



POLICY AND SERVICES COMMITTEE

Regular Meeting
March 13, 2012

Chairperson Holman called the meeting to order at 7:05 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Holman (Chair), Espinosa, Klein, Schmid

Absent:

Oral Communications

None

Agenda Items

1. Preliminary Discussion of 2012 Federal and State Legislative Program.

Sheila Tucker, Assistant to the City Manager, indicated the City Manager had asked her to help coordinate Legislative Affairs from the City Manager's office. She introduced Stephen Palmer and Thane Young, both of Van Scoyoc Associates, Rob Braulik who was coordinating Federal Legislation, and Debra Lloyd from the Utilities Department. She stated the Packet contained four documents: 1) proposed Guiding Principles approved by the Council in January 2010, which served to guide legislative activities; 2) proposed Federal Legislative Priorities prepared by the federal lobbyists; 3) proposed State Legislative Priorities with some amendments; and 4) Legislative Action Program Manual, designed to describe legislative activities and the roles of the Council, the City Manager and Departments. She acknowledged Staff had not revised the State Priorities, because Staff was requesting the Committee's input on how Legislative Affairs should be managed. She viewed the City Manager's office as the central coordinator for the City's legislative program. She noted there was a variety of legislative advocacy efforts: an active and robust Utilities Program, a State Rail advocate, federal lobbyists and the City Manager's office.

Council Member Schmid noted there was also a Housing Mandate Committee.

Ms. Tucker thought her office was critical to coordinating those efforts. She reported they were in the process of establishing leads in each Department for Legislative Affairs. Staff would utilize a legislative tracking system called Capitol Track, and described its capabilities and uses. She anticipated a regular report to Council, whether by email or an informational memorandum. She acknowledged the City should have been working on various state legislative efforts earlier. She indicated her focus would be establishing critical coordination and communication pathways for an effective program on legislation. She hoped to return to the Committee in November or December to propose a more robust program. Staff was asking for the Committee's input on the Guiding Principles. She was preparing a hot bill list regarding state legislation to share with the Committee. She asked the Committee to indicate its preference for frequency and form of reporting.

Council Member Schmid asked how to split time and effort between federal and state legislative activities.

Ms. Tucker replied she was predominantly tracking state legislation, and would be working with the League of California Cities and the Departments. She said the City Manager's office had a coordinating role.

Council Member Schmid inquired if there was a different level of effort as there were professional lobbyists for federal legislation and not for state legislation.

Ms. Tucker explained she would be coordinating the review of bills and Department positions concerning state legislation.

Debra Lloyd, Utilities Senior Resource Planner, reported her department spent more time on state bills as there were so many and the program moved quickly. She indicated they worked with lobbyists, joint action agencies such as Southern California Power Association and the California Municipal Utilities Association.

Council Member Klein did not regard the National League of Cities as parallel to California League in terms of handling the City's concerns in Washington.

Steve Palmer, Vice President, Van Scoyoc Associates said the purpose of the Federal Legislative Priorities was to provide a list of issues in which the City was interested. He asked for the Committee's and Staff's input to determine if the firm was focusing on the correct priorities for the City. He thought the election year could be an opportunity for a fair amount of legislative activity. Congress passed an FA Authorization bill, and was focusing on a surface transportation bill. He indicated there were other bills in

progress, such as cyber security and postal reform. He explained the impact of the upcoming budget negotiations, the effect of the presidential election on legislation, and the upcoming tax bill. The following year, 2013, as the first year of a new administration, would be a busy time in terms of legislative activity. He listed some of the known priorities of the City (High Speed Rail, flood control), and stated new initiatives would come from the Infrastructure Blue Ribbon Committee (IBRC) report. He noted activities in Washington, such as tax cuts and elimination of tax-exempt bonds, which the City needed to be aware of.

