

Special Meeting
February 12, 2007

STUDY SESSION	4
1. Joint Venture Silicon Valley “Wireless Silicon Valley” Project Briefing	4
ADJOURNMENT at 6:50 p.m.....	4
SPECIAL ORDERS OF THE DAY	5
1. Item has been removed from the agenda	5
2. Approval of a Resolution Expressing Appreciation to Paul Dias Upon His Retirement.....	5
3. Vote and Appointment of Applicants to the Library Advisory Commission.	5
ORAL COMMUNICATIONS	6
CONSENT CALENDAR.....	7
4. Approval of a Resolution Expressing Appreciation to Michael Jackson Upon His Retirement	9
5. Approval of a Resolution Expressing Appreciation to Dave Sandage Upon His Retirement	9
6. Approval of Resolutions Related to the Application for a State Revolving Fund Loan from the State Water Resources Control Board for the Construction of the Mountain View/Moffett Area Reclaimed Water Pipeline Project, Capital Improvement Program Project WQ-04010	9
7. Finance Committee Recommendation to Accept the Auditor’s Office Quarterly Report as of December 31, 2006	10
8. Request to Establish Letter of Credit Facilities to Provide Collateral Assurance Under New Electric and Gas Master Agreements from	

Finance Committee Meeting of January 17, 2007	10
9. Approval of Annual Compliance Review Regarding Development Agreement with Stanford University for the Sand Hill Corridor Projects. 10	
10. Approval of the Wireless Silicon Valley Trial Agreement with Silicon Valley Metro Connect	10
11. Consideration of an Appeal and Record of Land Use Action for the Planning Director's Denial of Application for Removal of Two Protected Redwood Trees at 526 Lowell Avenue. Environmental Assessment: Exempt from the California Environmental Quality Act Per Section 15270(a).....	10
PUBLIC HEARINGS	11
12. Adoption of an Ordinance to Amend Palo Alto Municipal Code Chapter 16.47 (Approval of Projects with Impacts on Housing) to establish an In-Lieu Fee for the Affordable Housing Impacts of Hospitals.....	11
REPORTS OF OFFICIALS.....	11
13. Request for Input on Key Policy Issues Related to Draft Emergency Management/Operations Plan, Including Council's Roles and Responsibilities in an Emergency/Disaster; Community Partnership in Emergency Planning and Response; and Council Training.....	12
14. 1 st Reading - Adoption of an Ordinance Authorizing the City Manager to Purchase a Portion of the City's Natural Gas Requirements from Certain Prequalified Natural Gas Suppliers Under Specified Terms and Conditions During Calendar Years 2007 through 2022, Inclusive.	18
1. Authorize the City Manager to negotiate and sign new, amended, or restated North American Energy Standards Board, Inc. (NAESB) contracts with the following suppliers:	19
2. Authorize the City Manager or his designee, the Director of Utilities, to execute multiple transactions under the Master Agreements with one or more of the above suppliers to procure natural gas supplies	

sufficient to meet the City’s forecasted natural gas load, with the date for delivery of the gas for each transaction not to exceed 36 months from the date the transaction is executed. The delivery date for any transaction will not extend beyond December 2022, and the maximum aggregate transaction limit under each Master Agreement shall be \$65 million. 19

COUNCIL MATTERS 20

15. Colleagues Memo from Vice Mayor Klein and Council Members Beecham and Mossar Recommending to Give Direction to Staff to Move Forward with Exploring the Feasibility of a Public/Nonprofit Partnership with the Palo Alto Junior Museum and Zoo..... 20

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES 23

FINAL ADJOURNMENT: The meeting adjourned at 10:25 p.m..... 23

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:05 p.m.

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

Absent: Barton

Council Member Kleinberg noted she would not participate in the Study Session due to a conflict of interest because Wireless Silicon Valley is an initiative of her employer, Joint Venture Silicon Valley Network.

Council Member Mossar noted she would not participate in the Study Session due to a conflict of interest because of family holdings of telecommunications stock.

Council Member Morton noted he would not participate in the Study Session due to a conflict of interest because of family holdings of telecommunications stock.

