



POLICY AND SERVICES COMMITTEE MINUTES

Special Meeting
Tuesday, May 20, 2014

Chairperson Price called the meeting to order at 6:05 P.M. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Klein, Price (Chair), Schmid, Scharff

Absent:

AGENDA ITEMS

1. Discussion and Possible Recommendation to Council Regarding Potential November 2014 Charter Amendments Related to Term Limits, Number of Council Seats, Council Compensation, Beginning/End of Council Terms, Annual Reorganization Meeting and Other Matters.

Chair Price recommended Policy and Services Committee (Committee) Members discuss each topic separately. She requested comments regarding deferral of any topics.

Council Member Klein inquired about reasons for deferring a topic.

Chair Price did not believe the Committee had sufficient information to discuss Council compensation. Perhaps that topic could be deferred to a later time.

Council Member Klein disagreed.

Council Member Scharff would support deferring discussion of compensation.

Council Member Schmid preferred to discuss compensation.

Chair Price agreed to discuss compensation.

Molly Stump, City Attorney, reported Staff included basic information regarding surrounding cities in Santa Clara and San Mateo Counties.

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Roger Smith encouraged the Committee to reduce or eliminate Council liaison duties. He wanted the Committee to reduce Council seats from nine to seven in order to save money, time, and resources.

Council Member Klein opposed term limits in that they did not accomplish anything.

MOTION: Council Member Klein moved, seconded by Council Member Scharff to recommend to the City Council put a measure on the November 2014 ballot to change the Charter Council term limits to a maximum of three terms.

Council Member Scharff felt three terms was a good compromise between two terms and unlimited terms. Term limits were a disadvantage to Council Members being appointed to regional boards and commissions, which reduced Palo Alto's influence. The County of Santa Clara (County) moved to three terms.

Council Member Schmid opposed term limits and a reduction in the number of Council seats. Council Members gained knowledge and sophistication with service on the Council. In the National Citizen Survey, local governments received higher scores for trust and confidence in government than State or Federal government. The Council could measure its success by the level of confidence and trust citizens placed in the Council. Extending term limits and reducing the number of Council seats placed barriers between the Council and residents.

Chair Price would support the Motion. Three terms was a compromise. Serving as an elected official required knowledge, tenacity, and time. She agreed with comments regarding representation of the City on regional boards and commissions.

Council Member Klein clarified that a limit of three terms would be effective immediately upon passage of the measure such that those currently in office would be eligible to serve three terms.

Chair Price asked if Council Member Klein was amending the Motion or providing a separate topic for discussion.

Council Member Schmid recalled the City Attorney commented on that issue of effective date in the Staff Report.

Ms. Stump indicated the Committee should consider an effective date as a

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policy question.

Council Member Scharff suggested the Committee discuss an effective date as a separate topic.

AMENDMENT: Council Member Klein moved, seconded by Council Member XX to include in the Motion "effective immediately upon passage."

Council Member Scharff would not accept the amendment.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Klein requested Council Member Scharff propose an effective date.

Council Member Scharff wanted term limits to be effective for the 2018 election. He did not believe term limits could apply to the 2016 election.

Council Member Klein advised that term limits could be effective in 2016.

Council Member Scharff preferred 2018.

MOTION PASSED: 3-1 Schmid no

MOTION: Council Member Klein moved, seconded by Council Member XXXX to recommend the City Council make the three-year term limit Charter change effective upon passage in November 2014.

MOTION FAILED DUE TO LACK OF A SECOND

MOTION: Council Member Scharff moved, seconded by Chair Price to recommend the City Council make the three-year term limit effective January 1, 2018.

Council Member Scharff stated an effective date of 2018 would allow citizens to consider changes before moving forward in 2018.

Chair Price added that 2018 provided a transition period.

Council Member Klein indicated the change would affect very few people. Colleagues wanted Council Members to be more effective in serving on regional boards and commissions; however, colleagues also wanted to defer that effectiveness for another four years. He could not identify a benefit from an effective date of 2018. The greater good would be served by

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allowing representatives to serve on regional boards for a longer period of time.

Council Member Scharff remarked that if the effective date was 2014, then Council Member Klein could run for office again in 2014.

Council Member Klein stated he could not run for office in 2014 under the current Charter.

Council Member Scharff clarified that if Council Member Klein was elected and if an effective date of 2014 was approved, then Council Member Klein would be seated. If an effective date of 2014 was not approved, then Council Member Klein would not be seated.

Council Member Klein requested comment from the City Attorney.

Ms. Stump reported the Charter did not speak to campaigning. It spoke to eligibility for office. Currently Council Member Klein was not eligible to take office in 2015. If term limits were extended to three in November 2014 and Council Member Klein was elected, then he would be eligible to serve in 2015.

Council Member Schmid inquired whether the City Clerk could accept an application.

Ms. Stump would review the Charter and provide a response.

Council Member Klein suggested the City Attorney not bother as he would not be running for reelection.

