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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, Kleinberg, Kishimoto, Morton, Mossar

ABSENT: Freeman, Ojakian

SPECIAL ORDERS OF THE DAY

1. Resolution 8448 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Officer William "Bill" Dale Baldwin for Outstanding Service to the Community"

MOTION: Council Member Morton moved, seconded by Kleinberg, to adopt the Resolution.

MOTION PASSED 7-0, Freeman, Ojakian absent.

Police Chief Lynne Johnson said Officer Baldwin had been involved in many aspects of the Police Department, and the loss left a void that would not soon be filled.

Police Sergeant Carole Baldwin expressed her thanks to the Council for the Resolution honoring her husband for his service to the community. She also thanked Ms. Johnson, the command staff, and the Palo Alto Fire Department for their support to her and her family during the sudden loss of her husband.

Mayor Beecham said the hearts and best wishes of the Council were with the Baldwin family.

ORAL COMMUNICATIONS

Roccie Hill, 1786 Technology Drive, San Jose, spoke regarding thanks from the Housing Trust.

Ken Horowitz, 525 Homer Avenue, #1, spoke regarding water fluoridation award.

Matt Hilliard spoke regarding amending Ordinance No. 4422.

APPROVAL OF MINUTES

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

MOTION PASSED 6-0-1, Freeman, Ojakian absent, Kishimoto abstaining.

CONSENT CALENDAR

Herb Borock, P.O. Box 632, Palo Alto, spoke regarding Item No. 3. He said the agenda for the Policy and Services (P&S) Committee meeting of December 9, 2003, failed to state with adequate specificity that the Committee would discuss the portion of the boundary line at Rinconada Park adjacent to the Junior Museum and Girl Scout Building. In addition, the bearings and distances in the proposed ordinance were based upon a Record of Survey filed by the Palo Alto Unified School District (PAUSD) in 1998, which was the same year they placed buildings illegally on Rinconada Park. He believed it was a mistake to base the boundary descriptions on the PAUSD's Record of Survey at that time.

Director of Human Services Kathy Espinoza-Howard, representing the City of Palo Alto's Management and Professionals Association, spoke regarding Item No. 6. She expressed her support of the Management Compensation Committee's efforts in crafting the Management and Professional compensation package.

Council Member Morton registered a no vote on Item No. 8.

MOTION: Council Member Mossar moved, seconded by Morton, to approve Consent Calendar Item Nos. 2-12.

LEGISLATIVE

2. Authorization for the Filing of a Grant Application for Federal Surface Transportation Program (STP) Funding for Street Resurfacing Rehabilitation Projects for University Avenue and Page Mill Road

Resolution 8449 entitled "Resolution of the Council of the City of Palo Alto Authorizing the Filing of an Application for Federal Surface Transportation Program Funding for a Street Rehabilitation Project for University Avenue and Page Mill Road"

3. The Policy and Services Committee Recommends Adoption of an Ordinance Amending Exhibit A-17 and Map to Exhibit A-17 to Section 22.08.210 of Chapter 22.08 of Title 2 of the Palo Alto Municipal Code Correcting the Boundaries of Rinconada Park and Adjoining City Property Adjacent to the Junior Museum and Zoo and Girl Scout Building

Ordinance 1st Reading entitled "Ordinance of the Council of the City of Palo Alto Amending Exhibit A-17 and Map to Exhibit A-17 to Section 22.08.210 of Chapter 22.08 of Title 2 of the Palo Alto Municipal Code

Correcting the Boundaries of Rinconada Park and Adjoining City Property Adjacent to the Junior Museum and Zoo and Girl Scout Building”

4. Resolutions Amending the Merit System Rules and Regulations to Adopt a Memorandum of Agreement with International Association of Fire Fighters (IAFF, Local 1319) and Adopting a New Compensation Plan for Fire Department Personnel

Resolution 8450 entitled “Resolution of the Council of the City of Palo Alto Amending Section 1501 of the Merit System Rules and Regulations Regarding the Memorandum of Agreement Between the City of Palo Alto and Local 1319, International Association of Fire Fighters”

