



CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Special Meeting
December 9, 2015

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:02 P.M.

Present: Berman, DuBois, Filseth, Holman, Scharff, Schmid arrived at 5:08 P.M., Wolbach

Absent: Burt, Kniss

Closed Session

1. CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his Designees Pursuant to Merit System Rules and Regulations (James Keene, Molly Stump, Suzanne Mason, Dania Torres Wong, Alison Hauk)

Employee Organizations: Palo Alto Police Officers Association (PAPOA); Palo Alto Police Managers' Association (PAPMA); Palo Alto Fire Chiefs' Association (FCA); International Association of Fire Fighters (IAFF), Local 1319; Service Employees International Union, (SEIU) Local 521; Management, Professional and Confidential Employees; Utilities Management and Professional Association of Palo Alto (UMPAPA)

Authority: Government Code Section 54957.6(a).

MOTION: Council Member Wolbach moved, seconded by Council Member DuBois to go into Closed Session.

MOTION PASSED: 7-0 Burt, Kniss absent

Council went into Closed Session at 5:11 P.M.

Council returned from Closed Session at 6:04 P.M.

Mayor Holman announced no reportable action.

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Study Session

1a. Infrastructure Plan Implementation Update.

[Video begins with meeting in progress.]

Mike Sartor, Director of Public Works: Good evening, Mayor Holman and members of City Council. I'm Mike Sartor, Public Works Director. We're here tonight to present to you in a Study Session format a status update on our Infrastructure Plan that was started off by the Infrastructure Blue Ribbon Commission back in 2010-11. Council Member Berman was on the Committee at the time. It led to a Council Infrastructure Committee that formulated an Infrastructure Funding Plan and a list of priorities. I'll turn it over to Brad Eggleston, our Assistant Director of Public Works, to walk you through the current status of the Infrastructure Plan. Thank you.

Brad Eggleston, Assistant Director of Public Works: Thank you, Mike. Good evening, Mayor Holman and Council Members. Just an introduction. I'm sure you probably noticed that there are an awful lot of infrastructure project-related items on the Agenda for your December 14th meeting, next Monday. In preparation for your consideration of those items, we thought this would be a very appropriate time to have an overall update on infrastructure progress and the Infrastructure Plan. As part of the presentation, this is what we'll cover. A little bit about the Infrastructure Blue Ribbon Commission or IBRC; some of their key recommendations and the City's responses since then; status update on the Infrastructure Management System and what we're up to there; and as Mike mentioned the Infrastructure Plan projects themselves, what those are and what we're up to on those; and then some of the funding challenges that we're seeing now as we begin working on those projects. On to the IBRC. The IBRC final report was published in December 2011 and included a number of different findings and recommendations. Some of the key ones are listed on this slide here, that we're looking at. Their review of the funding available for capital and for operating maintenance work found the City was underfunding what was needed to keep up with maintaining our existing infrastructure by about \$2.2 million a year. They also looked at the deferred maintenance for these infrastructure assets. They determined that there was a total backlog of deferred maintenance, which they called catch-up, that was \$41 million roughly at the time. It was a lot of work for them to put this together. Because of the difficulty they had in assembling this information on the assets themselves and these keep-up and catch-up amounts, the IBRC recommended that the City implement this new Infrastructure Management System that would help with that. As well, they identified as priorities for new projects the Public Safety Building and the replacement of Fire Stations

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3 and 4 due primarily to the seismic inadequacy of those facilities. Some of the responses since then we'll review. Council's action on street maintenance is one of our big infrastructure success stories to date. Even before the IBRC had finished its work, Council decided to set a major goal for improving the City's street conditions and Pavement Condition Index scores. At that time, the annual budget was more than doubled, and a goal was set that no street in the City would have a Pavement Condition Index (PCI) less than 60 by 2021. That's equivalent essentially to having a Citywide PCI of 85 which represents very good to excellent conditions. With some additional funding in 2013, that 2021 goal was actually moved to fiscal year 2019. The update is we are on track to meet the goal. Staff is out actually doing the end-of-year survey of all City streets this week and next. We expect that end-of-year score that we report to the Metropolitan Transportation Commission (MTC) to be 80. We think that'll probably give us the highest PCI score in all Santa Clara County for 2015, which is good news. That's the streets part. To address the keep-up and catch-up findings, ongoing funding of \$2.2 million per year was added. Since that time, we've begun funding these catch-up projects, the \$41 million that was identified. Since 2011, that total catch-up amount has been reduced from \$41 million to \$21 million just by each year including some of those projects in our Capital Improvement Program (CIP). A CIP project was created and funded to provide the Infrastructure Management System that had been recommended. Council created the Infrastructure Committee to evaluate significant unfunded projects like the Public Safety Building and to develop a funding strategy for providing those projects. The Infrastructure Management System that was identified. This slide lists the primary goals for that. Essentially what we're trying to build is a system that will keep an inventory of all of our General Fund infrastructure assets, things like buildings, parks, streets, and then keep track of and report on the keep-up work that's needed to take care of them and any catch-up work that's yet to be done. We want to be able to do that over the short and long-term for all those assets. That kind of information will help us to plan more effectively and strategically for the resources that are needed over time to properly manage the City's infrastructure. We've got a diagram here of the proposed structure of the IMS that we've been working on. If you see the top left there, that piece is Maintenance Connection which is an application that's already used by our Public Works facilities group. It's proposed to be used to track maintenance history on infrastructure assets, capital investments that we do through the capital budget in these assets, and then condition of the assets. Questica is the other piece. It's currently being used, starting a couple of years ago, for the City's budget process. That will be primarily used to track the longer-term financial needs and also those deferred maintenance or catch-up amounts. Obviously, a key thing is that these applications will need to be integrated so that they can talk to each other, so

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that we generate reports on infrastructure that utilize information that comes from both systems. As far as the status of where we are, we worked with our consultant, Plante Moran, in 2014 and did a needs assessment study that was completed late in that year. We're essentially ready to begin implementing the IMS now. Contracts with Plante Moran, our consultant and maintenance connection, should be in place any day now. We're negotiating the contract scope with Questica for their piece of this. Key steps for the implementation itself are creating those integrations between Questica and Maintenance Connection to share information, and then entering all the asset inventory information and financial costs that were generated during the IBRC's work as the initial data set into the IMS. Another important step is putting in place ongoing procedures that are going to allow us to capture and enter the capital and operating maintenance information kind of by asset into the system, so that we have that. As we move forward with implementing the Infrastructure Management System, Staff has identified a need for a new Project Manager position to help primarily with this work and some other things. This position will be responsible for implementing and maintaining the IMS which is going to involve extensive coordination across several different City departments. In addition to that, the position will also be responsible for coordinating regular reporting to Council and to stakeholders on the status of infrastructure projects both through Council Staff Reports and then through improved use of the City's website where we do have web pages that provide information about the different projects. An additional but very important responsibility for this position would be to help coordinate the Infrastructure Plan projects, to keep them on track in terms of the key project management components that we talk about, which are scope, schedule and budget for these projects. I wanted to point this out in particular because approval of this new position is on your Consent Agenda for next Monday's meeting. Before talking about the status of the different Infrastructure Plan projects, I wanted to quickly show you all of the projects and their funding sources, that you can see in this table. The largest project is the Public Safety Building, which makes up nearly half of the \$126 million Plan. Also to point out that two of these, the bike bridge project and the Charleston-Arastradero project, have funding that comes from outside the Infrastructure Plan. What you see here is just the Infrastructure Plan's contribution to those. On the funding side for the Plan, the most significant funding sources are the \$33 million in Stanford Development Agreement funds that come from the hospital projects and then Certificates of Participation that are to be supported by transient occupancy tax, or TOT, revenues from new hotels and from the two percent increase to the TOT rate that was passed by voters in 2014 and that became effective this year. We'll talk a little bit more about the TOT revenues later in the presentation when we get to the topic of needs for additional funding. On to the projects themselves and their status. Two of the projects listed at the top there, the

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Byxbee Park completion project and the Fire Station No. 4 replacement, aren't scheduled to begin until fiscal year 2018. Obviously there's not a status to report on those. For the Public Safety Building and California Avenue garage projects, at next Monday's Council meeting Staff will be presenting the results of the site evaluation of the two California Avenue surface parking lots for the new Public Safety Building and the new California Avenue parking garage. The sneak preview is that the study did conclude that the sites are feasible and that the new parking garage can provide approximately 160 parking spaces that would be in addition to the existing spaces that are on those two surface lots. The next two projects. On the Highway 101 pedestrian/bicycle bridge project, Staff has been working with the Moffatt and Nichol design team that was selected by Council in March following the design competition and evaluating the constructability and cost of that design. Unfortunately, the estimated cost that we came up with, a \$17 million minimum, ended up being significantly higher than our project budget, which is about \$10 million. As an Agenda Item on your action calendar for next week, Staff will be presenting a recommendation to end those negotiations with Moffatt and Nichol and to go out with a fresh Request for Proposal (RFP) to select a designer that would essentially design a more standard bridge that's in better alignment with our budget. We would also be evaluating design elements that came from the design competition that we could discuss with the Council of potentially including in a project. That's the bike bridge. The Bicycle and Pedestrian Plan implementation, there's been quite a bit of activity on. As Council reviewed during a Study Session in October, there are a number of bicycle boulevards and other related projects that are under way to implement the Plan. Kind of the next thing coming up is a contract for final design of the Bryant Street Bike Boulevard extension, and then the Park Boulevard, Wilkie Way and Maybell Avenue Bike Boulevards are planned to be brought to Council for approval in January. On the Charleston-Arastradero Corridor project, Council recently reviewed and approved the conceptual plan line for that in September. Our consultant that's been working on that is finishing up the Caltrans environmental review process for the project, after which we're planning to bring a contract to you for the design of the remaining design work in February of next year. That's Charleston-Arastradero. The Downtown parking garage. A Request for Proposals for design of the Downtown parking garage at Lot D, which is Waverley and Hamilton, has been drafted by Staff per Council's direction in October 2014. Just to remind you, the new garage at that location is expected to include about 300 total spaces which would be an increase of 214 over the existing 86 spaces that are on Lot D. That's kind of the big picture there. Per the discussion with Council last year, the RFP we drafted also includes evaluating opportunities for including mechanical parking and/or retail in the garage structure. That's another item for which approval is on your Consent Agenda for next week.

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The last of the nine projects is the replacement of Fire Station No. 3. On this project, we developed an RFP, went out to RFP with that, got back proposals. What we've negotiated is a design contract, and approval of that design contract to move forward with that is also on your Consent Calendar for next Monday. That covers the various Infrastructure Plan projects. Now that we're actively working on these projects and we have all of them included in the CIP and are starting to make some progress, it's apparent that additional funding is going to be needed on the projects. The Public Safety Building in particular, even though the latest costs that we have on the project are very preliminary from the study and not based on an actual design, the combined cost of the Public Safety Building and the new Cal. Ave. parking garage that we've looked at from that study is a range of somewhere between \$72 and \$97 million depending on which assumptions you include and some other features that could be included in the projects. That is an increase of between \$4 and \$29 million from the funding for those two projects that's currently included in the Infrastructure Plan. There may also be a need for more funding for the Highway 101 pedestrian/bike bridge. That's partially dependent on direction we get from Council at next Monday's meeting. It's very important to remember that all of these Infrastructure Plan project cost estimates are at a minimum several years old. They don't account for cost escalation that has already occurred since then. They obviously then don't account for additional cost escalation that's likely to occur before the time that they're under construction. In terms of providing additional funding for the Infrastructure Plan, there is good news based on increased revenues from the current, very robust economy. A couple of things. In November, the Finance Committee discussed a set-aside in the Budget Stabilization Reserve of \$6 million for the Infrastructure Plan as part of the fiscal year 2015 budget close-out process. Now, in reviewing the revenues for the Infrastructure Plan, on the earlier slide we talked about the Council policy as part of the Plan of directing TOT revenues from new hotels and from the two percent TOT increase to the Infrastructure Plan. At the time the Council Infrastructure Committee was meeting to formulate the funding plan, the TOT including the two percent increase, which hadn't passed at that point, was projected to raise about \$5 million per year. That was the cash flow that was meant to support the Certificates of Participation debt service. With the current economy, these TOT revenues have been significantly higher than was projected. Using numbers that are essentially rounded a bit from those that will be presented in the Long Range Financial Forecast soon, an increase over that \$5 million projection that we talked about annually, the increase is expected to be \$4 million in the current fiscal year, 2016. That's based on the four months of actuals that we have in so far for that. About \$5 million annually on an ongoing basis. All of that, of course, being dependent on the healthy economy continuing in its current fashion. This translates to about an additional \$29 million being available

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from the current fiscal year and then through the upcoming 5-year CIP capital budget plan timeframe of fiscal year 2017-21, which coincides with when all of these Infrastructure Plan projects are scheduled to be completed currently. Another important but a little more minor potential revenue source for the Infrastructure Plan is potentially reimbursing the Infrastructure Reserve from the Library bonds for about \$1 million that the Infrastructure Reserve contributed to the Rinconada Library project at the time the construction contract was awarded. That was at a time that we were very uncertain about the ability to keep costs within the \$76 million total Library bond amount, because of what was going on with the Mitchell Park Library and Community Center. Since that time, we're under the bond amount, so there's a potential opportunity to return that funding to the Infrastructure Reserve. That's some of the information about additional funding. Staff doesn't have a current proposal for any way that we would propose allocating additional funding to the Public Safety Building or any other project. As we move forward, we plan to be evaluating those needs and to have a proposal as part of the fiscal year 2017 capital budget process that will be upcoming. That concludes the presentation. We welcome your comments, questions, thoughts.

Mayor Holman: Council Member Berman, as you were on the Infrastructure Blue Ribbon task force as was mentioned earlier, would you care to kick us off?

Council Member Berman: I would love to. Thank you, Mayor Holman. Thank you to Staff for the work that you guys have been doing over the past five years on this. I think our turnout today in the audience is indicative of how we got to where we are. Infrastructure isn't a sexy topic. It's not something that people are paying attention to. It doesn't have constituency groups that care about it. I think that's how it went neglected for a long time and we got to the critical crisis point that we did 5 years ago. I think we've done a lot of great work since then. I think the purpose of the IMS, the Infrastructure Management System, is to avoid that. It's to bring this information to light on an annual basis or semi-annual basis, to bring it to Council in a public way to say here's where we are and kind of condense the information into a very digestible format. I remember during IBRC we talked about a one-pager. I don't know if it'll be a one-pager or a couple-pager, but it'll be something that's simple for everybody to understand, Council and the public, so that we don't slip into the backlog that we had a couple of years ago. I know, Brad, that you've been working on that a lot and that you've been keeping the IBRC members up to date. They've had opportunities to weigh in. I'm excited that that seems to—no surprise that it was more complicated than we envisioned. It seems like it's at a good place and ready to roll out in 2016, which I'm excited to see. I have a couple of

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questions. I was trying to organize them in a logical fashion, but I don't know if that'll be possible. The first one I'll throw out to Lalo. We talked a lot at the infrastructure commission about cash flow concerns. Now it seems like we're even frontloading more things in terms of the California Avenue (Cal. Ave.) parking garage happening earlier; although, that means that the Public Safety Building might be happening a little later than anticipated. When you see this and kind of where we're going, do you have any concerns about cash flow issues?

Lalo Perez, Chief Financial Officer/Director of Administrative Services: Thank you, Council Member Berman. Mayor Holman, members of the Council. Lalo Perez, Chief Financial Officer. Yes, to be quick to the answer. The good news is that the numbers have gotten better from when we originally did the estimates. When we did the estimates, we had no experience as to what would trend. Now we do. Part of what Joe and I are working on is trying to work on that cash flow situation. While I would personally prefer to have that issue pretty quickly for the Public Safety Building given the rate environment, I realize that we have to go through the process. As we wade through this process, it gives us an opportunity to put some of that money away for the additional costs that you're hearing tonight. There's other projects that are not part of the Plan, that are also in the horizon, such as the golf course and the potential acquisition of the Downtown Post Office. Those are the kind of things that we raised as a concern back in the day, that are still in play today. We've got to work on that. What we're trying to do is strategize and do the mapping and see how we would play this. We'll have a chance to start with the Finance Committee next Tuesday the discussion on the Long Range Financial Forecast. The one thing that I can say to the Council tonight is we've made a commitment as Staff, as a Council, and to some extent as a community on this Plan. It's going to be important that we focus on that as we make our decisions on the operating side of the budget. It's going to be very tempting for all of us to address some of the other needs that we may see. It's going to be a balancing act and a timing. I called it a dance at that point, if you may recall. That's talking about how we move. We would start seed funding. Our original proposal was to start with the Stanford funds, get ourselves reimbursed from that issuance, and then go out on the next project. A lot of that sequencing is still part of our Plan. What we've got to do is upgrade those numbers, update the timing now that we somewhat know some of the project timings and updated costs and bring that to you as part of the process.