Ms. Stump would determine an answer if Committee Members requested.

MOTION FAILED: 2-2 Klein, Schmid no

Ms. Stump would provide an answer when the item was presented to the Council.

Council Member Scharff could identify both pros and cons for reducing the number of Council seats. Most cities seated either five or seven council members. Liaison, committee, and regional board responsibilities would be more difficult to cover with only seven seats. On balance, seven Council Members could be the best option. Seven seats would be more efficient; however, efficiency was not always the goal of government.

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Council Member Schmid had no interest in excluding the possibility of nine members. The goal was a diverse Council. More Council Members created more relationships with citizens. Citizens tolerated inefficiencies in government for the benefits a government provided.

MOTION: Council Member Klein moved, seconded by Chair Price to recommend the City Council put a ballot measure on the November 2014 election to reduce Council seats from nine to seven members.

Council Member Klein concurred with comments by Council Members Scharff and Schmid. He supported a reduction to seven members, because of the lack of candidates. Many people did not want to serve on the Council, because of the many responsibilities of Council Members and the lack of time to campaign. Fewer Council Members would not reduce the length of meetings. Because the City had its own utilities, Council Members served on additional regional boards. He preferred an effective date of 2014.

Chair Price concurred with comments regarding efficiency, demands on Staff, and more focused discussion. She expressed concern about decreased representation of citizens. Fewer seats would place pressure on south and west Palo Alto to field candidates. The issue of attracting candidates applied to nine as well as seven seats. The requirements for and responsibilities of Council Members reduced the field of candidates.

Council Member Schmid reported traditionally Council and Palo Alto Unified School District (PAUSD) elections fielded approximately 2.5 candidates per open seat. The number of candidates had decreased over the past few elections. Reducing the number of seats was not a way to control democracy, but rather a way to take advantage of community resources.

MOTION PASSED: 3-1 Schmid no

MOTION: Council Member Klein moved, seconded by Chair Price to recommend to the Council that the reduction of Council candidates take effect immediately following the 2014 Election.

SUBSTITUTE MOTION: Council Member Scharff moved, seconded by Council Member XXX to defer discussion of this item to Council.

SUBSTITTUTE MOTION FAILED DUE TO LACK OF A SECOND

Council Member Klein could not identify a reason to delay implementation of fewer seats.

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Chair Price felt changing the number of seats would be logical in the current cycle.

Council Member Schmid questioned whether the City Clerk would accept applications for five seats when the number of vacant seats was unknown. The issue could completely change how residents cast their votes. It would be extremely confusing for residents.

James Keene, City Manager, assumed three candidates receiving the highest number of votes would be seated.

Donna Grider, City Clerk, reported the uncertainty of whether these measures would pass could affect advertising for Council seats. She assumed she would advertise for five seats in the upcoming election.

Council Member Schmid added that the County Registrar would provide a voter pamphlet indicating five seats.

Ms. Grider would provide a Resolution to the Council in June 2014 for five seats.

Council Member Scharff assumed the three candidates receiving the highest number of votes would be seated if the measure passed, and the five candidates receiving the highest number of votes would be seated if the measure did not pass.

Ms. Stump wanted to look more closely at the ballot question asked of the voters. She would research the issue to confirm that was a lawful choice.

Mr. Keene commented that the inverse would be more problematic.

Ms. Stump reported that could not be done.

Chair Price remarked that the Committee could consider an effective date of 2016.

Ms. Grider noted no terms expired in 2016.

Ms. Stump explained that an effective date of 2016 would result in five open seats for the 2014-2018 cycle and two open seats for the 2016-2020 cycle.

MOTION PASSED: 3-1 Scharff no

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Council Member Scharff inquired whether the Charter allowed Council Member compensation to exceed a specific amount.

Ms. Stump reported the Charter incorporated the provisions of State law. State law provided a limit on the amount and annual amount of increase. State law allowed for slight increases in Council compensation without changing the Charter. There could be a simple Ordinance change within the procedures of State law. If the Committee wanted to exceed the procedures or set up a different procedure, then a Charter Amendment was required.

Council Member Scharff inquired about the amounts allowed by State law.

Ms. Stump noted the Council's current salary was \$600 per month as established by Ordinance in 2001. State law procedure allowed a 5 percent increase annually. If that increase was not implemented, it could be added but not cumulatively. Subject to confirmation, the Council could increase compensation by \$390 through an Ordinance.

Council Member Scharff indicated Council Member compensation could increase to approximately \$1,000. The Mayor and Vice Mayor received slightly more compensation.

Ms. Stump advised that compensation for the Mayor and Vice Mayor fell under a different set of procedures. There was a procedural limitation on when changes could become effective. If the Council adopted an Ordinance increasing compensation in the summer or fall of 2014, it could not take effect until new terms began in January 2015.

Council Member Scharff asked if increasing compensation to more than \$1,000 was the only reason for utilizing a Charter amendment.

Ms. Stump replied that or creating a different process for establishing compensation.