Resolution 8451 entitled “Resolution of the Council of the City of Palo Alto Adopting a Compensation Plan for Fire Department Personnel (IAFF) And Rescinding Resolution No. 8362”

5. Resolutions Amending the Merit System Rules and Regulations to Adopt a Memorandum of Agreement with Service Employees’ International Union (SEIU), Local 715 and Adopting a New Compensation Plan for SEIU Classified Personnel

Resolution 8452 entitled “Resolution of the Council of the City Of Palo Alto Adopting a Compensation Plan for Classified Personnel (SEIU) and Rescinding Resolution Nos. 8056, 8059, 8141, 8180, 8242, 8251, 8310 and 8313”

Resolution 8453 entitled “Resolution of the Council of the City of Palo Alto Amending Section 1401 of the Merit System Rules and Regulations Regarding the Memorandum of Agreement Between the City of Palo Alto and Local 715A, SEIU, AFL-CIO, CLC”

6. Resolutions Adopting Compensation Plan for Management and Professional Personnel, Amending the Salaries and Benefits of Certain Council Appointed Officers, and Amending the Merit System Rules and Regulations

Resolution 8454 entitled “Resolution of the Council of the City of Palo Alto Amending Section 1701 of the Merit System Rules and Regulations”

Resolution 8455 entitled “Resolution of the Council of the City of Palo Alto Adopting a Compensation Plan for Management and Professional

Personnel and Council Appointees and Rescinding Resolution Nos. 8353 and 8378”

ADMINISTRATIVE



7. Contract Between the City of Palo Alto and TMAD Engineers, Inc. in the Amount of \$100,000 for Design Services for Cubberley Mechanical and Electrical Upgrades - Capital Improvement Program Project PF-04010
8. Contract Between the City of Palo Alto and CPS Human Resource Services in the Amount of \$10,000 per Year for Facilitation Services Related to Evaluation of Council Appointed Officers
9. Contracts to Provide Regulatory and Technical Assistance to the City of Palo Alto Utilities:
 - Consulting Contracts Between the City of Palo Alto and Navigant Consulting for Gas Regulatory and Technical Consulting for a Total Amount of \$436,000 for the Fiscal Years FY2004-05, FY2005-06 and FY2006-07
 - Consulting Contracts Between the City of Palo Alto and Navigant Consulting for Electric Regulatory and Technical Consulting for a Total Amount of \$150,000 for the Fiscal Years FY2004-05, FY2005-06 and FY2006-07
 - Consulting Contracts Between the City of Palo Alto and Flynn Resource Consulting Inc. for Electric Regulatory and Technical Consulting for a Total Amount of \$228,000 for the Fiscal Years FY2004-05, FY2005-06 and FY2006-07
10. Response to Grand Jury’s Inquiry into Financial and Performance Audits for the County and Cities in the County
11. Confirmation of Response to Santa Clara County Grand Jury Report on Property and Evidence Rooms in Santa Clara County
12. Contract for Unpaid Sabbatical Leave for Ruben Grijalva for One Year (August 2004 To August 2005).

MOTION PASSED 7-0 for Item Nos. 2-7 and 9-12, Freeman, Ojakian absent.

MOTION PASSED 6-1 for Item No. 8, Morton no, Freeman, Ojakian absent.

Council Member Morton said he was opposed to his colleagues transferring

the responsibility of evaluating the Council Appointed Officers (CAOs) to a facilitator. In addition, the contract, as written, allowed for automatic renewal subject to the Council's approval.

PUBLIC HEARINGS

13. Public Hearing: The Palo Alto City Council will Consider Adopting a Resolution Confirming the Report of Delinquent Administrative Penalty Bills and Directing that a Lien be Recorded with the Santa Clara County Recorder's Office Against Properties Located at 1042 Metro Circle, Palo Alto, APN: 127-04-041 and 3376 Ross Road, Palo Alto, APN: 127-48-033 *(Item continued from 5/17/04; Staff requested item to be continued to 9/20/04)*

MOTION: Council Member Mossar moved, seconded by Burch, to continue the item to the September 20, 2004, regular City Council meeting.