Council Member Berman: Perfect. Thank you, Lalo. I'll try to run through these questions fast. I'm sure my colleagues have questions. Although, we have a couple fewer colleagues tonight.

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Council Member Scharff: You can have Pat's time.

Council Member Berman: Thank you. I appreciate it. What's the schedule for the fire station? I haven't read Monday's packet yet. When's the anticipated completion for Fire Station 3? I know it said, I think, Fire Station 4 design contract is supposed to be finalized in 2018. What's the anticipation for that?

Mr. Eggleston: With the caveat that what we're going to talk about are just kind of rough schedules at this point. We don't have the designer on board. What we had put into the CIP was that we expected to complete construction in June 2018.

Council Member Berman: On Fire Station 3?

Mr. Eggleston: On Fire Station No. 3.

Council Member Berman: That'll take like a year total for construction? When's the ...

Mr. Eggleston: I think we were estimating a potential total of a year and a half.

Council Member Berman: Thank you.

Mr. Eggleston: We'll have a better handle on that once we get our design consultant on board and start to work on it.

Mayor Holman: If I could interrupt.

Council Member Berman: Please.

Mayor Holman: June of what year for completion of "3"?

Mr. Eggleston: 2018.

Mayor Holman: Thank you.

Council Member Berman: We're going to see on Monday night with the bike and pedestrian bridge what we're seeing tonight with the Public Safety Building. I get to blame Staff even though I was there every step of the way. Why didn't we anticipate that costs were going to be higher if we're looking into the future? How can we do this better? How can we not be using present day cost estimates when we're making plans that are obviously going to be years out into the future? Is there something better that we can do moving forward to more realistically estimate these costs?

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Mr. Sartor: Let me take a stab at that. As you recall, when we put together the Infrastructure Funding Plan, we went into it knowing that we were using present day dollars. The construction marketplace is volatile. What we're seeing right now is a lot of construction activity due to the economy. That's driving prices up. As time goes on, that may flatten out again. As you are probably aware, construction costs are cyclical. That's essentially what happened with our Mitchell Library. We bid that project at a down time, and that led us to a lot of the problems we had with that. We had a contractor that was in trouble from the very beginning. How can we do it better? We can continue to look at the Engineering News-Record cost indices as we go forward. The reality is once we get the project designed to a point where we're ready to go to bid, we'll have a much better idea of what the actual costs will be and what the funding needs will be.

Council Member Berman: Thank you, Mike. In hindsight—you're right; it is cyclical. It's impossible to estimate exactly where the economy is going to be when we start putting shovels in the ground. In hindsight, I probably wish that I'd have recommended that we have some 15 percent buffer in there, or something like that. Hindsight being 20/20. We'll be doing this for other things in the future, and I'll try to remember that at that time. I guess the flip side is—this will get me to another question—it looks like revenues are exceeding what the expectations were. It seems like we're getting approximately \$5 million more annually from TOT than we anticipated. I guess the options are we can issue Certificates of Participation for some or all of that or just try to accumulate it and pay as you go. Is that kind of our two options on that front?

Mr. Eggleston: Those are the two options. Joe and Lalo might want to add to that. I know there is a concern about kind of the aggregate amount of debt that would be issued. We wouldn't want to say, "We said \$5 million, but now we have \$10 million, so let's go issue debt based on the \$10 million."

Council Member Berman: Got it. There are other factors that need to be considered.

Mr. Eggleston: Both for the City's total amount of debt that's issued, not wanting to be too much. You want to have some protection against future recessions when you might not have that same amount of revenue.

Council Member Berman: Makes sense. That sound about right?

Mr. Perez: Yes. As we told you, we used about 70 percent of the projected revenue. You want to protect. If the economy goes down, then you either go through reserves or you have drastic cuts in operations. We probably

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don't want to risk too much of that. Joe can add a little bit to what each million does in terms of additional funding.

Jose Saccio, Administrative Services Assistant Director: Joe Saccio, Assistant Director of Administrative Services. We originally gave a figure of about \$1 million of revenue can finance \$14 million worth of project funds. I think that still stands, because the interest rates haven't changed all that much. Based on that 70 percent that some of the Council Members will remember, I looked at a couple of new numbers today. Based on the current level of TOT revenues from the 2 percent and the new hotels, if I took 70 percent of that again which is to protect ourselves a little bit from a downturn, we probably could finance another \$24 million worth of projects beyond what Brad mentioned before, which I think was around \$66 million. We always put in the caveat, and we always will, that in any downturn that 30 percent cushion could be eaten up fairly quickly, in a severe downturn. Just to let you know. I think Brad has already addressed what the cash flow looks like before the debt service, as we're accumulating funds.

Council Member Berman: Thank you, Joe. Last quick question. We talk at the top of Page 10 of the Staff Report—for instance, the street maintenance program funding level is expected to be reduced to a maintenance level in fiscal year 2021. Two quick questions. Is that 2021 or 2019 if we're hoping to hit the goal of 85 by 2019 or maybe 2020? What is that delta? What's the difference between what we're spending now and what is the maintenance level, I guess?

Mr. Eggleston: The way we're interpreting the goal of 2019 is by the end of 2019. We're thinking we're going to need the full funding amount that we've been using in the fiscal year 2020 budget. That's what's included in the current 5-year CIP. Really the fifth year of the budget that we're starting to work on now is the first one that we would see a reduction. We've been doing some modeling with that using Street Saver. We don't have a final proposal; we think it's probably on the order of a reduction of about \$2 million. Roughly going from \$5 million to \$3 million or something in that neighborhood.

Council Member Berman: Thank you, guys, very much.

Mayor Holman: Vice Mayor Schmid.

Vice Mayor Schmid: Good job. It's a real pleasure to sit here tonight and talk about our long-term infrastructure needs. It's just what we set out to do in this program, make sure there is a formal preparation. Each of these projects are thought through. We have a dedicated funding source, able to focus on each year on planning and what funding is necessary. It is really a

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pleasure to approach our infrastructure in this manner. Just a couple of quick questions. I noted Monday night we talked about a new hotel. Is the new hotel included in the financing or how is it included?

Mr. Perez: It is not in our numbers that we gave you. That's a good segue to answer your question on that. The focus that we are giving you today is on the Council policy and direction on the new hotels that were new at the time, that we knew of at the time, and the two percent. Since then, obviously we have data. We also have Airbnb that is new, that we did not know about at that time. It's something that we'll embed as these projects move forward through the process. We'll work on estimates. Obviously that's a Council policy item that you could give direction on, how could those be dedicated.

Vice Mayor Schmid: Thank you. I guess I would like to refer to the long-term financial forecast, which will be coming next week and note that our current forecast identifies a long-term funding availability of about 2.5 percent per year for all current compensation for employees, which in a competitive environment is tough. It has a 2.6 percent long-term growth rate for cost of outside services. I do note that a lot of our infrastructure funding does not go to internal Staff. It's probably a fairly small piece. It would be very helpful when we got our numbers next week to either have as part of the formal process or part of the informal process what part of our revenue stream is dedicated to infrastructure, so that we can look at the remainder available for dealing with these other issues.

Mr. Perez: In the report you'll get tomorrow, it's listed that way. It's split out. You'll see transient occupancy tax infrastructure. It'll be a separate line item.

James Keene, City Manager: Please don't expect that quick of a response to all questions that you ask.

Vice Mayor Schmid: This is part of the new ...

Mayor Holman: That was fast. Council Member DuBois.

Council Member DuBois: I haven't been on the Finance Committee, and I'm not that familiar with financing public works, so I might ask some dumb questions. I'm glad to see we had this keep-up budget. I could see several methods for kind of prioritizing that work. You could rotate among infrastructure. You could go with things that get used the most. What method do we use to figure out how to spend that catch-up maintenance budget?

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Mr. Eggleston: Thank you, Council Member DuBois. I think there's two pieces to that. The keep-up is where we're trying to look at is there work that we should be doing to properly maintain our infrastructure assets so that we maximize their useful lives and efficiency. That's really based on best practices. It's been based on Staff talking about do we have equipment or types of infrastructure or areas where we think there is maintenance needed that's not occurring that would prolong their lives. In that particular instance, some of the additional funding was used for more sidewalk work, more streets work which helps to pay for preventive maintenance-type work during the street maintenance contracts. Some of it was used for tree trimming and tree work contracts and providing for asphalt budgets for our internal streets crews, I believe. That was some of what was done on the keep-up. On the catch-up side, what we've got is a whole list, a very long list, that was developed with the IBRC's help of deferred maintenance projects that are things that should have already occurred several years ago at least, but hadn't occurred yet and were not planned in the 5-year CIP at that time. For funding those things, we've essentially used the same kind of process that we do during the annual CIP process, when we put forward projects. We've looked through that list and said if we have funding available to fund some of these projects, what do we think are the most important of them to take care of. In particular, there's concerns related to public safety. If we've got a playground in a park, say, that should have been replaced after 18 years and now it's 25 years and we think there's safety issues, that would rise to the top. If there's particular facilities that the public has a strong interest in and we're hearing that it's in poor condition, that would be another thing that would drive us to prioritize those.

Council Member DuBois: Is it part of this new position to keep that prioritization, look at that?

Mr. Eggleston: That's right, yes. With someone dedicated to working on that among some other things that we talked about and having the Infrastructure Management System, we should have a much better way of doing that prioritization. Currently, all that information is in Excel spreadsheets, which we're trying to keep updated. For instance, an example would be that maybe we've got something listed. The parks playground example that I just gave. We've got it listed in this catch-up column, and we say there's a need for \$300,000 to replace this playground. It should have been done already. What we don't currently have the capability of is for someone who's working on the upcoming budget to click on a report and find out that the maintenance crews and contractors have had to come out more and more to do repair on this asset. That's the kind of thing that the new Infrastructure Management System is going to allow us to do.

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Council Member DuBois: You can see when it's more cost effective to replace than to maintain.

Mr. Eggleston: That's correct.

Council Member DuBois: That new position was not in the current budget?

Mr. Eggleston: It's not in the current budget. It is a new proposal.

Council Member DuBois: You touched on this a little bit. This is my dumb question for finance. Are there financing instruments you can use to protect yourself against future construction costs? I understand we're kind of bonding the money. Is there any such thing as construction insurance or ways we could protect against changes in construction costs?

Mr. Perez: I have not heard of one being used. Most of us end up using our reserves as our backup. We'll talk to our financial adviser, see if they've heard of anything. In the 30 years I've been in the business, I haven't heard about that.

Council Member DuBois: Again, it's great to get this update, Brad, and see all these things coming forward. I guess the last thing I'd say—I don't know if you've ever been involved in these—is there's a whole bunch of bike plans. We're spending a lot of money on bikes. It'd be great to continue to see those come to Council as Action Items. We've had a few come on Consent. Looking forward to a discussion next week about the other big projects.

Mr. Eggleston: Thank you.

Council Member DuBois: Thanks.

Ed Shikada, Assistant City Manager: If I could, Council Member DuBois. Perhaps just to lend another perspective on that issue of protecting the City against cost escalation. I think ultimately in terms of the capital programs, those tend to be a question of who bears the risk. Since construction costs are largely driven by whether it be materials or labor and labor largely driven by the competitive market and where the work is and the competition for labor to do the construction, it tends to be a highly volatile factor in ultimately our costs. We have industry indices that track this on an ongoing basis, not unlike utilities ultimately in terms of cost of commodities. I would say there's really no instrument for insuring against the cost. There can be some methods of transferring the risk to the builder through guaranteed maximum price, a design-build type of mechanism used. They tend to be in fairly tight timeframes. No builder would be willing to accept the risk over multiple years. Perhaps in a relatively finite timeframe of a year, potentially

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a little more than that, then there can be the opportunity to transfer some of the risk of the volatility of labor and material costs to a builder. Again, recognizing they're in business, that the ability for them to deliver within that type of context will typically come with some other kinds of constraints on the scope of the project or the schedule or the method by which construction is completed.

Council Member DuBois: Thanks for that. Again, we know we have these projects. We're starting to get the timing down. It seems like if we could use some of those things, we could commit the money and maybe shift some of that risk.

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: Thanks for the update. Three areas of comment and question. First, picking up on this question of estimating construction costs and preparing for volatility and making sure that volatility of construction costs is something that we're looking at every time that we're thinking about where we want to invest and what we want to approve. Speaking just for myself, I think it would be very helpful—I think Council Member Berman mentioned something like this—including not just a number of—not just your best guess about what the number would be about how much something would cost, but giving us a range, saying it could range from X to Y depending on the volatility of the construction market. I think that's a useful approach for us and will help us make more informed decisions and reduce the consternation later when things are volatile. We know it's a volatile market, so just don't let us forget about that. Also, as we're looking at a lot of major projects in the next few years, I think we'll really need to ensure that we're prepared for excellent project management from start to finish. There have been a couple of projects that we've fallen down a little bit in the last few years. Some of those, we can say they were due to external factors. Ultimately, the buck stops with the nine of us. Our community looks to us, not to say that a contractor screwed us over, but that we were planning and we were prepared. It's ultimately—it really does fall to us to ensure that. We'll look to you, City Manager Keene, to tell us exactly what you need to make sure that we have the best preparation for excellent project management. If that means you need more Staff, if that means you need consultants, if that means we need to spend more time talking about this at our Retreat, that this needs more attention from a Council Committee, just tell us what you need so that we can know that we're doing everything we can to ensure the best project management possible. Last area of comment for myself tonight. We'll be talking about this more in our Action Item this evening, the issue of climate change. I just cannot emphasize enough—I know you're all aware—I cannot emphasize

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enough how important it is that we think not as an afterthought but from the beginning about all of our infrastructure and how it is future-proofed. Infrastructure investments are designed to be long term. If we're looking at 50 years out or more for infrastructure, we need to think about how all of our infrastructure, from small projects to large ones, will be impacted by changes like a significantly higher sea level. Not just a moderately, but a significantly higher sea level. Palo Alto has been doing our part to mitigate our greenhouse gases. We can be very proud of that. There's discussions in Paris and all of that, but to a certain degree we're screwed. Sea level rise is coming. Water insecurity is a very serious possibility. Fire risk is a very serious possibility. I just want to make sure that we don't defer to other generations and we don't defer to other departments, but that we're thinking about climate change adaptation in our Public Works Department and in all of our infrastructure planning. I know that we are to a degree. Again, just want to make sure it's top level.

Mr. Keene: Thank you, Council Member, Madam Mayor. Thank you for those comments. The Staff recommendations, of course, include adding a new Project Manager position to the Staff. I think that's also in the spirit that our Staff here does try to, as much as possible, not only hold to the high standards of the Council and the community about the work we do, whether it's providing a service or building a new building, but also to be cognizant of costs and to be fiscally prudent. That being said, we could always get down the road and find that we haven't successfully identified every bit of capacity that may be necessary. In one sense, I think the Council plays a role in that too. I think this is an instance where one of the most important things for the Council will be to be as decisive as you possibly can on some of the choices as they're presented. We're very clear here that time is money in a big way. I've been pleased with the level of care and analysis the Staff, Mike and his team and the finance folks and with Ed's leadership, has been putting on these projects. As one of the Council Members said in a different context the other night, the old cliché about the perfect being the enemy of the good is true. I think we should be careful about how much—we should treat time as a really precious resource, I guess is what I'm saying. It should be factored in when we're thinking about the other things that we are trying to achieve and we shouldn't ignore it all. We're already paying a price for the fact that things are really good and prices are going up. I think we did neglect maybe to—not neglect. We didn't mention, when we were talking about the fact that the economy may not always stay in this position and revenues may fall, the same thing could happen on the other side of things too, which is the price escalation could fall if the economy falls also. It's not always—sometimes things do find a sense of balance even when it's bad news. I think that's one of the most critical things. These are your priorities. Everything looks like you're

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carrying it forward into next year when we get to the Council Retreat. Much appreciated.

Mayor Holman: Council Member Filseth.

Council Member Filseth: I'll be quick here. At what point in time is your best guess about when we start issuing debt for the project here? Is that like a three month thing or a two year thing?

Mr. Eggleston: I believe what we have built into the current five year budget plan and source and use for the Infrastructure Plan is to issue debt in fiscal year 2018.

Council Member Filseth: 2018, so a couple of years from now.

Mr. Eggleston: That's what's in the current plan. We're still evaluating this as we go, as Lalo was explaining.

Council Member Filseth: Do we do it all at once or do we sort of do a piece and then another piece and another piece?

Mr. Eggleston: It's currently depicted in the Plan as being two pieces, but that also could change.

Council Member Filseth: Thanks.