Council Member Schmid noted the *Los Angeles Times* material listed State guidelines and average total pay. The chart included benefits as well as salary. In that chart, Palo Alto compensation including benefits was well below State guidelines. The chart was different from the numbers Ms. Stump provided. Ms. Stump considered salaries only and a cap for salaries. The chart indicated the cap for Palo Alto was \$20,300.

Ms. Stump provided the information to frame the Committee's conversation. Benefits were a complicated area. The \$390 amount was salary only. State law created an initial cap based on population size of the city. The starting

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number was different for each city, because of different population sizes. She had not reviewed a procedure to change benefits as the Council had not expressed an interest.

Council Member Schmid remarked that the State guideline number was substantially higher.

Ms. Stump advised that Council Members received less salary than the general law allowed for a city of Palo Alto's size.

MOTION: Council Member Schmid moved, seconded by Council Member XXXX to recommend the City Council consider raising monthly salaries to \$1,000 per month subject to limits of State law.

MOTION FAILED DUE TO THE LACK OF A SECOND

MOTION: Council Member Scharff moved, seconded by Chair Price not to amend the Charter for compensation, but to have the matter discussed at a future Policy and Services Committee meeting, and a process to do that.

Council Member Scharff commented that the Committee did not need to act quickly absent a Charter amendment. Any salary increase should not apply to current Council Members.

Chair Price felt the Committee needed additional information regarding salary and benefits and time to contemplate issues. An increase in compensation was appropriate given compensation amounts for other cities.

Council Member Klein favored placing a Charter amendment on the November ballot. He proposed a Charter amendment to double salaries only if the number of Council seats was reduced from nine to seven. The compensation savings from fewer Council Members would roughly equal the total amount of a salary increase. Any substantial change should be made by voters. Conditioning a compensation increase upon the reduction in seats made it clear that citizens could expect more from seven Council Members.

Council Member Schmid reviewed pertinent data from the *Los Angeles Times* chart. Excluding cities over 500,000 and under 5,000 and all Bay Area cities, there were 27 cities substantially higher than Palo Alto in salary and 8 below. The per hour rate of compensation was low for Council Members.

Council Member Scharff noted many cities paid \$12,000 to \$33,000. The article stated most cities fell within State guidelines. He asked if only Charter cities paid more than \$12,000.

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Ms. Stump explained those cities were probably much larger cities.

Council Member Scharff asked if State guidelines affected that.

Council Member Schmid indicated State guidelines changed with population.

Ms. Stump clarified that State guidelines contained a graduated schedule based on population. Staff believed the *Los Angeles Times* chart included some valuation for benefits.

Council Member Scharff hesitated to rely on the *Los Angeles Times* data as he was unsure of its accuracy.

Ms. Stump added that the chart contained information from 2011. A number of councils had made adjustments, especially in the benefits area, in recent years.

Council Member Scharff inquired whether Committee Members preferred a Charter amendment or an Ordinance. The Motion would allow the Committee to obtain more data for review. If Committee Members supported Council compensation of more than \$1,000 per month, then they should vote for a Charter amendment. If they supported Council compensation of less than \$1,000, then there was no need for a Charter amendment. Council Member Klein's proposal would require a Charter Amendment to double the compensation amount.

Ms. Stump recalled Council Member Klein's desire for voters to decide Council compensation. If compensation remained within the State policy cap, a ballot measure was not needed. Whether to submit the matter to an election was a policy decision.

Mr. Keene believed the issue was who made the decision rather than the dollar amount.

Council Member Klein calculated a reduction of two Council Members would provide a savings of \$14,400 in salary and \$20,000 in benefits. He proposed dividing the savings amount among the seven remaining Council Members as a compensation increase. If the Council did not set an effective date in 2014, then a compensation increase could not be effective until after the next election.

Ms. Stump agreed that a compensation increase could become effective in January 2017, after the election of 2016. She inquired whether Council

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Member Klein's comment of "doubling salaries" referred to the salary that a particular Council Member received or the total amount the City expended on Council Member salaries.

Council Member Klein replied total compensation.

Ms. Stump asked if he meant the total aggregate compensation for nine Council Members doubled and then spread across seven Council Members.

Council Member Klein indicated his proposal was not on the table.

Council Member Schmid remarked that the Motion did not contain a time for Staff to return with additional information.

Council Member Scharff was agreeable to stating a time for Staff to provide information to the Committee. He inquired when Staff could have information.

Mr. Keene asked if the Committee wanted salary or total compensation, salary information was easier to compile.

Council Member Scharff responded salary.

Mr. Keene noted compensation included other factors such as pension.

Chair Price inquired whether Committee Members would accept base salary as sufficient for a comparison.

Council Member Schmid was interested in salary.

Council Member Scharff reiterated his question to Staff.

Mr. Keene could survey cities in the Bay Area or cities comparable to Palo Alto.

Chair Price asked where Staff's work would fit in the work plan.

Mr. Keene indicated Staff could return in June 2014.

Chair Price suggested June 3 or 17, 2014.