MOTION PASSED 7-0, Freeman, Ojakian absent.



14. Public Hearing: The Palo Alto City Council will Consider a Zoning Ordinance Update - Adoption of a New Automobile Dealership (AD) Combining District, Which Would Create an Overlay Zone Providing for Flexible Development Standards for Auto Dealerships, Including Auto Display Areas, Fleet Storage, Landscaping and Screening and Full Service Operation. Adoption of an Ordinance Approving the Auto Dealership Overlay Zone Where Existing Auto Dealerships Selling New and Pre-Owned Autos Currently Exist in the City, Located at: 4180 El Camino Real (Peninsula Ford), 4190 El Camino Real (Carlsen Volvo), 3290 Park Blvd. (Park Avenue Motors), 762 San Antonio Road (Hengehold Motors), and 3045 Park Blvd. (Stanford European). Adoption of Ordinances Amending the Three Planned Community Sites to Allow the Auto Dealership Flexible Development Standards for Existing Automobile Dealerships Selling New Automobiles Located at 1730 Embarcadero Road (Carlsen Motor Cars, PC 2554), 1766 Embarcadero Road (Anderson Honda, PC 3350), and 690 San Antonio Road (Magnussen's Dodge And Toyota, PC 2592).

~~Ordinance of the Council of the City of Palo Alto Creating a New Chapter 18.65 (Auto Dealer Combining District) and Amending Chapter 18.04 (Definitions) and 18.83 (Off-Street Parking and Loading Requirements)~~

~~Ordinance of the Council of the City Of Palo Alto Amending Section 18.08.040 of the Palo Alto Municipal Code (the Zoning Map) to Change the Zone Classification of Property Located at 3045 Park Boulevard from "GM(B)" to "GM(B)(AD)" and to Change the Zone Classification of~~

~~Property Located at 4190 El Camino Real, 3290 Park Boulevard, 762 San Antonio Road, and 4180 El Camino Real from "CS" to "CS(AD)"~~

~~Ordinance of the Council of the City of Palo Alto Renumbering and Amending Planned Community District PC 2554 (1730 Embarcadero Road) to Permit Certain Automobile Dealership Design Features~~

~~Ordinance of the Council of the City of Palo Alto Renumbering and Amending Planned Community District PC 3350 (1766 Embarcadero Road) to Permit Certain Automobile Dealership Design Features~~

~~Ordinance of the Council of the City of Palo Alto Renumbering and Amending Planned Community District PC 2592 (690 San Antonio Road) to Permit Certain Automobile Dealership Design Features~~

Mayor Beecham said additional noticing to property owners in the vicinity was required to make the public hearing legal. However, members of the public who wished to speak to the item could do so that evening, without prejudice.

Mayor Beecham declared the Public Hearing open at 7:27 p.m.

John Barton, 360 W. Charleston Road, Chair of the Palo Alto Chamber of Commerce (Chamber), said the Chamber endorsed changes to the Zoning Code, which benefited auto dealerships. Auto dealerships brought in approximately 12.2 percent of the sales tax in Palo Alto. He said anything the City could do in difficult economic times to support the auto dealerships without undo burden on the rest of the citizenry was important to continue doing. He encouraged the Council to adopt staff's recommendations rather than those of the Planning and Transportation (P&TC) Commission in regard to the .6 Floor Area Ratio (FAR).

Bob Moss, 4010 Orme Street, expressed his concern about the proposed ordinance. There was an issue of compatibility between commercial and residential developments. There were two auto dealerships on El Camino Real near Arastradero Road that backed up to single-family homes, and were across the street from multi-family homes. Both of those dealerships would have an adverse impact on the community if they were allowed to do whatever their corporate offices said they should in order to attract attention. He cautioned the Council on how much to bend the rules for the auto dealerships.

MOTION: Council Member Kleinberg moved, seconded by Kishimoto, to continue the item to the September 20, 2004, regular City Council meeting.