Mayor Holman: I think Lalo might have something to say to that.

Mr. Perez: Brad was spot on. Thank you.

Council Member Filseth: The only thing I was going to say is it seems like the difference between our estimates and what they're looking like it's really going to be, this sort of seems like structural stuff. It's not just a blip for this project or that project. It's kind of across the board. I hope just in general we don't have to raid the Budget Stabilization Reserve to fund structural kind of stuff if we can avoid it. That's all. Thanks.

Mayor Holman: Council Member Scharff.

Council Member Scharff: Thank you. First of all, I'd like to say I really appreciate you bringing this forward. It looks to me like we're actually soundly moving forward on every item that we set forth when we went to the public and asked for the TOT increase to fund infrastructure. If there's something we're not moving forward, let me know. When I look at this, it looks to me like you're actually moving forward on everything. One of the things we've done in Palo Alto over the years, when you look at these things,

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is we've always honored our commitments to the public. It seems to me that we're moving forward on all of these to do that here. I think that's really important. It's important that we do all of these and we get them done. I recognize that there are some challenges. My recollection of the Infrastructure Committee is a little different. It wasn't that we didn't sit around and say there's going to be no price escalation. In fact, I recall asking that question directly at the time. What I heard is that TOT revenue and other revenues to the City are likely to increase at roughly the same pace as construction costs. We will get more—yes, costs will go up, but we'll also get more revenue, and it'll probably all work out at the time. In fact, we had an argument about this with the Council, frankly, and in Infrastructure Committee. I said, "I'd like to see more of a cushion there, so I want a 15 percent TOT tax." We finally settled on a 14 percent TOT tax. I just wanted the Council to realize that this wasn't a discussion where we said we don't recognize that costs are going up. People were very cognizant of that fact. There was a Council decision to go with a 14 percent TOT rather than a 15 percent TOT. That would have been that 15-20 percent cushion we talked about. We did talk about how there would be more revenue, and that we would use that more revenue to offset escalating costs. That was sort of the thought there. We also talked about obviously that new hotels would go towards funding this. There was some thought at the time we weren't going to put it in there, that Ming's would come online, but that went away. We are getting the Clement Hotel. I was a little unclear on Lalo's point. I always assumed that the money from the Clement Hotel goes toward the Infrastructure Plan. Are you telling me no?

Mr. Perez: You're correct.

Council Member Scharff: I am correct.

Mr. Perez: To you point about Ming's, that is now slated to be an ...

Council Member Scharff: An auto dealer.

Mr. Perez: Correct.

Council Member Scharff: Hopefully we'll get some money from the auto dealer which will increase the City's sales tax.

Mr. Perez: That's something that you could give us direction on too, if you want that dedicated to infrastructure or whatever purpose you want to.

Council Member Scharff: Frankly, for instance, if that San Antonio hotel was to move forward, they're estimating \$3.6 million. That would give you, at \$14 million, another \$40 million roughly.

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Mr. Perez: We're not necessarily there yet in terms of the number. We've been looking at it ourselves. We think it's a lower number, but that's because we want to be a little bit cautious on that. That's something we're, as it moved on from the first process here, starting to engage that.

Council Member Scharff: I think it's clearly possible we can get all these done. On the flip side of that, just so we don't have this discussion a year from now, I think we'd be incredibly foolish to assume that interest rates won't go up. When you look at those numbers on the interest rates, I think we need to take those sort of scenarios. If the Fed comes out and says with the escalating economy and all that, I assume we face significant interest rate risk on these issues given where we're going to send out these bonds. You're talking—I forgot your answer. That was a year or two years before we issue any bonds?

Mr. Perez: A couple of years out.

Council Member Scharff: A couple of years out. I think there are probably going to be significantly higher interest rates. Hasn't the Fed sort of targeted—I think I've seen stuff where they say two years out we expect it to be—I don't know—two points higher or something.

Mr. Perez: There's talk about a 1/4 percent coming here any time. Just to remind you. Being who we are, I know at times we get accused of being too conservative. We used a 4 1/2 rate to do our \$1.14 million dollar debt issuance. In a way we accounted for an increase in the rate with that assumption. That's why I made my comment earlier. I wish we could issue the debt today.

Council Member Scharff: When we talk about the bike bridge, there's going to be some information that I'm hoping we'll have. I guess I'm going to want to know to what extent do we have the huge increase due to the fact that we have difficult architects with a difficult design versus if we had other designs. There were three designs that we looked at. Say we looked at the other two designs for instance. Would we expect those to be bid less? What do you exactly mean by building a more classic bridge? I think I'd want to see pictures. Are you talking an ugly concrete structure that we hate or is it going to be something that's fairly attractive? There's a huge range between a really difficult design on a bridge and a really utilitarian bridge. I guess I'm going to want all that information. I just wanted to give you a heads up that I'm hoping to see pictures of what you have in mind a little bit. When you say you'll offer an RFP as opposed to—I'd like to sort of see those three bridge designs we had before. I sort of want a realistic explanation of how working with the people we're about to fire, I think it was. I forget their

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names. To what extent that plays a role in the construction cost versus the cost escalation. I think there's some differences there. I also wanted to understand—when we went into this, we thought if we'd just gone out for an RFP—I'm going to make this number up—I thought it was roughly \$7 million to build the bridge. If we did a really nice bridge, we'd spend \$10.4 million or \$10 million. That was roughly. There was that delta of a few million dollars, \$3 million in my mind, to get a nicer bridge. If a utilitarian bridge costs \$13 million, does that mean we're then at \$2 million or \$3 million for a nicer bridge gets you to that \$16 million that we're talking in that number? Or is that completely false? I don't need you to answer those questions now. Those are the kind of questions I wanted you to be prepared for when we have that discussion. I just wanted to give you a heads up of how I'm asking or thinking about it. I did want to say that I'm really glad we're doing the IMS system. I think that'll be a critical component in making sure that we keep up to date. That was the other promise we've really made to the public, that we're not going to fall behind on infrastructure again. When I looked at past Council elections, for 20 years basically, people have been campaigning on infrastructure, saying we need to fix our infrastructure. There were huge numbers, \$400 million, \$500 million. I don't know if you remember that in the 2009 Council election. It was a huge number. You go back and you read Mayors' speeches about how we're going to have a Public Safety Building. I remember reading Larry Klein's speech back when he was Mayor. We are going to do a Public Safety Building this year. I really do think we actually have to get it done. I think those are really important things to go look back and say, if as a Council and as a Staff frankly we lose focus on infrastructure, we can easily let these things slip away. I just wanted to push that. The other thing, I did want to feed off what Cory said. I thought what he said was—I might not agree with it completely, what he said about the Project Manager, but I think it's a really good point. You have a proposed Project Manager here, which I'm really glad you're doing. It seems to me that there's one job here that does different things and that people will have incompatible skills for it. What this seems to be is maintain that Infrastructure Management System, reporting to Council. It seems to be a bureaucratic position, tracking stuff. Where we fall down—I'm going to talk about the Mitchell Park Library a little bit—is we had no one on Staff that had the skills to be a Project Manager. I know Project Managers. You meet them; they run these big construction projects. There's no one that had those skills. Focused that it's getting out of control too early, making sure that everything's. Those people exist, but I don't think that's the skill set. This is for people to basically say we're building a Public Safety Building here. There's the equivalent of hiring a construction manager who understands how to run that. I actually think given the level of what we're looking at here in terms of building a Public Safety Building, parking garages, fire stations, all that, I actually think the amount—frankly, I don't

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know what these people charge these days. I think that would be a very worthwhile investment from the City, to have someone that's really capable and competent on how to manage a construction project. I just wanted to give that as my two cents.

Mr. Sartor: Let me just—the position we're proposing is more of a manager of the IMS system itself. It's not building a building.

Council Member Scharff: That's what I thought.

Mr. Sartor: What we do plan to do is bring on expert help for construction management. We do have construction manager contracts typically for our projects. Now, the Mitchell Library was fraught with a number of issues including our construction manager. On the other hand, we had an excellent construction manager on the Rinconada Library, the Art Center project, the Downtown Library, those kinds of projects. We do intend to bring on that kind of expertise.

Mr. Eggleston: If I could add just a little bit to that. Mike was mentioning the Project Manager for construction management on the construction of the project itself. The other thing we've been discussing for some of these complex projects like the Public Safety Building is bringing some very expert consulting help on earlier in the process during the design and planning process for the project. We've been having discussions that we can really avoid future problems by good planning at that stage.

Council Member Scharff: I think that's all well and good. I think we should do all of that. I'm just really raising the question that when there's some issue in the field and the contractor says he wants this change order—that's what happened at Mitchell Park. We did not have the in-house expertise to say, "Wait a minute, guys. That's a problem," or "There's only 15 people out there. You really should have 30 people on a crew. I've done a hundred of these buildings." I'm just saying I don't think we had that expertise. That expertise is relatively cheap as a person to hire comparatively for the cost overruns and the problems you can get into. I really don't want to see us have the problems with this construction stuff.

Mr. Shikada: I think we all share that. Perhaps just the last to mention. I would add something of a recognition of the necessity, given this program, of what we'll call a culture of project management, and one that would certainly be embodied in a construction manager but also on the project team that's working through design, working through the scoping in some ways as well, and the bidding process. Any or all of those, as the City Manager pointed out, the primary enemy to effective project management is time. Having the discipline to work through the differing phases of a project

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and the engagement of stakeholders that's necessary in order to deliver a project is, quite frankly, a bit of a challenge in the Palo Alto environment. Finding both the right people and the right timing for reinforcing that discipline throughout the life cycle both of specific projects as well as given the number of projects that we're going to be delivering over the next few years. The ability to look at it as a program. We've talked about the single position that's being proposed to be added. It is a bit of an overlay to connect the Project Managers with the program as a whole. To track the schedules. Where are you with—we've talked about the mantra of scope, schedule and budget as really the three foundational pillars of project management, and needing to keep an eye on each one of those as integral parts of a whole. That applies at a project level, but it also applies for the overall program, to keep pushing forward on a project. It does require a mantra. It requires a discipline to keep the projects moving forward in order to get them delivered in a timeframe that works.

Council Member Berman left the meeting at 7:12 P.M.

Mayor Holman: Thank you to colleagues.

Mr. Keene: Could I just ask a question?

Mayor Holman: Yes, Jim.

Mr. Keene: I'm sorry. I'm not putting Council Member Scharff on the spot. Were the concerns that he was articulating—does that resonate with the Council? Ensuring that we have adequate enough Staff because we're talking about a whole series of projects. Many of them are different, of course. Actually having a way to be managing and integrating the management and the consistency of those things is also important. I just want to get a sense of that. Yes? I'm trying to engender ...

Mayor Holman: I have questions and comments about that very topic too.

Mr. Keene: Let me just throw something out that's just an alternative as we get into this if we don't find that we can get the right capacity by segmenting out construction management expertise. This worked for us great when I was in Berkeley. We had as many or more projects than this. We rebuilt a new Public Safety Building through a design/build process. We completely rebuilt City Hall. We built the new main library. We rebuilt three or four libraries. We built one new fire station and rebuilt three or four. It was all part of the big seismic thing. Ultimately, the only thing that really worked for me was to bring on one extremely high-level, capable, capital projects construction manager with years of experience and also an onsite kind of associate who also was a hard negotiator. Particularly when you're

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dealing with things like design/build, you've got to have really kind of strict, really tight project management. That proved out to be the solution that really worked for us. I'm going to hold in reserve that there are other avenues that we would pursue. I was thinking that when I was listening to Council Member Scharff.

Council Member Scharff: That's really what I was suggesting. What you just laid out was what I suggested we do for Palo Alto.

Mayor Holman: I have a couple of lights here, but I'm going to take a turn. You sort of answered, Jim, one my questions. I was wondering what do other cities do. It sounds like what you were saying is you have—I don't want to repeat what you said. You have a high-level person who is a manager overseeing this stuff. You also have somebody that's in the field. I certainly haven't done a project the size of either one of the libraries. Having done a number of home projects, you've got to be onsite regularly and involved and engaged or things happen that you can't explain or don't want to pay for or are going to pay for but you didn't anticipate. One of my questions was going to be about that. We have a history of doing projects either really well or really poorly. I've heard a number of times from members in the community over a good handful of years about how the City can't build a good project, meaning that the outcome might be okay, but how we get there is not very good. If what you're proposing is a Staff member or two who can help intervene in that challenge or difficulty. Staff, looks like you haven't heard that before, but I've heard it a number of times. Council Member Scharff brought up Mitchell Park Library. That's kind of the extreme situation probably. Rinconada Library is probably on the other end of "went so well." When things start going poorly, they continue to go poorly it seems like. Is what you're suggesting then—you have this staffer on the Consent Calendar on Monday. Is that one of these two people that you suggested that you have in Berkeley?

Mr. Keene: No. I think what the Staff is talking about right now is focus on the IMS piece of this. We're looking at how we—as Mike explained it. I want to say that I want to really keep open the option of going the other route. As we talk through the items next week and get a better sense of where we are with the bridge and the Public Safety Building, just keep that in mind.

Mayor Holman: I think the—I'm sorry, Ed.

Mr. Shikada: If I could add, again, a little more specifically to major construction projects. This will be a mantra. It does require discipline, and it requires an organizational infrastructure in addition to the physical

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infrastructure we're talking about. The right Staff with the right demeanor and style are very important. At the same time, it's a decision support system in who's communicating to who, where the contractor has a single point of contact with the City, and there's clarity on how decisions, how questions are answered and the timeframe in which those happen. That's during construction. The same applies during design, having clear ability to make decisions. Again, that's especially where it can be challenging, because those decisions are design decisions. They effect the vision, the intent of a project and ultimately can be difficult decisions if the driver is schedule, if that becomes the critical point in order to maintain costs. There's some tradeoffs that need to be made along the way. Ultimately, having the organizational infrastructure and the discipline to keep working through those issues are the key components to being able to deliver a program of this magnitude.

Mayor Holman: I think what would be helpful in Council Members making a decision about what happens or what doesn't happen in terms of bringing on additional Staff is if we could—we've never seen this. We've had dialog about what didn't work well at Mitchell Park Library. We've never seen, to my knowledge, what went so very well at Rinconada Library. Drawing those down, doing some kind of comparison, why did this not work, what were the failings on this one, just kind of in chart form and very visual graphic form and then what went so very well with Rinconada Library. I don't mean to paint a picture that we can't do this, but we can do this. Clearly, we have the capability somehow or other, because we had so many projects that went really well this last year. Then, we had this major failing with Mitchell Park Library. If we can draw some kind of graphic, grid kind of format of—I think it'll help Council Members and the public to understand what kind of positions we might need to inter-fill here. Jim.

Mr. Keene: Thank you for that. I'm glad that you kind of corrected. When I was listening to you the first time and sort of what maybe some of the community chatter has been, I would take issue with the characterization that the City does good projects and does bad projects. I think it's a rarity that we don't deliver a good project and so often many of these complicated projects actually meeting or under-budget or on schedule. Mitchell Park, clearly in the past number of years a real anomaly that really was more of a situation of having the wrong contractor and, in many ways, having the wrong construction manager. Like any bad relationship, managing through that and extricating oneself from it gets to be really difficult. That's what happened. I still don't want to lose sight of the fact—I know that the Council shares this. We have an award-winning building that was delivered under the budget in the end. The issue was the mess at the time of being engaged in really just a bad relationship. Could we have said we might have had

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more on-Staff capacity that could have cut that time? Yes. Those are legitimate points. I would say that I'd love to see some analysis—we are not going to do it, by the way; we're too busy actually trying to build buildings—to really compare our performance on public construction projects to governments across the country. I think you can look all the time about over-promised projects at certain costs that go way, way beyond any of this sort of thing that we do. I really think we do really good work, in particular in an environment that is—I would say this. The project management piece of things requires discipline. The whole process we use requires discipline. We're at a place that is more than happy to sort of look at changing direction at times or wanting more also. Also this is—let me just say this. I'm really happy again that the Council has acknowledged that what you want to accomplish in infrastructure is absolutely one of the top priorities for the City and really one of the quality of life most determining sort of factors, and also that you're opening the door for us to not hold back on what it takes to be able to be successful. I will say this. It could very well prove out that we're still being too tentative at the moment.