STUDY SESSION

1. Joint Venture Silicon Valley "Wireless Silicon Valley" Project Briefing

Seth Fearey, Vice President and Chief Operating Officer, Joint Venture: Silicon Valley Network, reviewed the status of the Wireless Silicon Valley Project. He advised the current work plan is to negotiate a model agreement with Silicon Valley Metro Connect, negotiate an agreement for enhanced services for cities and counties, prepare a joint powers authority agreement, and present agreements to member agencies. He stressed the benefits of working together, such as the network would be seamless, a large market would be created that is attractive to large players, there would be buying power for applications software and equipment, each city doesn't have to reinvent the wheel when developing policies and negotiating agreements, and lessons will be shared as new applications are deployed.

No action required.

ADJOURNMENT at 6:50 p.m.

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

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

Absent: Barton

SPECIAL ORDERS OF THE DAY

1. Item has been removed from the agenda
2. Approval of a Resolution Expressing Appreciation to Paul Dias Upon His Retirement

MOTION: Council Member Morton moved, seconded by Drekmeier, to approve the resolution.

MOTION PASSED 8-0 Barton absent.

Paul Dias thanked the City Council for the Resolution and the community for making his tenure of 25 years a very rewarding experience.

Community Services Director Richard James said Mr. Dias was hired to fix the financial difficulties the golf course had encountered and within a few short years managed to make it financially viable for the next 20 years.

Council Member Morton said the Palo Alto community was greatly indebted to Mr. Dias and thanked him for his special service efforts and accomplishments.

3. Vote and Appointment of Applicants to the Library Advisory Commission.

MOTION: Council Member Mossar moved, seconded by Cordell, to continue the selection of the Library Advisory Commissioners until after an

advertisement for additional candidates had been conducted, and interviews completed for the new candidates. Those candidates who have already applied and were interviewed would continue to be included in the applicant pool and need not do anything further to be actively considered for appointment.

MOTION PASSED 6-2 Kleinberg, Klein no, Barton absent.

ORAL COMMUNICATIONS

Mark Petersen-Perez spoke regarding the F- grade the Police Department received on the recent public records request audit by Californians Aware.

Lydia Wallace-Pounds spoke regarding the clerical staff.

Lynn Krug spoke regarding the clerical staff.

City Manager Frank Benest responded to the public's concern regarding the Clerical Study. He said City Management conducted a Clerical Study in agreement with Service Employees' Industrial Union (SEIU). All clerical positions were analyzed, career ladders were developed, and job description drafts were submitted to SEIU. SEIU grieved 23 job descriptions which required 250 hours of staff time to respond. There was a delay due to an SEIU leadership change in 2006/07. A meeting was scheduled to occur on job descriptions, and a survey would be conducted in the job market field to determine appropriate compensation.

Beth Bunnenberg, 2351 Ramona, spoke regarding the 100th Birthday of the William's House.

Aram James spoke regarding the public record act and tasers.

Wayne Swan, 240 Kellogg Avenue, spoke regarding a Bus Transit District (BTD).

APPROVAL OF MINUTES

MOTION: Council Member Mossar moved, seconded by Morton, to approve the minutes of January 16, 2007, as submitted.

MOTION PASSED 8-0 Barton absent.

CONSENT CALENDAR

Council Member Morton noted he would not be participating in Item No. 8 due to a conflict of interest because of family holdings of Wells Fargo stock and in Item No. 10 because of family stock holdings of IBM and Cisco.

Council Member Cordell noted she would not be participating in Item No. 9 because she was an employee of Stanford University.

Vice Mayor Klein stated he would not be participating in Item No. 9 because his wife was an employee of Stanford University.

Council Member Mossar stated she would not be participating in Item Nos. 9 and 10 because her husband was an employee of Stanford University and because of family holdings of telecommunications stock.

Council Member Kleinberg noted she would not be participating in Item No. 10 because Wireless Silicon Valley was an initiative of her employer, Joint Venture Silicon Valley Network.

Flavio Bonomi, 526 Lowell Avenue, referred to Item No. 11 stating the trees had a negative effect on their property as well as the surrounding neighbors. The cost to maintain the trees in the past 10 years was approximately \$20,000. He said the ordinance was too drastic, anti-owner, and protected trees not natural to the area and their maturity and size were hazardous.

