seconded by Kishimoto, to approve Consent Calendar Item Nos. 2-9.

LEGISLATIVE

1. Biennial Review of Conflict of Interest Code and Annual Revisions of Designated Positions

Resolution 8476 entitled "Resolution of the Council of the City of Palo Alto Amending the Conflict of Interest Code for Designated City Officers and Employees as required by the Political Reform Act and Regulations of the Fair Political Practices Commission and Repealing Resolution No. 8235."

2. Ordinance 4854 entitled "Ordinance of the Council of the City of Palo Alto to Modify Section 2.08.210 of Chapter 2.08 of Title 2 of the Palo Alto Municipal Code Pertaining to Restructuring of the Community Services Department" (*1<sup>st</sup> Reading, 10/25/04, Passed 8-0, Kleinberg absent*)

## ADMINISTRATIVE

3. Request for Authorization to Contract for Legal Services with the Law Firm of Davis Wright & Tremaine, LLP in the Amount of \$175,000 for Fiscal Year 2004-05, to Increase the Amount of the Existing Contract with Moses & Singer by an Additional \$500,000 and to Increase the Amount of the Existing Contract with White & Case by an Additional \$100,000
4. Acceptance of Alcoholic Beverage Control Grant in the Amount of \$18,778 for Undercover Decoy Operations Related to Under-Age Drinking

**MOTION PASSED** 9-0 for Items Nos. 1, 2 and 4.

**MOTION PASSED** 8-0 for Item No. 3, Kleinberg not participating.

## REPORTS OF OFFICIALS

5. Environmental Services Center

Assistant City Manager Emily Harrison said the proposed Zero Waste Policy was a natural outgrowth of the Sustainability Policy adopted by the Council. At the direction of the Council, staff had been meeting with stakeholders in the community during the subsequent six months.

Director of Public Works Glenn Roberts said zero waste took a systematic approach to managing the flow of resources through society. Rather than deal with all refuse generated in the community and then try to recycle as much as possible, zero waste attempted to reduce and limit the amount generated by controlling the amount on the demand side. The current system of dealing with society's waste had been a linear one. Waste was generated through different industrial processes, such as manufacturing and packaging, then on to the consumer who discarded it. Zero waste attempted to integrate a system on a cyclic basis throughout society by shifting subsidies from manufacturing away from certain types of processes and packaging, designing for the environment, working towards clean production and distribution, empowering the consumer, creating responsibility for the producer, creating resource recovery centers similar to an Environmental Services Center (ESC), and creating an integrated cycle. Staff developed a number of strategies: 1) learn the City waste stream and design to be rid of it; 2) adopt a zero waste goal; 3) encourage producer responsibility; 4) discourage subsidies for wasting; 5) promote infrastructure beyond recycling to reuse of the products; and 6) create jobs in sustainable communities around that philosophy. Staff recommended to Council an expressed interest in the Zero Waste Program with direction to return with a concept for a

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proposed policy and implementation plan for spring 2005.

