



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
September 22, 2014

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:00 P.M.

Present: Berman, Burt, Holman arrived at 6:10 P.M., Klein, Kniss, Price, Scharff, Schmid, Shepherd

Absent:

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS
City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Lalo Perez, Joe Saccio, Kathryn Shen, Sandra Blanch, Dania Torres Wong)
Unrepresented Employee Group: Management, Professional and Confidential Employees
Authority: Government Code Section 54957.6(a)
2. CONFERENCE WITH LABOR NEGOTIATORS
City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Lalo Perez, Melissa Tronquet, Joe Saccio, Molly Stump, Walter Rossmann, Nancy Nagel, Dennis Burns, Mark Gregerson, Kathryn Shen, Dania Torres Wong)
Employee Organization: Palo Alto Police Officers Association (PAPOA)
Authority: Government Code Section 54957.6(a)

Council Member Scharff believed Agenda Item Number 1 should be held in public. Compensation for Management, Professional, and Confidential employees was an ongoing expense and comprised a large portion of the Budget. The discussion would not include negotiation strategies.

MOTION: Council Member Scharff moved, seconded by Council Member Burt not to go into Closed Session on Agenda Item Number 1, and to have it heard in an Open Session.

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Molly Stump, City Attorney, reported the Council could consider the Motion. If the Council chose not to go into Closed Session, then Agenda Item Number 1 should be rescheduled to another date because the item was noticed as a Closed Session. This particular topic was within the Council's discretion to discuss in Closed or Open Session.

Council Member Scharff felt compensation for the Management Group should be discussed in a public setting to explain to the public why and how the Council set compensation. In addition, the Council should consider whether all Closed Sessions were necessary.

Council Member Burt inquired whether an Open Session would in any way harm the City's discussion or negotiating position.

James Keene, City Manager, advised that if the Council adopted the Staff recommendation, then there would be no harm. If the Council raised other issues and questions, then an Open Session could have implications. The agenda item was not a negotiation with an organized bargaining group.

Vice Mayor Kniss inquired about topics over which the Council had no discretion to discuss in an Open Session.

Ms. Stump indicated items involving third-party rights were best held in Closed Session. The Council discussed some items in Closed Session when there were no requirements to do so. Agenda Item Number 1 was traditionally held in Closed Session, which was appropriate if the Council chose. Staff could notice Agenda Item Number 1 on a future agenda as both Closed and Open Sessions so that the Council could move between Closed and Open Sessions within the same meeting.

Vice Mayor Kniss understood the desire to move Agenda Item Number 1 to an Open Session; however, the Council needed more guidance

Mr. Keene expressed concern that employees could view a public discussion as negative. The Council could hold all labor negotiations in public if it chose to do so. If the Council treated represented groups differently from unrepresented groups and unrepresented groups felt the difference was negative, then it could have implications.

Council Member Schmid asked if there were any time constraints related to Agenda Item Number 1.

Mr. Keene answered yes. The item was postponed in the fall of 2013 in order to negotiate with the Service Employees International Union (SEIU).

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Those negotiations were complete in March 2014. The Management Group preferred the Council proceed with the item.

Council Member Schmid understood the item could return to the Agenda quickly and could be noticed as both Open and Closed Sessions. The Motion was logical.

Council Member Price would not support the Motion. The Management Group was the only employee group not represented by an organized labor group. An Open Session would be treating them differently from represented groups.

Council Member Berman inquired whether the Motion was to hold a discussion in Open Session.

Council Member Scharff indicated the City Attorney suggested Staff notice the item as both Open and Closed Sessions, so the Council could utilize both if needed.

Council Member Berman stated the Motion had merit; however, a larger discussion was needed. He was not prepared for that discussion at the current time. He would not support the Motion. He suggested the Council schedule a policy discussion regarding when to hold labor negotiations in Open Session. He opposed a discussion of Agenda Item Number 1 in Open Session prior to a discussion of policy for Open and Closed Sessions.

Mayor Shepherd asked if Council Member Berman was offering a Substitute Motion or an Amendment to refer the topic to the Policy and Services Committee

Council Member Berman requested the City Manager's opinion.

Mr. Keene recalled the Council recently referred some matters to the Policy and Services Committee related to Closed Sessions. He would prefer Council Member Berman amend the Motion. A policy discussion could allay feelings of being treated differently.

Council Member Berman asked if continuing Agenda Item Number 1 would impact Agenda Item Number 2.

Mr. Keene reported Agenda Item Number 2 could proceed as noticed.

Council Member Burt called Point of Order.

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Mayor Shepherd understood Council Member Berman was attempting to offer a Substitute Motion.

Council Member Burt asked if a Substitute Motion was permissible. The discussion moved from holding an Open or Closed Session for Item Number 1 to a broader discussion of referring issues to the Policy and Services Committee.

Ms. Stump understood Council Member Berman was considering whether to broaden one aspect to include not going into Closed Session on Item Number 2. The Council could do that. Council Member Berman requested the City Manager's opinion on that. The initial part of the Motion was to place on a future agenda, perhaps at the next meeting, a policy discussion on the topic. The Council could generally discuss setting future agendas without having a specific item agendized.

Council Member Burt remarked that Council Members usually initiated agenda items within Council Member Comments.

Ms. Stump agreed the Council frequently initiated new items within a noticed item.

SUBSTITUTE MOTION: Council Member Berman moved, seconded by Mayor Shepherd to schedule a broader Council policy discussion on October 6, 2014, regarding compensation for non-represented employees in public or in Closed Session, and to continue Agenda Item Number 1 until after the policy discussion.

Council Member Berman indicated the Council needed a proper discussion of when to hold discussions in Open or Closed Session.

Ms. Stump requested the Substitute Motion clarify whether the Council would move into Closed Session regarding Agenda Item Number 1 or continue Item Number 1 pending a policy discussion.

Mayor Shepherd inquired whether the Council would entertain Item Number 1 in the current meeting.

Council Member Berman responded no.

Mayor Shepherd withdrew her second to the Substitute Motion.

Council Member Scharff seconded the Substitute Motion. It was important not to discuss Agenda Item Number 1 prior to a policy discussion. In an

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Open Session, affected employees could offer comments and opinion and the Council could explain the City's compensation system.

SUBSTITUTE MOTION: Council Member Berman moved, seconded by Council Member Scharff to schedule a broader Council policy discussion on October 6, 2014, regarding compensation for non-represented employees in public or in Closed Session, and to continue Agenda Item Number 1 until after the policy discussion.

Council Member Holman supported the Substitute Motion. The Motion was not transparent with respect to employees. She inquired about a timeframe for the item to return to the Council and information to be presented to the Council.