Thane Young, Vice President, Van Scoyoc Associates, indicated there was a host of regulatory activities and grant opportunities which needed the City's attention. He noted new regulations on storm water which could have a significant fiscal impact on the City.

Council Member Klein suggested adding the sale of the Post Office building to the list. He expressed concern about advocating the recommendations of the IBRC, as the Council had not adopted those recommendations.

Mr. Palmer explained there was no specific direction from the Committee regarding IBRC recommendations, and the firm was seeking the Committee's guidance on this topic.

Council Member Klein felt the item should be deleted. He requested an update on Transient Occupancy Tax legislation.

Mr. Young stated the online travel industry was advocating this issue to limit the ability of local governments to collect Transient Occupancy Taxes. He thought this issue was moving through the courts, but felt it could be part of a broader tax package. He noted this issue was important in California now that the redevelopment agencies had been eliminated. The team at Van Scoyoc were watching this issue closely.

Council Member Klein referenced litigation regarding collecting the tax, and asked the City Attorney if the Transient Occupancy Tax applied to online reservations.

Molly Stump, City Attorney, reported there were at least two multijurisdictional lawsuits in California regarding the method for calculating and collecting the Transient Occupancy Tax when reservations were made online. She said the City was not actively participating in either lawsuit, only monitoring them.

Council Member Klein felt the City was interested in maintaining investments in local hotels, but the overriding concern was maintaining revenue from the Transient Occupancy Tax.

Council Member Espinosa agreed that the possible sale of the Post Office building should be a priority. He felt the City needed to understand who was making the decision on selling the building, to create a relationship with that person, and to hold discussions regarding the City's interests and priorities. He inquired how the lack of earmarks had affected Van Scoyoc Associate's work and cities' thoughts on creating lobbying programs. He understood the effects from a corporate aspect, and was inquiring about a city's aspect.

Mr. Palmer explained the discretionary money had not been eliminated, that agencies were now responsible for allocating discretionary funds. He felt Van Scoyoc tried to identify grant opportunities, and worked with Congressional representatives to obtain grants. He reported Van Scoyoc had worked with Senators to advocate for grants. He stated the firm also advocated for policy initiatives and monitored issues.

Mr. Young felt one change for lobbyists was developing relationships with agencies in addition to Congressmen regarding discretionary funds. He thought Congressional members now understood they had compromised their own influence with respect to site-specific actions. He also thought the rule would change in the next Congress.

Council Member Espinosa disagreed with removing infrastructure from the list. He hoped federal dollars could be found to support some infrastructure needs. Council should engage its members in lobbying at all levels. He recalled meetings in Washington regarding High Speed Rail (HSR) and the impact of those meetings and discussions. There was not currently a plan for Council Members to serve as lobbyists on behalf of the City. He noted other cities understood local business priorities and worked to sustain and support these businesses in their government affairs; whereas Palo Alto did not do this. The City should better understand and possibly measure the benefits of lobbying.

Mr. Palmer agreed that understanding the benefits of lobbying was a legitimate concern. He stated establishing priorities for the City allowed the firm to know where to spend its time. He indicated one of his goals in preparing the outline were to identify the City's top priorities, so that the firm could be measured on those issues.

Council Member Schmid referred to an administrative ruling on parcel taxes declaring that they would no longer be tax exempt.

Mr. Young indicated that was for the State.

Council Member Schmid expressed concern that properties in the flood plain were aging and would require rebuilding; however, zoning restrictions on rebuilding could

cause property owners to neglect their property. He asked for more information concerning the National Flood Insurance Program Reauthorization bill and flood plain maps.

Mr. Palmer explained that a significant component of the San Francisquito Creek flood project could be addressing tidal flooding issues. He stated including tidal flood issues in the project would significantly increase the benefit-cost ratio, which was important for engaging the Federal Government in the final work. He indicated there were risks associated with that, and it was frustrating that these studies required a long time to conclude. He noted damages were not theoretical as there had been property damage from a flood just a few years ago. He thought greater participation could make a difference in giving this type of project priority.