Mr. Keene answered June 17.

Council Member Klein felt it would be a mistake for the Council to increase

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its compensation regardless of whether State law allowed it. Compensation was a sensitive issue, and voters should be consulted.

Chair Price suggested a hybrid process of including people not on the Council in the discussion of information before the Committee. Including outside people addressed Council Member Klein's comments.

Council Member Schmid inquired whether the Motion included a Charter amendment election.

Council Member Scharff replied no.

MOTION PASSED: 3-1 Klein no

MOTION: Council Member Klein moved, seconded by Council Member Schmid to recommend the City Council direct the City Attorney to draft a Charter change to commence Council terms on the first regular meeting after receipt of the official vote count from the Registrar of Voters. The Mayor and Vice Mayor would also be elected at that meeting.

Council Member Klein reported the procedure suggested in the Motion was commonly used. The City did not need a long period between the election and beginning of terms. The procedure would eliminate concerns regarding the possibility of an emergency occurring over December holidays. The process was well documented and well used.

Council Member Schmid advised that only two cities in San Mateo and Santa Clara Counties waited until January to begin terms. The year-end meeting would be a great opening for new Council Members to take office. Reorganization could also occur in December so that Staff was prepared to move forward in the new year.

Ms. Stump advised that some cities' procedures stated terms began at the first regular meeting rather than a specific day of the week. That allowed for the possibility of a regular meeting not being scheduled for that day of the week. If for some reason a quorum was not present or a meeting was not held on that date, then terms could begin the following week.

Council Member Klein inquired whether Ms. Stump was setting up the same type of ambiguity the Committee wished to avoid.

Ms. Stump did not believe so.

Council Member Klein asked if a quorum included newly elected Council

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Members.

Ms. Stump explained the outgoing Council convened the meeting and certified election results. At that point, incoming members began their terms.

Council Member Klein wished to ensure outgoing members could not remain in office by deliberately not attending the meeting.

Donna Grider, City Clerk, reported the problem was receiving the canvass from the County and then having time to submit it to the Council. She would not always be able to submit the canvass prior to the first meeting in December. She suggested the Motion state the first meeting following the City Clerk's receipt of election results.

Council Member Klein wanted to know why the Motion could not state the first Monday after receipt of the results.

Ms. Stump indicated the Motion could state that.

Ms. Grider clarified that most Charters did not state the first Monday. Most Charters stated terms commenced the first regular meeting following certification of election results.

Council Member Klein agreed to the Motion stating the first regular meeting.

Ms. Stump presumed the Committee would want to change the election of the Mayor and Vice Mayor from the first meeting in January.

Council Member Klein stated all three points were part of the Motion.

Chair Price inquired whether new members would take office at the meeting wherein election results were certified or at the following meeting.

Ms. Stump responded at the certifying meeting.

Council Member Scharff understood the issue was the possibility of an emergency occurring while the Council was on Winter Break. The City Clerk could swear incoming members at any time. There had not been an issue since the Charter was founded.

Council Member Klein reported San Francisquito Creek came close to flooding on December 30 or 31, while the Council was on break.

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Council Member Scharff suggested the Clerk could have sworn in new Council Members.

Council Member Klein believed additional problems were the unreasonably long period between the election and beginning of term and the Council's inability to act until a Mayor and Vice Mayor were elected and Committee Members appointed.

Council Member Schmid noted the Council held a total of four meetings in January and February over the past three or four years.

Council Member Scharff did not feel moving the date would be advantageous. A new Mayor would be fresh from the Winter Break if elected in January. New mayors were not focused in November and December when issues arose.

Chair Price was not in favor of the Motion. Many of the issues the Council was working on would extend through November and December. A new Mayor in December would not have the knowledge to deal with those issues.

Council Member Klein disagreed. Chair Price seemed to prefer lame ducks vote on issues rather than newly elected members.

Chair Price remarked that lame ducks had knowledge, experience, and understanding of issues. A Mayor elected in December would have no time to become knowledgeable about issues. The slow start in January and February could be addressed by scheduling more meetings.

Council Member Scharff did not wish to lose the tradition and ceremony of the January reorganization meeting. Many people were out of town during December and would not be able to attend a reorganization meeting.

MOTION FAILED: 2-2 Price, Scharff no

Council Member Schmid noted the City Attorney included a technical topic for consideration.

Ms. Stump reported the policy question concerned placing on the ballot a single measure containing all Charter amendments or dividing them or grouping them.

Council Member Schmid inquired about an amendment regarding the order of candidate names.

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Ms. Grider recommended changing the City's lottery for determining the order of names on the ballot to utilize the Secretary of State's lottery.

Council Member Klein recalled attending a Special Meeting of the Council solely to hold the lottery.

Ms. Grider indicated the City often received a deadline extension to hold the lottery. The Council did hold Special Meetings only to draw names. In addition, Palo Alto's lottery delayed the Registrar of Voters' preparation of the ballot.