Mr. Keene would provide all information necessary for the Council and public to understand the different components of the Management Compensation Plan and to discuss the implications of decisions.

Council Member Holman remarked that employees subject to the Compensation Plan should be given notice of the Open Session.

Council Member Klein commended Council Member Scharff for his Motion, but wished Council Member Scharff had notified the Council of his Motion prior to the meeting.

Council Member Scharff advised that such contact would be a violation of the Brown Act.

Council Member Klein clarified that Council Members could refer communication through the City Clerk. He preferred some advance notice in order to consider different aspects of the issue. He would support the Substitute Motion with some modifications. The Substitute Motion should state "discussion of compensation for non-represented employees of the City" rather than "labor negotiations." Employees should not be subject to the mercy of the Council's agenda; therefore, the Substitute Motion should state a date certain of October 6, 2014.

Mr. Keene needed to review the item in relation to other items currently on Agenda for October 6, 2014.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change "discussion of compensation for non-represented employees of the City" rather than "labor negotiations."

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Vice Mayor Kniss was concerned because the Substitute Motion pertained to non-represented employees only. The Council's discussion should focus on topics that warranted a Closed Session. She would not support the Substitute Motion.

Ms. Stump explained that transparency issues for union and association represented groups were both different and complex. Jurisdictions had initiated various forms of transparency within the formal labor negotiation process. That policy should be developed with a great deal of care and in consultation with labor. Staff would not be prepared to discuss that in two weeks.

Vice Mayor Kniss was disturbed by the direction of the Substitute Motion. Any discussion of transparency for labor negotiations would be long and complicated.

Council Member Burt understood the Council would address whether to hold a discussion of management compensation in an Open or Closed Session. He was interested in reviewing non-represented employees and circumstances under which the Council should hold Open and Closed Sessions. At an upcoming meeting, the Council could refer additional items to the Policy and Services Committee for a deeper discussion.

Mayor Shepherd inquired whether the issue would not be a part of the Policy and Services Committee's broad discussion of Closed Sessions.

Ms. Stump clarified that the item referred to the Policy and Services Committee focused on real property Closed Sessions.

Mayor Shepherd reiterated that the Policy and Services Committee would not discuss bargaining groups.

Ms. Stump indicated that decision had not been made at that point.

Mayor Shepherd commented that on October 6, 2014 the Council would discuss whether to hold a discussion of compensation for non-represented groups in public or Closed Sessions. The City Clerk would also notice the item for a Closed Session should the Council wish to move into a Closed Session on the topic.

Ms. Stump advised that the policy discussion would be held on October 6. From the policy discussion, the Council would schedule a Closed Session, an Open Session or both on the substantive item perhaps as early as the next meeting.

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Mr. Keene would communicate with affected employees about the Council's action.

SUBSTITUTE MOTION AS AMENDED PASSED: 8-1 Kniss no

Ms. Stump reported the Council continued Item Number 1, and the Closed Session would pertain to Item Number 2.

The Council Adjourned into Closed Session at 6:35 P.M.

The Council returned from the Closed Session at 7:30 P.M.

Mayor Shepherd announced no reportable action.

AGENDA CHANGES, ADDITIONS AND DELETIONS

Mayor Shepherd reported Agenda Item Number 5- "Request for Approval of a Blanket Purchase Order with Granite Rock Company in the Amount of \$1,200,000 to be the Primary Supplier of Asphalt Concrete Products for Both the Public Works and Utilities Departments Over a Three Year Period from September 22, 2014 through September 21, 2017" was continued to a date uncertain at Staff's request.

CITY MANAGER COMMENTS

James Keene, City Manager, advised that the Federal Aviation Administration (FAA) named the City as the official sponsor of the Airport on September 17, 2014. In addition, the FAA authorized a grant to the City to improve the runway and taxiways. Palo Alto firefighters were deployed to the front lines of the King Fire in Pollock Pines, California. Fire Captain Brian Baggott was named Santa Clara County Training Officer of the Year. City Staff abated a nuisance property located at 220 Matadero Avenue on September 18, 2014. He requested the Sustainability Board and Staff increase efforts to reduce the environmental impact of public buildings in Palo Alto through energy efficiency standards. On Saturday, September 27, 2014, the Mitchell Park Library and Community Center would host a "Come Together" event. Palo Alto Airport Day and the Tsuchiura, Japan Festival were scheduled for September 28, 2014. The Office of Emergency Services invited the public to attend an Emergency Preparedness and Safety Fair on September 28, 2014. Bike Palo Alto would occur on Sunday, October 5, 2014.

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ORAL COMMUNICATIONS

David Carnahan, Deputy City Clerk, reminded the public of the recruitments for the Architectural Review Board and the Planning and Transportation Commission. The deadline for applications was extended to September 29, 2014 at 5:30 P.M. He reviewed requirements for the Architectural Review Board and Planning and Transportation Commission.

Danielle Martell had not received responses to her requests for information under the California Public Records Act. The City failed to comply with legal requirements to provide information in a timely manner. She requested Staff be ordered to comply with her requests under the California Public Records Act.

Roger Smith thanked the Council for placing a measure on the ballot regarding reduction of the number of Council Members. A number of community members and elected leaders supported the measure.

Joe Hirsch understood a decision regarding renewal of the Cubberley Master Lease was due in December 2013; however, no information was available. If the Master Lease was not extended, Cardiac Therapy Foundation would close which would be a tragedy. If the Master Lease could not be extended on a long-term basis, he urged the City Manager and Council to consider a short-term extension.

William Ross supported recommendations contained in a September 17, 2014 email addressed to the Council concerning the Council's December 2013 approval of a Director's Decision regarding 240 Hamilton Avenue. The Council's approval was based on erroneous information in the Staff Report. The 2,000 square feet on the second floor did not exist. The Council should reconsider an exclusion of Americans with Disabilities Act (ADA) space. He suggested the Planning Director and City Building Official not issue any further permits for the project.

Stephanie Munoz recalled that the County of Santa Clara (County) gave the landowners of Buena Vista Mobile Home Park the right to operate a trailer park at that site. The landowners did not have to build anything to develop the property. The City of Palo Alto zoned the property R-15. Palo Alto did not support inequality.

Mayor Shepherd allowed Mr. Hirsch to comment further.

Joe Hirsch reported his previous comments were incorrect. The Council instructed the City Manager as early as February 2014 regarding

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negotiations of the Cubberley Master Lease. Entities leasing facilities at Cubberley did not have a current view of events.

CONSENT CALENDAR

Mila Zelkha, InnVision Shelter Network, spoke regarding Agenda Item Number 4. InnVision Shelter Network was concerned about the financial viability of its programs. The one-time allocation would support the Breaking Bread Program.