City Auditor Sharon Erickson said the purpose and scope of the City Auditor's review of the ESC was to analyze and help clarify the proposal. Staff reviewed the cost comparisons, acreages, tonnages, and proposal, and worked collaboratively with the Public Works and Administrative departments to update the 1999 Feasibility Study Estimates (FSE). Staff also worked closely with the Planning Division to understand possible impacts of land use issues. Under the present program, Palo Alto Sanitation Company (PASCO) crews picked up and delivered refuse to the Sunnyvale SMaRT Station. Recyclables were also picked up by PASCO, but were taken to the Palo Alto landfill. The "pilot" single-stream recyclables were driven directly to Oakland for processing. Similarly with yard waste, it was picked up and taken to the landfill for processing. Beginning in July 2005, PASCO would begin the Citywide Single-Stream Recycling Program and those recyclables would be delivered directly to Oakland. In the proposed program, a new ESC would open at the landfill site, the City would continue to use the services of a refuse hauler, continue to use the services of the Sunnyvale SMaRT Station, and continue to haul refuse to the San Jose Kirby Canyon landfill until 2021. After 2021, facilities would be potentially expanded at the ESC to full refuse handling capability, thereby replacing the SMaRT Station. The cost comparisons were based on the methodology in the 1999 Brown, Venice & Associates (BVA) Study, and were in 2004 dollars. The cost comparison numbers were a tool for decision-making and, therefore, not designed to predict future costs. The pre-2021 19-acre facility operating in tandem with the SMaRT Station would cost approximately \$8.5 million, which was more expensive than the SMaRT Station alone (\$6.9 million). In post-2021, the facility was marginally less expensive than using the SMaRT Station (\$6.8 million). The 6.2-acre facility in pre-2021 would operate in tandem with the SMaRT Station at a cost of \$7.3 million versus the SMaRT Station alone at \$6.9 million. However, in post-2021, the cost was significantly less at \$5.6 million versus \$6.9 million. Another alternative studied was to reserve land for a smaller post-2021 facility. It would include pre-2021 data fully utilizing the SMaRT Station with minimal recycling and yard waste facilities in Palo Alto. The price was estimated to cost \$6.5 million. Staff considered a 6.2-acre facility, estimated at a cost of \$5.6 million for post-2021. The latter option deferred the decision to build, but did require a decision now to reserve the land. The potential benefits of locating a facility in Palo Alto included: 1) the impact of landfill closure on the Palo Alto's self-haul disposal; 2) the ability to process within the City limits; and 3) the importance of landfill revenue to the General Fund. Rent on the landfill presently generated approximately \$4.3 million per year, which paid for a variety of General Fund services. During the course of staff's review of rents paid by the Refuse Fund, alternative sites became competitive if they were priced at \$1 million per acre. In working with the Planning Division, staff

reviewed potential land use and cost impact issues. The potential location raised issues about the use of dedicated parkland. The use would require voter approval, and the site was outside the urban service area, which would require a Comprehensive Plan (Comp Plan) amendment. There was also a need to resolve whether there were outstanding agreements or commitments to convert the landfill site to a "pastoral park" based on the City's history of filling wetlands. In summary, the pending closure of the landfill presented the City with opportunities and policy choices. Staff's analysis indicated the Sunnyvale SMaRT Station continued to be an important regional resource. The estimated cost for the proposed ESC was more than the SMaRT Station prior to 2021, but lower than the SMaRT Station after 2021 depending on the size of the facility. The proposed ESC could be made more economical by reducing the acreage, scope and services provided by the ESC. Ultimately, the project was a policy choice.

Mr. Glenn Roberts said the issue stemmed around a goal for the future of how Palo Alto would manage its waste stream, and whether to keep local control over it or allow it to go elsewhere. The proposed project would keep a comprehensive facility in Palo Alto using 19 acres of closed landfill for all of the City's solid waste programs. Alternatively, the 6.2-acre site would accommodate most of the programs except for the composting and inert solids, which would have to be sent elsewhere. The 3 to 3.5 acre site could incorporate the Recycling Center and Household Hazardous Waste facility, but would not have either a composting or transferring station capability. Staff would continue to explore further options to include the Los Altos Treatment Plant site, as well as other options not located on the Baylands or dedicated parkland. Another project alternative would send all refuse to the Sunnyvale SMaRT Station and develop the parkland in accordance with the current Baylands Master Plan (BMP), which would leave the self-haul customers on their own. Appendix 10 of the City Auditor's Report outlined the staff recommended alternative was the most cost effective and efficient program. Comparatively, the SMaRT Station cost \$30 dollars more per ton than the proposed facility.

Assistant Director of Public Works Mike Sartor presented to Council the Scope of Services and recommended a consultant team should Council approve staff's recommendation to proceed with the Environmental Impact Report (EIR) for the ESC. The EIR study would evaluate both project impacts using existing conditions, as well as future parkland conditions identified in the BMP. A series of public meetings and scoping meetings would be held as part of the EIR process, which included interested stakeholder groups, and members of the general public. Staff submitted a Request for Proposal (RFP) and, subsequently, received proposals from four qualified firms. The proposal evaluation team was comprised of staff from the City Attorney, Public Works, and Planning Departments. The team reviewed the proposals

and conducted interviews. EIP Associates was the firm recommended to prepare the EIR. Their qualifications, experience, and impartial approach were superior to the other three firms. In addition, they understood the sensitivity of the project and the need to address the concerns of all the stakeholders.