MOTION: Council Member Scharff moved, seconded by Council Member Schmid to recommend the City Council amend the Charter to utilize the Secretary of State's lottery for order of candidate names.

MOTION PASSED: 4-0

MOTION: Council Member Klein moved, seconded by Council Member Schmid to recommend any Charter changes be listed on the ballot as separate items. With the ballot order amendment contained in each measure.

Ms. Grider reported the Registrar of Voters estimated the cost for a single measure would be \$66,000. In addition, Ms. Grider estimated the City's election costs at \$10,000.

Council Member Scharff asked if the Committee had approved two Charter amendments.

Ms. Grider advised the Committee approved three Charter amendments: number of seats, term limits, and ballot order.

Council Member Scharff felt the ballot order amendment did not justify a cost of \$75,000.

Ms. Stump would confirm that grouping one amendment with two different amendments caused no harm.

Council Member Scharff felt it was important to separate the two amendments. By separating amendments, the public decided whether to enact them. If amendments were bundled together, then the Council seemed to influence the decision.

Council Member Schmid inquired about a rule regarding single topics.

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Ms. Stump reported the single subject rule did not apply to Charter amendments.

Cash Alae, Management Analyst, asked when the Council would hear the Committee's recommendations.

Ms. Grider responded June 16, 2014.

Mr. Alae stated the Council compensation item had to be complete by August 7 in order to place it on the ballot.

Council Member Schmid indicated it would not need a vote.

Ms. Stump clarified that Council compensation could be changed by Ordinance.

MOTION PASSED: 4-0

The Committee took a break from 7:35-7:46 P.M.

2. Discussion and Possible Recommendation or Action Regarding the Proposed Santa Clara County Transportation Project Sales Tax Initiative.

Council Member Schmid inquired about the goal or intention of the discussion.

Chair Price reported the Silicon Valley Leadership Group (SVLG) was preparing a potential ballot measure for 2014 and making contact with councils and stakeholders. The City of Palo Alto needed to provide preliminary comments. The Council began the conversation in its meeting held the prior evening. The purpose of the discussion was to draft preliminary comments to SVLG's proposal. The Policy and Services Committee (Committee) should address issues and concerns based on the Council's conversation and direct Staff to draft a letter to SVLG. The City Manager could sign the letter with the understanding that the Council would take action on the item at the first meeting in June. The Committee and Council had limited time to provide comments.

Council Member Schmid asked if the Committee should summarize Council comments from the previous evening or consider all potential issues.

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Chair Price understood the Committee would review all potential issues as well as concerns raised in the Council discussion. Implementing a process to respond quickly to proposed ballot language was a separate issue.

Richard Hackmann, Management Analyst, advised that SVLG originally considered a ballot measure for 2016; however, it moved the date to 2014 based on polling results. A measure had to be completed by August 8, 2014 to be placed on the ballot. The City's letter should clearly state it contained preliminary positions subject to Council review. The Council clearly reached consensus that Caltrain funding should be a significant element of the transportation tax measure. He viewed the Committee's policy decision as determining a process for reviewing and responding to draft ballot language while the Council was on break. He provided the Committee with the Staff Report; Rail Guiding Principles; the City's April 28, 2014 letter to the Peninsula Corridor Joint Powers Board regarding the Caltrain electrification Environmental Impact Report (EIR); language from the 2004 San Mateo County transportation tax initiative; and figures for ridership, population, and sales tax revenue. The City's April 28 letter could be utilized to identify key concerns. He could provide information relative to a pro rata formula for determining the City's share of the \$3.5 billion sales tax revenue. The key question was whether to advocate for specific projects to improve transportation or capacity. One approach could be to request funds from the tax measure support lengthening platforms and trains in order to increase capacity. Another approach could be to request funds support relief of traffic congestion caused by Caltrain operations. There were many angles for consideration and each had its own pros and cons.

Council Member Schmid recalled Mr. Guardino stated that grade separation per item would cost \$100-150 million. He asked if Staff had a cost estimate for grade separations from the City's consultant.

Mr. Hackmann reported the estimated cost of submerging a roadway beneath the railway could be \$150 million. Construction costs appeared to be approximately \$75 million. There would be noticeable and significant property taking in addition to street closures. The character of surrounding neighborhoods would take on a concrete and industrial feel. The preliminary cost estimate for submerging the railway in an open trench between San Antonio Road and Page Mill Road was \$350 million. This scenario would provide the most safety for pedestrians and cyclists. Because of nearby creeks, some portions of the Rail Corridor would require a 2 percent grade for trenching. Freight trains could travel along a 2 percent grade.

Chair Price wanted to focus on key elements for the letter.

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Council Member Klein felt the Council coalesced around three topics: increased support for Caltrain, protections that funding would be dedicated to Caltrain within north Santa Clara County, and grade crossings. Putting too many details in the letter would be a mistake.

Chair Price inquired whether dedicated funding would include an expenditure plan.