Council Member Holman spoke regarding Agenda Item Number 5, which was continued. She inquired whether responses to her questions would be provided in the report when the item returned to the Consent Calendar.

James Keene, City Manager, indicated responses would not be included in the report but attendant to the report.

MOTION: Council Member Berman moved, seconded by Vice Mayor Kniss to approve Agenda Item Numbers 3-4, and 6-7, and to continue Agenda Item Number 5 until October 6, 2014.

3. Policy and Services Committee Recommendation to Accept the Auditor's Office Quarterly Report as of June 30, 2014.
4. Human Relations Commission Funding Recommendation for Distribution of Additional Human Services Resources Allocation Funding for FY2015 in the Amount of \$68,380.
5. ~~Request for Approval of a Blanket Purchase Order with Granite Rock Company in the Amount of \$1,200,000 to be the Primary Supplier of Asphalt Concrete Products for Both the Public Works and Utilities Departments Over a Three Year Period from September 22, 2014 through September 21, 2017.~~
6. Request for Authorization to Increase Compensation of Legal Services Contract with Kaplan Kirsch Rockwell, LLP by an Additional \$250,000 For a Total Contract Not-to-Exceed Amount of \$275,000 and Adoption of a Budget Amendment Ordinance 5270 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto Increasing Funding by an Additional \$200,000."
7. Finance Committee Recommends Adoption of Municipal Code Changes Eliminating Palo Alto Municipal Code Section 2.08.145, titled "Consultation with City Auditor" and Amending Palo Alto Municipal

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Code Section 2.08.150 Titled "Department of Administrative Services" and Section 2.28.090, titled "Lapse of Appropriations" to Clarify Roles for Reviewing Fiscal Procedures and Roles of City Auditor and Administrative Services Department and Lapse of Appropriations.

MOTION PASSED: 9-0

ACTION ITEMS

8. Council Review of Draft Ordinance Creating a Business Registry; Policy Direction Regarding Business Registry Questionnaire and Update on Staff's Implementation Plan.

Mayor Shepherd recalled in February 2014 the Council directed Staff to create a plan for a Business Registry Program that was online, simple to use, and charged a fee intended to recover costs. The purpose was to generate information from businesses to better quantify the City's business information. In April the Council directed Staff to proceed with an annual Business Registry Certificate (BRC) Ordinance and fee program.

Thomas Fehrenbach, Economic Development Manager, reported the City lacked basic data from Palo Alto businesses. The lack of data could be addressed through the creation of a Business Registry. Potential uses of such data were widespread and included transportation planning and economic development, emergency response and preparedness, and business outreach. On April 29, 2014 the Council directed Staff to implement a two-phase approach. In Phase 1, Staff proposed developing a cost recovery BRC Ordinance and software, performing outreach and education, developing a plan for enforcement, and launching the program by the end of calendar year 2014. In Phase 2, Staff proposed integrating business data with other sources of data and exploring options for enhancing enforcement and the program itself. Staff requested the Council review and provide input regarding businesses that could be exempt and companies with multiple locations within Palo Alto; and approve the plan for software development and implementation. Funding through a Budget Amendment Ordinance (BAO) would be presented to the Council as early as October 6, 2014. The Ordinance focused on a fixed place of business. By definition, businesses that occupied commercial spaces did not include home-based businesses or businesses without a fixed location in Palo Alto. The intent of the Ordinance was to require businesses to renew the BRC annually, to post notice in a conspicuous place, and to pay fees for not securing or renewing a BRC. In addition, the Ordinance would indicate which businesses, if any, were exempt from obtaining a BRC and/or for which businesses fees were waived. Per Council direction, software should be web-based, provide a

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simple user interface, store data within the existing permit management system, allow online payments and data reporting, and generate a BRC online. Representatives of Accela, the permit management system, were building a new module to create a user interface. The questionnaire was an attempt to distill questions into a list of core questions. Staff hoped to finalize the initial questionnaire by mid-October and modify it in the future as needed.

Elaine Uang indicated the City did not have data to provide good transportation programs and alternatives. Traffic measures could not be implemented without knowing who worked in Palo Alto and the types of businesses located in Palo Alto. She requested the Council proceed with the measure.

Robert Moss felt this type of data was the only way to calculate an accurate jobs to housing ratio. He suggested the questionnaire contain questions regarding employees' modes of transportation to work, the number of workers by time of day and season, and changes in employment over a previous time period.

Vikki Velkoff felt any information would be vital to address transportation needs.

Adina Levin, Friends of Caltrain, believed data regarding the entire population and barriers to utilization of transportation other than vehicles as well as support by the business community were vital. She questioned whether the Transportation Management Association (TMA) survey should be included in Phase 1 or Phase 2. The Business Registry should count nonprofit employees but reduce or waive fees for nonprofit agencies.

Neilson Buchanan recommended the Business Registry capture ZIP Codes for all employees. That information could be used to target marketing of Transportation Demand Management (TDM) Programs to employees.

Mr. Fehrenbach explained that the Business Registry program was viewed as a method to obtain baseline data that would be useful in developing strategies for the TMA survey. Staff was attempting to balance the number and detail of Business Registry questions with the Council's desire for simplicity. Staff would appreciate feedback from the public and the Council regarding the questionnaire.

Vice Mayor Kniss referenced Section 4.60.130 of the Ordinance regarding the power and authority to enter into a business free of charge and at any reasonable time. That language could make people uncomfortable. That

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language may be usual in Ordinances from other cities; however, it made her uncomfortable. Delaying that for some period of time would be a good idea.

Council Member Scharff expressed concerned that the City could obtain incorrect data by including "fake" businesses. In a hypothetical situation of a syndicator owning 500 LLCs and being located in Palo Alto, he inquired whether that syndicator would register 500 businesses or 1 business.

Mr. Fehrenbach advised that that was a question for the Council. From his perspective, the intent of the Ordinance was to obtain information regarding people in the buildings. Only one BRC would need to be associated with the people in the building. The syndicator would supply information for the employees as part of the questionnaire along with a list of all companies associated with those employees.

Council Member Scharff advised that was not captured in the Ordinance. The Council would need to include that in the Motion, but crafting the language was difficult. He asked if the Council could direct Staff to propose language for that situation.

Mr. Fehrenbach explained that Staff wanted to obtain a sense of the Council's direction and then draft language for an Ordinance to be presented to the Council for a first reading in October 2014.