Council Member Schmid stated the jurisdictional boundary of San Francisquito Creek was halfway through the City, and the other half of the City was interested. He noted partnerships with Mountain View and Sunnyvale regarding the shoreline. He said that the number of people affected was enhanced by reviewing the shoreline and not just San Francisquito Creek.

Council Member Klein suggested that Van Scoyoc send Council Members memoranda asking for their participation in discussions in Washington. He felt this might increase participation by Council Members.

Council Member Espinosa agreed that communication of opportunities and priorities could increase participation.

Council Member Klein reported his willingness to discuss the sale of the Post Office building with officials on his impending trip to Washington.

Mr. Young reported current legislation to reauthorize the National Flood Insurance Program included a requirement to map residual risk areas. He explained that residents would still be required to pay flood insurance once the flood control project was constructed. He indicated the difficulty came when residents had to pay an assessment for their share of the project and had to continue paying flood insurance. He indicated Van Scoyoc was working to remove the flood insurance requirement from the Senate version of the bill.

Council Member Schmid asked if the incentive of the Senate bill was to retain people in the program in order to build up reserves.

Mr. Young said that was the inescapable conclusion. He stated proponents wanted people to be aware of the risks of living in an area protected by a levee or dam. He indicated this was one of the issues that had complicated passage of the Senate bill.

Chair Holman questioned the collection of online sales tax with regard to the benefits of collection at point of sale or point of delivery. She also requested an update on the status of this issue.

Mr. Young reported the bill had broad-based support. He was not sure whether it was point of delivery or point of sale.

Council Member Klein stated it had to be point of sale, because it would not work logistically for point of delivery.

Mr. Young stated he would review that point. The motivation behind the bill was to allow local government to recoup losses. He noted the tax was currently voluntary.

Chair Holman agreed with the Post Office building being a priority. She noted there was no reference to a redundant power source in the Emergency Preparedness section. She concurred with comments regarding flood plain insurance. She indicated a typographical correction on page 4 regarding pervious pavement. She thought the Stanford Avenue/El Camino Real intersection project was complete. She asked if the City could influence the tax cuts discussed in the last paragraph on page 2 as it would impact lower-income individuals.

Mr. Palmer felt Van Scoyoc could work on the tax issues through the National League of Cities, Conference of Mayors and other groups as well as contacting Congressional representatives.

Council Member Klein thought the City should not be involved in this issue, because it would generate interest from organizations larger than the City. He stated the City should reserve its lobbying efforts to issues where it could have an impact.

Chair Holman understood his point of view.

Council Member Klein stated tax cuts were interrelated with lost revenue, loopholes and other problems.

Mr. Palmer agreed that larger organizations would override the efforts of a particular city. He indicated the debate would concern the impact on the federal debt and the economy, rather than on the impact to individuals.

Mr. Young stated Van Scoyoc was there to serve the Council and, if tax cuts were a priority, Van Scoyoc would work on that issue.

Mr. Palmer commented that Van Scoyoc could coordinate with the Silicon Valley Business Leadership Group to advocate issues which affected the City of Palo Alto. He asked for guidance in terms of developing an agenda.

Council Member Espinosa suggested the Committee or Council should discuss the topic to determine if collaboration with business groups would be beneficial. He noted other communities worked with business leaders to advocate business issues and interests. He was not suggesting this topic be added to the priority list.

Chair Holman proposed breaking down the Agenda Item into Federal Legislative Priorities, State Legislative Priorities, Guiding Principles and Program Manual, and requested motions concerning inclusions for clarity.

Council Member Klein inquired what Staff would like in terms of a motion, as there were no recommendations on State Priorities.

Chair Holman stated in terms of priorities, one was deleted; a few were added and Council Member Espinosa's request to track the City's investment in lobbying efforts.