Council Member Klein clarified that funds could not be transferred without various approvals. That type of detail was not necessary in the letter. Mr. Guardino's statement that he would consider any plan developed by the City was a ploy. Mr. Guardino knew the City was not in a position to develop a particular plan at the current time. The initial letter should contain those three points expressed in general terms along with a request to review additional proposals from SVLG. The Committee needed a process similar to the Rail Committee's process in order to respond nimbly to proposals. The Council could authorize a small group of Council Members who would be present in July to review and respond to proposals. His concerns were quickly sending a letter to SVLG and creating a process for review and comment on SVLG proposals.

Mr. Hackmann agreed that proposing specific grade separations was not in the City's best interests. He provided cost estimates as context for the amount of funds needed to make improvements.

Council Member Schmid concurred with Council Member Klein's three points, but would express them differently. Caltrain was critical for both north and south connections for the foreseeable future. SVLG viewed Caltrain as a subsidiary of the Bay Area Rapid Transit (BART). The cost to Caltrain for not tunneling was grade crossings, and the cost estimates for grade crossings were high. The share of funding given to Caltrain had to include grade crossings as a part of increased Caltrain capacity. Increased capacity could not occur without a means for traffic to move. The letter should address Caltrain support, grade crossing, and a request for explicit commitments.

Council Member Scharff agreed the letter should be high level and take a regional approach. The letter should stress that Caltrain had capacity issues and connecting it to BART would exacerbate capacity issues. Therefore, the regional system would not work without improvements to Caltrain. The letter could recommend SVLG increase the sales tax initiative by an additional 1/8 or 1/4 cent. An additional 1/8 cent increase could move Caltrain funding closer to \$1 billion.

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Mr. Hackmann calculated a 1/8 cent increase would generate \$1.75 billion over 30 years.

Council Member Scharff recommended the letter suggest SVLG propose a 3/8 cent sales tax increase with 1/8 cent of that 3/8 cent dedicated to Caltrain. That amount could fund significant Caltrain improvements.

Chair Price suggested extending the sales tax from 30 years to 35 years as an option for funding Caltrain. The letter needed to emphasize the issues of operation, service, and capacity and provide a few examples. Longer platforms, level boarding, increasing length of trains, and accelerating purchase of cars could be achieved more quickly than Phase 2 of BART. She agreed with comments regarding connectivity of Caltrain and BART. The success of BART in the Peninsula would be dependent on the effective linkage with Caltrain. Grade separations would be an important improvement; however, capacity improvements were needed sooner than grade separations could be constructed. If Mountain View agreed, a coalition of Palo Alto and Mountain View would be powerful in terms of ridership and amount of sales tax generated. The letter should provide a context and the importance of improvements to make both Caltrain and BART work better. She inquired whether the letter should reference ballot language that the Committee felt had merit. She recommended the letter be sent to Carl Guardino with copies to Nuria Fernandez of Santa Clara Valley Transportation Authority (VTA) General Manager, and the head of the Board of Supervisors. She could provide cost estimates from a transportation planner if the Committee wished.

Mr. Hackmann believed past successful letters have asked for specific items. The letter currently reiterated the importance of Caltrain connecting with BART and creating a circular transportation network.

Chair Price indicated increased funding support for Caltrain should have a significant statement, given the lack of funding for critical capital improvements to Caltrain over the last couple of decades and without increased funding, there will only be minimal change unless there is an investment in the system.

Council Member Schmid inquired whether someone suggested Caltrain and BART should receive the same amount of money.

Mr. Hackmann reported Mr. Guardino stated 1/7 of funding or \$500 million.

Council Member Scharff advised that an increase in the sales tax would provide \$1.75 billion to Caltrain.

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Mr. Hackmann would incorporate the sales tax increase into the letter.

Council Member Klein commented that his three points were specific requests. The letter asked for guarantees that money would be spent in Santa Clara County, for specific details of grade separations, and for a pool of money to be set aside.

Council Member Schmid remarked that a concrete suggestion to increase funding for Caltrain could result in a relatively equal share of funding for Caltrain and BART.

Chair Price asked if the Committee was interested in extending the time period from 30 to 35 years.

Council Member Scharff believed the letter should ask for an increased sales tax or an extension of years, but not both.

Chair Price requested Staff calculate the amount of funds generated by an extension of the time period for an additional five years.

Mr. Hackmann questioned whether SVLG polled about extending the time period.

Chair Price did not think SVLG polled for 35 years. She was simply suggesting that as an alternative.

Council Member Scharff suggested there could be a specific reason for bond terms being 30 years.

Mr. Hackmann explained that capital projects assumed the life of a facility was 30 years.

Council Member Klein would not favor asking for 35 years.

Council Member Scharff wanted to send the letter as soon as possible and appoint a subcommittee of two Council Members to work with Mr. Hackmann.

Chair Price felt the letter should contain examples of service and operational enhancements.

Council Member Scharff agreed as long as they were short.

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Council Member Schmid suggested examples include grade crossings or associations with performance.