Council Member Scharff wanted to obtain good information from the Business Registry. He provided a hypothetical situation of an individual operating a legitimate home-based business but utilizing a business address of a commercial space. He assumed that situation would need to be included in the Ordinance, but again he was unsure of the language needed for that situation. The proposed Ordinance required business owners to obtain a BRC prior to operating a business. It was more logical for people to obtain a BRC after they began operations and knew the number of their employees. He requested the rationale for not requiring a business to obtain a BRC 30 or 45 days after opening.

Mr. Fehrenbach clarified that the intent was to make the business knowledgeable about the program and to obtain basic information about the business during the tenant improvement permitting process.

Council Member Scharff asked if there were any disadvantages to requiring a business to obtain a BRC 30 days after beginning operations.

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Cara Silver, Senior Assistant City Attorney, remarked that a business first contacted the City when obtaining building permits for tenant improvements. Typically the City had some leverage at that point. If supplemental information was required later, Staff could propose a process for that.

Council Member Scharff remarked that the amendment process was a little odd. Charitable nonprofits should not be exempt, because the Business Registry was not a tax and the fee amount was de minimis. He did not see a need for an inspector to physically check businesses for posted BRCs. Staff should be able to verify registration electronically.

Ms. Silver explained that the provision pertained to a tenant of an internal office as a sub-lessee of a primary tenant. Staff had no way of knowing whether a particular business was licensed just by reviewing electronic information. The inspection process was another method for obtaining that information.

Council Member Scharff commented that any business of substance would have employees and need its name on a sign outside the building. Staff could utilize that information to verify electronically whether the business had a BRC. With respect to Section 4.60.160, he asked why the City would need the power to deny a business registration. He did not view registration as discretionary.

Ms. Silver concurred with striking Section 4.60.160.

Council Member Scharff inquired about the rules and regulations that the Director of the Administrative Services Department (ASD) could implement. The Council would not be able to provide input or approve those rules.

Ms. Silver advised that Council Member Scharff's syndication scenario was a good example of the need for administrative rules which could be instituted by the Director.

Council Member Scharff was unsure whether Staff had the right to implement administrative rules.

Molly Stump, City Attorney, noted the provision was standard in any kind of regulatory regime. It did not allow anyone at an administrative level to override provisions of an Ordinance. Provisions of the Ordinance were the priority and must be adhered to. To the extent there were administrative implementation issues or areas where the Ordinance did not provide sufficient detail, then those issues could be resolved through administrative rules and regulations without requiring an amendment of the Ordinance. If

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the Council wished to review administrative rules or interpretation or detailed applications, then Staff could strike the provision.

Council Member Scharff asked if the sample questions could be selected or modified through administrative rules and regulations. He originally believed the administrative rules and regulations would pertain to sample questions.

James Keene, City Manager, stated that was a good example.

Council Member Scharff asked why ASD was the responsible department rather than the Planning Department.

Mr. Keene reported that typically the City Manager was designated rather than a particular department.

Council Member Scharff inquired whether the City Manager was suggesting the proposed Ordinance state the City Manager rather than the Director of ASD.

Mr. Keene answered yes.

Mayor Shepherd was aware that Council Members had many questions and comments regarding the Business Registry. Staff was receiving information and would return to the Council with an Ordinance.

Council Member Klein had many questions similar to Council Member Scharff's questions.

Mayor Shepherd inquired whether the Council should refer the item to the Policy and Services Committee.

Council Member Klein felt the Council should ask detailed questions in order to ensure success of the program. Other Agenda Items should not require much time for Council discussion. He assumed Staff reviewed Business Registry Ordinances and questionnaires utilized in other cities, but did not find anything in the report about that. He asked if Staff had done so.

Mr. Fehrenbach reviewed many, many cities and their questionnaires. Many of those questions were repeated in some form in the City's proposed questionnaire. The same was true for the Ordinance. Much of the Ordinance language was standard.

Council Member Klein agreed with Council Member Scharff not to exempt nonprofit agencies, because it was difficult to distinguish between the

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various types of nonprofit agencies and the accounting procedure involved. He questioned the meanings of location and type of business. Large companies would have difficulty determining each location and type of business in order to comply with the proposed Ordinance. Section 4.60.040(c) referred to exemptions granted by the Constitution, and Federal and State statute; however, page 105 indicated there were no State or Federal statutes.

Ms. Silver clarified that some businesses were exempt from paying registration fees. The intent of the exception was to capture those businesses without spelling them out specifically.

Council Member Klein read from page 105 that other California cities with a Business Registry did not exempt any types of businesses.

Ms. Silver distinguished between the payment of the fee and the business registration. The Council did not need to exempt any business from the registration requirement, but certain businesses were exempt from paying a fee.

Council Member Klein inquired about businesses exempt from paying fees.

Ms. Silver did not recall any specific business; they were obscure.

Council Member Klein agreed that some businesses were exempt from paying taxes; however, those businesses did pay fees. Section 4.60.040(c) pertained to business registration, rather than payment of the fee. Exempting businesses from registration was not consistent with the intent of the program or Staff comments. Rather than inspecting businesses for a posted BRC, perhaps the City could request landlords provide a list of tenants annually. He did not want an inspector going into offices. Section 4.60.080 required a separate BRC for each and every branch of a business; however, a BRC was not required for each business owned and operated by an individual from one location. He wanted the questionnaire to be simple so that businesses would comply. He questioned whether the City needed information such as emergency contact information and business type. He particularly liked the request for ZIP Codes for each employee. He inquired about Staff discussions with various stakeholders and members of the business community regarding the length of the questionnaire.

Mr. Fehrenbach held a fair number of conversations with businesses in general, the Chamber of Commerce, the Business Improvement District, and with individual business owners. Generally the less questions the better was their perspective. With regard to the business type, the intent was to

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compile a list of different types of businesses for economic development purposes.

Council Member Klein suggested the question regarding business type contain examples of types of businesses. He inquired about Staff actions with respect to the North American Industry Classification System (NAICS).

Mr. Fehrenbach advised that Staff could glean information from the NAICS and possibly set that up to be automated and to eliminate that question.

Council Member Klein asked if Staff had spoken with larger companies in Palo Alto.

Mr. Fehrenbach requested feedback from large Palo Alto companies regarding the Business Registry in general rather than the questionnaire.

Council Member Klein believed questions submitted by the public would be easier for small businesses to answer. Because larger employers had many employees who affected traffic the most, he hoped Staff would obtain feedback from larger employers.

Mr. Fehrenbach indicated Staff could determine some methods to obtain that information from companies. One of the speakers had some good ideas about that.

