



POLICY AND SERVICES COMMITTEE

Special Meeting

Thursday, April 22, 2010

Chairperson Yeh called the meeting to order at 8:06 a.m. in the Council Chambers, 250 Hamilton Avenue, Palo Alto, California.

Present: Yeh (Chair), Holman, Price, Shepherd

Absent: none

1. Oral Communications

None.

2. Discussion and Potential Recommendations on Colleagues' Memorandum Related to Infrastructure Blue Ribbon Commission (IBRC).

Assistant to the City Manager, Kelly Morariu gave a brief discussion of the outline for the structure, scope of financing mechanisms, schedule and timing of the IBRC. She stated there were three recommended questions brought forth:

- 1) Should the IBRC review closing the five year infrastructure gap or should there be a broader scope to look at Palo Alto's infrastructure needs,
- 2) Should there be recommendations on both General Funds and Enterprise Utility Funds projects and
- 3) How should infrastructure be defined.

City Manager, James Keene stated the discussions at Staff level were based on the importance of the scope of the IBRC; what was the goal of achievement for the IBRC, how broad or narrow would their responsibility should be.

Chair Yeh asked for clarification on the information included in CMR 230:10.

Ms. Morariu explained the documents included were the original Colleagues Memo, an excerpt from the prior Policy & Service Committee meeting minutes where the discussion had taken place, the infrastructure report card released in March 2008 from the City Auditor's Office, Attachment D was a list of best practices derived from the team of local government professionals from around the country. They reviewed the infrastructure needs and made recommendation on how to engage the community around the infrastructure challenges.

Council Member Price asked whether the questions asked by Staff for the IBRC had equal weight.

Ms. Morariu stated the key areas to discuss were the structure and timeline.

Mr. Keene stated his preference would be to have a brief discussion around the scope of the IBRC which would feed into the structure and schedule.

Chair Yeh asked whether the IBRC was to look at closing the five year Capital Improvement Projects (CIP) infrastructure gap or should they be analyzing a longer term ongoing solution.

Assistant Public Works Director, Mike Sartor stated the Capital Budget was a five year plan where the first year was funded. Staff had identified in the five year plan backlog, each year had a funding gap. He clarified the current unfunded gap was \$90 million out of \$150 million.

Mr. Keene stated the CIP Fund was constrained by not enough funding or the capacity to complete elected projects. A key issue would be defining the role infrastructure took in the Comprehensive Plan.

Council Member Price stated based on the skepticism by the community she requested considering a two part phase for the 2011 ballot process. The first phase was for the IBRC to review the five year infrastructure gap and phase two was to define a vision for the future. She suggested the initial step should be a small increment done well, and be the first part of a broader approach.

Council Member Holman stated the CIP was a very comprehensive document, containing complex projects that were not well understood. She stated the scope of the IBRC should be to look at the CIP and prioritize the projects, which ones were grant funded, which were required or desired, and which projects could be added based on a proactive approach.

Chair Yeh stated the IBRC needed to review the magnitude of the infrastructure needs over the entire City, return to Council with the prioritized list of projects in five year increments.

Council Member Shepherd stated the IBRC needed to have a strong financial outlook due to the complexity of the needs of the City's infrastructure. She stated the entirety of the City's infrastructure needed to be vetted and brought back to Council for review in smaller increments.

Chair Yeh asked for the context of the remaining questions from Staff in order for the Policy & Services Committee to prepare their thoughts.

Mr. Sartor stated the Scope Item No. 2 was whether the IBRCs' focus was to tackle both the Enterprise Fund infrastructure and the General Fund infrastructure backlog. He clarified the Enterprise Funds had oversight commissions which had a funding capability built-in as sustainable funds; whereas, the General Fund had difficulty funding infrastructure needs as a whole.

Mr. Keene stated the General Fund funded a large piece of the infrastructure by reinvestment and maintenance on current buildings and other infrastructure projects; replacing or repairing the HVAC system, roofs, street maintenance and repairs. He stated infrastructure repairs involved multiple departments coordinating their efforts to ensure step one was completed in order for the next step to move forward; financial consideration was a main factor in infrastructure but not the complete picture.

Council Member Price asked whether the \$90 million in the unfunded five year plan included the General Fund infrastructure, Capital Improvement backlog and the Enterprise Fund. She asked for clarification on what projects the \$90 to \$150 million applied to.

Mr. Sartor stated the \$90 to \$150 million was strictly General Fund infrastructure projects which included buildings, roads, streets, parks, and open space. The Enterprise Funds backlogs were managed within their funds.

Mr. Keene stated there needed to be boundaries to what was included in infrastructure.