Mayor Holman: Please don't misunderstand. I think we all agree that the end result at Mitchell Park is really good. What I'm after is, if we'd had this, this wouldn't have happened or it would have been intercepted more quickly. I don't think anyone disagrees. It was like we had the wrong contractor, blah, blah, blah. We didn't necessarily have the contract manager that was the best for the project. What I'm looking for in terms of understanding and justifying additional Staff positions is where the holes were. It went on for a long time. That's what I'm looking for, some kind of comparison. I don't need to reexamine all the points, but that's what I'm looking for in terms of even looking at the plans and seeing whatever major issues there that weren't caught either. That's what I'm kind of looking at, a comparison there about where we could have intercepted those issues. One of the things Council Member Scharff mentioned, the TOT, I want to make sure that, as we're looking at funding infrastructure, that we make sure that our Impact Fees are current. I know that's been an ongoing concern issue, and we update them. Are we updating them to the extent that we should and are we in comparison with other cities? Most of them we don't charge as much as we could or even maybe should. That's a significant issue for me. Byxbee Park, why is that one 2018 to begin? Yeah, why is that 2018? Why is that?

Mr. Eggleston: Partly just because of where it got placed in the schedule, frankly, with the work flow and resources needed for other projects. Part of it, at the time we were first putting this together, also had to do with the fact that the rest of the landfill wasn't capped. One other issue that I'm recalling about Byxbee Park is that this cost estimate that's in here for this

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project is actually based on an old design for the park, which is probably not what's going to happen now. There have been changes, there have been new trails that have been built since the landfill was closed. Some things have already been done. In talking with the Community Services Department about their thoughts for the park, we actually have a project that I believe is in fiscal year 2017 for a Baylands Conservation Plan, which is supposed to also look at ideas for how Byxbee Park should be treated. The way those two projects are currently set up in the CIP is if that Conservation Plan for the Baylands would happen first, and then it would inform a design process for Byxbee Park.

Mayor Holman: Thank you for that. Since I'm in that part of town, the Lucie Evans, that building and the Boardwalk, is that scheduled somewhere here? I know we're looking at it. It came up after the IBRC was looking at projects. Where is that in the whole scheme of things?

Mr. Eggleston: We've got a couple of different projects that are kind of happening in coordination out there. We are under way with design for improvements for the Interpretive Center itself. We've had community meetings about that. We've been to the PRC and, I think, the Architectural Review Board as well. We've moving forward. We have some meetings with resource agencies to figure out what environmental review might be needed. The hope is to complete the work on that and go out to bid and get under way with construction sometime this coming year. There's a little uncertainty about that environmental review and potential permitting process still.

Mayor Holman: We certainly understand that. We can cover the cost of that within ...

Mr. Eggleston: There will be a need for some additional funding for the Interpretive Center project. In particular, some Americans with Disabilities Act (ADA) needs for changes to the restrooms were identified during the design that hadn't been part of our scope. That's something we're planning to propose as part of the fiscal year 2017 budget.

Mayor Holman: Thank you. On the list of projects too is the Charleston-Arastradero Corridor. I don't know what the scheduling is for the other funding sources. I've heard also a number of comments from—I'd say specific comments about completing the hardscape. That roadway keeps getting talked about by members of the public, members of various advocacy groups to maybe a little bit of an extent about changing the roadway, but that's before we've even put in the hardscape, where we can really determine what the capacity is and what the traffic calming is going to

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be from having the hardscape in. What are we looking at in terms of actually getting the hardscape in that's been designed for some time? That's been what? An 11-year project or something like that? It's been a long time.

Mr. Eggleston: It has been a long time that it's been talked about. As I was saying earlier, where we currently are is we need to bring a contract amendment to the Council for approval to move forward with the final design. I think we're thinking that that will be February. Under that process, it would still be quite some time before the design was finalized enough that any of that could go out to bid and actually be constructed. I'm sorry. I don't have that overall schedule in front of me.

Mayor Holman: What was in the presentation and what's in the Staff Report talks about the design phase. It doesn't talk anything about implementation or construction that I saw. That's what I'm looking for.

Mr. Eggleston: I can't provide that right now. I can send it supplementally, but I'll need to check with (crosstalk).

Mayor Holman: If you would, that would be of interest to an awful lot of people. Hang on just a second. Similarly with—on the PowerPoint this evening, Staff mentioned the Wilkie Way and Maybell Avenue Bike Boulevards, but I don't see a timing on when those are going to be implemented, unless I overlooked it. Also on the Staff Report but not on the presentation was East Meadow Drive. We have bike safety issues in especially that part of town with so many schools along Meadow, Charleston, Arastradero, Maybell being a part of that whole network. Do we have any timelines on completion of those or implementation of those bike boulevard safety elements?

Mr. Eggleston: I hate to sit here and say that it's a different group implementing them, but they're being implemented by the Planning Department Transportation Group. I don't have the schedules. This is probably a good time to mention that one of the things we were working on, that we were hoping to have go with the Study Session, was kind of a new format for an update on all CIP projects. We've made a lot of progress on that, but weren't able to complete it in time to share with you this evening. I'm hoping to provide that in January. That might be a good time we could also be sure to address some of these questions about overall schedule.

Mayor Holman: That'd be great. I'm sure we do, but there are some kind of interactions between that we're not seeing this evening. If you can pull those together and bring those to Council, that would be awesome. We got an email about grade crossings. Is Staff looking at any kind of infrastructure

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funding for grade crossings? There are a number of ways that we've talked about doing this, whether it's potentially Santa Clara Valley Transportation Authority (VTA) or our own sales tax or our own kind of funding mechanism. There's a combination of ways that we could do this. Is Staff looking at any kind of way to address the grade crossing issue as part of infrastructure?

Mr. Keene: I'd say yes, but I think it's in a different category very much than sort of obviously the Infrastructure Plan that the Council has adopted. We're primarily responding to the defined set of projects and the funding that you have put together for this. As you know, your newly reconstituted Rail Committee, which will actually have its first organizing meeting on the 16th, in many ways I think that's—we have High Speed Rail issues, but I think the grade separation issue as it relates to the existing right-of-way and Caltrain is probably the heart and soul of what that Committee's going to be focused on. Every time we get into this subject, the Council makes it pretty clear that it is probably the biggest character-defining decision that we've got to—problem we've got to solve for the long-term welfare of the City. In one sense, we probably have people in almost every department having a touch on this, just like each one of you Council Members has it highly rated. We certainly don't have a specific financial strategy put together. There's some more detailed work that I think the Committee will be talking about. We've got to build some more detailed information actually about the costs themselves for grade separation than we have to date. Also, what the series of different strategies will be to put the things together over time. I don't think I'm telling the Council anything you don't already know.

Mayor Holman: I would agree with that. Thank you for the comments. I guess what I'm thinking about is that we look at this holistically. Even if there aren't answers yet, we do have a holistic list of projects and potential projects. I don't think we can leave grade crossings off of this list, even if there aren't answers. I'm kind of disappointed that Planning and Public Works haven't been talking more maybe about some of the bicycle boulevards in terms of implementation dates and stuff like that. If they're on the list, at least they're in front of us and not just put over to the side. If we can include those kinds of things, I'd really appreciate it. My last comment is golf course and Downtown Post Office are mentioned briefly as those are outlay, but there's also income or cost savings with those too. Let's not lose sight of that either. I have lights from DuBois, Wolbach and Scharff. Council Member DuBois.

Council Member DuBois: I just wanted to weigh in on the staffing discussion. I think if we distinguish between Staff versus kind of multiyear, temporary help, it seems kind of similar to what we did on the fiber project. I think the construction people make sense, but five years from now

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hopefully we're done, or 6 or whatever it is. I'm glad Karen mentioned the letter from the public on the grade crossings. The other mention there was on TMA and if we are going to start to fund shuttles or other infrastructure even non-infrastructure. I think we need to get more active leadership in the TMA if that comes about. That was it.

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: This kind of leads me back to where I started with this question of project management. Again, I don't want to micromanage from the dais. I'm certainly not in a position to say you should hire this person, you should that person, you should create these spots or not, here's how to change the culture. Again, we're setting the direction. We set priorities. We occasionally make selections based on choices that you give us when it rises to that level, and we provide a level of oversight. I think that's true for everything we do on Council. Clearly, this is a priority for us. Again, as I mentioned before, we look to you on Staff to tell us what you think is the right approach to what you need to make sure it happens, to fulfill our priority. I think you've heard that making sure that our project—not that we've done a bad job in the past. Because it's so important and we are biting off so much over the next few years, it is a huge priority. This is just adding on to that, adding some color to the priority that we had this past year and that I expect will continue in the coming year. We're just looking to you to tell us what you think in your professional expertise. Jim, bringing your experience from Berkeley, and Ed, your experience from San Jose, to tell us what you think is the best way to ensure that we have everything we need, including reminding us when we need to do a better job in our culture up here to be more decisive and to be more supportive when appropriate.

Mayor Holman: Council Member Scharff.

Council Member Scharff: The Mayor triggered a couple of thoughts in my head. The first one was about Byxbee Park. I also wanted to support the notion that Byxbee Park has been promised to the public for—I don't know—30 years, eventually? I would like to see us move forward on Byxbee Park. I recognize there are Staff constraints on resources. Then again, if there are ways to deal with that, I think Byxbee Park would be something that would be nice to move forward earlier. On the other hand, I also would like to see—I was going to ask you if you were going to do this. Are you going to bring forward to us an updated plan? Has Parks and Rec gone through and updated the plan for Byxbee Park? Are you going to bring us to that? This is a significant—this is maybe the biggest significant new park that we're going to be building and probably will build in Palo Alto's history on an

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ongoing basis. I don't see anything of this size and scope. I really think that Parks and Rec needs to look at what should be out there. We as a Council should look at what's going to be out there. I think we should start at least that planning process and the stakeholder process. I think our City Manager or somebody made a good point about—maybe it was Ed—the stakeholder process in Palo Alto can be challenging. This is the biggest new park we're going to build in Palo Alto's foreseeable future. I think we should start that stakeholder process. Go to Parks and Rec, come to Council, give us some of that. I think the Mayor's absolutely right on that. If I misquoted you on that, let me know. That's what I took out of that. I'd like to support that. On the Lucy Evans Interpretive Center, there's two components of that. There's redoing the actual Interpretive Center itself and fixing that. Then, there's the pier out there. Correct? The Boardwalk is what I called the pier, the Boardwalk. You said there was some regulatory agencies. Are you going to BCDC on that?

Mr. Eggleston: Yes, we are.. Maybe I can speak to that a little. I kind of answered half your question, Mayor. I talked about the Interpretive Center but not the Boardwalk. That's the second project we have, the feasibility study for replacing the Boardwalk. That study is almost complete, and the conclusion is that yes, it is possible to build a new Boardwalk out there. Some Staff today actually just met with a number of regulatory agencies in San Francisco, I believe, including BCDC to talk about this project and get their initial input in terms of sensitivity of that area and concerns they might have in the permitting process. That went well.

Council Member Scharff: As a BCDC Commissioner, I can tell you that one of our primary focuses under the McAteer-Petris Act is to provide public access. If they were considered—I probably would not approve just doing the Interpretive Center. I would only approve it if you restored the public access which has been the thing. I just wanted to let you know that that's how I would view it and that's how I would vote. I believe that's how the Commissioners have looked at everything that I've seen come before us. It's really important to maintain public access. That's one of the primary goals of BCDC. I just wanted to disabuse any notion that you really could not fix that pier or the Boardwalk and do the rest of it.

Mr. Eggleston: If I could just add that I think all of us on Staff are pretty excited about the opportunity to replace that Boardwalk. We've really just got to the point of finishing the feasibility study, and we've just been discussing bringing an item to you early next year to try to provide the funding to move right away on design for that facility.

Council Member Scharff: I appreciate your efforts on that.

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Mayor Holman: Just a very quick follow-up to that. That's another one of the projects. I know you're moving forward on it. Thank you very much. That also, from my perspective, should be on the infrastructure list, because it is what is it, it seems to me. Vice Mayor Schmid.

Council Member Scharff: Could I just finish up? I was going to say one more thing, and then you jumped in. If that's all right.

Mayor Holman: I thought you were done.

Council Member Scharff: I know, because I paused. I'm not saying you shouldn't have jumped in. I'm just saying ...

Mayor Holman: Go right ahead.

Council Member Scharff: ... I had one more thing I wanted to say.

Mayor Holman: Go right ahead.

Council Member Scharff: I actually did want to just express disagreement with you on the list. I think it's really—and support you at the time on it. I think I have a slightly different sense. I think it's important to have an infrastructure list that includes those issues, that includes all the stuff in the City. That's sort of how I view that IMS system with the CIP. I think that's really important, and I think we should start. I think grade crossings are totally different and do go to the Rail Committee, and then come to Council. Then, Council is going to have to have a lot of focus and come up with a plan like we did for infrastructure. I think if Staff had put in this Plan all that stuff, I would have given them a really hard time about it. The purpose of this Plan is we made an Infrastructure Funding Plan for certain projects and a really limited number of projects. We figured out how to fund it. We went to the voters and said we're going to do that. If we start adding all this other stuff into it, we lose focus on meeting our commitments to what we told the people of Palo Alto we would do. The biggest way to not achieve your goals on anything, frankly, is to lose focus. That would be adding all this other stuff when we talk about our Plan. When we talk about the Infrastructure Plan update, it's sort of a misnomer. There are a whole bunch of other infrastructure stuff we're doing. The CIP, there's other stuff. I think we need to figure out a way so people don't get confused. I agree with Karen, the Mayor. I agree with her that it's good to have a whole focus on all this stuff, but it's really not on this meeting, on this Study Session. That's about these items that we promised the public we're going to do. I think we have to figure out a way to keep that separate, so that they don't all blend together. I did want to sort of make that distinction.

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Mayor Holman: Vice Mayor Schmid.

Vice Mayor Schmid: I agree that focus is important. As long as people keep talking about Byxbee Park and other things, my understanding is the easement on the ITT Federal Telegraph building is up in the air or will soon be available. Just wanted to make sure that is mentioned.

Mayor Holman: Thank you. I have no cards from the public, nor have I had. I see no other lights from Council Members. We have concluded this item. Thank you.

Oral Communications

Mayor Holman: We go now to Oral Communications. I have no cards. Our time now is at 7:43.

Action Items

2. Comprehensive Plan Update: Comprehensive Plan Structure and Goals/Vision Statements for Each Element and Related Issues (Part IV: Natural Resources, Safety, and Business & Economics).

Mayor Holman: Our next item is an Action Item about the Comprehensive Plan Update on Comprehensive Plan structure and goals and vision statements for each element and related issues. This is Part IV, Natural Resources, Safety and Business & Economics. We'll be losing Council Member Scharff at 8:30. 8:20, we'll be losing Council Member Scharff. We'll be down to five Council Members at that point. We'll need to make sure that all Council Members stay in the chamber so that we have a quorum. With that advisory, we'll turn it over to Staff for their presentation. Council Member Berman, may be joining us again. We're not quite sure.

Jeremy Dennis, Advanced Planning Manager: Thank you, Mayor Holman, members of the Council. Jeremy Dennis, Advanced Planning Manager.

Mayor Holman: We had one leave. Why don't we take a three or four minute break. Thank you.

Council took a break from 7:44 P.M. to 7:50 P.M.

Mayor Holman: I've already introduced the item. This is the Infrastructure Plan and—excuse me. Pardon me. This is the Comprehensive Plan structure and goal, vision statements for each element and related issues, Part IV, Natural Resources, Safety and Business & Economics. Does Staff have a presentation?

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Mr. Dennis: Yes, we do. A brief one. Thank you, Mayor Holman, members of the Council. Jeremy Dennis, Advanced Planning Manager. I'm joined by Hillary Gitelman, the Planning Director. Very quickly go through the PowerPoint presentation before you. As the Mayor mentioned, we'd like to speak to you about three elements tonight in order to do some goal setting and Vision Statement setting. There is the description of our purpose. As you know, this is the fourth meeting that we've had with the Council related to vision and goal setting. We've concluded most of the items up there; although, we will have an opportunity to come back in January to conclude some of the discussion around Land Use that we did not complete on November 2nd. I'm going to actually just jump right in very quickly here related to what specifically we're hoping to glean from you tonight. In Natural Resources, we have a couple of bullet items here that we suggest should be discussed in addition to what's in your Staff Report. The same goes for Safety. Safety may be a longer conversation given that it's essentially a new element. We're asking that it be constructed out of portions of the Natural Environment and portions of Community Services. Business & Economics as well, we have a few items within the Staff Report that we're happy to discuss with you. As we've done before, I think it's just best to turn it over to you to begin a discussion. We think that the Natural Environment is the best place to start. Thank you.

Mayor Holman: That is a brief presentation.

Mr. Dennis: You're welcome.

Mayor Holman: Council Member Scharff, since you're going to be leaving us, do you want to give any comments? You won't be here for a vote, but if you want to give us any fodder for us to chew on.

Council Member Scharff: (inaudible)

Mayor Holman: You just did.

Council Member Scharff: No.

Mayor Holman: All right. Council Members, questions, comments? I'm sorry. There is one member of the public. I apologize. Shani Kleinhaus, you'll have 37 minutes being you're the only member of the public to speak tonight.