Council Member Price felt nonprofit agencies should register and pay a fee. Staff should clarify which of the nonprofit categories applied. She preferred a simple process and questions. They could be refined and modified at a later time. She supported increasing the fee based on the Consumer Price Index (CPI). Obtaining origin data such as ZIP Code was important. Employee mode of transportation was also important; however, that level of detail could be delayed to a later time. She assumed the TMA survey would reach that level of detail. A "mother" or "father" company should register and list other locations as well as employee counts at each location. She inquired about the experience of Accela in relation to business registries.

Ken Sawtelle, Accela, would provide specific examples of work with other business registries to the Council. Accela had been in the land management and licensing and case management business for more than 30 years.

Council Member Price noted the Staff Report mentioned the potential need for a Program Assistant III to manage the Business Registry and outreach. She asked when that position might be needed.

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Mr. Fehrenbach anticipated needing the position during Phase 1 to administer and coordinate the program, most likely during the summer of 2015.

Council Member Price advised that the presentation did not persuade her that a Program Assistant III was needed. Instead, she recommended funding for that position be transferred to the Office of Emergency Services to fund a second position.

Council Member Schmid referenced mentions in the Staff Report of existing data sources and a number of 11,500; however, there was no explanation. Federal and State data sources were available. Perhaps Staff should begin by determining existing information and information that could be obtained from other sources.

Mr. Fehrenbach reported the City engaged Muni Services to begin compiling a list of businesses. Muni Services provided a list of 11,500 businesses including address, phone number. Many of the addresses were clearly associated with a single business. Additional work was needed to refine the list.

Council Member Schmid advised that the Staff Report did not mention the issue of confidentiality. The City should have a statement of the types of information collected and whether it would be made public. The first survey should contain general questions that were easy to answer in order to obtain high rates of return. High quality data at a specific point in time would provide a basis for everything else. The questionnaire should inquire about address, number of workers, business type, Standard Industrial Classification (SIC) Code, ratio of employees to square footage, and ZIP Code information for workers. Follow-up surveys and questionnaires built on solid data would be the richest source of strategic data. He concurred with other Council Member comments regarding physical inspection for BRC.

Council Member Holman wished to capture Council comments in a Motion.

Mayor Shepherd explained that Staff would return with a proposed Ordinance which incorporated Council comments.

Mr. Keene reported Council comments pertained primarily to language in the proposed Ordinance and to the questionnaire. Staff had a sense of Council comments and could redraft the Ordinance. Incorporating all comments into a Motion would be difficult. The Council wanted a simple registration process which would form the basis for other surveys. Once registration began, Staff would discover necessary revisions.

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Mayor Shepherd noted the recommended Motion was broad.

Council Member Holman wanted to ensure Staff had clear guidance. The purpose statement should be placed at the beginning and should read, "The purpose of this Chapter is to establish a regulatory mechanism to maintain an accurate record of entities conducting business in the City. Statistics collected will be utilized in informing both (a) and (l) in Section 1." Section 1 was quite good. Section 1(a) was unclear. The transportation program should be a separate paragraph. She concurred with comments regarding including nonprofit agencies. With respect to the questions, start date in Palo Alto should be second to business name. Business type should include a list of types for businesses to check.

Mr. Keene recalled Mr. Fehrenbach agreed to that change.

Council Member Holman concurred with obtaining ZIP Codes for workers. Number of workers onsite should be broken into fulltime workers on a typical business day and total workers on a typical business day. Square footage occupied onsite could be interpreted in a variety of ways and should be clarified.

Council Member Berman requested information about the TMA survey.

Mr. Fehrenbach indicated Staff was working on a TMA survey, but was not aware of a timeline for it.

Council Member Berman felt the top priority was implementing the Business Registry in early 2015. The program should be easy to complete, perhaps contain check boxes, and have clear instructions. Questions should include ZIP Codes for workers. Staff should discuss confidentiality of information with the business community. He would question the need for a Program Assistant III.

Council Member Burt recommended Staff provide alternative Ordinances if there was a lack of clarity regarding Council consensus. Section 1(a) of the Ordinance should state land uses rather than land use trends. He requested Staff clarify how the Business Registry was intended to assist businesses and residents in locating services and goods closer to home. Staff should be able to verify electronically that businesses had registered. Confidentiality of new businesses could be a real concern. Perhaps a landlord could provide alternative reporting, so that data could be provided without breaching confidentiality. He was interested in comparing the City's questions with questions asked by other cities and successful TDM programs. In Phase 2, a

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survey should capture information regarding meaningful onsite services in terms of trip generation. The total number of employees had a different informational value than the number of employees onsite at a given time. Mode share was a very important consideration.

Mayor Shepherd inquired whether the Ordinance should specifically state it applied only to commercial business areas.

Ms. Silver framed the Ordinance as applying to any business that had a fixed place of business; a commercial business that was not a home-based business or a transitory business. The Council could restrict the Ordinance to commercially zoned properties, but that would not capture as many businesses.

Mayor Shepherd asked which businesses would not be captured.

Ms. Silver answered businesses located in industrial areas.

Mayor Shepherd considered industrial areas as commercial.

Ms. Silver explained that the Zoning Code distinguished between industrial and commercial areas.

Mayor Shepherd preferred the Ordinance state it applied to non-residential areas. That could be modified later if needed.

Mr. Fehrenbach clarified that a section of the Municipal Code related to home-based businesses. The Ordinance was drafted for fixed places of business in line with Mayor Shepherd's thoughts of commercial areas.

Mayor Shepherd suggested Staff include language to clarify that. Data was needed to determine the number of trips into business locations. She inquired whether the questionnaire should inquire about employees, contractors and temporary workers.

Mr. Fehrenbach reported the intent was for the business owner to report for all workers whether an employee or a contractor.

Mayor Shepherd asked if the questionnaire and fee would be fixed or based on number of employees.

Mr. Fehrenbach indicated the fee would be fixed per business. Creating one questionnaire for all sizes of business was difficult; however, Staff was

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attempting to address that within the questionnaire. The questionnaire could be revised as needed.

Mayor Shepherd requested Staff provide an informational update annually regarding revisions to the questionnaire. She concurred with prior comments regarding nonprofit agencies. The question regarding leasing of offsite parking was ambiguous.

MOTION: Mayor Shepherd moved, seconded by Council Member Scharff to: 1) approve the Staff approach to engage our software vendor, Accela, for set-up, licensing and implementation costs related to the creation of a Business Registry Certificate program (BRC) and for the City to engage Truepoint Solutions for pre and post go-live software staffing augmentation needs; 2) direct Staff to return to Council with a Budget Amendment Ordinance (BAO) for Fiscal Year 2015 for the BRC software start-up costs, including program development and outreach for the remainder of the fiscal year; and 3) direct Staff to return to Council in October with the Ordinance creating a business registry for Palo Alto.

