TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: ADMINISTRATIVE SERVICES

REPORT TYPE: REPORT OF COMMITTEE AND COMMISSIONS

DATE: DECEMBER 8, 2008

CMR: 460:08

SUBJECT: Policy and Services Committee Recommendation to Approve Staff's Recommendation Regarding City Oversight of the Palo Alto Airport: A) Receive Staff's Progress Report on Negotiations with Santa Clara County Regarding the Palo Alto Airport Lease; B) Approval of the amended Airport Mission Statement; C) Recommend the City Manager negotiate a contract with Wiedemann & Associates for Development of an Airport Business Plan and Airport Community Value Analysis; D) Adopt Budget Amendment Ordinance to Increase Appropriations by $80,000 from the City Council Contingency account to the Capital Project Fund to fund the Contract for Wiedemann and Associates Services. (CIP Project AS-09000, City of Palo Alto Municipal Airport Transition Project)

RECOMMENDATION:
Staff and Policy and Services Committee recommend that the Council: A) receive staff's biannual progress report on progress with negotiations with Santa Clara County; B) review and approve the Airport Mission Statement proposed by the Palo Alto Airport Joint Community Relations Committee (PAAJCRC); C) accept the attached proposal from R.A. Wiedemann & Associates for preparation of the Palo Alto Airport Business Plan and Community Value Analysis (Airport Business Plan) and direct staff to negotiate and authorize the City Manager or designee to execute a $105,000 contract with R. A. Wiedemann & Associates based on its proposal to provide a business plan and community value analysis; and 4) adopt the attached Budget Amendment Ordinance in the amount of $80,000 transferring funds from the City Council Contingency to the Capital project for increased funding for the preparation of the Airport Business Plan (attachment A BOA and attachment A-1 Capital Improvement project (CIP) Report.
POLICY AND SERVICES COMMITTEE REVIEW AND RECOMMENDATION
At the November 18, 2008 meeting the Policy and Services Committee:

A) received staff’s biannual progress report on progress with the negotiations with the Santa Clara County; B) reviewed and voted 3 to 1 to accept staff’s recommendation that the Council review and approve the Airport mission statement proposed by the Palo Alto Airport Joint Community Relations committee (PAAJCRC) with an amendment, which states that the Airport operate in conformity with all applicable laws, the City of Palo Alto Baylands Master Plan and FAA requirements. The amended Airport mission statement now shall read as follows:

- To operate a safe, efficient and cost effective airport providing for general aviation operations within limits imposed by its size and location.
- To operate in conformity with all applicable laws, the City of Palo Alto Baylands Master Plan, and FAA requirements.
- To be self-supporting and operate without cost to the City’s General Fund;

The Policy and Services Committee also recommended C) acceptance of the attached proposal from R.A. Wiedemann & Associates for preparation of the Palo Alto Airport Business Plan and Community Value Analysis (Airport Business Plan) and D) direct staff to negotiate and authorize the City Manager or designee to execute a $105,000 contract with R.A. Wiedemann based on its proposal; and adopt the attached Budget Amendment Ordinance in the amount of $80,000 transferring funds from the City Council Contingency to the Capital project for increased funding for the preparation of the Airport Business Plan.

The minutes from the November 18, 2008 Policy and Services meeting are included as Attachment B. Council direction to staff on November 13, 2007 was “to begin negotiations with the County on an early termination of the lease and to commence work on the items set forth in the November 13, 2007 staff report” assuming a condition of the airport use but based on the discussion by the Policy and Services Committee there is still doubt as to whether an airport is the best use of the property. The majority of the committee agreed that the Business Plan and Economic Analysis will provide the answers to the future of the airport.

RESOURCE IMPACT
The amounts budgeted in the Fiscal Year 2009 for both the Airport Business Plan and the Hazardous Materials Analysis is $25,000 each for a total project budget of $50,000 and is included in CIP Project AS-09000, the City of Palo Alto Municipal Airport Transition Project. The budget of $25,000 for the plan was based on estimates obtained from two local firms familiar with such reports. Because the cost of the recommended contract (including the $17,500 optional task) is $80,000 more than the $25,000, staff is recommending Council adoption of the attached Budget Amendment Ordinance which will result in the transfer of $80,000 from the City Council Contingency account to the Capital Project Fund. The balance of the Council contingency amount after the transfer will be $42,040.
POLICY IMPLICATIONS
This progress report is consistent with previous Council direction which is to begin negotiations with Santa Clara County for an early termination of the lease and to commence work on the items set forth in the November 13, 2007 staff report.

ENVIRONMENTAL REVIEW
An environmental impact assessment (EIA) may be required by the California Environmental Quality Act (CEQA) and will be performed in connection with future Council decisions regarding the PAO.

ATTACHMENTS
Attachment A: Budget Amendment Ordinance
Attachment A-1: Capital Improvement Project Report
Attachment B: Excerpt from the Minutes of November 18, 2008 Policy and Services Committee
Attachment C: CMR 440:08