Lauren Bonomi, 526 Lowell Avenue, referred to Item No. 11 stating the ordinance was unfair, and would be quickly processed by tree interest groups as an immediate reaction of trees being cut down without understanding why the trees needed to be removed. The trees became too expensive to maintain and too large for the area and needed to be replaced.

Monica Laurence, 836 East Greenwich Place, spoke of two Redwood trees on her property and the damage done and the hazardous situation they created during the last storm. She spoke in support of the Bonomi's appeal.

Sid Mak, 536 Lowell, spoke of the hazardous situation and safety concerns

regarding the trees. He spoke in support of the Bonomis to remove and replace the Redwoods with other types of trees.

John Hackmann, 235 Embarcadero, spoke in support of the Bonomis and said the trees were out of scale and inappropriate for the property. He said people should be allowed to decide on their landscaping taking into consideration the expenses and safety factors.

Peter Rufer, 923 Moreno Avenue, spoke of the trees blocking light and the necessity of sunlight to humans. He spoke in support of the Bonomis.

Council Member Cordell said the Council was asked to determine the appropriateness of the findings listed in the staff report. She referred to the conditions stating removal of trees was permissible in the event that they created a hazardous situation and there were testimonies of falling branches. She asked for clarification on what action could be taken at this evening's meeting regarding the issue.

Mr. Baum said it would take three votes to uphold the Planning Director's decision or to set the item for a public hearing. A report from a certified arborist would be required to reverse the Director's decision stating the trees were dead, dangerous, or constitute a nuisance or would affect a future development.

MOTION: Council Members Cordell and Kleinberg and Vice Mayor Klein moved to remove Item No. 11 from the agenda and to have it return to a Council meeting as a public hearing.

City Attorney Gary Baum noted three votes were necessary to appeal the Planning Director's Denial of a project and, therefore, the item would return to Council as a public hearing.

Council Member Cordell raised concern as to whether the trees constituted a hazardous condition.

Council Member Kleinberg said on November 1, 2006, a consulting firm certified the trees' instability had affected the neighbor's quality of life being so close in proximity. It was a legal reason and imperative to hold a public hearing to resolve the issue.

Council Member Mossar said the applicant raised concern regarding the tree ordinance which protected the Heritage Oak and Redwood trees. If the Council was interested in the argument of Redwood trees being de facto unsafe because of size, she suggested to agendaize a review and discussion of the tree ordinance. She was not in favor of a hearing. The Planning & Transportation Commission (P&TC) encouraged the applicant to get a certified arborist's opinion. Big trees did have an inherent danger. Big trees contributed to mitigating the effects of carbon dioxide. It was a difficult and complex issue.

Vice Mayor Klein supported Council Members Kleinberg and Cordell. He was in favor of a public hearing due to the hazardous conditions of the trees.

Council Member Cordell said the intent of her motion was not to set a moratorium on the ordinance but to address meeting the criteria regarding hazardous conditions posed by the trees.

Council Member Kleinberg echoed Council Member Cordell's comments.

Mayor Kishimoto said the three required votes were established. She noted 40 applications had been approved in the past year to remove Redwood trees in Palo Alto.

MOTION: Council Member Beecham moved, seconded by Klein, to approve Consent Calendar Item Nos. 4 through 10.

4. Approval of a Resolution Expressing Appreciation to Michael Jackson Upon His Retirement
5. Approval of a Resolution Expressing Appreciation to Dave Sandage Upon His Retirement
6. Approval of Resolutions Related to the Application for a State Revolving Fund Loan from the State Water Resources Control Board for the Construction of the Mountain View/Moffett Area Reclaimed Water Pipeline Project, Capital Improvement Program Project WQ-04010

Resolution No. 8689 entitled "The City Council of the City of Palo Alto hereby Approves Designating Expenditures to be Reimbursed by

Proceeds from State Revolving Fund Loan”

Resolution No. 8690 entitled “The City Council of the City of Palo Alto hereby Approves a Local Match Loan State Revolving Fund (SRF) for Mountain View/Moffett Area Reclaimed Water Pipeline Project”

Resolution No. 8691 entitled “The City Council of the City of Palo Alto hereby Approves Establishing One or More Dedicated Sources of Revenue for Repayment of the Loan Pursuant to the Federal Clean Water Act Amendments”