Vice Mayor Kniss asked if Staff reviewed Business Registries from other cities.

Mr. Fehrenbach replied yes.

Vice Mayor Kniss inquired whether the Staff Report contained a list of those cities.

Mr. Fehrenbach replied no.

Vice Mayor Kniss understood most cities in Santa Clara County utilized a Business Registry.

Mr. Fehrenbach reported Palo Alto was one of very few cities within the state without a business license or registry.

Vice Mayor Kniss recalled that several times in the past the City had considered a Business Registry as a means to institute a business license tax. She hoped the initial questionnaire would collect data without being an inquest. Data collected from the Business Registry was necessary to implement TDM Programs. She would have preferred additional information regarding Business Registries within Santa Clara County.

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Council Member Holman concurred with Council Members Price and Berman regarding the need for a Program Assistant III. She requested Staff present the actual questionnaire when it was prepared.

MOTION PASSED: 9-0

9. Rejection of Construction Bids for the Palo Alto Municipal Golf Course Reconfiguration Project and Adoption of a Budget Amendment Ordinance 5271 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto in the Amount of \$708,495 in Revenues and \$168,036 in Expenses to Operate the Golf Course From September 1, 2014 to February 28, 2015, and Establish an FY 2016 Golf Course Operating Loss Reserve from the Net Revenue of Golf Course Operations in the Amount of \$540,459 (Continued from September 8, 2014)."

Rob de Geus, Community Services Department Assistant Director, reported Staff had rejected all construction bids received on April 15, 2014 for the construction of the Palo Alto Municipal Golf Course; however, Staff requested the Council affirm that action. Staff requested Council direction to re-advertise the project for competitive bids pending receipt of regulatory permits. Staff requested the Council adopt the proposed Budget Amendment Ordinance (BAO) to keep the Golf Course open until February 28, 2015 and to establish a Golf Course operating loss. The Golf Course was operating under a modified layout due to the stockpiling of soil needed for the Golf Course and levee projects. The number of golf rounds and amount of revenue decreased because of the modified layout. Staff did not anticipate the extended delay in obtaining permits. The General Fund was currently subsidizing Golf Course operations. The number of juniors, ladies, and seniors playing had increased; however, the total number of rounds had decreased approximately 30 percent. Soil importation continued. If the full amount of soil was obtained, \$1.3 million would be available to support the project. The status of permitting was uncertain, which resulted in the inability to rebid the project. The Staff Report proposed a schedule to rebid the project in December 2014 and award a contract in March 2015; however, Staff had little confidence in that schedule. Staff recommended repeating the pre-qualification process in the fall of 2014 to allow the bidding process to begin when permits were received. As Staff, the San Francisquito Creek Joint Powers Authority (JPA), and Council Members worked on permitting issues, Staff recommended the Council adopt a BAO to increase revenues by \$708,000 and expenses by \$168,000 in order to operate the Golf Course through the end of February 2015. Delaying construction would likely increase the costs of construction.

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Joe Teresi, Senior Engineer, reviewed benefits of the Golf Course Project and the San Francisquito Creek Flood Control Protection Project. The JPA and City were vigorously pursuing permits needed for the projects. On August 29, 2014, the JPA received a letter from the Water Board indicating that the JPA application was incomplete when an earlier iteration of the application was found complete. The Water Board's request for additional information was beyond the Water Board's legal purview. In addition, the Water Board was requesting additional land from the Golf Course for future flood water detention. The Water Board suggested work be phased such that work could begin in East Palo Alto while issues with Palo Alto were resolved. That suggestion was infeasible for several reasons. Staff would examine a full range of options for ways to proceed and return to the Council with recommendations.

James Keene, City Manager, reiterated that Staff needed specific action from the Council on the recommendations.

Council Member Klein was infuriated by the actions of the Water Board. He inquired whether any events had occurred since the Water Board letter of August 29.

Mr. Teresi advised that the JPA had reviewed the letter with its partner agencies and attorneys. The JPA wished to proceed both judiciously and expeditiously.

Len Materman, San Francisquito Creek Joint Powers Authority Executive Director, had reviewed the letter closely and examined Water Board questions related to the JPA application. The JPA was also considering legal strategies. The JPA Board, its general counsel, outside counsel, and the City Attorney would meet the following Thursday to discuss the Water Board letter and potential responses.

Molly Stump, City Attorney, indicated Staff was reviewing broadly the City's options in light of developments with the JPA Project.

Council Member Klein felt it was time for Draconian action. Most likely, any response would be met with additional questions.

Mr. Materman agreed that history did repeat itself.

Mr. Keene recalled the City had been given positive indications, yet the official response was negative. The City's leverage within the process was constrained.

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Council Member Klein asked if Staff had requested editorial support from local media.

Mr. Teresi understood local newspapers had published articles about the process and expressed frustration.

Mr. Keene had not made an explicit request to media.

Council Member Klein inquired about possible legislative actions.

Mr. Keene reported Staff was exploring that avenue.

Council Member Price felt the Water Board was arbitrary and capricious. She asked if Federal agencies such as the Environmental Protection Agency (EPA), the Corps of Engineers (Corps), and Federal Emergency Management Agency (FEMA), would not engage in State issues even if the issue involved Federal funds. She suggested Staff contact Barbara Marshman at the San Jose Mercury News regarding an editorial.

Mr. Materman explained that the Water Quality Certification was a Federal requirement. The Corps of Engineers in California requested the State Water Board who in turn requested Regional Water Boards to provide this certification. The JPA considered options for other entities to assume the Water Board's responsibilities, which would be a precedent. The Water Board rather than the EPA or the Corps of Engineers was given the authority to make this decision. State legislators had been active on the topic and Federal legislators offered assistance.

Vice Mayor Kniss seemed to recall Federal funds were involved in the project.

Mr. Keene advised that Congresswomen Eshoo and Speier were successful in obtaining funding in the Federal 2015 budget.

Mr. Materman indicated the President's budget included \$900,000 for the overall Corps study. The JPA agreed to separate the Bay to Highway 101 project from the overall Corps project in order to move forward.

Mr. Teresi stated the JPA received \$8 million in State funding that had to be expended by a certain date or be lost.

Mr. Keene added that the project had approximately \$8 million in funding that had to be expended by 2016.

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Vice Mayor Kniss stated the complexity of the permitting process was stunning. She was concerned about the funding.