Director of Planning and Community Environment Steve Emslie said staff had an update to the BMP Policies on its work program. He emphasized it was not a change in policy but a working framework of the existing Comp Plan and Baylands Land Use Policies as adopted by the City. In order for the ESC to proceed; however, the Comp Plan would need to be amended. The 1998 Comp Plan was the current land use policy for the City and the guiding document used to make decisions on land use issues and changes in the environment. The Comp Plan was clear that City policy had been established, which limited future urban development to the current developed lands within the Urban Service Area (USA). The USA would need to be amended to include the ESC. The BMP was adopted in the mid 1980's, updated approximately 10 years later, and was the Council's adopted planning document for the areas east of Highway 101. The BMP had been amended as follows: 1) no further urban intrusion; however, it would allow for the retention of existing development along Embarcadero and East Bayshore Roads; 2) the conversion of the Yacht Harbor and the ITT site to marsh lands; 3) the conversion of the landfill to a "pastoral park", namely Byxbee Park, which would be connected with the aquatic activities in the former harbor area; and 4) the Byxbee Park plan identified a smaller area where the recycling center could be retained after the closure of the landfill. Staff believed the aforementioned policies would require Council direction in order to change and move forward with the ESC.

Walter Hays, 355 Parkside Drive, expressed support for the concept of zero waste. He believed the "no project" alternative supported by some would virtually end the City's Recycling policy. It was unthinkable and contrary to the concept of sustainability. He believed there was a statement in the Comp Plan to maintain and extend the Recycling Center instead of its automatic conversion to a "pastoral park". Because the policies were in conflict with the EIR, it was a method by which the issue could be resolved.

Clark Akatiff, 105 Rinconada, expressed concern the residents were polarized on the issue. It was all or nothing for many people. After having read the City Auditor's Report and thinking about the difficulty of changing plans or going to an election, he recommended the Council look primarily at the 6.2-acre alternative.

John K. Abraham, 736 Ellsworth Place, was opposed to proceeding with the Draft EIR (DEIR) for any ESC project under the present circumstances. Any

DEIR needed to better address the noise issues.

Edie Keating, 3553 Alma Street, #5, said she favored BVA Option No. 3, which utilized 6.2-acres and cost \$43.76 per tonnage of waste. She believed the City would do a better service regionally if they contributed to the parkland rather than put a waste disposal-processing center next to it.

Paul Losch, 890 Lincoln Avenue, said the BMP was a good document; however, it was outdated and the thought now was how would the resources of the Baylands best meet the needs of a community that had changed significantly since 1978. At best, the ESC should only be considered in light of a renewed BMP, but on a parallel or independent track.

Michael Clossen expressed endorsement of the staff recommendation. Zero Waste strategies were being implemented in various communities throughout the country, and Palo Alto had an opportunity to sustain itself as an innovator in the environmental arena, as well as to maintain their consistency with the adopted sustainability strategy.

Toni Stein, 800 Magnolia, Menlo Park, encouraged the Council to vote in favor of setting a zero waste goal, move ahead on a Zero Waste plan, and incorporate it into any EIR process.

Angelica Volterra urged the Council to abandon the idea of building the proposed 19-acre ESC at Byxbee Park. Such a project would conflict with longstanding policies included in the BMP and the Comp Plan. It would also conflict with the City's commitment to environmental protection of the Baylands. She did not believe it was appropriate at the present time to pursue preparation of an EIR given the number of issues, which remained to be clarified. The proposed EIR involved the expenditure of a large sum of money that was not justifiable. She urged the Council to direct staff to develop a proposed policy for zero waste that included an implementation plan.