MOTION: Council Member Klein moved, seconded by Council Member Espinosa to recommend to the City Council to accept the Van Scoyoc recommendations with deleting the Stanford Avenue/El Camino Real Project, adding the Palo Alto Post Office Building and to seek funding for the Public Safety Building.

Council Member Espinosa asked Staff to explain its oversight role regarding Van Scoyoc's work. He was hoping to understand the interaction in order to determine if metrics were needed.

Rob Braulik, Assistant Director Administrative Services explained Staff communicated weekly with Van Scoyoc staff, provided Van Scoyoc's updates to the Council, and met with Van Scoyoc at least quarterly depending on activity in Washington, D.C. He indicated Staff and Van Scoyoc discussed progress on initiatives identified in the Federal Legislative Plan. He stated Staff regularly monitored progress. He felt Van Scoyoc's persistent and consistent effort was bringing success.

Ms. Tucker thought the Committee would like to review engaging the Council in an advocacy role. She was willing to discuss the issue of metrics.

Council Member Espinosa thought it important that Staff was aware of all lobbying efforts in the event a lobbyist firm was replaced. He asked Staff if the City was building relationships with agencies to compensate for the elimination of earmarked funds.

Mr. Braulik replied yes.

Council Member Espinosa stated he wanted to better understand lobbyist successes, rather than simply monitoring activities.

Mr. Young said they understood.

Chair Holman was not sure it was not a matrix, because it was a means of measuring success.

Council Member Espinosa explained the problem with a matrix for lobbying work was its constantly changing nature. He thought having metrics for success by the end of a quarter or a year would be helpful.

Mr. Palmer suggested they work with Staff to develop some metrics for the Committee's review and comment.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to work with the Lobbyist and bring back to the Committee a report with measures of success.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to include as a priority the Corp of Engineers South Bay Shoreline Study Plan.

MOTION PASSED: 4-0

Chair Holman suggested changing No. 2 to "... protect and increase local government discretion." She noted the Guiding Principles did not address privacy issues (online and otherwise) of Palo Alto residents.

Council Member Klein did not agree.

Chair Holman asked for comments concerning the proposed revision of No. 2.

Council Member Espinosa suggested changing No. 2 to read "... protect and increase local government discretion, balancing that with our City values and priorities." He

indicated the point of the sentence was balancing government discretion and City values. He asked if she wanted them combined.

Chair Holman replied yes.

Council Member Klein stated he would not support the revision to end the sentence regarding discretion. He asked if that meant the Council could set its own foreign policy.

Chair Holman answered no, the description was in the following bullet point.

Chair Holman proposed an alternative of deleting "but".

MOTION: Council Member Espinosa moved, seconded by Council Member Holman to change Number 2 of the Overall Guiding Principles of the Legislative Action Program Manual to: Protect and increase local government discretion, balancing that with City values and priorities.

MOTION PASSED: 4-0

Chair Holman withdrew her comments on the privacy issue. She inquired if Staff had additional comments on State Legislative Priorities.

Ms. Tucker thought it was incomplete and redundant. She recommended replacing the section with the hot bill list along with generic guidelines regarding reporting.

Council Member Schmid proposed a list to track laws which the Council was interested in modifying. He suggested the list include the Housing Mandate, Government Code 65-915 regarding concessions and benefits, the definition of renewables, the Governor's proposed pension reform and the parcel tax exemption. He asked if anyone had information on parcel tax exemption.

Council Member Klein stated the story was in The Post.

Council Member Schmid thought the tax was an executive rather than a legislative decision.

Council Member Klein indicated he was correct. He referenced the Franchise Tax Board's statement that the parcel tax was a longstanding legislative position. He thought it odd to use the phrase "the Administration." He felt there was undue deference to the League of California Cities, and noted the City differed from the League concerning redevelopment agencies and HSR.

Ms. Tucker repeated Council Member Klein's proposals to remove the many references to the League, and to note the City was tracking League-supported bills and evaluating their application to the City.