Mr. Sartor stated the \$90 and \$150 million backlog did not include other potential infrastructure new projects or renovations reminiscent of fire stations three and four. The Comprehensive Plan may include a pedestrian connection to the Baylands, an overpass over Highway 101, remodeling the existing or building a new public safety facility.

Council Member Price asked if the Enterprise Fund infrastructure projects were funded from within. She asked why it was a discussion point, when it was the General Fund that had difficulty with its infrastructure backlog.

Mr. Keene stated the task for the IBRC was not to make recommendations on the Enterprise Fund projects, rather to address the progress.

Council Member Holman stated the public needed to be informed as progress moved ahead with repairs or replacements. In a sustainable arena the community needed to be aware of the longevity an older building could have with a little maintenance. She clarified the importance for the IBRC to review both Funds and define the importance for coordination of infrastructure projects.

Council Member Shepherd asked whether the Enterprise Fund projects were prioritized and slated for start dates or merely listed as infrastructure needs.

Mr. Sartor stated the Storm Drain Oversight Committee was working on prioritizing the Capital Projects which was established by the voters on the fee increase ballot; the Utilities Oversight Committee reviewed and prioritized the Capital programs for the water, gas, waste water and electric funds.

Council Member Shepherd stated the Enterprise Fund projects would be incorporated into the review of the IBRC but not necessarily as a part of their prioritization process.

Council Member Holman requested that when the IBRC began prioritization listing it should be made clear what the project was, its location and type of project.

Chair Yeh stated there would be an education process for the IBRC Members to familiarize themselves with both Funds and their perspective infrastructure projects. He asked about any benefit in having the IBRC Members consist of current Board & Commission Members. He clarified the final report needed to have a section where it was clear to Staff and the public the differences between the Enterprise and General Fund and their projects.

Mr. Sartor stated Scope Item No. 3 defined what infrastructure was. The term infrastructure expanded from existing facilities that required maintenance to infrastructure that was not yet in place; however, it could be needed to meet the goals of the City. There was an importance placed on the need to finance ongoing maintenance on existing infrastructure; the need to consider major renovations to buildings or facilities and the potential for new facilities.

Council Member Price stated the Comprehensive Plan needed to be reviewed and understood with a clear nexus between where the City was and the improvements needed to achieve the goal.

Council Member Shepherd asked for clarification on the concept of internal infrastructure as in the HVAC system and roofing repairs or replacement.

Mr. Sartor stated roofing and heating, ventilating, air conditioning (HVAC) served as mechanical pieces of the building. The building was the infrastructure; the inner projects were designed to maintain the buildings or facilities in good condition so they were available for use.

Council Member Shepherd stated the repairs and replacement of the inner workings of a building or facility were maintenance projects and should be contracted on a year by year basis; not part of an infrastructure plan.

Mr. Sartor clarified the backlog included those types of projects in order to maintain the infrastructure.

Council Member Shepherd asked whether the inner maintenance was considered under Bond funding.

Mr. Sartor stated he believed so.

Council Member Shepherd clarified the General Fund did not have a line item for maintenance.

Mr. Sartor stated the question was how the Operating Budget versus the Capital Budget differed. He clarified the Capital budget was funded primarily to maintain the existing infrastructure.

Mr. Keene said the infrastructure was defined for the scope of the initiative and how much of the back log was deferred investment. He stated there was a maintenance budget; although, there was a gap between what was needed and the amount budgeted.

Council Member Holman stated the IBRC needed a defined deliverable. What was their purpose and how did their existence benefit the City, Council and the community.

Chair Yeh stated the benefit of the IBRC was to define how to best expend limited resources given a certain magnitude of needs.

Council Member Holman stated it would not be appropriate for the IBRC to review detail items that appeared to be a digression from the intention of the group. She added that if a project came to their attention it could be a part of their process to recommend an audit.

Council Member Price stated defining the purpose and scope of the task was critical which led to who would best participate as members of the IBRC. She clarified the project list was not completed; there was an initial list and a subsequent list, there was the prioritization of the list, the criteria for selecting the priority, and the funding mechanism. She felt repairs and maintenance should be built into the infrastructure needs.

Council Member Shepherd stated the deliverables needed to interlock with the ideals or thought process of the High Speed Rail. She questioned the desire to take care of the entire infrastructure without having a revenue generating mechanism to support the infrastructure.

Council Member Holman stated the deliverables were best discussed after a review of the entire element for consideration. She stated a secondary approach would be to address how the expertise of volunteers could be best utilized. She stated there needed to be transparency on the cost of the projects and how the cost was determined.

Council Member Shepherd said that, regarding infrastructure accuracy and inventory recommendations, some different mechanisms have already been identified by the Leadership Team. One concern was utilizing private/public partnerships. There are groups that are already in place and could make a

difference in a particular segment of the community. Some of the work should be tied into this next step.