Tom Jordan, 474 Churchill Avenue, said he did not believe the Council had been given enough time to make an informed decision that evening. He suggested staff should utilize the services of BVA, an expert in solid waste, to custom draft a report. He also felt the cities of Sunnyvale and Mountain View should be consulted on their long-range plans for refuse operations.

Herb Borock, P. O. Box 632, indicated a City Manager's Report from 1984 regarding the lease/purchase summary of the Los Altos Treatment Plant (LATP) site was distributed to Council Members. The staff report noted there was enough space for a refuse operation that served Palo Alto, Los Altos, and Stanford University utilizing a little more than nine acres. He understood



the terms of the agreement on the LATP site after the City's purchase of half interest offered the opportunity over a 15-year period to control, manage, and have a project for a waste storage transfer facility. He did not believe having a transfer station in Sunnyvale or one in Palo Alto represented zero waste.

Emily Renzel, 1056 Forest Avenue, said she was opposed to using parkland for an industrial garbage recycling plant, as it was contrary to the BMP and the Comp Plan. She believed it broke the trust of several generations of Palo Altans, who had waited for almost four decades for the park they were promised.

Karen White, 146 Walter Hays Drive, expressed support for the City Auditor's recommendations. The report provided facts to support a delay in funding environmental review of the proposed ESC. A reduced scale facility of 6.2 acres made economic sense after the SMaRT Station contract ended in 2021 or 2031, if the ten-year extension option was exercised. Funding an EIR now for a facility planned far into the future would be premature. Environmental laws might change and costs would certainly change. She urged the Council to reconsider its May 10, 2004 decision to adopt single stream for a Citywide trial, as it would increase the City's net cost, bring more contamination to recyclable materials, and reduce the amount of refuse being recycled.

Douglas B. Moran, 790 Matadero Avenue, said he did not believe it was appropriate to conduct an EIR at the present time. It did not seem to be the right process or the right focus.

Betsy Allyn, Wilmar Drive, said she favored continuation of the City's dual stream recycling, and wondered why there was a rush to move forward with the ESC project since Palo Alto's partnership with the Sunnyvale SMaRT Station ran until 2021. Staying the course would give the City more time to make benefit analyses and environmental land use decisions.

Enid Pearson, 1019 Forest Avenue, expressed opposition to the proposed ESC project.

Elaine Meyer, 609 Kingsley Avenue, understood PASCO was a subsidiary of Waste Management, Incorporated (WMI). WMI had been sued by its Chief Executive Officer (CEO), was involved in a securities fraud case, and fined by the Environmental Protection Agency (EPA). She said the aforementioned practices suggested an unseemly effort by WMI to manipulate local government for its own business ends. She asked why Palo Alto was dealing with such a company, and suggested the City Attorney's office look into the criminal history of WMI before contracting with them.

Joy Ogawa, Yale Street, said although the City Auditor's Report did not make explicit recommendations for single stream versus dual stream recycling, it was clear to her Council needed to revisit the issue of single stream recycling because it would cost more to process, limit the City's options, and prevent the use of the Sunnyvale SMaRT Station for recycling. She felt spending money on an EIR was premature in light of a number of unanswered questions.

Bob Wenzlau, 1409 Dana Avenue, said the Council had a challenge regarding the selection of a waste management strategy for the community. His principal concern was that the environmental impact process intimidated some stakeholders like himself, who would like to participate.

Bob Moss, 4010 Orme Street, said he found it odd the Council was being asked to spend approximately \$400,000 for an EIR for the proposed 19-acre project, which would be located on dedicated parkland. It required a vote of the community to reverse it. He concurred with Toni Stein that it was possible to reach the goal of zero waste, and favored dual stream recycling.

Ellie Gioumousis, 992 Loma Verde Avenue, said the Parks and Recreation Commission (PARC) unanimously recommended the proposed site remain dedicated parkland. She favored dual stream recycling.

Stephanie Munoz, 101 Alma Street, expressed opposition to single stream recycling.