Council Member Klein regarded the League as a good resource. He proposed adding water policy as it was not mentioned. He indicated water policy could be an issue shortly, because legislation could be introduced on this topic.

Debra Lloyd, Utilities Senior Resource Planner, stated the Utilities Legislative Guidelines included water issues, the renewable portfolio, and definitions.

Council Member Schmid asked if the Utilities Guidelines were different and not included in the Committee Packet.

Ms. Tucker said they were not included.

Ms. Lloyd said the Guidelines were approved by the Council on January 9, 2012.

Council Member Klein said they should be combined.

Ms. Tucker noted Staff intended to do that. She explained the type of regular reporting Staff envisioned with the implementation of Capitol Track software.

Council Member Espinosa offered to meet with Staff to discuss tracking bills. He thought the Council had responded well to certain state issues such as HSR. He stated annual meetings with representatives were helpful in reviewing priorities and issues. He suggested including coordinating with State representatives on issues affecting Palo Alto.

Chair Holman noted five items had been proposed for inclusion on the list: State Housing Mandate, Housing Density Bonus, definition of renewables, parcel tax exemption, and a water policy.

Council Member Klein wanted the City to be prepared for possible legislation concerning water policies.

Chair Holman asked if Staff thought there would be many revisions to this document.

Ms. Tucker thought the list was missing many high-priority issues. She said she would review meetings with legislators and change the role of the League. She anticipated changes and preparation of a hot bill list in the next few weeks.

Council Member Espinosa inquired whether Staff could provide that at the next meeting.

Ms. Tucker replied yes.

Council Member Klein asked if they would be presented to the Council as a whole rather than individually.

Ms. Tucker indicated that was one path, or the Committee could direct Staff to make the changes and present it to the Council.

Chair Holman proposed Staff add the Committee's recommendations, make necessary changes and send it individually to the Committee Members who could then provide feedback.

Council Member Klein agreed.

MOTION: Council Member Klein moved, seconded by Council Member Espinosa to: 1) coordinate with local State Legislatures on; State Housing Mandate, Housing Density Bonus, definition of renewables, parcel tax exemption, and water policy, 2) Staff is to make the changes with input from the Committee and then bring it back to Council for action.

MOTION PASSED: 4-0

Chair Holman asked Staff if they needed input from the Committee on the Legislative Action Program Manual.

Ms. Tucker answered no, unless the Committee had changes. She indicated Staff could have it prepared when she presented updated information in November.

Council Member Schmid referenced the League of California Cities document appended to the Packet and asked if there was a current version.

Ms. Tucker said the attached documents were posted on the website, but she would determine if there was a newer version.

2. Recommendation Regarding Approval of Labor Guiding Principles.

Sheila Tucker, Assistant to the City Manager, reminded Committee Members this item was heard in February. The Committee directed Staff to make revisions to the Principles.

Marci Scott, Acting Assistant Human Resources Director, had two areas of comment: 1) an overview of the main changes made since the last meeting; and 2) feedback from one labor group. The introductory paragraph had changed to provide an overview of the purpose of the Guidelines, and to state the goal of maintaining positive and strong relationships with labor. She indicated Staff and labor had maintained open communication and continued to work together to solve problems over the last few years. She stated there were minor changes, but she would focus on four areas of major adjustment. She said Guiding Principle No. 3 was probably the most important discussion item at the last meeting. She indicated the new language was clear and direct in stating that successor contracts would be finalized by the expiration of the current contract. She stated this would not necessarily mean a shorter process, but rather earlier start times. She reported Staff was re-evaluating resource needs to make this happen, and proposed that this Guiding Principle become effective for contracts expiring in Fiscal Year 2013 and beyond. She indicated Guiding Principle No. 5 was newly added regarding equity across employee groups. She noted Guiding Principle No. 6 was recruitment and retention, which had a few changes focusing on recruiting, training and retaining qualified employees committed to the City's goals and delivery of services. She said this would be an increasingly important element to discuss in the future. She reported Guiding Principle No. 9, innovation in employment and compensation, now contained a reference to Governor Brown's Public Employee Pension proposal as an example of an innovative reform of the City's pension plan. She stated she sent a copy of the packet to Labor prior to the February 14 meeting, and sent a communication to all labor groups last Thursday. She received feedback from one labor group, and was in a discussion today with Service Employees International Union (SEIU) representatives in the monthly labor management meeting. She indicated the group's main concern was their belief that the City conveyed a disinterest in the bargaining process, specifically in Guiding Principle No. 3. She reported they discussed the City's commitment to the meet-and-confer process, the City's proposal to phase in this provision, and the City's intention not to shorten or limit the bargaining process.