MOTION PASSED 7-0, Freeman, Ojakian absent.



15. Public Hearing: The Palo Alto City Council will Consider the Imposition of a Transportation Impact Fee on New Development to Finance the Costs of Transportation Improvements Identified in the Report Entitled Proposed Citywide Transportation Impact Fee.

Director of Planning and Community Environment Steve Emslie said fees in the State of California addressing development related issues fell under AB1600. The State law, which had been in effect for the past 15 years, mandated when cities charged fees related to development impacts there must be a direct connection to the impact being corrected by the fee and the fee itself. There needed to be proportionality, as well as a legal justifiable nexus. The Transportation Impact Fee (TIF) Nexus Study, attached to CMR:384:04, outlined a remedy to the increased number of car trips in the community through transportation improvements, not just vehicular ones. The projects included in the TIF fulfilled the purpose of the general Comprehensive (Comp) Plan. A related item was a request for direction to staff to proceed with an additional Nexus Study that pertained to the Charleston/Arastradero corridor, and the increased number of peak hour trips based on safety impacts for bicyclists and pedestrians.

Chief Transportation Official Joe Kott said the staff report (CMR:384:04) contained the TIF Nexus Study, and minutes from the Planning and Transportation Commission (P&TC) and Finance Committee meetings. The intent of the TIF was to address future travel demand, which was expected to occur as a result of new development and redevelopment in Palo Alto. The TIF did not address travel that took place as a result of existing land uses or developments within the region, but outside of Palo Alto, which would generate more traffic. The TIF was based on the following: 1) the goals of the Comp Plan; 2) the intent to assign an appropriate share of new travel in Palo Alto and their related impacts; 3) an assessment of net PM peak hour vehicle trips; 4) funding of a citywide Transportation Impact Fee Expenditure Plan; 5) Computer traffic management (including traffic-adaptive automated signal operation citywide and other applications of advanced electronics for traveler information, parking management, and transit operations management); 6) expanded Palo Alto Shuttle service (an additional 42 bus service hours each weekday); and 7) bicycle boulevards (seven new bicycle boulevards, forming a citywide network), bicycle/pedestrian undercrossings, bicycle lanes on major streets, bicycle routes/lanes on major arterials, and spot bicycle/pedestrian improvements for bicycle and pedestrian travel at seven signalized intersections. The proposed TIF was flexible with respect to being citywide and was created to provide a timely response to needs, as they were anticipated. It would provide an incentive for trip reduction/Traffic Demand Management (TDM) activities, because the lower the trip generation

rate of a new development or redevelopment, the lower the amount of the assessed fee. Programs such as carpool matching, and the provision of bus and train passes would help reduce the fee liability as well as provide employees additional travel options at that site.

Planning and Transportation Commissioner Patrick Burt said the P&TC unanimously supported the proposed TIF based upon a carefully evaluated staff work plan, and a clear and persuasive Nexus Study. The P&TC was impressed by the Chamber's support of the project and the belief the investment led to an overall better business environment and added to the community's desirability. The P&TC believed the fee proposal was in the moderate range for existing communities in the Bay Area, and did not stifle development in those communities with such a fee. Staff was asked to explore whether there was any way in which the TIF could be used as an incentive to help facilitate other sources of businesses the P&TC would like to see expanded in the community, such as those having business-to-business sales tax generation, and Transient Occupancy Tax (TOT).

Mayor Beecham declared the Public Hearing open at 7:45 p.m.

Penny Ellson, 513 El Capitan Place, Civic Affairs Committee Co-Chair for Greenmeadow Community Association, said it was critical to find a way to improve Palo Alto's transportation infrastructure in order to pursue the vision for growth as outlined in the Comp Plan. She encouraged the Council to approve the citywide TIF.

MOTION: Council Member Mossar moved, seconded by Kleinberg, to continue discussion until staff has had time to agendaize a full Council discussion of all existing and proposed development impact fees to consider cumulative economic impacts and allow Council to prioritize needs and develop an impact fee program that both sufficiently funds highest priority needs and meets the future economic goals of the community, including business.