Annette Glanckopf, 2747 Bryant Street, said more regional cooperation efforts were needed as available land and resources became scarce. The Sunnyvale SMaRT Station was a solid contract the City already in place, and would provide local control. She supported moving ahead on the Zero Waste Program, eliminating the 19-acre site, resolving outstanding questions the City Auditor's Report suggested before moving forward with an EIR, and not sacrificing parkland.

Mayor Beecham declared the Public Hearing closed.

RECESS: 9:02 p.m. to 9:10 p.m.

Mayor Beecham said Item No. 5d did not require Council action.

- a) Request for Council Direction to Staff to Develop a Proposed Zero Waste Policy and Implementation Plan

**MOTION:** Council Member Ojakian moved, seconded by Morton, to approve the Zero Waste Policy and for staff to return to the Council with an implementation plan.

**MOTION PASSED 9-0.**

b) City Auditor's Review of Environmental Services Center Proposal

Mayor Beecham suggested Council Members ask questions of staff that evening, direct staff to bring back the item on November 22, 2004, for a study session, and return the item on a date uncertain.

Ms. Harrison suggested an option to have an extended study session to allow the Council to discuss the issue, and then bring the item back under 'Unfinished Business.'

Mayor Beecham said the issue was an important one for the community and the Council, and suggested setting the matter for an extended study session, followed by bringing the item back again at a later date.

Ms. Harrison said the item as 'Unfinished Business' would most likely come back in January 2005.

Council Member Morton said ordinarily a study session did not allow the Council to take action. He asked whether the item would be listed as an agenda item and study session.

Ms. Harrison said staff would advertise an extended study session. The Council would thereafter adjourn the study session, and come back into session with the 'Unfinished Business' item in front of them.

Council Member Mossar clarified it was not Council's intent to take action following the extended study session.

Ms. Harrison said the Council would have the option to take action because the item would be on the agenda under 'Unfinished Business'. If the Council were not ready, they would continue to a date in January 2005.

Mayor Beecham said the Council needed to vote on whether they wanted to agendize the item for a study session only or to include the item for potential action.

Council Member Freeman asked whether the public hearing would be reopened for potential speakers.

Mayor Beecham said no additional public comments would be heard at the study session; however, if the item were carried over to January 2005, the public testimony would be reopened.

Council Member Kishimoto said new light had been shed regarding single stream recycling. She asked whether single stream could be included as part of the discussion.

Mr. Roberts said if the discussion and timeframe were about the ESC and EIR, it could be included. On the other hand, if the question was about reconsideration of the single stream project approved by Council in May 2004, and reaffirmed in June 2004, during the budget deliberations, that would be difficult. Implementation of the program was scheduled for July 1, 2005, with an award of contract being brought to Council in December 2004 for the purchase of new toters. He urged the Council to keep the decision of single stream intact, or reaffirm it as soon as possible.

Mayor Beecham said the Council could ask staff for the study session to provide more information.

Council Member Kleinberg expressed support for putting the matter over to another date.

Council Member Cordell said she based her support for single stream recycling on inaccurate information and data. She no longer expressed her support and hoped there would be an opportunity for the Council to revisit the issue.

Council Member Kishimoto asked instead of waiting until spring for staff to bring back a fully-developed project, would it be possible for staff to bring back, at mid-point, some policy criteria or trade-offs.

Mayor Beecham said the Council had already taken action on that item and given direction to staff.

Council Member Kishimoto clarified any meeting noticed regarding the ESC should include single stream recycling.

City Manager Frank Benest said it was disconcerting to recommend changes when the Council had taken policy action, and staff was in the midst of bidding and returning to Council with a contract. Reconsideration of the policy decision was a major issue.

Mr. Roberts said three factors were involved: 1) the purchase of the trucks; 2) purchase of the toters; and 3) the negotiation with PASCO over their

contract and scope of services for the upcoming fiscal year. Those issues could perhaps be changed, but it would be extremely difficult and a disadvantageous negotiating position to be in.

Mayor Beecham said if there was sufficient concern amongst the Council that single stream recycling was not the right way to go, it needed to be decided. The Council also needed to understand the ramifications behind their decision.