Chair Price clarified that examples would pertain to operations, service, and capacity. Grade separations would be part of that discussion.

Council Member Klein agreed to a sentence including examples without providing any detail whatsoever. The City could not overcome the expertise issue.

Chair Price indicated the letter had to have a few details. She asked if the letter should reference the San Mateo ballot language as an example.

Council Member Scharff felt that was premature. He inquired whether Chair Price meant a reference to the ballot or the actual language.

Chair Price suggested the letter refer to the San Mateo measure as an example of ballot language that was balanced, included an expenditure plan, and identified specific projects.

Council Member Scharff agreed.

Mr. Hackmann reported the request for an additional 1/8 cent sales tax dedicated to Caltrain could be phrased two ways, "SVLG proposed giving \$500 million of the \$3.5 billion to Caltrain. We think that should be used for platform extensions and train lengthening."

Council Member Klein disagreed and recommended "for various ways of expanding capacity such as ..."

Chair Price suggested the language should be, "expanding capacity, service and operations such as..."

Mr. Hackmann suggested "\$500 million for capacity issues and an additional \$1.75 billion based on 1/8 cent sales tax for grade separations."

Council Member Scharff suggested "for Caltrain improvements."

Council Member Klein added "for Caltrain improvements and grade separations."

Council Member Schmid indicated the letter had to be explicit, because Mr. Guardino avoided the phrase.

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Chair Price did not want to be too prescriptive. Some flexibility was needed for designers and engineers to accomplish the job.

Mr. Hackmann suggested "\$500 million for capacity and service improvements and a 1/8 cent additional tax for general Caltrain system improvements."

Council Member Klein added "and grade crossings."

Mr. Hackmann corrected it to "including grade separations."

Council Member Scharff suggested Chair Price and Council Member Klein work with Mr. Hackmann to approve the language.

Council Member Schmid believed mentioning the \$500 million amount implied the City would accept \$500 million. He suggested "a 1/8 cent increase in funding is an appropriate way of achieving an equitable distribution of funds between Caltrain and BART."

Mr. Hackmann reiterated, "we propose a 1/8 cent additional sales tax for general Caltrain system improvements including grade separations, creating equitability towards..."

Council Member Scharff suggested the letter just state "increase Caltrain capacity."

Mr. Hackmann inquired whether that language allowed SVLG to state they would give Caltrain \$750 million or \$1 billion and the extra \$4 billion to BART.

Council Member Scharff recommended "the 1/8 cent increase is solely committed to Caltrain." With respect to Council Member Klein's three principles, increase support for Caltrain was covered by the 1/8 cent sales tax increase; protect the money was covered by "solely for Caltrain;" and grade crossings were specifically mentioned.

Council Member Schmid noted \$1.7 billion plus \$500 million totaled \$2.2 billion, which was more than the amount proposed for BART.

Council Member Scharff recommended SVLG take the \$500 million and apply it to expressways or whatever.

Chair Price inquired about the total amount of funds dedicated to Caltrain according to the letter.

MINUTES

Mr. Hackmann replied \$1.75 billion. An additional \$500 million to use for other projects could appeal to SVLG.

Council Member Klein clarified that the letter requested one-third of the total amount of funds raised.

Chair Price inquired whether the letter should explicitly state a response was expected and that the Council would continue its discussion.

Mr. Hackmann suggested "following your presentation, which we appreciated, reflecting the needs of the County, the City of Palo Alto, recognizing that the environment is ripe for a tax measure, proposes not only moving forward with a 1/4 cent sales tax but increasing it to a 3/8 cent sales tax with one-third of the increased revenue going towards Caltrain improvements."

Council Member Klein corrected the language to "Caltrain improvements including grade separations." Grade separations were improvements to the general infrastructure that enabled Caltrain.

Mr. Hackmann always asked at the end of a letter for a written response. Caltrain improvements would occur only in Santa Clara County.

Council Member Klein disagreed. SVLG did not state what the \$500 million would fund. It could purchase a new railroad car which would travel in San Mateo County as well.

Chair Price agreed that some improvements were physically located within Santa Clara County and some would benefit the overall system.

Mr. Hackmann did not know if the language of a county tax measure determined where improvements would occur.

Council Member Scharff instructed Mr. Hackmann not to include that detail.

Chair Price advised that the Committee could discuss at a later time maintenance funds to maintain Caltrain at a high level of performance.

Council Member Klein inquired whether the Committee would request the Council resurrect the Rail Committee.

Council Member Scharff did not want to call it the Rail Committee. The Committee should have authority to send letters.

MINUTES

Council Member Klein wanted the Council to delegate authority similar to that given to the Rail Committee.

Chair Price reported the goal was to send the letter ASAP and return to the Council on June 2, 2014, for approval of a final letter.

Council Member Scharff recommended sending a final letter at the current time.

Chair Price indicated the original concept was to provide the City's preliminary positions to SVLG, seek Council input and approval, and to send the letter in the following few days, much like the letter regarding Dumbarton.