Council Member Espinosa asked if the labor group suggested language for changing Item No. 3.

Ms. Scott stated they did not.

Brian Ward, SEIU Representative, questioned why the City would need these Guiding Principles, when they had worked well together and the Guiding Principles did not

contain any objectionable ideas. Regarding Item 3, protracted negotiations, he felt the City was saying it did not want protracted negotiations. He asked how they were to work collaboratively. He explained interest-based bargaining. He indicated SEIU wanted to understand the purpose of the Guiding Principles in order to report to its members.

Council Member Klein stated the general idea of the Guiding Principles was to express the general principles to which everyone could agree. He supported No. 3 whether it was a Guiding Principle or policy, because the current system was in the union's favor. He explained the lack of savings to the City due to the recent negotiations with the Public Safety unions. He thought both sides should have an incentive to complete negotiations by the date of the contract expiration.

Mr. Ward agreed. He thought they were in agreement with all of the Principles. He asked if the Guiding Principles needed to be exerted and drawn out. He felt it was a valid point that the City did not realize a savings in extended negotiations. He asked what would happen if negotiations extended past the contract expiration date. He indicated union members wanted to know if there was a "stick" coming.

Council Member Klein indicated there would be further changes if the economic situation continued and referred to Governor Brown's 12 principles.

Mr. Ward stated lobbying efforts should be concentrated on the Public Employees' Retirement System (PERS) to effect changes.

Council Member Schmid stated the term "protracted negotiations" implied an emotional content, which was not true. He noted City Attorney Molly Stumps' statement at the prior meeting that it was difficult to begin serious negotiations until the budget process began with the long-range financial forecast. He said waiting until the budget process began would provide approximately four months for negotiations, which would not be enough time for serious negotiations. He asked if it was possible to begin bargaining earlier, and if some issues could be dealt with prior to the budget process. He suggested that Guiding Principle No. 3 not start with the term protracted, but contain language acknowledging the fact that negotiations involve important long-term issues for both sides and could take some time to resolve. He thought the ending time was important.

MOTION: Council Member Klein moved, seconded by Council Member Espinosa to Change Labor Guiding Principle No. 3; 1) by removing the first sentence, Protracted negotiations creates uncertainty for the City and employees, and 2) make the beginning sentence: The City shall to the maximum extent possible reach agreement on the...

Council Member Klein thought this was an important policy as he noted earlier. He believed the City could begin negotiations earlier and disagreed with the idea of needing the long-range forecast to begin bargaining. He noted historically not all labor contracts ended on June 30, and there was no legal requirement for union contracts to end on June 30.

Council Member Espinosa noted that Guiding Principle No. 1 and No. 3 did not begin with "the City shall" as the other Principles did. He pointed out there had been broad support for formalizing guiding principles.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER TO include in Labor Guiding Principle No. 3; The City will work with the employee groups to set the appropriate starting time for negotiations.

Council Member Espinosa thought people supported this type of language, because it provided a clear understanding that the City was not attempting to truncate in any way the amount of time for negotiations.