Council Member Mossar expressed her appreciation to the community for their support and interest to address the City's future transportation needs, and the attention and energy of the staff, the Council and the community to better understand and support the relationship between a vital business community and the City's future community vision. However, she did not believe the Council had adequately addressed the economic consequences of a decision to implement a TIF in combination with other Impact Fees either adopted or proposed. She would, however, support moving forward with the Charleston/Arastradero Corridor Streetscape study.

Council Member Kleinberg said the Finance Committee minutes of April 20, 2004, had a number of registered concerns about how the TIF should be

formulated, as well as how it would fit into the context of all the other impacts, both for profit and non-profit businesses. She believed it would be wise to have a greater analysis of how the impact fees would discourage the types of critical services and needs for the City, which was of a high priority while using a standard exemption that might not be relevant or timely.

Council Member Morton said if one of the motivations for such an impact fee was that it provided incentives for trip reductions through carpooling and train passes, he did not see homeowners of million dollar properties located at the Hyatt Rickey's and the Elks Lodge carpooling or utilizing the train. He wondered if the TIF was being proposed to justify its use elsewhere in larger communities, where it worked. He expressed concern about the vagueness of how much would be raised from proposed projects, such as Campus for Jewish Life and Albertson's. He concurred with the comments of Council Member Mossar.

Council Member Kishimoto said the City's top two perennial issues were housing and traffic, and the previously adopted impact fees had its largest proportion on housing at \$15 per square foot, which was one-third of what could be imposed.

SUBSTITUTE MOTION: Council Member Kishimoto moved, seconded by Cordell, to approve the staff recommendation to adopt an Ordinance making certain findings regarding the Transportation Impact Fee (TIF) and adding Chapter 16.59 to the Palo Alto Municipal Code (PAMC) to impose and implement the TIF.

~~Ordinance of the Council of the City of Palo Alto Establishing a Citywide Transportation Impact Fee and Amending the Palo Alto Municipal Code, Title 16 (Building Regulations) by Adding Chapter 16.59 Citywide Transportation Impact Fee~~

Council Member Kishimoto said the division statement for the Comp Plan adopted in 1998 included the hope that individuals would reduce their automobile trips by 10 percent by 2010, as alternative transportation methods were implemented. The City would seek out innovative funding sources and approaches to construct and maintain needed transportation systems. She said the TIF was one key funding source critical to providing locally generated funds to use as seed money for the necessary grants. She disagreed with the comment by Council Member Kleinberg about the discouragement of development for the City. A mechanism such as the TIF would help to enable development and redevelopment in Palo Alto, and she believed some individuals would oppose future new development if it meant continued deterioration in the quality of life, safety and environment for the City.

Council Member Cordell concurred with the comments of Council Member Kishimoto. She said while the end result might not be the production of substantial amounts of monies, new development over the course of 10-20 years would increase traffic by at least 8 percent. She believed the item had been studied enough and it was time to move forward on the issue.

Vice Mayor Burch asked whether the fee for the developer was based on their estimate of traffic generation and the TDM.

Mr. Emslie said yes.

Vice Mayor Burch asked whether there would be code enforcement for the commitment made by the developer.

Mr. Kott said staff would apply professional judgment as to the reasonableness of the developer's TDM program, as well as monitor its implementation over a number of years.

Vice Mayor Burch said it appeared there would not be five votes either for the motion nor the substitute motion.

Mayor Beecham declared the Public Hearing opened.

Bob Moss, 4010 Orme Street, said the State of California had an abysmal system for levying taxes and paying for public services, which left cities with limited ways of raising funds to pay for those services. The TIF was a way of providing public funding to alleviate some of those problems. He believed it was appropriate to move forward with the item.

Mayor Beecham declared the Public Hearing closed.

Council Member Kleinberg clarified the substitute motion would be voted on first. If that failed then the main motion, in which Council Member Mossar requested the item be continued to another date, would go to a vote.

Mayor Beecham said that was correct. The substitute motion would need five votes to carry. He would like to go through the steps and then have a discussion of where the Council would go next.