Council Member Klein noted the City Manager sent the letter on his own authority.

Mr. Hackmann asked if the Committee had authority to send the letter.

Khashayar Alaee, Management Analyst, explained that the City Manager had authority to send a letter to anybody with a legislative body as approved by the Council.

Chair Price expressed concern that acting beyond the Council's generally described direction would result in severe criticism. A two-step process would still provide cogent points to the SVLG right away.

Council Member Scharff suggested the City Manager send the letter. He disagreed with the letter containing references to preliminary positions. The next step would be requesting authority from the Council.

Chair Price wanted to ensure Mr. Guardino understood the Council would take final action on June 2, 2014.

Council Member Scharff recommended the letter state the Committee reviewed the proposal and made recommendations to the City Manager. The City Manager concurred with recommendations. The Council would review the letter on June 2.

Council Member Klein opposed sending a second letter. He questioned whether it would agree with the first letter or provide additional changes.

Council Member Scharff asked how the letter should be handled.

MINUTES

Council Member Klein explained a letter from the City Manager was not considered the final position of the City.

Council Member Schmid reported the Council did not discuss the additional sales tax increase of 1/8 cent.

Mr. Hackmann advised that would a significant policy shift and could have implications regarding the City's ability to increase sales tax in the future due to the 2 percent cap. The Council should discuss the sales tax issue.

Council Member Klein recommended sending the letter on June 3 after the Council reviewed it.

Council Member Scharff inquired whether the letter should be placed on the Council's Consent Calendar.

Council Member Klein answered yes.

Mr. Hackmann asked if he should inform Mr. Guardino that the letter was in process.

Council Member Scharff replied yes.

Chair Price questioned whether Mr. Hackmann would defend the decision of the Committee if the letter was placed on the Consent Calendar.

Mr. Hackmann considered proposing additional funding for Caltrain, but felt it was not appropriate for him to do so.

Chair Price would contact Mr. Hackmann to refine the letter.

Mr. Hackmann would request the City Manager contact Mr. Guardino the following day.

MOTION: Council Member Scharff moved, seconded by Council Member Klein to place the item on the City Council's Consent Calendar for June 2, 2014.

MOTION PASSED: 4-0

Chair Price inquired whether the Committee should provide direction as to how it would advise the Council.

MINUTES

Council Member Klein reported the Committee could direct Staff to draft a memorandum to the Council suggesting the Council delegate authority to the Policy and Services Committee to move quickly in response to proposed ballot language.

Chair Price noted the memorandum would be included in the Staff Report for June 2, 2014.

Mr. Hackmann indicated the Council would approve a letter and a process. He asked if the memorandum should mention the possibility of not having a quorum during July 2014.

Chair Price suggested the memorandum reference the vacation period. The Council expected a fair amount of activity.

Mr. Hackmann inquired about three Committee Members availability during July.

Council Member Schmid requested an Agenda Item for the June 17 meeting to address that issue.

Chair Price remarked that ballot language could be proposed that warranted a response between June 2 and 17.

Council Member Scharff suggested the Committee appoint a subcommittee if it could not reach a quorum.

Council Member Klein believed the Committee needed Council authority.

Chair Price wanted to address the quorum issue in the Staff Report.

Mr. Alae assumed the Mayor or Council would sign the letter as the Council would review the draft letter on June 2.

Chair Price concurred.

FUTURE MEETINGS AND AGENDAS

Chair Price inquired whether the placeholder meeting for June 3, 2014 was necessary.

Khashayar Alae, Management Analyst, replied no.

MINUTES

Chair Price announced the next Policy and Services Committee (Committee) meeting was scheduled for June 17, 2014.

Mr. Alae reported a joint meeting of the Architectural Review Board (ARB) was scheduled for June 19. The item on June 17 was tentative. He was unsure whether the Infrastructure Committee wanted to update the Committee regarding implications of online travel companies.

Molly Stump, City Attorney, indicated the Infrastructure Committee recommended targeted adjustments to Transient Occupancy Tax (TOT) language to ensure that the TOT was applied to online travel companies.

Chair Price asked if Airbnb was included.

Ms. Stump advised that adjustments included the tax aspects of Airbnb, Vacation Rental By Owner (VRBO), and other types of internet companies. It did not include substantial policy questions regarding land use issues which would be scheduled for the Committee in 2015. Another aspect to tax issues was general enforcement. That could be presented to the Committee at a later time.

Council Member Klein left the meeting at 8:53 P.M.

Chair Price failed to allow public comment for Agenda Item Number 2. Mr. Roland Lebrun submitted a speaker card, but had left the meeting.

Mr. Hackmann reviewed Mr. Lebrun's communication regarding San Jose's preliminary recommendations for spending bond funds.

Mr. Alae reported agenda items for the June 17 meeting were a smoking ordinance, federal and state legislation, and a joint session with the ARB.

Chair Price added Council compensation to the Agenda for June 17.

ADJOURNMENT: The meeting was adjourned at 8:56 P.M.