**MOTION:** Council Member Cordell moved, seconded by Beecham, to reconsider the issue regarding single stream recycling in the study session next week due to new information, and to direct staff to have an action at the end of the item on single stream recycling.

City Attorney Gary Baum asked whether the Council wanted an action item to go along with it.

Mayor Beecham said the motion was whether or not to include the item in the study session for discussion, which would not include any action item.

Council Member Morton clarified the Council would include discussion of single stream recycling in the study session, but would not give itself the option to direct staff on it. If the item prevailed, Council should be able to make a decision to reaffirm or advise staff to put everything on hold. He believed an action item should be included.

Vice Mayor Burch agreed the Council should come to some decision on the issue. He recommended the updated report on single stream to include: 1) the willingness of the SMaRT Station to go to single stream; 2) the City of San Francisco's single stream program; 3) the claim that single stream pollutes the product thereby making it less desirable; and 4) the cost comparison with dual stream recycling.

Council Member Freeman concurred with Vice Mayor Burch. She would also like to see the source separation benefits and to understand whether there were trucks available that could do everything in one trip.

Council Member Morton asked whether her intent was to question the decision about single stream.

Ms. Erickson said in her report she was commenting on the additional cost incurred by single stream. The bulk of the information in the City Auditor's Report came from the May 2004 staff report (CMR:205:04).

**MOTION PASSED** 8-1, Morton no.

Council Member Ojakian said he would like to see more information regarding the LATP. At one point, there was discussion of paying Los Altos approximately \$3.3 million. He asked whether there was a placeholder for the money and/or where would the funding come. He asked about the debt service on the capital costs for building out the structure, and whether it was being covered. He asked staff to look into whether the facility would be obsolete before it opened.

Council Member Kleinberg said she would submit her questions to staff via e-mail. She expressed support for the Zero Waste Policy. It behooved the Council to take as comprehensive a view as possible of what would come out of the upcoming study session. In order for the community's legacy to continue, it was important to put all the pieces of the puzzle on the table, see how they interrelate and what were the ramifications. She endorsed Mr. Wenzlau's approach of developing a Waste Management Policy for Palo Alto.

Mayor Beecham urged his colleagues to submit any additional questions to staff by tomorrow.

Council Member Morton said there was a crucial ambiguity in the City Auditor's Report, which led to serious misconclusions. Although Appendix 10, Column One, excluded rent, when the expenses were presented, the rent would be included as a payment to the City. It was somewhat misleading to compare a cost where approximately \$2 million went to the General Fund against an alternative where nothing went to the General Fund. He asked whether a fairer comparison was Column Five, and put rent as a below the line item so the \$8.5 million actually read \$6.6 million, and then show the rent to the City as a separate line item. The report actually showed the alternative of going to the SMaRT Station was more expensive when taken into consideration the General Fund was enriched by \$2 million. He asked for information regarding disputes on the labor factor at the Sunnyvale SMaRT Station, and how one quantified the number of trips to the landfill versus trips to Sunnyvale, as it related to composting.

Council Member Mossar concurred with Council Member Ojakian on clarification of the LATP site. She asked staff to look into expanding the public notice to the public on the options for the landfill. She asked staff where within the boundaries of Palo Alto would the Comp Plan allow for a facility like the ESC. She would like some sense of the feasibility of relying upon other cities to provide refuse services to Palo Alto for the next 20-40 years. What were the benefits of operating our own composting program. The Council should also understand the purpose of the Household Hazardous Waste Program. She would like to see a ballpark figure of vehicle miles traveled for the various sites, i.e. Baylands, SMaRT Station, Kirby Canyon,

and Oakland. It was a legacy decision and was very important because there are interwoven environmental values.

Vice Mayor Burch said there was a misleading concept of permanent household hazardous waste. The word permanent might imply the waste was being kept on site. He believed it should be referred to as household hazardous waste collection, which allowed people to come any time to drop off their waste. He and Council Member Kishimoto visited the Sunnyvale SMaRT Station, the Zanker Road facility that took care of construction and demolition debris and recycled cement, and the Kirby Canyon facility. Having looked at the SMaRT Station, he knew the City was not planning on building anything similar to it.