Council Member Price stated there were other options for funding aside from the Bond Measure that should be considered.

Chair Yeh stated a full array of different financing mechanisms and a shared base level of information would be helpful. He questioned whether the City had a philosophy on what Bonds, parcel taxes or assessments should fund.

Council Member Price stated engaging volunteers could be effective; although, there needed to be caution on how that would affect the labor base.

Mr. Keene stated there were financing mechanisms available to the City beyond Bond issuances. There were factors involved with other options such as the interest rates, consideration of construction cost savings in the near term and decay cost for deferred infrastructure.

Council Member Shepherd stated the IBRC needed flexibility within the structure of their function.

Council Member Holman requested Staff follow-up with a listing of available grant opportunities for cities or lobbying opportunities that may be available. She stated she understood the time constraints of Staff; although, felt facilitating public meetings or town hall meetings would benefit the overall education of the community.

Chair Yeh stated the ICMA report showed seven different criteria for prioritizing: Council direction; leverage funding; health and safety requirements; code and legal requirements; operations needs and efficiencies; sustainability and community priorities. He questioned how the IBRC would view prioritization in terms of the scope and deliverables.

Ms. Morariu stated Staff was looking for the Committees' direction on the size and structure the IBRC should have and how Members should be appointed.

Council Member Price stated the purpose and scope needed to be defined prior to deciding the size and structure of IBRC. She stated there needed to be a clearer understanding of the impacts on Staff resources. She noted the scope, schedule, structure and a realistic deliverable needed to be completed in concurrence. She suggested fewer than eighteen Commissioners.

Council Member Shepherd suggested a nine member Commission with an alternate Commissioner who attended the meetings and could be ready to step-in the event one of the Commissioners' was unavailable.

Council Member Holman agreed with the concept of having alternates and felt the minimum Commission panel should be twelve. She noted the combination of expertise, experience and geographic familiarity was the key to a successful Commission of this type. She suggested having a participant from the Utilities Advisory Commission (UAC), the Planning & Transportation Commission (PTC), possibly the Historic Resources Board (HRB) and the Architectural Review Board (ARB). She stated there needed to be a schedule which included deadlines and interim reports presented to Council.

Chair Yeh agreed there should be more emphasis on the importance of membership opposed to the number of Commissioners. The Commission should consist of geographic representation of various neighborhoods, business community, and non profits to understand the different perspectives.

Council Member Price requested Staff return with different concepts of how the IBRC could be structured, possibly a hybrid model of the current Boards & Commissions. She stated in order to get a meaningful outcome the expertise and participation should not be made up of a singular component.

Council Member Holman stated there would be value in having a finance segment to the IBRC whether in a subgroup or a part of the scope itself. She asked whether the deliverable portion of the IBRC could be deliberated at the next Committee meeting prior to being brought to full Council.

Ms. Morariu stated the next Committee meeting was scheduled for May 11, 2010 the continuation of the issue could be agendaized and brought to Council on the May 17, 2010 meeting.

Mr. Keene stated the authors of the original Colleagues Memo had inquired as to when the discussion would be brought to Council.

Council Member Shepherd stated the IBRC composition would have Staff support to provide continuity among the different Boards & Commissions. If not, she suggested Staff provide an executive summary to the IBRC from discussions within the other Boards & Commissions to provide continuity.

Council Member Price asked if Staff felt bringing the recommendations to Council a week later than originally suggested would benefit the discussion.

Mr. Keene stated if the Committee felt the discussion points had sufficient merit to be presented to Council for a full discussion he would schedule the report to be presented for May 10, 2010 if not then the discussion would return to the Committee on May 11, 2010.

Council Member Holman stated she was in favor of returning to the Committee for further discussion on the matter and agreed spending a small amount of time would prove prudent once the item went to the full Council.

Mr. Keene stated considering the time involved in writing a City Manager Report (CMR), he felt bringing the CMR to Council would be June 7, 2010 which was the first meeting in June. The other option was to write the CMR in parallel with the Committee meeting on May 11, 2010.

Chair Yeh said they should continue with the discussion at hand and focus on the Brown Act, Council Appointment and deliverables which would give Staff sufficient information to write a CMR.

Council Member Price asked whether the suggestion was for the CMR to return to the Committee or go to Council.

Chair Yeh clarified that the suggestion was to continue the current discussion and make recommendations to move forward for Council review.

Council Member Holman agreed spending time defining the recommendations would allow for a smoother discussion with full Council.

Chair Yeh asked whether Staff had context for the Brown Act requirements.

Ms. Morariu stated she discussed the issue with the City Attorney's office. It was their opinion that due to Council involvement in the selection, scope, deliverables and structure of the proposed IBRC, it was subject to the Brown Act.