7. Finance Committee Recommendation to Accept the Auditor’s Office Quarterly Report as of December 31, 2006
8. Request to Establish Letter of Credit Facilities to Provide Collateral Assurance Under New Electric and Gas Master Agreements from Finance Committee Meeting of January 17, 2007
9. Approval of Annual Compliance Review Regarding Development Agreement with Stanford University for the Sand Hill Corridor Projects
10. Approval of the Wireless Silicon Valley Trial Agreement with Silicon Valley Metro Connect
11. ~~Consideration of an Appeal and Record of Land Use Action for the Planning Director's Denial of Application for Removal of Two Protected Redwood Trees at 526 Lowell Avenue. Environmental Assessment: Exempt from the California Environmental Quality Act Per Section 15270(a)~~

MOTION PASSED for Item Nos. 4-7 8-0 Barton absent.

MOTION PASSED for Item No. 8 7-0 Morton not participating, Barton absent.

MOTION PASSED for Item No. 9 5-0 Cordell, Klein, Mossar not participating, Barton absent.

MOTION PASSED for item No. 10 5-0 Kleinberg, Morton, Mossar not participating, Barton absent.

Mayor Kishimoto said Council Member Cordell asked whether a date had been set for Item No. 11 to return to the Council for a public hearing.

Assistant City Manager Harrison said a date would be determined as soon as possible.

PUBLIC HEARINGS

12. **Adoption of an Ordinance to Amend Palo Alto Municipal Code Chapter 16.47 (Approval of Projects with Impacts on Housing) to establish an In-Lieu Fee for the Affordable Housing Impacts of Hospitals** *(Staff requests item to be continued, by Council Motion, to 03/12/07)*

Vice Mayor Klein stated he would not be participating in Item No. 12 because his wife is an employee of Stanford University.

Council Member Mossar stated she would not be participating in Item No. 12 because her husband is an employee of Stanford University.

Council Member Cordell noted she would not be participating in Item No. 12 because she is an employee of Stanford University.

MOTION: Council Member Kleinberg moved, seconded by Morton, to approve the item be continued to March 12, 2007 Council Meeting.

Council Member Drekmeier said the item had been continued once and requested clarification.

Director of Planning & Community Environment Steve Emslie said the item was first continued to allow staff to conduct a nexus study for stakeholders to review and comment.

MOTION PASSED 5-0 Cordell, Klein, Mossar not participating, Barton absent.

REPORTS OF OFFICIALS

13. Request for Input on Key Policy Issues Related to Draft Emergency Management/Operations Plan, Including Council's Roles and

Responsibilities in an Emergency/Disaster; Community Partnership in Emergency Planning and Response; and Council Training.

Informational item for discussion.

Assistant City Manager Harrison said staff was in the process of preparing an Emergency Management/Operations Plan. It would change the citizen's role from victim to partner during an emergency. The Council was provided with a detailed outline of the City's Emergency Operations Plan according to Federal and State guidelines. A Study Session held in October 2006 covered issues in the guidelines regarding how the City was organized in the event of a disaster or emergency. During the creek overflow incident in 2006, the Red Ribbon Task Force (RRTF) found the Council, community, and staff's expectations were not explicitly discussed on how the City should have responded. A detailed presentation was provided as outlined in staff report (CMR:144:07) followed by a lengthy discussion with the Council to determine the major emergency response procedures to include more explicit directions and the City's limitations during a disaster.

Doug Moran, 790 Matadero Avenue, Co-chair of Palo Alto Neighborhoods (PAN) Emergency Preparedness Committee, said the Committee was formed in February 2006 in response to the City's disaster preparedness as one of the Top 3 Priorities. The Committee's primary goals were to coordinate and leverage the activities of the individual neighborhood and to strengthen the ties between neighborhoods and other organizations involved in emergency preparedness.

Annette Ashton, 2747 Bryant, spoke of having block preparedness coordinators to help build a network of people in neighborhoods across the City and to be the key person for their block in the event of a disaster. The coordinator's role would be a vital link between neighborhood and professionals before a disaster and during a response. Training programs would continue to be developed for the block and emergency preparedness coordinators, support their activities, and develop methods to keep them motivated.

Sheri Furman, 3094 Greer Road, said PAN recognized the need for community partnerships and collaborated with stakeholders to develop a shared-coordinated vision. They questioned how their committee fit in with the overall organization and each participant needed to have a defined role.