Ms. Scott explained that the City was preparing for negotiations with SEIU, and SEIU was open to the City's goal of starting negotiations earlier. She said Staff planned to discuss the budget and financials, and set a foundation for moving forward. She indicated discussions thus far had been positive.

Chair Holman supported the Motion and appreciated the Amendment. She felt the Amendment highlighted the importance of having a fair and collaborative process.

Council Member Klein expressed concerns over Principle No. 4 and Principle No. 7. He noted his conversation with a City employee regarding increased compensation. He referenced Council Member Shepherd's suggestion of publicizing true compensation costs. He referenced the language in Principle No. 4. He suggested the City needed to publicize more or in a better way. He felt the average employee did not view the City's increased payments to health insurance and pension as being increases in compensation.

Ms. Scott reported Staff had discussed this issue and was reviewing a means to produce an annual compensation statement. She thought employees did not understand the City's contribution to pension She said Staff was interested in providing a statement which would list each benefit.

Council Member Klein recalled discussions during negotiations with the Public Safety groups and SEIU concerning listing all benefits. He asked if Staff could suggest

language for the Principle, whether it was a combination of their discussions or language contained in Principle No. 7 and Principle No. 4.

Council Member Espinosa inquired if Council Member Klein's goal was to share total compensation information with employees in a way that they could understand.

Council Member Klein stated his goal was for employees to understand their true compensation. He suggested adding language regarding publicizing compensation information, so that union members and the general public had an understanding of these costs.

Ms. Scott said this language would provide compensation costs to all bargaining-unit members and all employees, and indicated Staff could do this.

Council Member Espinosa expressed concern over using the word "publicize." He suggested "share" or "communicate."

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the last sentence of Labor Guiding Principle No. 4; and shall communicate information so the public and employees understand the costs.

Chair Holman indicated these language revisions were for Guiding Principle No. 4, and asked if there was a revision to Guiding Principle No. 7.

Chair Holman agreed with Guiding Principle No. 7, but felt they needed to understand compensation costs as well.

Council Member Espinosa asked if, by "they", Chair Holman meant the City Council.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change the first sentence of Labor Guiding Principle No.7 to; compensation of City Employees should be easy for Council Members, employees, and the public.

Council Member Espinosa stated this expressed the idea of the Council also needing to understand the costs.

Chair Holman agreed, and felt this language was inclusive.

Council Member Klein thought No. 7 was slightly different from No. 4 in that No. 7 discussed pay grades.

Council Member Schmid suggested clarifying the language in No. 5 regarding changes in benefits at similar levels to focus on structural change.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change the first sentence Guiding Principle No. 5 to; The City should strive to set and make similar structural changes to compensation and benefits for all employee groups.

Council Member Schmid referenced data stating the City had 50 percent of employees within ten years of retirement. He noted the City had to search for employees to fill senior positions. He thought the City should hire young people and grow them to fill senior positions. He suggested a revision to No. 6 to place emphasis on hiring and training young people with talent.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change the last sentence Guiding Principle No. 6 to; that furthers the City's goal of finding and growing Staff that are critical to maintaining.

Molly Stump, City Attorney, thought his point was hiring people earlier in their career irrespective of chronological age.

Ms. Scott reported Staff was reviewing apprenticeship programs in order to build and train employees.

Council Member Espinosa was not opposed to the proposed revision to No. 6, but did not agree with the reasons for the revision.

Council Member Schmid said the City would be filling many retirement positions. He recalled the previous City Manager stating the biggest problem was Staff retirements and the City needed to be ready. He noted the City was in the same position eight years later.

MOTION AS AMENDED PASSED: 4-0

Council Member Schmid asked if the Committee needed a motion to send the revised Guiding Principles to the Council.

Ms. Stump stated the Committee typically did not have a separate motion to refer items to the Council. She asked if this should appear on the Consent Calendar.

Chair Holman said yes.