Council Member Kleinberg said she believed it was important when voting to know what the next option would be. She expressed her support for the TIF; however, she questioned the application of its formulation.

Council Member Morton said the Council may anticipate redeveloping the entire community over the next 20 years; however, he believed there were

approximately four projects that would come forward, and he wanted to know what kind of dollars it involved, and use that as a reality base.

Council Member Kishimoto clarified the original motion would continue the item for staff to bring back more research.

Council Member Mossar said the main motion would look at the City's package of adopted and proposed impact fees, and prioritize the needs to ensure adequate funding to accomplish real goals.

Mayor Beecham expressed his support for the original motion. He had a philosophical opposition to impact fees.

SUBSTITUTE MOTION FAILED 3-4, Burch, Cordell, Kishimoto yes, Freeman, Ojakian absent.

MOTION PASSED 6-1, Cordell no, Freeman, Ojakian absent.

REPORTS OF OFFICIALS

16. Direction to Study a Charleston/Arastradero Corridor Streetscape Development Impact Fee

Council Member Cordell stated she would not participate in the item due to a conflict of interest because she owned property within 500 feet of the Charleston Corridor.

Director of Planning and Community Environment Steve Emslie said the Charleston/Arastradero Corridor was closely related to the Transportation Impact Fee, and staff anticipated bringing it back when the TIF returned.

Myllicent Hamilton, urged the Council to direct staff to take the initial steps, including a Nexus Study to establish a Charleston/Arastradero Corridor Streetscape Development Impact Fee (DIF) to fund bicycle, pedestrian, and landscape improvements. Without the impact fees, the Charleston/Arastradero plan would never become a reality, because grant funds could not be spent for temporary installations.

Penny Ellson, 513 El Capitan Place, spoke on behalf of the Greenmeadow Community Association, and urged the Council to take the initial steps on the Charleston/Arastradero Corridor Streetscape DIF including the required Nexus Study. The plan created a street environment that made the community safer for new residents, and proposed projects more attractive to renters and buyers.

Deborah Ju, 371 Whitclem Drive, expressed her support for the Charleston/Arastradero DIF. The corridor was proven unsafe for children walking and bicycling to school, demonstrated the area had grown at a much greater level than anticipated by the Comp Plan, and could function safely only if the streetscape plan was implemented. She urged the Council to approve the Nexus Study, and specify a prompt date for a follow-up hearing to review and implement the DIF.

MOTION: Council Member Morton moved, seconded by Burch, to approve the staff recommendation to direct staff to take the initial steps, including preparation of a Nexus Study, to establish a Charleston/Arastradero Corridor Streetscape Development Fee to fund bicycle, pedestrian, and landscape improvements called for in the Council-adopted Charleston/Arastradero Corridor Plan, and report back to the Council regarding the feasibility of the proposed fee.

Council Member Morton asked whether the City's other traffic calming projects would continue to be funded regardless of the Charleston/Arastradero configuration.

Mr. Emslie said the computerized, or ITS, system for each of the City's corridors was something that would continue to move forward.

Mr. Kott said in order to solve Palo Alto's future traffic problems staff would need to automate much of the traffic management, including signal, parking and electronic travel information.

Council Member Morton expressed concern about the assumption there would be no funding because some of the parts would be temporary. He hoped one of the things that came out of the Nexus Study was how the City handled the school corridors with the recently installed bullet trains.

Council Member Kleinberg said the proposed DIF was keyed to a carefully thought out program of improvements and mitigations. She expressed her support for proposed plan.

Vice Mayor Burch expressed his support for the proposed plan and would like to see it move forward as quickly as possible.

Council Member Kishimoto asked whether staff anticipated looking at both the average daily trips and the peak hour travel.

Mr. Kott said with respect to the corridor, staff would not consider a vehicle trip based fee, but rather a fee based on the number of people coming to the

corridor due to new development and redevelopment, and the pedestrian/bicycle and streetscape needs.

Council Member Kishimoto expressed her support for the proposed plan.