The RRTF would end once their recommendation was presented to Council. The City would need to recognize a permanent accountable body that would meet regularly to continue the important work. PAN needed support and funding for their staff and the community. The Council was asked to endorse and support the neighborhood roles, as well as future roles of training and communications being developed.

Robert Moss, 4010 Orme Street, spoke of an emergency plan organized 20 years ago by the Barron Park Association. He said the neighborhood watch program worked very well and suggested PAN work with the neighborhood associations to establish an effective program.

Council Member Morton asked whether the City would be held liable if the community was involved and the City failed to notify the neighborhood associations. He wanted more input from staff regarding community involvement and policy issues.

Ms. Harrison said staff viewed it as an advantage in terms of leveraging City resources with community partnerships. There would be a risk if citizens were directing traffic, but also a risk if no one was directing traffic. Staff would look at the positive aspects of the partnership, which would outweigh any additional risks. PAN was viewed as having the practical aspects of responding to a disaster, but their proposal for community partnership was beyond that.

Council Member Morton raised concern about response capabilities. If 15 to 18 firefighters were required to respond to a full emergency, and only half were able to respond, how would the trained Palo Alto Neighborhood Disaster Activities Organization (PANDA) members fit into neighborhoods' to fill positions.

Ms. Harrison said PANDAs would fill in for skilled firefighters. The Library and Community Services staff would be called to provide assistance during the absence of qualified staff. PANDA or neighborhood people would perform the administrative tasks. Other department staff would be brought in to do police and fire support. PANDA staff would be the key resources to the City staff. They would not be answering phones, but would act as certified workers during a disaster.

Council Member Beecham said he was pleased with PAN's involvement and

presentation and their commitment to further involve the citizens. They would be the front line in a major disaster in getting the word out on what the real expectation was and how the neighborhood should be prepared with the safety kits. He encouraged purchasing the safety kits.

Vice Mayor Klein asked what mechanism would be used if electronic communications became totally inoperable. He suggested using "runners," the oldest form of communications and to get the youth involved as bicyclists. The Veterans Association (VA) with Federal facilities would be a valuable asset to the community.

Ms. Harrison said she was looking for a good VA source and was intrigued with the idea of using "runners".

Council Member Mossar said much work was needed on the draft. The community's involvement was appreciated but she was not in favor of relying on the PAN. Associations and City leaders come and go. She was concerned the structure being put in place would no longer be there in the future. It was necessary to formalize and create a community-based group, who would take on the roles and responsibilities outlined by PAN and create a mechanism to ensure continuity over time.

Ms. Harrison concurred with Council Member Mossar and said PAN recognized the Citizen Corps Council (CCC) as an information-sharing organization. Staff felt it would be the reinvigorated body to be accountable for all roles, not only the neighborhoods but businesses, hospitals, and non-profits.

Council Member Kleinberg said a plan was in place in the event of a disaster. The plan needed to be finalized, determine that leverage had been accomplished, and to have the capability of handling an overwhelming disaster. PAN displayed leadership with an upward approach to emergency preparation. RRTF would consider different criteria and organizational models that were accountable, collaborative, community-wide, and diverse to include the Stanford campus, the VA, and the City. The Volunteer Center had an organized program to train communities in advance on how to use spontaneous volunteers. Recovery was another factor that needed to be addressed to include available resources, mentoring and partnerships. She asked what would be required in moving forward with the plan and responding to PAN's request for support.

Ms. Harrison said if no additional revisions were to be made to the Council's role, staff would be finalizing the plan. Partnership roles needed to be defined, as well as the City role in the areas of training, liaisons, and interacting, and the use of City's budget resources. The Council would need to direct staff to continue working with the community to maximize the resources and continue to update the Council in bringing the plan together.

Council Member Kleinberg referred to media notification and the Brown Act's requirement of 24-hour noticing on special meetings and wanted to know who would determine whether a meeting was an emergency. She asked if a detailed handbook would be provided.

Ms. Harrison said the Emergency Operations Plan Outline was the only informational document that would be provided.

Council Member Kleinberg asked what assistance would be given to the Mayor in reaching the appropriate contacts.

Ms. Harrison said the City Manager would act as the emergency coordinator for the entire City organization with support from department heads in dealing with legal requirements and noticing.