MOTION: Vice Mayor Kniss moved, seconded by Council Member Scharff to:

1. Reject all construction bids received on April 15, 2014 for construction of the Palo Alto Municipal Golf Course Reconfiguration Project (Project), Capital Improvement Program Project PG-13003;
2. Direct staff to re-advertise the Project for competitive bids, with timing contingent on securing the regulatory permits needed for the Project; and
3. Adopt the attached Budget Amendment Ordinance (BAO) (Attachment A) amending the Community Services Department operating budget in the amount of \$708,495 in revenues and \$168,036 in expenses to fund operation of the Golf Course from September 1, 2014 to February 28, 2015 and establish an FY 2016 Golf Course Operating Loss Reserve in the General Fund in the amount of \$540,459.

Vice Mayor Kniss felt editorial comments could provide some assistance. She asked if the delay occurred at the Regional Water Board.

Mr. Keene replied yes.

Vice Mayor Kniss was puzzled by the lack of understanding or coordination.

Council Member Scharff understood the JPA Project could not proceed if State funding was lost.

Mr. Materman advised that the JPA Project as designed could not proceed without State funding.

Council Member Scharff asked if the JPA had to begin construction or expend funds by a certain date in 2016.

Mr. Materman reported the JPA had to expend funds by December 2016 and could seek reimbursement in 2017, unless the JPA received an extension.

Council Member Scharff inquired whether Staff had performed outreach to all people affected by the project.

Mr. Teresi coordinated a large group of residents, City Managers, engineers, elected officials, and high-level managers to attend a Water Board workshop

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on the project. One group testified for four hours about the importance of the project. At that point, the Water Board encouraged the Executive Officer to issue the permit as soon as possible. However, it added several qualifiers to its action. The August 29, 2014 letter arrived a few days later.

Council Member Scharff asked if the Water Board could issue the permit if it chose to do so.

Mr. Keene responded yes. At the August meeting, the Water Board decided to leave the application with the Executive Officer.

Council Member Scharff questioned whether another group should attend the next Water Board meeting.

Mr. Keene felt the Water Board was sympathetic to the public outpouring. Subsequently, alternatives were presented to cloud the issue. The Water Board suffered no consequences if it failed to act. Both legal and legislative actions would be slow.

Council Member Berman asked who at the Regional Water Quality Control Board made the final determination.

Mr. Keene replied Bruce Wolfe, the Executive Officer.

Council Member Berman asked who hired Mr. Wolfe.

Mr. Keene indicated he was appointed by the Governor.

Mr. Materman clarified that Water Board members hired him.

Council Member Berman asked if the JPA first applied for the permit 9 months ago.

Mr. Materman stated the JPA first applied in March 2013.

Council Member Berman asked if the application was deemed complete a year ago.

Mr. Materman reported the JPA applied in March 2013 and thereafter submitted data in response to requests. In September 2013 the Water Board indicated the JPA application was complete but it had questions. The JPA worked with the Water Board through the fall of 2013 and made some changes at the request of the Water Board and the U.S. Fish and Wildlife Service. In February 2014, the Water Board denied the permit without

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prejudice and asked the JPA to resubmit. The JPA submitted a new application July 31, 2014 after months of negotiations. At one point, Mr. Wolfe indicated the JPA had the Least Environmentally Damaging Practicable Alternative (LEDPA) Project. The last response was received August 29, 2014.

Council Member Berman inquired whether the response was received after the public spoke at the Water Board workshop.

Mr. Materman answered yes.

Council Member Berman believed the Water Board's recommendation to begin work in East Palo Alto was a direct reaction to public comment at the workshop. The recommendation was completely infeasible. He would call a Regional Water Quality Control Board Member, Assemblyman Gordon, and Senator Hill to encourage them to fire Mr. Wolfe.

Ms. Stump reported the JPA and the City needed a decision on the merits of their applications. The applications were stuck in a bureaucratic limbo. A decision was needed.

Council Member Schmid noted the Motion focused on the Golf Course. The design of the Golf Course appeared to have been called into question. It was difficult to consider a time sequence without considering alternatives. He was concerned with the revenue figures. He asked if decreased revenue was a consequence of the situation.

Mr. de Geus relied on a study performed in 2012 by the National Golf Foundation in preparing revenue projections. If construction could begin in 2015, the Golf Course could reopen in 2016. Staff felt it would be better to moderate projected growth because of the time lapse between the study and construction.

Council Member Schmid remarked that further delay would only hurt revenues. He inquired whether the City would be responsible for any issues between the levee project and the Airport. The City assumed responsibility for the levee around the Airport when it assumed control of the Airport.

Mike Sartor, Public Works Director, advised that the levee located along the runway was outside the Flood Control Project. It was not part of the issue. The levee was designed to protect the runway from Bay flooding. If the levee was built on the East Palo Alto side, the runway could be flooded from inland waters.

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Council Member Schmid inquired whether that levee was a key liability.

Mr. Sartor replied no. That levee was part of the South Bay Shoreline Study, a larger sea level rise adaptation issue.

Council Member Schmid requested Staff report periodically with the status and consequences of the permitting issue.

Mr. Keene commented that the Water Board did not have any clear disagreements with the project. The Water Board had yet to prove or demonstrate why the project should not receive certification. The Golf Course Project was designed in conjunction with the Flood Control Project. The Water Board had requested analyses of fanciful alternatives. Somehow the Water Board needed to be redirected to the feasibility and qualifications of the JPA Project.

Council Member Burt advised that the Water Board provided non-substantive comments regarding the Golf Course Environmental Impact Report (EIR). At a meeting with State Legislators and concerned parties, Mr. Wolfe acknowledged that the JPA Project met the Water Board's legally required standard of being the Least Environmentally Damaging Practicable Alternative. At that time, Mr. Wolfe indicated to Staff that the most expeditious route to approval would be to submit a new application for a permit. Based on his assurances, JPA staff did that. The Water Board directed the Executive Officer to move the application forward expeditiously. Water Board staff had demonstrated a willingness to delay the project until the JPA and the City consented to provide outcomes desired by Water Board staff. Water Board staff made presentations to a number of environmental groups and encouraged their opposition to the project. Federal funding of \$900,000 was not to be used in the current phase of the project. He inquired whether State funding was channeled from Federal funding.

Mr. Materman indicated State funding was obtained from Proposition 1E, a statewide bond measure.

Council Member Burt announced a JPA meeting was scheduled for the following Thursday.

Council Member Holman inquired whether any ethical standards bound Water Board staff.

Ms. Stump reported the City Manager and JPA had spoken strongly to ethical issues and asked technical questions about actions taken by Water Board staff. Those issues were being researched.

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Council Member Holman asked if the City had any recourse for reimbursement of lost revenue if it chose to pursue legal alternatives.