Mr. Keene suggested the IBRC would benefit from Council involvement as a support mechanism. This would also show the community Council was behind the concept of the IBRC and its goals.

Council Member Holman stated the IBRC should be Council appointed and the Brown Act should be applicable. She stated the infrastructure was the public's infrastructure and therefore it needed to be completely transparent and the concept of subcommittees within the IBRC lent to it being a larger group.

Council Member Shepherd asked for clarification on the function of a subcommittee.

Ms. Morariu stated there were multiple ways a subcommittee could function; one was for the Commissioners to be broken into smaller work groups tasked with exploring a specific issue and then returning to the full Commission with a recommendation.

Mr. Keene stated a subcommittee was a more intimate group broken out with specific skills and expertise levels.

Council Member Shepherd asked how large a subcommittee was, how many subcommittees would there be and would they all be appointed Commissioners.

Mr. Keene stated a decision on how a subcommittee was determined was typically made by the Chair and Vice Chair of the Commission.

Council Member Shepherd asked about the Commissions' role in civic engagement and holding public meetings and questioned whether Staff would be assisting with these meetings.

Mr. Keene stated the scope itself would define the structure of the IBRC; therefore, the determining factor of having subcommittees or not was not yet defined. He clarified the IBRC was to write a report and present recommendations to Council on their findings.

Council Member Shepherd asked for confirmation that civic engagement was structured at the infrastructure priority setting level. She felt civic engagement was set after the scope and structure were vetted.

Chair Yeh suggested preparing the Committee minutes from the current meeting to be presented to Council for their review of the processes thus far while the matter return to the Committee for further deliberation regarding the Brown Act, appointment process questions and the deliverables.

Council Member Holman asked the probability of Staff presenting the Committee with a draft CMR for the May 11, 2010 meeting.

Mr. Keene stated it was possible for Staff to compile a CMR and present an outline for the final discussion.

3. Discussion and Feedback to Staff on Colleagues' Memorandum Related to the Early Release of Council Meeting Agenda Packets

Sheri Furman, 3094 Greer, Chair of Palo Alto Neighborhoods, supported the early release of information. She encouraged firm deadlines for Applicants' to ensure the public has equal knowledge of the information Council received.

Council Member Holman stated a greater reason for early packet information disclosure was to benefit the community.

Council Member Shepherd asked whether there was a protocol of being able to pull an Agenda Item from the early packet and move it to a later date with approval of two or more Council Members.

Council Member Price asked whether the Colleagues Memo was suggesting the packet information be released earlier than the Wednesday prior to the Council Meeting.

Council Member Holman clarified the goal was to get the information out to Council and the public with enough time to ensure all of the information was reviewed, understood and there was ample time for questions to be answered. Some items may need to be available earlier than others like the Environmental Impact Reports (EIR) or the Comprehensive Plan.

Council Member Price concurred a Wednesday release date was helpful and more complex projects should be released more than four days prior to the Council date. She stated there needed to be an established format and an enforced practice that if a project was not completed for packet it was pushed out to the next meeting date; the practice needed to apply to Applicants' as well.

City Manager, James Keene requested the recommendation to Council clearly reinforce the expectations and objectives. He stated Staff was prepared to move in the direction Council requested. He clarified there could be a rule in place for Agenda Items which were submitted last minute. He wanted to ensure the process being discussed would alleviate time constraints and was applicable to last minute questions from the public and Council.

Council Member Price asked for clarification on how a modification to an item was deemed significant and who made the decision.

Mr. Keene stated there would need to be Council discussion and a set of criteria for the rules and where the lines would be drawn for what was deemed significant versus minor.

4. Discussion for Future Meeting Schedules and Agendas

Chair Yeh stated the upcoming Committee meeting of May 11, 2010 will have the Colleagues' Memorandum Related to IBRC, the Colleagues' Memorandum Related to the Early Release and the discussion for policies and procedures agendized.

Ms. Morariu stated yes and it also included the Recycling and Composting Ordinance changes and the Council Priorities Workplan needed to return for further discussion.

Chair Yeh clarified the Recycling and Composting Ordinance was scheduled for the May 11, 2010 meeting and asked whether it was time sensitive.

Ms. Morariu stated it was scheduled on May 11th and Staff would verify the time sensitivity of the item.

Mr. Keene stated Staff would return to the Committee on May 11, 2010 with a CMR draft and an outline for discussion to be agendized for the Council meeting on May 17, 2010. He noted that Staff was supportive of holding morning meetings if the Committee desired to repeat the process.

Council Member Holman supported a rolling list of agenda items for the Committee.

Council Member Price noted the difficulty of attending morning meetings but accepted the concept as a back-up when necessary.

ADJOURNMENT: Meeting adjourned at 10:13 p.m.