Mr. Benest said he had the legal authority to call the emergency meeting.

Council Member Kleinberg asked what type of support would be given to the Council.

Ms. Harrison said it would be a back and forth communication between City staff and the Council in providing information to each other.

Council Member Kleinberg did not feel the operational plan provided sufficient hands-on instructions to the Council in terms of assisting staff and assuring the public that everything would run smoothly.

Ms. Harrison said she agreed with having a checklist as well as incorporating a dry run of a training exercise.

Mayor Kishimoto asked what Police and Fire officers' priorities were in serving the City versus helping their families.

Ms. Harrison said each individual would need to make their own decision and the Council and staff would need to understand the individual's situation.

Mayor Kishimoto said the notification process needed to be defined to ease the community's anxiety and emphasized the need of having a warning system. She asked whether staff would be responding to PAN's request for budgetary support and recognition within the CCC's framework.

Ms. Harrison said the RRTF would need to fully examine the CCC's involvement and accountability prior to making decisions. Staff and PAN endorsed having block captains.

Mayor Kishimoto said attention needed to be given to the coordination process to aid in minimizing confusion.

Ms. Harrison said staff had made a decision to use a steering committee with a work support group to maximize department participation. There were numerous groups with common themes such as the Neighborhood Watch and Police Academy Graduates that could come together to strengthen coordination.

Council Member Kleinberg said in moving forward it would help to define the roles and responsibilities of all non-official participants.

Mayor Kishimoto said in terms of corporations' roles, Roche would be giving a presentation on their preparedness and sustainability programs during a Study Session on February 28, 2007.

Council Member Morton expressed the need for a small business emergency response plan and to include coordination with the private-sector, business community, and large employers such as the Stanford Industrial Park, Stanford Shopping Center, Palo Alto Medical Foundation and Stanford Hospital.

Council Member Kleinberg said all sectors mentioned were included in the RRTF and would not be overlooked.

Vice Mayor Klein said citizens would view the Emergency Management Operations Plan as a guide to what happens in the event of an emergency

and should be placed in the body of the document. People pay less attention to Annexes and suggested it would be listed under Continuity of Government: Standby Emergency Council.

Ms. Harrison said Annexes might have been an unfortunate title. Annexes originated from a group of citizens having specific interest in enormous detail about particular types of emergencies. Working with them and going into the detail gave them a sense of comfort. For example, the Flooding Annex derived from a Blue Ribbon Task Force (BRTF) placing importance of having the details included in the plan.

Vice Mayor Klein suggested reevaluating the PANDA Program to see whether they are sufficiently trained to respond and he asked for data on accountability and requested audits on an on-going basis.

Council Member Mossar said the City Council's roles and responsibilities need to include the Council Members to be in the community and working with block captains and PANDAs during an emergency situation. She suggested revisiting the idea of having a training session for Council Members giving them an opportunity to learn more on how to help.

Ms. Harrison said the section would be rewritten to create a vision of the Council being the face of continuity for a frightened community.

Council Member Drekmeier said people needed to be more educated on how to handle the "reaction effect" in terms of people wanting to get to their families by getting into their vehicles, road congestion, and obstructing emergency vehicles. People realize the importance of education but often find it difficult to obtain. He encouraged staff to piggy-back on community venues such as the Chili Cook-off in getting the word out on emergency preparedness. It would be beneficial to play out scenarios of disasters and include communication breakdowns, hazardous spills, handling injuries, and to visualize what happens and to have a fall-back plan.

Council Member Kleinberg said under the Councils' Notification and Early Activation, the Council was asked to report to the 7th Floor Conference Room and not to the Emergency Operations Center (EOC) for further instructions and asked whether this was correct. She had concerns about the Council being disconnected from the executive responders.

Mr. Benest said the role of the City Manager or designee was to provide up-to-date feedback and translate to the Council the status, issues, and what was being accomplished.

Council Member Kleinberg said the Mayor should be allowed in the EOC to be in contact and understand the operations and not be filtered by staff.

Mr. Benest said that was not a problem.

Ms. Harrison confirmed the Council would be briefed prior to going out and assisting the community.