Shani Kleinhaus: That's good. I could use 6 because I missed the public comment. On this element, I looked at the current goals and the proposed PTC goals. I think the reorganization that the Planning and Transportation Commission (PTC) proposes is good. I would support that. However,

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missing one piece which is the urban parks somewhere in there. There's talk about nature and parks, and then there's talk about other urban environment. I think mentioning urban parks would be good. The other thing is that the three goals that used to be under the Goals N-1, N-2 and N-3 were consolidated into N-1. I would keep all three instead of consolidating them. I think they're good. They differentiate Citywide open space from conservation of creeks and then the urban forest. Since I have another minute probably, I would like to tell you something about what happened with the urban forest discussions today. We've had a group of—environmental groups and City Staff and other public that is interested in this City, residents that came to the discussions of the Urban Forest Master Plan. Today we kind of had somewhat of an enlightening or an idea, and I would like to share that with you. For two years now, several environmental groups from Palo Alto and others—that includes Sierra Club and Audubon Society, which I represented, and the Native Plant Society and the Citizens Committee to Complete the Refuge. I'm forgetting one—have been working with Google on developing an ecology vision for the region. After the first year, Google hired an ecology person to put together an ecology program, regional. They also commissioned the San Francisco Estuary Institute to look at the regional ecology and ecosystems in general in a more scientific way. That resulted in a very recent publication of two documents. One is called Landscape Resilience Framework, which is very scientific. The other one is a vision for a resilient Silicon Valley landscape. In this they're talking among other ecosystems about the urban environment and thinking about how to restore the natural systems that used to be here, not really to their natural state but in terms of function. One of those ideas is putting back the oak forest in a way that is not necessarily taking all the trees and putting in them, but really looking at how to do this to recreate the ecosystem that used to be there. That's really, really important to us. The group that was there thought this would be a good goal for—one of the goals for the Urban Forest Master Plan. We should really focus on that. I think, being from Audubon, I would just say that there was a recent publication in the journal *Science* that showed that 91 percent of migratory birds face peril on their journeys, and they're at risk. We have the opportunity to do something for them. Hopefully the Urban Forest Master Plan will embed this goal of creating this resilience in it. I'll come back to you later. Maybe I can get you some copies of these. That's what I have to say tonight. Thank you.

Mayor Holman: Thank you very much. With that, we come back to Council Members.

Council Member DuBois: Could I suggest we talk about each element one (crosstalk)?

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Mayor Holman: Yes, we will talk about each element separately. Council Member DuBois, would you care to start? Talking about the Natural Environment first. One of the questions that is before us, that was not resolved previously if I understood it correctly, is the Planning Commission suggested putting Natural Environment and Safety together. Didn't they? I'd have to go back and look and see where it was. Wasn't it called out as—maybe Staff can jump in with this.

Mr. Dennis: That's correct. That was the recommendation of the PTC in their 2014 report back to the Council.

Mayor Holman: I'll just start with my own comments. We didn't come to a conclusion on that or take a vote on that. I would suggest that we have a separate—here it is—chapter for Safety. Staff's acknowledging that too. I'm actually just going to make that Motion. I think it's a fairly simple decision to make.

MOTION: Mayor Holman moved, seconded by Council Member Scharff to have Safety as a separate Element in the Comprehensive Plan.

Mayor Holman: I was speaking to the Motion. It seems like a non sequitur to combine them. I think they have very discrete and different purposes. Of course, all of the chapters overlap each other to a certain extent, but I think these two are discrete enough that we should keep them separate. Council Member Scharff, speak to your second?

Council Member Scharff: I was going to say I just adopt what the Mayor said.

Mayor Holman: City Clerk, I did put a Motion up. Council Member—lots of lights. Council Member, I think, DuBois, Wolbach and Vice Mayor, I think, was the order.

Council Member DuBois: Just to be clear. We're talking about a Safety and Noise Element?

Mayor Holman: No. Noise would be part of Natural Environment. This is just public safety.

Hillary Gitelman, Planning and Community Environment Director: I think the Mayor's suggestion—if I can interject, Hillary Gitelman, the Planning Director. I think having Safety alone as a separate element is a good idea for the simple reason that we are now obligated to review Safety Elements with the State. It's good to have it in its own kind of ...

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Council Member DuBois: I thought some of the Staff Report suggested Safety and Noise.

Ms. Gitelman: I think we thought about that for a while, but our more recent thinking is just Safety as a standalone.

Council Member DuBois: That's for that clarification. I'll support the Motion. When we do the elements one at a time, I'd like to come back and talk about the Safety Element.

Mayor Holman: Absolutely. Council Member Wolbach.

Council Member Wolbach: The same exact comments as Council Member DuBois.

Mayor Holman: Vice Mayor Schmid, to the Motion.

Vice Mayor Schmid: Just a clarification. I guess in Safety they start talking about natural hazards, which are floods and things like this, that also could be part of the Natural Environment. I guess let's make a clear distinction of what we're including in Safety and not in Natural Environment.

Mr. Dennis: Thank you, Vice Mayor Schmid. In the recommendation—some of the suggestions that we have within the Staff Report is the inclusion not only of public safety features but some of the elements that you're just discussing around climate change and some of that natural disaster type of things that we think would make sense in one element.

Vice Mayor Schmid: Including climate change impacts on the safety side.

Mayor Holman: One thing I probably should have brought up in making the Motion is we don't talk about—at least I don't remember reading it in the Safety is any kind of attack.

Ms. Gitelman: Thank you, Mayor Holman, for that question. One of the real advantages of taking a fresh look at the Safety Element is we're going to have an opportunity to update it. We, in fact, are now required to update it to reference our local hazard mitigation plan. I think the City and the region have done a lot of planning around all of the threats we potentially face in the future. We'll have an opportunity to bring that into this element.

Mayor Holman: That is the Staff's intention?

Ms. Gitelman: That's right.

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Mayor Holman: Seeing no other lights then, we'll vote on the board. That passes unanimously with Council Members Berman, Burt and Kniss absent. Council Member Scharff.

MOTION PASSED: 6-0 Berman, Burt, Kniss absent

Council Member Scharff: I guess I'd like to just on the Natural Environment suggest that we adopt the existing Palo Alto Comprehensive Plan Vision Statement. Get that out of the way.

Council Member DuBois: I'll second.

MOTION: Council Member Scharff moved, seconded by Council Member DuBois to adopt the existing Comprehensive Plan Vision Statement for the Natural Environment Element.

Mayor Holman: Council Member Scharff, would you care to speak to your Motion?

Council Member Scharff: Yeah. I think we've spoken a little bit about this at Council before. I think the existing statement is simply better. I prefer it. I think it's sort of a judgment call, that I think it's better.

Mayor Holman: Council Member DuBois, speak to your second.

Council Member DuBois: I'd like to offer a friendly amendment that we take the existing goals but we add the new goal on climate change to the end of the list.

Council Member Scharff: Say that again.

Council Member DuBois: The PTC had a climate change and adaptation goal in "2."

Mayor Holman: Could you refer to a Page number or such?

Council Member DuBois: I'm looking at Page 4 of Attachment A, just the overall structure.

Council Member Scharff: (inaudible)

Council Member DuBois: If we pull out the Safety goals and we added climate change and adaptation as the last goal to this element.

Council Member Scharff: I'm good with that.

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "and Goals" after "Vision Statement" and add at the end of the Motion, "and add a Goal of Climate Change and Adaptation."

Council Member DuBois: I'd like to speak to this a little bit more. We're talking goals. On the Vision Statement, I guess we'd given feedback before. That was one of my comments. In all of these elements, when we talked about vision, this one says Staff will develop minor revisions to the vision. It'd be good—they're coming back here months later. That was in April. It would have been nice to see the proposed new Vision Statement to react to it. I'm a little bit concerned that we're going to get all these changes all at once and the new Comp Plan. If there's a way in general to spread out some of the feedback loops that come back to us, that would be really great. Does that make sense? Am I being clear?

Ms. Gitelman: Thank you, Council Member DuBois. If I recall, the Council's discussion in April was kind of a Study Session, so there wasn't actual direction to Staff on these things. We've tried to interpret all of the comments we got from individual Council Members at that time and give you, at the bottom of that first page there, like Page 3, Packet Page 11. We've tried to say based on the input we got from the various Council Members, we are reading that you basically like the existing vision with some minor revisions. We will ...

Council Member DuBois: I'm just saying that was in April. If this version had come with those minor revisions, that would have been great.

Ms. Gitelman: I understand. We could have taken it a little farther.

Council Member DuBois: Just to clarify. I didn't really want to change what we had said on the Vision Statement. I was still hoping to see those minor revisions come back. Really I thought this Motion was just about the goals, which is what we're being asked tonight. This is kind of changing what we said before about the vision.

Council Member Scharff: You're losing me. I like the old Vision Statement. Did you want to make minor revisions?

Council Member DuBois: I was happy with the feedback we already gave, which is on Page 3. The old Vision Statement was the following suggestions, and there was a bunch of stuff there. I was still expecting to see that.

Mayor Holman: Do you see those, Council Member Scharff?

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Council Member Scharff: Yeah. I see that it says that Council felt that the PTC version blends the concepts of parks and open space together, and there's no mention of conservation in the Vision Statement.

Council Member DuBois: The suggestions by Council and then they were going to come back with minor revisions. I'm just saying I'd like to see that continue, not that we were erasing these comments that we already gave.

Council Member Scharff: What does Staff want to do?

Ms. Gitelman: We didn't know that this was the consensus of the Council. These were from individual Council Members, these bullet points.

Council Member Scharff: Why don't we go ahead and—why don't you try and add some language and get it done?

Ms. Gitelman: I think we ...

Council Member Scharff: I'm fine with the Vision Statement the way it is, but I'm not necessarily opposed to—if there's some language you want to suggest, suggest it.

Council Member DuBois: I agree with these bullet points. I would love to see some minor revisions that encompass these bullet points.

Ms. Gitelman: We obviously need to make minor revisions to pull out that last sentence about the Safety that would go into a new Vision Statement for Safety.

Mayor Holman: Council Member DuBois, is your intention to add as an amendment to the Motion the five bullet points that are on Page 3?

Council Member DuBois: Again, I didn't think we were talking about vision tonight. We were talking about structure and goals. I would actually have a friendly amendment that we just drop adopting the vision from this Motion and just focus on goals tonight, and that Staff come back. I guess I would move Staff will develop minor revisions based on the Study Session to the vision.

Council Member Scharff: No. I'd rather do the language tonight if you have particular things you want to put in. I don't necessarily think they're minor revisions. I think it's fine if there is some stuff you want to add. I think this is a compendium of what Council Members added. If there's particular stuff you want to put in there, I'm fine to look at that and say let's do that. I actually don't think—we want to get it done and be over with, and we don't want to come back and look at it. We want to give direction to the CAC,

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have them know the language. I don't think it's that hard if you have any particular concerns about the language to add them in.

Council Member DuBois: Again, I guess maybe a misunderstanding of the process on the vision. I thought we gave some good feedback. I didn't think it was best for us to try to write it up here.

Mayor Holman: I think that's—if I might jump in here. I think you're correct that there's not an intention for us to write it up here. This is our shot at the Natural Environment. It'll come back to us again when we review the whole thing together. If you're trusting Staff to take those five bullet points on page 3, again, of Attachment A, and incorporate language for those into the Vision Statement, then we're good to go.

Council Member DuBois: Let me think about that on the vision. On the goals, again, I like the current goals. I think it's good that we split out creeks and open space and forest. Let me think while other members speak if there's specific things that I'd add to the vision.

Mayor Burt: Council Member Wolbach.

Council Member Wolbach: Just for right now, on the Vision Statement and the debate about how much we want to wordsmith that this evening, in the interest of time and process I don't think that we should be doing that wordsmithing tonight. This was kind of—in Staff's defense, this was based on some contingencies which we didn't finalize until about 10, 15 minutes ago, such as pulling out the Safety Element. You couldn't really draft it until we had finalized that decision. Also, we hadn't really approved that list of bullet points. As much as it would have been great if we had made that decision more formally earlier, we made those formal decisions tonight. I don't think that we should specifically—I don't think we should write the final language tonight. I think it needs to go back to Staff and then come back to us for finalization. The Citizens Advisory Committee (CAC) will still see that we're supportive of these things. We can always tweak the details later. I think the idea of adopting the existing Vision Statement with the addition of the comments offered on Page 3 of Attachment A of Item 2 tonight with Staff to work on the language is the appropriate process to move forward. The CAC will see that, will be able to work on that even as we continue to tweak the specifics of the language. They'll still get the general sense of it.

Mayor Holman: Are you then offering an amendment to have those five bullets added to the Motion having to do with the Vision Statement again? Staff had only gotten individual comments previously, so this is the opportunity for Council to say we support adding those five. Staff will work on the language coming back.

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Council Member Wolbach: I guess one question on process for tonight is do we want to pass a Motion first. Council Member Scharff first offered a Motion about a Vision Statement. Council Member DuBois thought it was about goals, and then it became vision and goals. Do we want to actually split that off and do one Motion about the vision and a second Motion about the goals?

Council Member Scharff: No, I'd rather do it altogether.

Council Member Wolbach: I'll offer a friendly amendment then, to adopt the existing Comprehensive Plan Vision Statement and goals with the Staff to add language reflecting Council direction as summarized on Page 3 of Attachment A. I might have some other ...

Mayor Holman: That would actually be incorporating Council Member comments on Page 3. Is that accepted by the maker of the Motion?

Council Member Scharff: I guess I don't understand all of them. I think the five—I'm fine with those five. I guess I didn't under the concept of blends the—Council felt the PTC's version blends the concepts of parks and open space together, and there is no mention of conservation in the Vision Statement.

Council Member Wolbach: That's why we weren't adopting the PTC one.

Council Member Scharff: Right. That's what I was going to say. All your Motion is doing—I would prefer if your Motion just said Staff will do those one, two, three, four, five bullet points and make minor revisions to incorporate that into the Vision Statement. I think that's what you mean.

Council Member Wolbach: Actually, you know what? I'm noticing that wildlife is already in the existing one. That first one is not necessary. Is conservation in the old one? Actually the first one is redundant, because it's already in there.

Council Member Scharff: We can add the other four.

Council Member Wolbach: Was restoring in the original? Actually yeah, but the third one refers to ...

Council Member Scharff: The PTC version.

Council Member Wolbach: ... the PTC version, so we don't need that. I guess we really just need to add Bullet Points 2, 4 and 5.

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Council Member Scharff: Let me say if we're going to have a Safety Element, I think we probably don't need the part the City—Staff will correct me. Wouldn't the City be well prepared for natural disasters? Shouldn't that be taken out and go into the Safety Element part? (crosstalk)

Council Member Wolbach: Just one last sentence.

Council Member Scharff: Shouldn't "maintain sustainable water supply for the future," is that a Natural Element or is that a Safety Element? I don't really care where it goes. I'm just curious.

Mr. Dennis: We didn't have a specific recommendation, and I think we'd be comfortable with either. Sitting here listening to the conversation, it'd probably make some sense in Safety.

Council Member Scharff: That's what I thought.

Council Member Wolbach: I was actually going to make a recommendation probably later about having sustainable, secure and safe access to adequate water supply for the community. I am agnostic about whether that goes in this element or in the Safety Element.

Council Member Scharff: I think it should go in Safety.

Council Member Wolbach: Since this element does deal with resources such as air and water, it's a tough one. It can go in either place. We might want to encourage—whichever one it goes into, we might want to have the other one reference it. If somebody's reading one of the elements, they'd see that it's still important to the other one. As Council Member Schmid pointed out earlier, these do tend to overlap.

Council Member Scharff: In that case, I think ...

Council Member Wolbach: I guess ...

Council Member Scharff: ... we would be adding those into Safety, most of those comments. I don't think there's any of those comments that we would add into the existing Palo Alto one. All we'd do is move the last sentence to the Safety. When we get to Safety—unless you want to add stuff to this Motion to talk about Safety, but are we doing that separately?

Mayor Holman: Let me go back here. Make sure we're talking about the five bullets. Wildlife is in the current Vision Statement. I'm not sure it's exactly mentioned the way that we intended in these comments. Conservation is still on the board. Your amendment, Council Member Wolbach, is to add conservation into the Vision Statement. Correct?

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Restoring our ecosystem, while that does say add it to the PTC version, I do not believe the ecosystem is in the current Vision Statement. Is your intention to add Bullet No. 3 to the current Vision Statement as part of your amendment?

Council Member Wolbach: For now, let's stick with "2," "4" and "5." If we want to add "3" later or somebody wants to make a case for that.

Mayor Holman: I thought you were talking about—maybe this was just Council Member Scharff—adding Bullets No. 4 and 5 to Safety. I just want to make sure we're all talking about the same thing.