Council Member Mossar concurred with the comments of Council Member Kleinberg. She said it was a good model, and is one that she would like to see in future discussions where impact fees were keyed to specific areas and bundles of projects. The Nexus Study was about how much to charge new developments based upon their contribution to the problem. It was foolish to believe the TIF would provide enough money to fund all of its projects.

Council Member Morton asked if the costs of desired future improvements were defined and an impact fee for that area determined, could an impact fee be imposed on the greater community that would contribute to some of those improvements, or was the expectation that the residents of the new development would contribute solely to the impact fee.

Mr. Emslie said the impact fees would be separate and not mutually exclusive. The TIF was based on the increased number of trips. What was known about the corridor was that larger proposed projects did not generate more trips, but different types of trips, which had a different type of impact.

Mayor Beecham expressed his support for the proposed plan. He was sensitive to the difference between overall impacts, which the TIF was in his opinion, versus more specific localized impacts.

MOTION PASSED 6-0, Cordell not participating, Freeman, Ojakian absent.

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

Vice Mayor Burch noted he spent time with Richard James, Dan Williams, and Rob DeGeus of the Community Services Department visiting the various recreation camps, and it was great to visit the young people. He noted he represented the Council at the funeral services for Officer "Billy" Baldwin, which was a beautiful service.

Council Member Kleinberg spoke regarding the sales tax increase proposed by the County of Santa Clara and thanked Mayor Beecham for the letter he sent to the Board of Supervisors. She noted the Board of Supervisors did not approve the proposal.

Council Member Kishimoto commented regarding three labor contracts on the Consent Calendar. She voted to support the contracts, which represented goodwill and difficult negotiations on both sides.

Council Member Mossar clarified the motion for Consent Calendar Item No. 8 did not eliminate one point of contact between the CAO's and Council. She also gave a report on the recent San Francisquito Creek Joint Powers Authority (JPA) meeting, where the Army Corps of Engineers spoke regarding their concerns about property values. The JPA Board approved a strategy for the next year.

Council Member Morton read into record: Morton & Associates Inc., Certified Public Accountants, of which I am the principal, performs accounting, auditing and tax services for corporations, non-profits and individuals in the mid-peninsula. My staff and I have performed auditing and accounting services within the last year for a number of non-profit organizations that receive funds from or through the City of Palo Alto. I have given each of my clients the option of retaining us as their auditor/accountant or having us resign so that I may participate in any matter that comes before the City Council affecting them. For those organizations that have elected to retain us, I have indicated that I will disclose my role as auditor or accountant and absent myself from any matter that relates to them directly. Among the non-profit organizations that currently receive City funding or other benefits such as reduced rent and for which Morton & Associates, Inc. has within the last year provided, or continues to provide services are the following:

Adolescent Counseling Services
Community Skating, Inc.
Friends of the Palo Alto Children's Theatre
Museum of American Heritage
Palo Alto Community Child Care
Palo Alto Players
Palo Alto Recreation Foundation
Project Sentinel Inc.
The Children's Preschool Center
Zohar Dance Company

Council Member Morton stated "I will not participate in the approval of the funding or the provision of benefits to these or other clients that may come before the City and request direct funding or other forms of City assistance. I will ask my colleagues to vote on matters affecting any of my current or former clients before approval of the main item and on those items I will disqualify myself and will not participate in the discussion or decision-making."

Council Member Kleinberg thanked Council Member Mossar for her commitment to the San Francisquito Creek JPA.

CLOSED SESSION

The meeting adjourned at 8:48 p.m. to a Closed Session.

17. Conference with City Attorney -- Existing Litigation
Subject: In re Enron Corp., Debtor, U.S. Bankruptcy Court, Southern District of New York; Case No.: 01-16034(AJG)
Authority: Government Code section 54956.9(a)

18. Conference with Labor Negotiators
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)

The City Council met in Closed Session to discuss matters existing litigation and labor negotiations, as described in Agenda Item No. 17 and 18.

Mayor Beecham announced there was no reportable action taken.

FINAL ADJOURNMENT: The meeting adjourned at 9:25 p.m.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.