14. 1st Reading - Adoption of an **Ordinance Authorizing the City Manager to Purchase a Portion of the City's Natural Gas Requirements from Certain Prequalified Natural Gas Suppliers Under Specified Terms and Conditions During Calendar Years 2007 through 2022, Inclusive.**

Council Member Morton stated he would not be able to participate in Item No. 14 because of family holdings of stock in Sempra.

Council Member Mossar stated she would not be able to participate in Item No. 14 because of family holdings of stock in Sempra.

Utilities Resource Planner Karla Dailey gave a presentation outlined in staff report (CMR:130:07)

Council Member Beecham asked whether the City Auditor had issues in moving forward.

City Auditor Sharon Erickson said the Master Agreement was established to respond to an audit recommendation and supported the Master Agreement. The term was long and the dollar amount was high which raised an issue, but contained internal reviews and disclosure to the Council of transactions executed under the agreements.

Council Member Kleinberg asked about disclosure after they were signed.

Ms. Erickson said yes.

Council Member Beecham said the current policy was a three-year rolling purchase with a lengthy Master Agreement.

Ms. Dailey said that was correct.

MOTION: Council Member Beecham moved, seconded by Klein, to approve staff's recommendation to:

1. Authorize the City Manager to negotiate and sign new, amended, or restated North American Energy Standards Board, Inc. (NAESB) contracts with the following suppliers:
 - a. ConocoPhillips Company;
 - b. Coral Energy Resources, L.P.;
 - c. Sempra Energy Trading Corporation;
 - d. BP Energy Company;
 - e. JP Morgan Ventures Energy Corporation; and
 - f. Powerex Corporation.

2. Authorize the City Manager or his designee, the Director of Utilities, to execute multiple transactions under the Master Agreements with one or more of the above suppliers to procure natural gas supplies sufficient to meet the City's forecasted natural gas load, with the date for delivery of the gas for each transaction not to exceed 36 months from the date the transaction is executed. The delivery date for any transaction will not extend beyond December 2022, and the maximum aggregate transaction limit under each Master Agreement shall be \$65 million.

Council Member Drekmeier asked whether the City had an environmental purchasing policy of going with a higher-end distributor and better environmental record or to go with the lower bidder.

Ms. Dailey said the supplier's reputation was taken into consideration but the City did not pay more for the commodity based on the supplier's environmental record. It was the current policy but not a requirement.

Council Member Drekmeier asked whether there was an option.

Ms. Harrison said changes had not been made to the current risk procedures but was based on credit risk and price. With the Council's direction, it could

be done but would require additional work.

Ms. Dailey said if a supplier had a poor environmental record it would be reflected in the credit rating.

Council Member Drekmeier said he supported the motion but wanted to incorporate a policy in the future to consider companies with the best environmental record.

Council Member Kleinberg supported the motion. She was willing to have a discussion regarding the moral side of awarding enormous contracts and interested to know staff's approach in determining criteria and evaluations.

Mayor Kishimoto said the approval was given to a high-cost agreement with minimal discussion but based on a framework that was carefully developed. She was in favor of discussing the environmental issue in the future and supported the motion.

Ms. Harrison suggested using regional or public power as influence in making an impact on environmental issue.

MOTION PASSED 6-0, Morton, Mossar not participating, Barton absent.

COUNCIL MATTERS

15. Colleagues Memo from Vice Mayor Klein and Council Members Beecham and Mossar Recommending to Give Direction to Staff to Move Forward with Exploring the Feasibility of a Public/Nonprofit Partnership with the Palo Alto Junior Museum and Zoo

MOTION: Vice Mayor Klein moved, seconded by Beecham, to support moving ahead immediately to determine whether the public/non-profit partnership proposed by the Friends of the Palo Alto Junior Museum is feasible and to bring a recommendation back to Council. In order to make this recommendation, the staff would work with the Friends of the Junior Museum and Zoo on a number of issues including the Friends' development of a detailed business plan, a fundraising plan, and a more fully-developed building proposal.

Council Member Beecham said the motion was not to set policy but to allow

staff to work with the Friends in developing the feasibility of a partnership and return to the Council with a recommendation.

Council Member Morton asked whether the motion was intended to limit staff's discussion with the friends' groups solely to the Junior Museum. The Palo Alto Art Foundation was exploring the possibility of public/private partnership and the Heritage Park, LLC, was in the final stages of developing a partnership.