Council Member Wolbach: I'll withdraw my Motion for now. I'll let somebody else get a stab at this.

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to add to the Motion, "with Staff to add language to the Vision Statement based upon Council Member comments on April 27, 2015:

- A. Add language on "conservation" in the Vision Statement; and
- B. Add language to maintain sustainable water supply for the future; and
- C. Add language on Climate change adaptation and implementation.

AMENDMENT WITHDRAWN BY THE MAKER

Mayor Holman: You're withdrawing your amendment?

Council Member Wolbach: I'll withdraw my amendment.

Mayor Holman: I have a light from Council Member DuBois, and then Council Member Filseth. Council Member DuBois.

Council Member DuBois: I'm sorry?

Mayor Holman: You had a light on.

Council Member DuBois: I agree with where we ended up. I think "4" and "5" go to Safety. I think the other ones are covered.

Mayor Holman: Council Member Filseth.

Council Member Filseth: (inaudible)

Mayor Holman: Vice Mayor Schmid.

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Vice Mayor Schmid: Let's see. Is Goal N-4 included here or elsewhere?

Mayor Holman: Can we stick to the Vision Statement first? Can we finish that?

Vice Mayor Schmid: It's related to water, so is water in this one or not?

Mayor Holman: You mean is it in the Vision Statement. I think we'd be best if we could conclude the conversation about Vision Statement. If we could.

Vice Mayor Schmid: That's my question. Is water included in the Vision Statement?

Mayor Holman: Director Gitelman.

Ms. Gitelman: Thank you, Mayor Holman. We just had the same conversation. I think there's no getting around the fact that water is going to have to be mentioned in Natural Resources and dealt with there as a resource issue. If there's a concern about safety and security of water supplies, that would have to be dealt with in Safety. It's going to be in both elements.

Vice Mayor Schmid: Let me talk about water as a resource, natural resource. As part of our thinking about water, the City by law turns out an Urban Water Management Plan every five years. By State law, the Urban Water Management Plan has to have a 20-year forecast associated in it, has to take in a two year period of drought, and has to also include the demographics of the community. Our current plan has used the Plan Bay Area demographics, which state that there will be an increase in 20,000 people in Palo Alto over a 20-year period, 2015-2035. That is a rate of growth that is about 50 percent higher than the State Demographic Office sees for State growth. At the same time, we're in a drought period where we are being asked for a reduction in our usage of water by 25 percent. I guess those two elements are the increase in population and the reduction in our source of basic water supply are not dealt with in our current Urban Water Management Plan. By law it has to be updated by June 2016. I guess I would like to add a footnote, an addendum, a text to go in "4" that says modify the Urban Water Management Plan to be consistent with development goals and land use and the drought forecast of the San Francisco PUC.

Ms. Gitelman: Mayor Holman and Council Members, I'd like to interject if I could. I know that our colleagues in the Utilities Department will be working on an update to the Urban Water Management Plan in the coming year. I'm sure the Council will be engaged and involved in that. I would really

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hesitate to give them direction at tonight's forum. We are not right now prepared to tell you what their legal requirements and contingencies are. I recognize the desire to have our plans be consistent. Our Comp Plan will have to be consistent with our adopted Urban Water Management Plan. I don't think we can use tonight's discussion to give our Utilities colleagues direction on that plan.

Vice Mayor Schmid: Let me just make a qualification. The Urban Water Management Plan has to be approved by the Council. It has to be approved before June, which means the work on it must be going on right now. It seems silly not to have those two critical forecast pieces working together. There must be some way of sharing the work ongoing on the Water Management Plan with the CAC's work on the water outlook for Palo Alto. The connecting link between the two is the City Council has to approve both of them. Why isn't there a natural opportunity here for planning? Council (crosstalk).

Mr. Keene: I'm not hearing the Planning Director saying anything different than you. It's just the vehicle for doing that and the timing for doing that. To be putting this into a Motion and a direction now as it's related to this discussion on the Comp Plan, I'd rather see you guys at the end of the meeting during Council Member Comments ...

Vice Mayor Schmid: My understanding is this is our only opportunity to engage with the CAC before they sit down and start voting on issues, discussing and voting on issues dealing with Natural Resources.

Mayor Holman: Can I interject just for a moment here please. We're going to lose Council Member Scharff to another commitment. Can I suggest that we split off vision from goals so that potentially at least the maker of the Motion can participate in the Motion for the vision. Is that agreeable to Council Member DuBois as seconder of the Motion? That we split off vision from goals because we're going to lose Council Member Scharff and he made the Motion.

Council Member DuBois: (inaudible)

Mayor Holman: Is that agreeable? Let's do that. We're going to divide Vision Statement from goals. The current motion is only about Vision Statement. Thank you for that.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove from the Motion, "and Goals" and "add a Goal of Climate Change and Adaptation."

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Mayor Holman: Potentially we can at least have six Council Members voting on this. I have—Council Member Wolbach, is your amendment on vision?

Council Member Wolbach: Yes.

Mayor Holman: I have some comments too. Just quickly. Council Member Wolbach.

Council Member Wolbach: I would just suggest a friendly amendment to remove the last sentence of the vision, because that will be incorporated into the new Safety Element.

Council Member Scharff: That's a good catch. I agree with that. We talked about that a little bit.

Council Member Wolbach: Is that okay with you?

Mayor Holman: Council Member DuBois, is that agreeable to you?

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "to remove the last sentence of the Vision Statement, 'the City will be well prepared for natural disasters and will grow and change in a way that minimizes public exposure to hazards like fire, flood, and earthquake.'"

Mayor Holman: I do have—I agree with that. I do have argument for putting Bullets No. 2, 3 and 4 in the Vision Statement. Two, conservation, because it only talks now about foster energy and water conservation. I would like to see it talk about resource conservation including energy and water. If that's agreeable to the maker of the Motion. Resources are certainly beyond water and energy. Again, we're in the Natural Environment vision statement.

Ms. Gitelman: Mayor Holman, there is a reference there to elements of the Natural Environment will be conserved where they remain intact and restored where they may have been degraded. There is that concept in there.

Council Member Scharff: I think that covers it.

Council Member Wolbach: I think "4" is still worth putting in.

Mayor Holman: "4" is in the Motion.

Council Member Wolbach: It's the only one I support.

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Mayor Holman: I can buy that. Ecosystem is not in the Vision Statement. If the maker of the Motion would be agreeable to adding that, and we'll leave the language to the Staff.

Council Member Scharff: When you say ecosystem, it's the ...

Mayor Holman: That's the third bullet again on Page 3. I did not find that in the Vision Statement.

Council Member DuBois: Again, you're talking about restoration?

Mayor Holman: Hold on just—Council Member DuBois.

Council Member DuBois: Again, I think that sentence that the Planning Director just read covered both conservation and restoration.

Council Member Scharff: Yeah. It says they'll be (crosstalk).

Mayor Holman: It doesn't talk about our ecosystem. It's a system that we're talking about. I see Shani Kleinhaus nodding her head. We're talking about systems here, ecosystems, not just elements of the environment. That's why I think ecosystem is important to put in here.

Council Member Scharff: I think it covers it. I'm good with it.

Mayor Holman: I'll offer it as a separate amendment then, to add ecosystems to the current vision statement. Looking for a second.

AMENDMENT: Mayor Holman moved, seconded by Council Member XX to add to the Motion, "add ecosystems to the Vision Statement."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Mayor Holman: I think we decided to add the fourth bullet to the Safety chapter. Is that correct?

Council Member Scharff: That's correct.

Mayor Holman: Council Member Wolbach, were you wanting to say something?

Council Member Wolbach: Actually I would suggest that as a resource that we add Bullet Point 4 to this. We can talk further about safety—ensuring it from damage in the Safety Element. Water as a resource is important in this element. I'm seeing nods from the Planning Director who mentioned

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earlier that we're going to have to accept that there's going to be some overlap.

Mayor Holman: Council Member Scharff?

Council Member Scharff: That's fine.

Mayor Holman: Council Member DuBois?

Council Member DuBois: Yep.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "with Staff to add language to the Vision Statement based upon Council Member comments on April 27, 2015, add bullet point 4, 'add language to maintain sustainable water supply for the future.'"

Mayor Holman: I want to put one more pitch in for ecosystems, but you all have spoken.

Council Member Wolbach: Actually I do think we should also Bullet Point 5 as well. It might get repeated in Safety, but I think it's important here as well.

Mayor Holman: It's already in the Motion.

Council Member Wolbach: No, it was removed. It was there a couple of minutes ago, and it got removed.

Council Member DuBois: I asked (inaudible) goal not a vision.

Mayor Holman: I thought it was added to the vision. We're adding ...

Council Member Wolbach: I think it should be highlighted as a Vision Statement addition.

Mayor Holman: Council Member Scharff, was that your intention to add Bullet No. 5 to the Vision Statement?

Council Member Scharff: It wasn't. It was actually to have it as a goal as Council Member DuBois said. I'm not—do we want to put a line in on the Vision Statement? I could probably live with that.

Mayor Holman: Council Member DuBois, are you good with that?

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "and bullet point 5, 'add language on climate change adaptation and implementation.'"

Mayor Holman: We're adding Bullet Points 4 and 5 on Page 3 to the Vision Statement.

Ms. Gitelman: Just so I'm clear. Is that for the Vision Statement of Natural Environment or for Safety?

Council Member Scharff: Yes.

Ms. Gitelman: Both "4" and "5" are for ...

Mayor Holman: Natural Environment.

Ms. Gitelman: Natural Environment.

Mayor Holman: Natural Environment, yeah. Where were we on—I'm sorry, remind me here. Where were we on resource, conserving resources which expands more than water and energy? Did we add that? I don't see it on the screen. That's Bullet Point 2. Again, the Vision Statement only talks about conservation of energy and—no, I'm sorry, it does. The Director said it did refer to ...

Council Member Scharff: Conservation.

Mayor Holman: Yeah, conservation. I don't see any more lights. It looks like we're prepared to vote on the Vision Statement as amended. It'd be the current Vision Statement, to remove the last sentence of the Vision Statement starting with "the City will be well prepared." Hard to remove that, isn't it? And add Bullet Points 4 and 5 from Page 3 of Attachment A. Vote on the board please. That passes unanimously, six Council Members participating. Council Members Berman, Burt and Kniss absent. Thank you for that.

MOTION AS AMENDED PASSED: 6-0 Berman, Burt, Kniss absent

Mayor Holman: We will now go to looking at the goals. Who would like to go first? Council Member Wolbach.

Council Member Scharff left the meeting at 8:30 P.M.

Council Member Wolbach: I think that the only—I guess my comments and questions here relate to two areas. One is strengthening our climate change language in the goals. The other is just which items we should pull out of

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this and move over to Safety. I'm open to hearing colleagues' thoughts about that. There was a PTC new goal of climate change and adaptation. I thought it wasn't very strong, but it's something. I would like to at least see that added. I'm generally fine with either the old or the new goal. It sounded like most of the Council was leaning towards supporting the old goals and maintaining those. I guess I'd be okay with maintaining the old goals, but incorporating climate change and adaptation particularly as it relates to water resources and, as I said, pulling out the Safety stuff. The old Goal N-10, I think, would probably move to Safety. Old Goal N-6 possibly could move to Safety. I'm not making a Motion just yet, unless people really want me to. I'll leave my comments there for now.

Mayor Holman: Council Member DuBois.

Council Member DuBois: I'll make a Motion that we adopt the current organization and goals with the additions of a goal on climate change and adaptation, that we move the goal on natural hazards and hazardous materials to the Safety Element, and that we update the goal relating to noise to include airplane noise.

Council Member Wolbach: Second.

MOTION: Council Member DuBois moved, seconded by Council Member Wolbach to adopt the existing Goals and organization in the Natural Environment Element with the addition of a Goal of Climate Change and Adaptation, moving Goals on Natural Hazards (Goal N-2), and Hazardous Waste (Goal N-6), and Solid Waste (Goal N-7) to the Safety Element and updating the Goal of Noise (Goal N-8) to include airplane noise.

Mayor Holman: Motion by Council Member DuBois.

Ms. Gitelman: Solid waste is kind of in the same category as hazardous waste, if I'm ...

Council Member DuBois: Are those generally found in Safety Elements?

Ms. Gitelman: It's about reducing the volume of solid waste, disposing of it in an environmentally safe and efficient manner.

Council Member DuBois: Natural hazards, hazardous waste and solid waste to the Safety Element.

Mayor Holman: Hazardous waste would be the Safety, but solid waste would not be Safety.

Council Member DuBois: That's what I was just asking.

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Mayor Holman: Hazardous waste would be Safety, but solid waste would not be Safety.

Ms. Gitelman: It's up to you. I'm just reading the substance of the goal. Goal N-7 on solid waste is about reducing the volume of solid waste and disposing of solid waste in an environmentally safe, efficient manner. Really, these could be in either element. If we're trying to ...

Council Member DuBois: I think it's good in the Safety.

Mayor Holman: Council Member DuBois, can you speak up a little bit pl?

Council Member DuBois: I think it's good in the Safety Element.

Mayor Holman: You're saying Goal N-7 should go to Safety?

Council Member DuBois: Yeah.

Ms. Gitelman: Mayor Holman, if I can interject one more thought. At the climate change and adaptation goal, I like that we've added it to Natural Resources. I think we'll need a similar goal in the Safety Element, because those are so intertwined.

Council Member DuBois: I don't think I need to speak to it any further.

Mayor Holman: Council Member Wolbach, care to speak to your second?

Council Member Wolbach: Yeah. I just want to check. Do we need to identify specifically which goals those were in the Motion or is the language there adequate? It looks like there are a couple of—N-4, possibly N-6, N-10 might each be pulled out. If you're fine with the language there and that's clear enough direction to Staff, I won't make any more tweaks. I think that is fine.

Mayor Holman: Vice Mayor Schmid.

Vice Mayor Schmid: I'd like to go back to Goal N-4. On the front of the first page of the Staff Report, it says you're asking Council to look at the Vision Statement and goals of each element as well as selected policies and programs the City Council would like to take the lead on. I guess on Goal N-4, it seems to me the Urban Water Management Plan is critical to having long-term forecast both of water supply availability under drought conditions and the demographic forecast. I note on the calendar that the CAC does not talk about this until July, which is well after when the Council would be dealing with the Urban Water Management Plan. Let me just offer an

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amendment that Council will have either a policy or program following the approval of the 2016 Urban Water Management Plan on Goal N-4.

Mayor Holman: Council Member DuBois?

Council Member DuBois: Can you just explain about how you see this working? The water plan will come to us and, at that point, we would create a policy?

Vice Mayor Schmid: Yeah. At that time, we would give direction to the CAC either through a policy or a program or just a textual.

Council Member DuBois: I'll accept that.

Mayor Holman: Council Member Wolbach?

Council Member Wolbach: Before I accept it, I'd like to hear from the Planning Director.

Ms. Gitelman: Thank you, Council Members. My understanding is the Code of Regulations around General Plans like our Comprehensive Plan require that the Plan be consistent with the Urban Water Management Plan. Vice Mayor Schmid is correct. The City needs to update its Urban Water Management Plan this year. There are very kind of rigid requirements for what that plan contains. That plan will be done in time for the Comp Plan Update to reflect the outcome of that plan. I appreciate the sentiment with which the Motion is offered, but I'm not sure that it's needed. I think statutorily we're going to have to make sure that our Comp Plan is consistent with the Urban Water Management Plan.

Council Member DuBois: I think what I'm hearing though is a little bit beyond consistency. We may want to specify some policies related to water once we have that.

Ms. Gitelman: Again, I think we're going to have to have a water resources—a policy framework that's consistent with our Urban Water Management Plan or that certainly is not in conflict. There's no reason why the Council can't, when we look at the version of the element that the CAC puts together based on your direction tonight, that you couldn't add or modify the policies and programs at that time if you felt this wasn't sufficiently accomplished. I think it's as a matter of course, we're going to have to address this issue in the Comp Plan Update.

Vice Mayor Schmid: I guess my point is just that the Council is giving a statement to the CAC that they would like attention paid.

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Council Member Wolbach: I'm not going to accept it as a friendly amendment, just because I don't like particularly how it's worded here. I'd be open to an amendment that that emphasizes the importance of water, because I share that concern.

Vice Mayor Schmid: If there is a second or a friendly amendment.

AMENDMENT: Vice Mayor Schmid moved, seconded by Council Member XX to add to the Motion, "Council will have either a Policy or Program following the approval of the 2016 Urban Water Management Plan on Goal N-4."

Council Member DuBois: Would you care to restate? Are you trying to send direction to the CAC?

Vice Mayor Schmid: That we would send either a program or a policy or a text to the CAC once Council has approved the Urban Water Management Plan.

Council Member DuBois: I'll second it.