FUTURE MEETINGS AND AGENDAS

Sheila Tucker, Assistant to the City Manager, reported she had consolidated the Policy Committee referrals into a suggested list of months in which the Items would be taken up by the Council.

Chair Holman reported she had met with the City Manager, City Attorney and Ms. Tucker at the beginning of the year about potential topics to add to the Agenda. She noted some Infrastructure Blue Ribbon Commission (IBRC) recommendations could be presented to Policy and Services Committee rather than Finance Committee. She thought finding a way to organize that approach would be one topic. She suggested colleagues note topics to discuss at Policy and Services Committee meetings to help manage the Agenda. She felt second meetings within a month could become necessary depending on colleagues' suggested topics.

Council Member Espinosa suggested meeting in Council Chambers in April if the Committee would be discussing the massage ordinance as there could be a large public turnout.

Council Member Schmid stated the City Auditor's outline for the year included some items appropriate for discussion by the Policy and Services Committee. He suggested meeting with the City Auditor to determine the items destined for the Policy and Services Committee.

Council Member Klein noted the Council meeting on March 27 was devoted to the Auditor's work.

Council Member Schmid suggested a conversation with the City Auditor prior to March 28 to allow the Council to allocate Items relevant to the Committee.

Ms. Tucker stated the list included everything she found in the Minutes of previous meetings.

Council Member Klein asked if there was a reason why the Committee wouldn't be able to discuss those topics designated in-process on April 10, except for the expected large public turnout.

Ms. Tucker said no.

Council Member Schmid inquired if Ms. Tucker's list was only the two-year priority setting, or if it also included the mandate to the City Manager to identify policy sessions for the Council.

Ms. Tucker reported she took the referral directly from the actions taken at the last Council retreat.

Chair Holman said there were references to language as well.

Council Member Klein mentioned the definition of a priority and the decision-making process.

Council Member Schmid stated he had expanded it a little bit, because they had talked at that meeting about setting strategic policy discussions during the year.

Council Member Klein thought it would be appropriate to discuss it.

Council Member Espinosa believed those conversations had already happening. He asked if Council Member Schmid was thinking of the strategic conversations that had already been scheduled.

Council Member Schmid stated only the IBRC discussions had been scheduled, but there were three or four others that were supposed to happen.

Council Member Espinosa thought the Mayor and the City Manager were having conversations about what else might happen during the year.

Council Member Schmid suggested some conversations with the Mayor would be helpful since the Committee was having a priority setting.

Chair Holman suggested she speak with the Mayor to determine the status of the conversations and then determine if the Committee wanted to have something on the Agenda.

Ms. Tucker reported Staff wanted the Committee to consider meeting at 6:00 p.m. for the remainder of the year. She noted the Finance Committee had taken this action recently.

Council Member Schmid supported moving the Committee start time.

Council Member Klein expressed a concern about meeting at 6:00 p.m. when many people would want to address specific Agenda items.

Ms. Tucker asked if the Committee would agree to meet at 6:00 p.m. unless the Committee chose to start at 7:00 p.m. due to the items on the Agenda. She stated

the Municipal Code required the meeting to start at 7:00 p.m.; therefore, meetings at 6:00 p.m. would be considered Special Meetings.

Chair Holman suggested the Committee meet on April 10 at 6:00 p.m. to discuss the Council priority-setting process and, if they did not complete that item and had people waiting, they could table it for a future time.

Council Member Klein expressed concern about that suggestion.

Ms. Stump proposed the Committee prepare its Agenda to indicate that the massage ordinance would be called at 7:00 p.m.

Council Member Klein felt meeting at 7:00 p.m. was not a hardship, and the Committee's job was to accommodate the public.

Chair Holman indicated the Committee should meet at 7:00 p.m. on April 10.

Council Member Espinosa stated other meetings could begin at 6:00 p.m.

ADJOURNMENT: Meeting adjourned at 9:28 p.m.