Vice Mayor Klein said the motion was to expedite the current issue. Negotiations had been delayed and the Council would be making an exception to the policy of not having staff discuss partnerships with the friends' groups until the adoption of the public/private partnership policy.

Council Member Morton asked whether moving forward with the item would interfere with the passage of Heritage Park, LLC, and the Children's Art Center Building.

Ms. Harrison said the Friends' proposal was different and would not interfere for two reasons. On February 13, 2007, the Policy & Services Committee (P&S), would be taking up the issue on public/private partnership and anticipate closure in the near future. Secondly, both the Art Foundation and Heritage Park were traditional and fitted within the old policy of building and giving to the City. Heritage Park was providing a play structure and the Art Foundation was adding a wing to the Art Center.

Council Member Morton said the traditional model had worked well. He was interested in seeing the Friends' proposal to rebuild the Junior Museum. Transferring an endowed program to another group in the City was a big step and he wanted to see the net recovery in expenses.

Leonard Ely spoke on behalf of Aletha Coleman, 296 Bay Road, Atherton, stating the Junior Museum Board was committed to proceed with exploring the feasibility of a public/non-profit partnership and had a very good endowment to proceed. A majority of the Board lived or worked in or near Palo Alto. There would be \$700,000 of the \$1 million to go toward a new building and \$300,000 would cover the transition from public to a private organization and hiring a new Executive Director. The donors had used the Zoo and Museum for three generations and believed in a public/non-profit partnership model.

Council Member Mossar said the two fundamental goals were to upgrade the facility to continue making programs sustainable and putting them to good use. She asked her colleagues to support the motion.

Council Member Cordell said she was confused as to why the Council was making an exception to reverse an existing policy. P&S would be reviewing the public/private partnership policy with recommendations to follow in the very near future. She asked why a decision had to be made this evening regarding moving forward.

Council Member Kleinberg echoed Council Member Cordell's concern and was confused why policy-making preceded the contractual exploration. She had concerns about preliminary issues such as, who was in control, what was happening to the public facility, what control the other group would have with the programs, staffing, and accountability. Her understanding was the issues would be vetted by the group prior to entering an actual situation and there would be consistency in the framework to evaluate current and future situations.

Vice Mayor Klein said the public/private partnership guidelines would not provide firm answers to an out-of-the-box proposal. The project had been long-delayed and no significant guidance would be coming out of the good work being done by P&S in bringing the overall guidelines back to the Council.

Council Member Beecham said P&S recommendations were rejected a few weeks ago because they were poorly written. It was a general policy and not specific to the group of individuals offering to work with the City on a particular project. He said a policy could be developed and available when the item returned to the Council for evaluation.

Council Member Cordell was not in favor of making an exception to the rule. She said the policies being developed were consistent with the Friends' proposal. Going forward would create a situation of making an exception to future groups that come along with unique proposals.

Ms. Harrison said exceptions had been made in the past in approving unique situations as in the case of Avenidas and the Palo Art Center (PAC) using the same model. Both were extremely unique.

Council Member Kleinberg concurred with Council Member Cordell's comments. She asked whether Ms. Coleman's statement was correct in saying the Junior Museum and Zoo staff were in agreement of the project moving in the right direction.

Ms. Harrison said no.

Council Member Kleinberg said the Council was moving in the direction of having staff examine the business model and development program without evaluating the competency of the organization that would run the program. Several major policy decisions had been overlooked and not publicly discussed with the Council, such as organization competency and composition, roles and responsibilities, fiduciary responsibilities, and stewardship of public facilities. She was not convinced of the urgency to move forward due to the uniqueness of the situation.

MOTION PASSED 5-3 Kleinberg, Cordell, Morton no, Barton absent.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES

Council Member Kleinberg referred to a notice from the Santa Clara County Superior Court seeking volunteers to serve on the Santa Clara County Grand Jury. The deadline for applications is Monday, March 5, 2007 and the City Clerk's Office will have applications.

Mayor Kishimoto reported that on February 28, 2007 at 4 p.m. there will be a study session at Roche, and Vice Mayor Klein has agreed to do a May 23rd Brown Bag session.

FINAL ADJOURNMENT: The meeting adjourned at 10:25 p.m.