Council Member Freeman said the ESC was a classic environmental management issue. She visited the SMaRT Station approximately one-year prior and discussed the issue of single stream with them. At that time, they had just gone to dual stream and had no future plans to go to single stream. She would submit her questions to staff via e-mail.

Council Member Kishimoto said she would submit most of her questions to staff via e-mail. Staff needed to evaluate the idea of partnerships in the context of co-dependent partnerships already in place. The prevailing wages at the SMaRT Station needed to be reviewed, as well as the 43 Full Time Equivalent (FTEs), required for the proposed 19 acres at the ESC. She understood there were some recent studies for side-by-side comparisons of single stream versus dual stream, and asked staff to bring back summary responses. She was curious to know more about the PASCO contract and clauses regarding the land they pay for as well as the main clauses of the contract. More specifically, how would that apply to single stream versus dual stream choices. She hoped to get clarification of the cogeneration plant status and prospects. She expressed concerns about pricing. The City charged \$20 per ton for inert material stream while the SMaRT Station charged almost three times as much. She would also like to see the City consider some kind of tier system to give people a true incentive for household composting.

Mayor Beecham said he would like to understand why the City had already spent more money than others and whether they had gotten the cost benefit out of it. He questioned how the ESC compared to the SMaRT Station, and what was the future of it. He wanted to have more information about the timing of the decision-making, and how it would affect the decision not to pursue the 19-acre facility, but something smaller. Would an EIR still be required in that case. He asked what the future schedule was if the Council proceeded on any of the proposed options, and could it all be done the following week.

Ms. Harrison said it was unrealistic for Council to think staff would be able to prepare a report in response to all the questions. Staff would be prepared to respond orally to as many questions as they could.

Mayor Beecham said he anticipated a staff presentation.

Council Member Morton referred to Column One in Appendix 10 and asked how many of the financial factors did the City control. There were two ways of controlling costs. One was to raise revenue and the other was to cut expenses. It would be helpful for discussion purposes to narrow the discussion to Column One (19-acre facility) and Column 5 (6.2-acre facility) on a single sheet.

Council Member Cordell said of the twelve recommendations made by the City Auditor, eight of them concerned additional data and information. She questioned if there were at least eight recommendations that recommended gathering additional data, should that be provided to help Council understand what they needed to do.

- c) Approval of Contract with EIP Associates in the Amount of \$358,730 for an Environmental Impact Report and Cost Benefit Analysis for the Proposed Environmental Services Center Facility Options

**No action required.** The item would be discussed at the next week's Council meeting.

- d) Update of Comprehensive Plan Policies on Baylands

**No action required.**

#### COUNCIL MATTERS

- 6. Colleagues Memo from Council Members Freeman and Ojakian re Budget Process Modifications

Council Member Ojakian said he met with Council Member Freeman and the City Manager to discuss budget process modifications that would be helpful to the public. Council's recommendation was to direct the City Manager to formalize and implement the proposed budget practices, after vetting the recommendations with the appropriate standing committee.

Council Member Morton asked whether the standing committee would be the Finance Committee.



Council Member Ojakian said yes; however, it was left open in case there was some matter staff thought would need to go to the Policy and Services Committee.

**MOTION:** Council Member Ojakian moved, seconded by Freeman, to direct the City Manager to formalize and implement the following budgeting practices, after vetting the recommendations with the appropriate standing committee:

- a. Develop and Monitor the Council's Top 5 Priorities
- b. Performance Measures included in the Budget
- c. Identify which Capital Improvement Projects (CIP's) have policy direction
- d. Provide summary of adds and drops in funding

Council Member Kleinberg applauded the intent of the memo to make the budget more transparent and give it a more friendly approach. She said over the past several years, the budget process had become extremely detailed and laborious, and the outcomes were not necessarily better for the multiple hours, days, and weeks spent on the process. It was discovered the Council was spending just as much time reviewing the second year of a two-year budget, as the first year. If the Council was to look at priorities every year, they should examine whether or not to implement a two-year budget.