AMENDMENT RESTATED: Vice Mayor Schmid moved, seconded by Council Member DuBois to add to the Motion, "Council will send to the Comprehensive Plan Update Citizens Advisory Committee (CAC) either a Policy or Program following the approval of the 2016 Urban Water Management Plan on Goal N-4 (Water Resources)."

Mayor Holman: Can I suggest that it would be a new goal, so not to intermingle it within "4." No? Director Gitelman says no.

Ms. Gitelman: I really think it is at a policy level, not a goal level.

Mayor Holman: Yes, I was looking at the wrong thing here. That is seconded by Council Member DuBois. Correct?

Council Member DuBois: Yep.

Mayor Holman: Do you care to speak any further to your amendment, Motion now?

Vice Mayor Schmid: I think water is so important for our future, that it's important the Council have an opportunity to weigh on that subject once the data is available to us. That would come once we get the Water Management Plan.

Mayor Holman: Council Member DuBois, speak to your second.

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Council Member DuBois: Again, I think we're reserving the idea of what those policies might be. The idea that once we have some quantitative data in front of us, it should inform the Comp Plan. I think this idea that Council kind of reserve the ability to send a particular policy to the CAC is good and worthwhile.

Mayor Holman: Council Member Wolbach, did you want to speak to this amendment?

Council Member Wolbach: I did. I'd like to offer a friendly amendment.

Mayor Holman: An amendment to the amendment?

Council Member Wolbach: An amendment to the amendment, that's right. I think this is important. My concern was the process that's proposed here. I would suggest it be restated as Council encourages the CAC to consider policies and programs relating to Goal N-4 with the Council and/or CAC to revisit this issue again following the adoption of the Urban Water Management Plan.

Mayor Holman: Is that agreeable to you, Vice Mayor Schmid? No. Is there a second to the amendment? Hearing none, that amendment fails.

SUBSTITUTE AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to add to the Motion, "Council encourages the CAC to consider Policies and Programs relating to Goal N-4 (Water Resources), with Council to revisit after approval of the Urban Water Management Plan.

SUBSTITUTE AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Mayor Holman: We return to the original amendment which is by Council Member Schmid, seconded by Council Member DuBois, to add to the Motion Council will send to the CAC either a policy or program following the approval of the 2016 Urban Water Management Plan on Goal N-4. Seeing no other lights, we'll vote on the board please. That does pass unanimously with Council Members Filseth, Vice Mayor Schmid, Mayor Holman, Council Members Wolbach and DuBois participating.

AMENDMENT PASSED: 5-0 Berman, Burt, Kniss, Scharff absent

Mayor Holman: We return them to the Main Motion. I see no other lights. I have a couple of amendments to offer. Regarding Goal N-1, I do think what the Planning and Transportation Commission proposed is actually stronger and clearer language than the current Goal N-1. I would propose—I don't want to wordsmith this. The current goal says a Citywide open space

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system that protects and conserves Palo Alto's natural resources and provides a source of beauty and enjoyment for Palo Alto residents. I would like to propose that we add language that includes—it says "protects and conserves Palo Alto's open space, natural and urban habitats and protect our ecosystems and natural resources." Add that wording into Goal N-1. Again, we're adding—if you look at the proposed PTC goals, you're picking up natural and urban habitat and protect our ecosystems and natural resources. Insert that language into existing Goal N-1. It's not otherwise mentioned in a goal. I'll offer that as an amendment.

Council Member DuBois: If I understand your ...

Mayor Holman: I'm hoping that you would accept that as an amendment. I'm sorry. Council Member DuBois, do you accept that as an amendment.

Council Member DuBois: I guess with the caveat to kind of wordsmith it so it flows. The idea is that you want to get the idea of the habitats and the ecosystem into this goal?

Mayor Holman: Yes. I'm not trying to wordsmith it. I'm just trying to pick up the language that's in the PTC proposed goal.

Council Member DuBois: That's acceptable.

Mayor Holman: Council Member Wolbach, acceptable?

Council Member Wolbach: I also accept that friendly amendment.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "and add language to Goal N-1 (Open Space) that includes Protects and Conserves Palo Alto Open Space, Natural and Urban Habits and protects our Ecosystems and Natural Resources."

Mayor Holman: Thank you both very much. A question for Staff on Goal N-3, a thriving urban forest that provides ecological, economic and aesthetic benefits for Palo Alto. The ecological, is that assumed to include habitat? Is it the ecology of the forest itself or is it the ecology that includes the habitat? Should we add the word habitat?

Ms. Gitelman: Thank you, Mayor Holman. I think ecological is a broad enough term that it includes both the forest itself and the habitat values that it encompasses. Other ecological benefits like carbon sequestration and other things.

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Mayor Holman: I don't know exactly where to add these. When I was reading through this, on Attachment A, Page 2. I need Council Members to listen here too, because it's not clear where they go. Council Members, if we could please. Page 2—thank you—Bullet 4 says conserving water and energy and securing long-term water supplies and renewable clean energy. This is Page 2 of Attachment A. There are just some bullet point here that aren't referencing specific goals and policies. These are just some comments made by PTC is how I understand it. Director can tell me if that's okay. It seems to me—I don't know where to exactly find those—we ought to be including reclaimed and recycled water to that fourth bullet wherever it belongs. If Council Member DuBois would entertain that addition. Again, I don't know what goal or policy this is referring to.

Council Member DuBois: I believe it would be N-4, water resources. Yeah. I would just caution that—again, I think we're trying to stay at the high level, goal level. I think a lot of these things are included in policies and programs. I just caution that we don't try to work everything into the goals.

Mayor Holman: Are you accepting that?

Council Member DuBois: Yes. If you wanted to add it to Goal N-4, I would accept that.

Mayor Holman: Council Member Wolbach?

Council Member Wolbach: That's acceptable.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "add reclaimed and recycled water to Goal N-4 (Water Resources)."

Mayor Holman: In the next bullet ...

Ms. Gitelman: I'm sorry. Mayor Holman, can I ask a question?

Mayor Holman: Yes, sure.

Ms. Gitelman: I'm just trying to figure out—so we understand your direction. Goal N-4 currently is about water resources that are prudently managed to sustain plant and animal life, support urban activities and protect public health and safety. It seems to me if we were going to talk about recycled water as part of that, it would be a program that would be under the goal unless you can think of a—once we start talking about different water resources in the goal itself, we're going to start getting huge.

Mayor Holman: Like I said, I don't know where the best place is to apply it.

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Ms. Gitelman: Could we think of this—I had the same question about the airplane noise. If these things could be—if your direction could be to the CAC to include policies about these things under the goals related to water resources and noise.

Mayor Holman: I'm good with that. Council Member DuBois, Council Member Wolbach, you both are? That gives Staff latitude to incorporate them in the best locations. That seems workable for everyone?

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change direction regarding "Airplane Noise, Reclaimed and Recycled Water" to "direct the CAC to explore Policies and Programs relating to airplane noise, reclaimed and recycled water."

Mayor Holman: I have a couple of more comments. They're on the same line. If Public Works is here, they would know I'm going to say this. You can find another way to word this. The fifth bullet, going back to Page 2, doesn't reference a specific policy or goal. Reducing waste, recycling construction materials and encouraging reusable, returnable, recyclable and repairable goods. My worry here is that we're focusing again on recycling and no reference to salvage. If there's a way to either incorporate the word salvage or reducing waste by salvage or recycling of construction materials, if we can do that. Council Member DuBois, are you good with that? Again, remembering that the environmental triangle starts with reduce, reuse and recycle. Recycle is at the bottom of that pyramid.

Council Member DuBois: I guess if it's direction to Staff to encourage policies around salvage, but we just moved waste to Safety. I'm not sure if it's still even covered here. We'll let Staff figure that out.

Mayor Holman: I think this one would be Natural Environment. I can talk more about why that would be, if we care to.

Council Member DuBois: Is it okay if I work with David to move some of these things, so they're not goals?

Mayor Holman: Sure, except I'll need you to agree with some of these too. Council Member Wolbach, are you good with the addition of salvage?

Council Member Wolbach: I wasn't clear on where it would go.

Mayor Holman: I don't know either. We're leaving that to Staff to incorporate in the best location. The reference I'm using here is the fifth bullet on Page 2. It has no reference as to where it goes.

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Ms. Gitelman: I think it's good to direct the CAC to include a policy about this under a goal related to solid waste. It may be that some of the solid waste stuff has to stay in Natural Resources while the rest goes to Safety. We can work that out with the CAC.

Council Member Wolbach: I'm comfortable with—along with airplane noise, reclaimed and recycled water and salvage all being direction to CAC and Staff to explore policies and programs related to those issues. If salvage is in that category along with airplane noise and reclaimed and recycled water, that would make sense. I'd be okay with that.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "and Salvage."

MOTION RESTATED: Council Member DuBois moved, seconded by Council Member Wolbach to adopt existing the Goals and organization in the Natural Environment Element with the addition of a Goal of Climate Change and Adaption, moving Goals on Natural Hazards and Hazardous Waste, and Solid Waste to the Safety Element. Council will send to the CAC either a Policy or Program following the approval of the 2016 Urban Water Management Plan on Goal N-4, and add language to Goal N-1 that includes protects and conserves Palo Alto Open Space, Natural and Urban Habits and protects our Ecosystems and Natural Resources. And Direct the CAC to explore Policies and Programs relating to airplane noise, reclaimed and recycled water.

Mayor Holman: I think I had one more. Under Our Palo Alto 2030, the sixth bullet, the one right before the paragraph says addressing State regulations, requirements for transportation noise generated from roadways, airways and railways and limiting construction noise around sensitive receptors. It does not reference air quality as a result of roadways, airways. I think air quality should also be incorporated there. Council Member DuBois? It's another environmental issue just as noise is.

Council Member DuBois: Maybe Staff can help. I think these bullet points you're looking at are in the introduction to the PTC version. Where are you suggesting they go?

Mayor Holman: Same comment as previously. I'm not sure of the best location for them, but I don't want them to be lost or overlooked. Right now, they're not being addressed.

Council Member DuBois: Could you restate—you want to capture air quality?

Mayor Holman: Yeah. It talks here about ...

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Council Member DuBois: We have a goal ...

Mayor Holman: ... addressing State regulations, requirements for transportation noise generated from roadway. I'm talking about air quality impacts as a result of transportation. Right now, I do not believe it's addressed. Director Gitelman.

Council Member DuBois: We have a separate goal of ...

Ms. Gitelman: We're checking the Comprehensive Plan. I believe that there are policies currently in Goal 5 that address all kinds of air emissions, stationary and mobile sources.

Mr. Dennis: Just in a very quick glance, I see two programs that currently exist in the Comp Plan that address the issues that I think you're speaking to, Mayor Holman.

Mayor Holman: Could you iterate those please?

Mr. Dennis: Yeah. N-39 and N-40 in the current Comp Plan under Goal N-5. One is related to working with the Bay Area Quality Management District in its efforts to achieve compliance with existing air quality regulations. N-40 is related to the use of alternative fuels for City vehicles, private vehicles, among others.

Mayor Holman: It does not talk about, at least what you're reading, directly as a result of traffic or the accumulation of traffic.

Mr. Dennis: Here's an additional one, N-45. Recommend revisions to proposed projects as needed to reduce air quality impacts including improvements that reduce single occupancy vehicle use. It's not quite there.

Mayor Holman: Again, I'm not quite hearing—I'm talking about the cumulative effect as we're talking about cumulative effect on air quality. It seems like we ought to be—excuse me. On noise, we ought to be talking about cumulative effect on air quality as a result of traffic. Not individual projects but the cumulative effect.

Mr. Dennis: We'll include that in the conversation with the CAC as directed in the previous items.

Mayor Holman: Council Member DuBois, are you good with that?

Council Member DuBois: Yeah.

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Mayor Holman: Council Member Wolbach, are you good with that?

Council Member Wolbach: I don't think it needs any addition to the Motion. I think what we have here is sufficient on the air quality stuff and the noise both.

Mayor Holman: I guess I don't want to take the time to necessarily ask for another amendment. I want the assurance from Staff that you'll bring that up. Let me just double check one last thing here. I think those were my comments. Council Member DuBois, have you read this to make sure it captures everything?

Council Member DuBois: Yep. It looks good.

Council Member Wolbach: I have one more.

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: Actually I'd like to suggest one more addition to the direction to the CAC. After salvage, if Council Member DuBois is comfortable with it, climate change adaptation.

Mayor Holman: Council Member DuBois?

Council Member Wolbach: It's already under our ...

Council Member DuBois: Yeah, I think it's implied because we have a goal, but that's fine.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "and climate adaptation."

Council Member Wolbach: Just wanted to encourage them to dive deeper into climate change adaptation.

Council Member DuBois: I would say I know we have the sustainability subcommittee. They're looking at kind of sustainability issues across all the elements. I think it would be helpful if a lot of them were concentrated here. I'm talking to you guys. I think if we have a place for a lot of the sustainability stuff to go, particularly around climate change, it'd be nice if it was kind of gathered more here than spread everywhere.

Council Member Wolbach: I'd also emphasize a distinction between the two sides of climate change. One is reducing our impacts on climate change. The other is reducing the impacts of climate change on us. That's what I'm focusing on here by talking about climate adaptation. This doesn't have to

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do with reducing greenhouse gases or our impact on the global climate. This has to do with us preparing for what effect that will have on us. That's where I think it's important to have the CAC delving into that.

Mayor Holman: I see no other lights, so it looks like we're ready to vote on the goals for the Natural Resources Element. That passes unanimously with five Council Members participating, with Council Members Berman, Scharff, Burt and Kniss absent.

MOTION AS AMENDED PASSED: 5-0 Berman, Burt, Kniss, Scharff absent

Mayor Holman: What that then, if Council Members and Staff are confident that we have covered the Safety Element, we'll go to Business & Economics chapter. Vice Mayor Schmid.

Vice Mayor Schmid: On the Safety, included in the Safety would be Goal N-10. I would add a policy N-52A. N-52 is in a flood hazard area, but only talks about development restraints. I would propose an N-52A policy to support regional efforts on improved Bay levees.

Mayor Holman: A comment from Staff before we look for a second maybe. We're on Safety. I'll second that.

MOTION: Vice Mayor Schmid moved, seconded by Mayor Holman to add to Goal N-10 (Natural Hazards), a Policy N-52A, Support Regional Efforts on Improving Bay Levees.

Vice Mayor Schmid: Just a word on this. There are a number of regional efforts ongoing. They're based on the salt ponds, federally protected. They're trying to generate revenue for that. It turns out Palo Alto has no salt ponds, because we've always protected our Baylands. We are not involved in those regional bodies. I think both Mountain View and Sunnyvale have voted City funds to help support that effort and move ahead. I think this is just a message that we would like Palo Alto to join in those regional efforts.

Mayor Holman: I cleared the lights. Do we have any comments on this Motion? Council Member Wolbach, I see you reaching.

Council Member Wolbach: I just want to be clear. It sounds like we're moving into discussion of the Safety Element and direction to Staff on that. Do we want to do that before moving on then to (crosstalk)?

Mayor Holman: I thought we had ...

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Council Member Wolbach: I'd be fine with doing that, since a lot of it picks up from what we were just discussing.

Mayor Holman: I had understood that we had—part of the previous Motion concluded our comments on Safety. Happy to add this one.

Council Member Wolbach: My sense was that the previous discussion was just the creation of a Safety Element, but we hadn't given any real direction on the details. I think that actually—I'm happy to support this and second it and offer a couple of amendments as well. I'll second it.

Mayor Holman: I've already seconded it. If you have an amendment to offer.

Council Member Wolbach: A couple of other amendments I'd like to offer. I'll just do them one at a time, see how they go. It might be redundant, but just to be clear. In the Safety Element, include items from other elements as appropriate. Just basic direction for how they can get started drafting the Safety Element.

Mayor Holman: I don't guess there's any harm to that, but I think we've kind of done that. No harm to it though. Do you think, Director Gitelman.?

Ms. Gitelman: I think this kind of goes without saying. I was going to suggest for the Safety Element that it would almost be easier for the Council to have something to react to. I think we're going to take goals from this Natural Resources Element. There's a goal in Community Services and Facilities that will be relocated here. When we come back with—after the CAC has done some work, I think you'll be able to see where the missing pieces are and have an opportunity to give more input. It might be easier to do it when you have something to react to.

Council Member Wolbach: I'm fine with Staff and the CAC putting together the first draft. I think it's good to at least offer a couple of suggestions for consideration. If they aren't included in the end, we can add them later.

Mayor Holman: Vice Mayor Schmid, are you okay including this?

Vice Mayor Schmid: Sure.

Council Member Holman: As am I.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "in the Safety Element to include references to other Elements as appropriate."