Ms. Stump believed JPA staff was attempting to schedule the meeting as a closed session so that legal advice could be discussed. Staff would return to the Council with respect to the Golf Course Project and assess legal alternatives. The Water Board had a statutory obligation to discharge, and the Water Board would state it was following that process. The law favored those processes. There were tremendous barriers to seeking recovery for costs.

Council Member Holman asked if the Water Board was subject to statutory time requirements for hearings and decisions.

Ms. Stump indicated the Water Board was subject to statutory time requirements. The Permit Streamlining Act and the Clean Water Act were the two key statutes. The Water Board had to comply with both Acts even though they were contradictory. The Water Board set aside the timeframe by denying without prejudice the JPA's application.

MOTION PASSED: 9-0

10. Approval of Contract No. C15152971 in the Amount of \$658,527.32 with Contract Sweeping Services for the First Year of a Five-Year Term for Street Sweeping Services. Approval of Reduction in the Frequency of Street Sweeping in Residential/Light Commercial Areas from Weekly to Every Other Week Only During the Non-Leaf Season. Approval of Budget Amendment Ordinance 5272 entitled "Budget Amendment Ordinance of the Council for the City of Palo Alto with Impacts to Various Funds to Reflect Savings Due to Implementing the Efficiency and Cost Savings Plan. Approval of Amendments to the Table of Organization Reflective of the Proposed Elimination of Seven Positions Budgeted in FY 2015. Approval of Decrease in the Refuse Rate Street Sweeping Fixed Fee from \$6.66 per Single Family Residence to \$5.26."

Council Member Berman, Chair of the Finance Committee, reported on the 2012 survey that determined the City was the only city in the area that swept streets weekly. Staff developed and conducted a pilot program for sweeping streets every other week. Based on results of the pilot program, the Finance Committee authorized Staff to issue a Request for Proposal (RFP) for street sweeping services. The Finance Committee unanimously approved Staff's recommendation.

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Mike Sartor, Director of Public Works, added that in February 2013 the Council authorized Staff to issue an RFP for contracting street sweeping services. Since June 2014, Staff negotiated with service providers and talked with the Service Employees International Union (SEIU) regarding impacts to Staff.

Ron Arp, Solid Waste Manager, advised that the 2012 survey found that Palo Alto swept streets more often than other cities surveyed and that many local jurisdictions contracted street sweeping services. A total of 11 budgeted positions were responsible for the sweeping and cleaning program. Staff recommended a reduction of seven positions. The remaining four positions would continue to sweep and clean parking lots, sidewalks, bike paths, and dead ends. The annual cost would be approximately \$1.4 million. The proposed plan did not reduce the frequency of sweeping in the University/California Avenue area, along El Camino Real, parking lots, garages, dead ends, bike paths, sidewalks, or medians. Sweeping in residential and light commercial areas would be reduced to every other week during the non-leaf season. Emergency responses would be handled through a combination of contracted and in-house resources. Implementing the plan would save approximately \$649,000 annually and reduce the City's pension and healthcare long-term liabilities. The plan would allow Staff to handle equipment down-time and employee absences more efficiently. Environmental benefits included use of fewer heavy sweepers, reduced greenhouse gas emissions, use of new sweepers with less emissions, and removal of debris from streets. Use of in-house staff for sweeping every other week during non-leaf season would provide minimal savings. Two of the affected seven Staff had been promoted or reassigned. Staff was working to place affected employees. SEIU offered alternative proposals which Staff reviewed and determined were not feasible. Staff determined an impasse was reached and conveyed the determination to SEIU in August 2014. The proposed contractor, Contract Sweeping Services, was willing to interview and potentially hire affected Staff. One-time benefits included selling equipment and a transfer of approximately \$1 million from the Vehicle Fund to the Refuse Fund. The Department would fund 500 hours for on-call sweeping of leaves during non-leaf season. Staff would continue working to place affected Staff into vacant positions.

Council Member Schmid inquired whether the savings to households would be \$2.80 in the second year.

Mr. Arp indicated the reduction to the fixed fee was \$1.40 for Fiscal Year 2015. A full year of savings would be calculated each year.

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Council Member Schmid asked if the savings would be \$2.80 in Fiscal Year 2016.

Mr. Arp would need to calculate the reduction, but it could be more than \$2.00.

Council Member Schmid inquired about the amounts paid for street sweeping by the Downtown and California Avenue Parking Funds.

Mr. Arp reported the University Parking District paid \$168,000 per year and would see a significant savings under the plan. The California Avenue Parking District paid \$26,000.

Council Member Schmid understood Parking Funds paid for new parking spaces.

Mr. Sartor explained that Parking District Funds funded a number of services in both the Downtown and California Avenue areas. The Capital Budget detailed expenses paid by the Funds such as cleaning parking garages, street sweeping, twinkle lights on trees, and other items.

MOTION: Council Member Berman moved, seconded by Council Member Price to:

1. Approve and authorize the City Manager or his designee to execute the attached contract with Contract Sweeping Services (Attachment A) for an amount not to exceed \$658,527 in the first year, including an initial base amount of \$598,661 and an initial additional services amount of \$59,866;
2. Direct the City Manager or his designee to maintain the contract for up to four additional years provided the contractor is responsive to the City's needs and the quality of the contractor's work is acceptable. The not-to-exceed amounts will be adjusted annually, and shall be tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose area. Funding for each additional year is contingent upon Council approval of that Fiscal Year's budget;
3. Approve reducing the frequency of street sweeping in residential/light commercial areas from weekly to every other week only during the non-leaf season;
4. Approve the Budget Amendment Ordinance to reflect the impact of implementing the efficiency and cost savings plan including a

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reduction of seven budgeted positions (1.0 Lead Heavy Equipment Operator, 1.0 Heavy Equipment Operator, and 5.0 Street Sweeper Operators); and resulting changes to the Table of Organization; and

5. Approve decreasing the Refuse Rate street sweeping monthly fixed fee from \$6.66 per single family residence to \$5.26 in order for residents to realize the cost savings from these Council actions.

Council Member Price believed the benefits were obvious, particularly the 22 percent reduction of greenhouse gas emissions annually.

MOTION PASSED: 9-0

INTER-GOVERNMENTAL LEGISLATIVE AFFAIRS

None.

COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

Council Member Holman requested the meeting be adjourned in memory of Ellen Wyman who had recently passed at the age of 86. She was involved with the Palo Alto League of Women Voters, co-founded the Palo Alto Civic League, and served as President of Friends of the Palo Alto Library. In 2005, she was awarded the Avenidas Lifetime of Achievement Award.

ADJOURNMENT: The meeting was adjourned in memory of Ellen Wyman at 11:04 P.M.