Mayor Beecham suggested modifying the first paragraph under item one that talked about developing the Top 5 Priorities early in each calendar year, to read "early in each two-year budget year".

Council Member Ojakian said his intent of including a review of the Top 5 Priorities on an annual basis because of an influx in Council Members over the next few years.

Council Member Kleinberg said the Colleagues Memo stated the Council should have a practice of developing Top 5 Priorities and milestones early each calendar year before the City Manager prepared the budget. She believed it meant redoing the budget every year.

Council Member Freeman said the memo was developed in collaboration with the City Manager. The notion of having a meeting every year, even if the Top 5 Priorities did not change, provided an opportunity to clarify what they were and for new Council Members to have improved understanding.

City Manager Frank Benest said the intent of the meeting with Council Members Freeman and Ojakian was to institutionalize the practice of adopting priorities for the two-year budget. Council reviewed staff progress

on the Top 5 Priorities for the second calendar year of the two-year budget, but did not develop new priorities.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to amend the second sentence under No. 1 Developing and Monitoring the Council's Top 5 Priorities, to read "The Council should review in the second year of a two-year budget the top priorities and milestones in conjunction with the City Manager's update of the budget," in place of "The Council should formalize its practice of developing its "Top 5" Priorities (and milestones) early in each calendar year before the City Manager prepares the City's proposed budget."

Council Member Mossar said item 1 should state the Council set its priorities for a two-year budget cycle, and reviewed them in the mid-budget year.

Council Member Ojakian said part of his intent was to ensure future Council Members understood the Top 5 Priorities.

Council Member Kleinberg said she hoped anyone who decided to run for Council would know what the Top 5 Priorities were or have suggested alternatives.

Council Member Kishimoto expressed support for the motion. She suggested the budget was not just the Top 5 Priorities, but also other issues that came up such as the libraries or sewers.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to change the word "adequate" to "appropriate" in the last sentence of the first paragraph under item 1. Developing and Monitoring the Council's Top 5 Priorities.

**MOTION PASSED 9-0.**

#### COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

Council Member Kishimoto referred to a notice regarding the Santa Clara County Board of Supervisors' Forum on the Valley Transportation Plan VTP2030 at 7:30 p.m. on Tuesday, November 23, 2004, at Supervisors' Chambers, 70 West Hedding Street, San Jose.

Council Member Mossar shared information on the San Francisquito Creek Joint Powers Authority (JPA) noting the U.S. Army Corps of Engineers suggested combining a short-term project process into a long-term project process. The JPA board has not discussed this in any great detail but without the funds from the Army Corps there was not a significant amount of

money available and, therefore, it was important to continue working on a project.

Council Member Kleinberg reported the Santa Clara County Cities Association (SCCCA) voted to elect Council Member Mossar as their nominee on the Bay Conservation and Development Commission (BCDC) for the South Bay, which included Santa Clara, Alameda, and San Mateo counties.

Council Member Mossar noted San Mateo County had yet to put forth a nominee. A committee of BCDC members would make the choice and the schedule was also unknown at this time.

Vice Mayor Burch reported he attended a dinner and an all day orientation for the Lucille Packard Children's Hospital called "Packard 101." He stated it was an incredible experience and had been one of the highlights of his service on the Council. He encouraged Council Members to accept the invitation, as it was offered twice a year in March and October.

CLOSED SESSION

Mayor Beecham announced the Council would not hear Item No. 7 that evening.

7. ~~Conference with Labor Negotiator~~  
~~Agency designated representatives: City Manager and his designees pursuant to the Merit System Rules and Regulations (Frank Benest, Leslie Loomis)~~  
~~Employee Organization: Fire Chiefs Association Management Personnel, IAFF Local 1319~~  
~~Authority: Government Code section 54957.6(a)~~

ADJOURNMENT: The meeting adjourned at 10:45 p.m.

ATTEST:

APPROVED:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

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