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Council Member Wolbach: My next one is—I think it relates to how we provide for our safety in the City. I'd suggest adding whether in the Vision Statement or a goal to have the Safety Element reflect Palo Alto's priority of protecting and respecting civil liberties, civil rights and privacy.

Mayor Holman: Vice Mayor Schmid?

Vice Mayor Schmid: Is that part of the Vision Statement for the element?

Council Member Wolbach: At this point, I will leave it to Staff and CAC to consider whether they feel it's appropriate to put it in the vision or the goals.

Vice Mayor Schmid: That's fine.

Mayor Holman: As well. Did you have another?

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "the Safety Element should reflect protection and respect for civil rights, civil liberties, and privacy."

Council Member Wolbach: Yeah. Also emphasize the importance of safe and secure water supply for the community.

Mayor Holman: Vice Mayor, accept that?

Vice Mayor Schmid: Yes.

Mayor Holman: Likewise.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "emphasize a safe and secure water supply."

Council Member Wolbach: My last one is to incorporate safety from dangerous threats as a result of climate change such as but not limited to flooding and fire risk.

Mayor Holman: I think we already included that in the last round, but we can add it again.

Council Member Wolbach: This is one that I thought should be included in both elements.

Mayor Holman: Vice Mayor Schmid?

Vice Mayor Schmid: Okay.

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Mayor Holman: Likewise.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "safety from dangerous climate impacts, such as, but not limited to sea level rise and fire risk."

Mayor Holman: Council Member DuBois, I believe you'd put your light on.

Council Member DuBois: Not really amendments, but comments. I did want to clarify. I thought there are some elements in the Community Service Element that belong in Safety. I think the last sentence of the vision from natural elements could be a nice Vision Statement for the Safety Element. I am sure, given the members of the CAC, you'll talk a lot about emergency prep and things related to that.

Mayor Holman: Do you want to add that to the list just to make sure we've covered it?

Council Member DuBois: I think those are the elements in the Community Service Element.

Ms. Gitelman: I'll have to go back and check, but I think all of that is in there. I'm sure, as you're saying, the CAC members will ensure that it's a robust set of ...

Mayor Holman: If I could, though, Council Member DuBois. If you would add it, that way the CAC gets the clear message that Council supports that.

Council Member DuBois: If you want to propose language just to—I think it's kind of clear. The Safety Element will include emergency preparation and coordination with citizens.

Mayor Holman: Vice Mayor Schmid, are you good with that? Likewise.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "the Safety Element will include emergency preparation and coordination with citizens."

Mayor Holman: I don't see any other lights. I think it's rather understood here from safe and secure water supply, for instance. There's nothing discrete here that talks about terrorism or outside threat. Just to be clear, I'd like to add that. Just that protection from outside threat or terrorism. Vice Mayor Schmid, are you okay with that?

Vice Mayor Schmid: Yeah.

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "protection from outside threat or terrorism."

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: I would actually just suggest instead of terrorism saying small and large-scale human threats.

Mayor Holman: Human threats could be any number of things besides terrorism.

Council Member Wolbach: That's right. I'm trying to keep it broad, because we're giving broader direction. Whether it's for terrorist reasons or domination reasons or invasion reasons, there are lots of reasons that people might do nefarious things with a large-scale impact.

Mayor Holman: I think I'm good with the language the way it is. I don't see a second to that.

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to replace in the Motion, "terrorism" with "small and large scale human threats."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Mayor Holman: Seeing no other lights, I think we are ready to vote on the Motion having to do with the Safety Element. It started with supporting regional efforts on improving Bay levees in the Safety Element to include references to other elements as appropriate. The Safety Element should reflect protection and respect for civil rights, civil liberties and privacy, emphasize a safe and secure water supply, safety from dangerous climate events such as but not limited to sea level rise and fire risk. The Safety Element will include emergency preparation and coordination with citizens and protection from outside threat or terrorism. With that, vote on the board—Tom, did you have another comment?

Council Member DuBois: No.

Mayor Holman: Vote on the board please. That passes also unanimously with Council Members Berman, Scharff, Burt and Kniss absent.

MOTION AS AMENDED PASSED: 5-0 Berman, Burt, Kniss, Scharff absent

Mayor Holman: Council Member Filseth, you want to kick us off on the Business chapter?

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Council Member Filseth: Sure. I think I'd like to make a Motion that we move forward on the Business Element using the original Vision Statement as the basis.

Council Member Wolbach: Just the vision or also the goals as well?

Council Member Filseth: I think we're going to—I'm going to move that we go back to the goals as well. How do you want to do this? Do you want to do them together or do you want to do them ...

Council Member Wolbach: Separate's fine.

Mayor Holman: We kind of got in trouble last time. Why don't we start with the Vision Statement.

Council Member Wolbach: I'll second the Motion.

MOTION: Council Member Filseth moved, seconded by Council Member Wolbach to use the original Vision Statement for the Business Element.

Mayor Holman: Would you care to speak to your Motion?

Council Member Filseth: Yeah. A couple of reasons for this. I think the PTC statement seems to me—a couple of things about this. First, it seems to weight—it seems to be code for tech startups which, I think, is over-weighted relative to other kinds of businesses that we have in town. I think we actually do have a lot of different kinds of businesses. Just focusing on tech startups—I kind of get this from the language. The balance is wrong. The second is, as written, it's redundant. It says Palo Alto supports a culture of innovation and entrepreneurship that welcomes innovators and entrepreneurs. The third and most fundamental one, I think, is that the original Vision Statement talks about the relationship of businesses to the community. That's kind of lost in the revised statement. I think we ought to go back to the original one as the basis for the direction to the CAC.

Mayor Holman: Cory, speak to your second.

Council Member Wolbach: I've nothing to add. I think that Council Member Filseth summed it up very well.

Mayor Holman: Council Member DuBois, on the Vision Statement.

Council Member DuBois: I've a friendly amendment. I would actually propose that we replace the word "balanced" with "prioritized," so that it would read "competing needs of residents and businesses will be prioritized so that neighborhoods are protected."

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Mayor Holman: Council Member Filseth?

Council Member Filseth: I would accept that.

Mayor Holman: Council Member Wolbach?

Council Member Wolbach: That's fine with me. I accept that.

Council Member DuBois: I had prepared a Motion. I would actually continue that to also add that "neighborhoods are protected from increased traffic, parking, noise and pollution while business districts are competitive and attractive." There are two changes: "prioritized" to "balanced" and a little bit more on what protection means.

Mayor Holman: Council Member Filseth, seeing that amendment, are you good with that?

Council Member Filseth: I'm good with that.

Mayor Holman: Council Member Wolbach?

Council Member Wolbach: I'm open to it, but I'm not going to accept it because I want to hear a little bit more discussion and have a better understanding of it before I accept it. I'm going to decline it for now.

Mayor Holman: We need a second to the amendment.

Council Member Filseth: I'll second.

AMENDMENT: Council Member DuBois moved, seconded by Council Member Filseth to add to the Motion, "replace sentence 3 of the Vision Statement with, 'the competing needs of residents and businesses will be prioritized so that neighborhoods are protected from increased traffic, parking intrusion, noise, and pollution, while business districts are competitive and attractive.'"

Mayor Holman: Thought you might. Council Member DuBois, you want to speak to your amendment?

Council Member DuBois: Yeah. We've talked about this before. Part of the Comp Plan is—there's a little bit of things for everybody. I think we should be a little clearer on priorities when there are conflicting items. Again, I'm trying to keep here that we are going to be attractive and competitive for business and the rest of the vision about being sure the economy thrives. I think defining what we mean by protection is a good idea.

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Mayor Holman: Council Member Filseth, speak to your second.

Council Member Filseth: I agree with the intent of that. I'd like to see it in writing before we ...

Mayor Holman: I think it is in writing in front of you.

Council Member Filseth: We have the exact language with the (crosstalk)

Mayor Holman: This is Council Member DuBois' amendment verbatim in front of you.

Council Member Filseth: I accept that.

Mayor Holman: I have a friendly amendment—I shouldn't say that. I have an amendment to offer. On the next to last line, "neighborhoods are protected from," delete the word "increased" because there is going to be traffic and there may be some increase. It doesn't have a particular impact. I would suggest—let me rethink that. Council Member Wolbach, you had your light on. Council Member Wolbach, you had a comment.

Council Member Wolbach: Actually there was something that I wasn't sure exactly how to phrase it or whether it should be listed in the Vision Statement or the goals or in direction to CAC to work on policies and programs. I'm just going to share that with you guys. Let me know if you think it could be incorporated into this as maybe a friendly amendment or it should be separate. That would be to "promote business development and business community partnerships to significantly mitigate impacts of job growth, including but not limited to traffic, parking and housing demand."

Mayor Holman: Are you offering that as an amendment to the amendment?

Council Member Wolbach: I guess for now I'm offering it as food for thought and thoughts on whether we should incorporate that into this amendment or as a separate one, in addition or instead of.

Council Member DuBois: We're being a little loose because there's five of us. I would suggest you maybe think about that under the compatibility goal.

Council Member Filseth: Which goal is that?

Council Member DuBois: That's B-1.

Council Member Wolbach: I'll hold my amendment for now.

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Council Member Filseth: That was sort of a similar reaction. I think that seems more like a policy thing than a part of the vision.

Council Member Wolbach: Like I said, I'm fine with holding off from the Vision Statement on that one.

Mayor Holman: Going back to where I was with neighborhoods are protected from increased traffic, parking intrusion. I'm not going to offer it as an amendment at the moment. I'm just going to say my concern about the word "increased traffic" is increased traffic doesn't necessarily mean a degradation. It's all incremental. I'm struggling a little bit with that word. We're talking about the impacts of traffic, parking intrusion and noise.

Council Member DuBois: If it just said "traffic impacts" instead of "increase in traffic"?

Mayor Holman: Yeah, "traffic impacts." Can we make it that?

Council Member DuBois: I'm okay with that.

Mayor Holman: Are you good with that? Council Member Wolbach, you seconded the Motion, so are you okay with that?

Council Member DuBois: That was Council Member Filseth.

Council Member Wolbach: Actually this is already a ...

Mayor Holman: This is the amendment. I'm sorry. This was Council Member Filseth and Council Member DuBois. They're both okay with this. This is the amendment. Council Member Wolbach, to speak to the amendment.

INCORPORATED INTO THE AMENDMENT WITH THE CONSENT OF THE MAKER AND SECONDER to replace in the Amendment, "increased traffic" with "traffic impacts."

Council Member Wolbach: I'm just trying to remember. This wouldn't necessarily rule us out including it here. Did we include some similar language to this in one of our other elements?

Council Member DuBois: The Land Use Element I believe.

Council Member Wolbach: I guess my only concern is that it's a question of whether this is in the right place, whether this should be a goal within this element or whether it's redundant based on it being the Vision Statement of

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a prior element. That's the only reason I'm reluctant. I'm sympathetic to the intent here. It's just a question of placement.

Mayor Holman: I think what we're talking about here is the direct relationship between residential and business districts. I think it is appropriate in the Business chapter.

Council Member DuBois: If you look at the current vision, it's really just a mild explanation of what's there. The sentence is already there on Page 12.

Mayor Holman: Page 12 of Attachment A again.

Council Member DuBois: It's really that third sentence that we're talking about.

Council Member Wolbach: I guess that's fine.

Mayor Holman: Seeing no other lights, we are ready to vote on the Vision Statement for the Comprehensive Plan in the Business & Economics chapter. It is the current Vision Statement with the following change: to replace sentence 3 with the "competing needs of residents and businesses will be prioritized so that neighborhoods are protected from traffic impacts, parking intrusion, noise and pollution while business districts are competitive and attractive." Vote on the board please. I need to correct myself. That was the amendment. That's been passed. Now we need to vote on the Vision Statement with the amendment included. Council Member DuBois. That also passes on a 5-0 vote with Council Members Berman, Scharff, Burt and Kniss absent. Thank you all.

AMENDMENT AS AMENDED PASSED: 5-0 Berman, Burt, Kniss, Scharff absent

MOTION AS AMENDED PASSED: 5-0 Berman, Burt, Kniss, Scharff absent

Mayor Holman: Now we go to the goals for the Business & Economics chapter. Council Member Filseth.

Council Member Filseth: I'm going to move that we adopt the current organization as opposed to the revised organization.

Vice Mayor Schmid: Second.

MOTION: Council Member Filseth moved, seconded by Vice Mayor Schmid to adopt the current Goals and organization for the Business and Economic Element.

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Mayor Holman: Vice Mayor seconding. Care to speak to your Motion?

Council Member Filseth: I do. The reason I think we should go back to the current organization is not strictly that the new organization structurally is an issue. It's the content that's been integrated into the new organization that makes it complicated to parse that stuff out. I think the simplest thing is to go back to the original organization. I'm concerned about the way the new organization works in a couple of areas. The first is there's a lot of stuff in here about this famous Palo Alto, the hub of the digital world kind of stuff in here. It talks about our image as the global center of innovation and so forth. I'm not sure this stuff belongs in the Comp Plan for a number of reasons. First of all, I actually think this kind of stuff is pretty low priority for most residents in town. We had a discussion earlier this evening on infrastructure and a new Public Safety Building and repairing the Baylands Boardwalk and stuff like that. I think that's what most people care about. If we do these Town Hall meetings, which we did a couple this month, people came out. They are concerned about traffic; they are concerned about schools; they're concerned about parking and stuff like that. It's not Palo Alto's reputation as a global center of innovation. I think that doesn't bubble up to the top of the priority stack for most of us. The second reason is I think some of this stuff is kind of fluffy. What does it mean, foster the next generation of entrepreneurship? It's sort of hard to—how is that actionable for Palo Alto? I think there's a risk that some of this is a fad. Who knows what this is going to look like 20 years from now. The third and maybe most significant is I think some of this stuff may be actually counterproductive. There's a bunch of language in here about we should be a regional employment destination, for example. I think some of the implications that we're trying to grapple with in terms of jobs/housing ratios and urbanization is the implication that we need to be competing with San Francisco for tech startups. I don't think that belongs in the Comp Plan. The other aspect of that has to do with City revenues. The current Comp Plan—one of the discussions we're having right now is how do we finance City operations and how much comes from residents and how much comes from businesses. The current Comp Plan sort of has guidance on this kind of stuff. One of the things we want to do is encourage a business community that actually contributes to the City's coffers and pays taxes. A lot of the things you're talking about with tech startups is contrary to that. They don't really contribute to the revenue base of the City the way that some other kinds of things do. I'm not saying that we need to discourage startups. I'm saying it's an overreach to codify this stuff in the Comprehensive Plan. It's sort of a technical one. The second issue I have with the current revised structure has to do with the redefinition of the University Avenue area and especially the California Avenue area, which redefines California Avenue as a business center like University Avenue. I think it would be a mistake if we got out 20

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years from now and the California Avenue area looked just like the University Avenue area. I think we need some diversity that way in town. I like the existing definitions of University Avenue and the Stanford Shopping Center, for example, as regional centers; whereas, California Avenue, Midtown, Town and Country Village are kind of multi-neighborhood centers. I think that's a better way to look at this than doing that. For those reasons I think that the existing organization is a better structure to move forward with.

Mayor Holman: Vice Mayor Schmid, speak to your second.

Vice Mayor Schmid: Just to support the notion. I think there are four new goals added in here. I think the old structure sort of focuses attention in a clearer and better way.

Mayor Holman: Council Member DuBois.

Council Member DuBois: I agree with the Motion. I actually have an amendment that I'll propose in a second. I did think that this element had the biggest change between—it seemed like a lot of policy changes in this element. I think it's important that we haven't really talked about diversifying the economic base. I think our expenses are going up faster than our revenues are. That's a big concern. I hope when the CAC talks about this element that Staff will ask them to think about that. As the nature of sales tax revenues is going down, less companies are making product, more of them are engaged in services. What does that mean for the City and what kind of businesses do we really need to attract to have a good revenue base? I also agree with the comments about Cal. Ave. and University Ave. The PTC draft really shifts Cal. Ave. and University Ave. to be more employment centers. Again, we'd like to try to keep—I have my notes here—Cal. Ave. weird. It's the same idea. We want to keep it different than University Avenue. This is more a thought for Staff and the CAC. I look at some other retail areas on the Peninsula, say Burlingame or Los Gatos. They have really interesting retail areas. Somehow I think we need to have policies to encourage Cal. Ave. to do that. It may involve in our economic development Staff working with property owners to understand what's a good mix. I don't think we want to prescribe a mix, but somehow I don't think we're really managing Cal. Ave. the way you see areas like Los Gatos popping up where they keep an interesting, diverse mix of retailers. Nothing concrete there, just some things I've been thinking about. We've had discussions about restaurants versus retail and protecting retail, but I think maybe we're missing an opportunity. Even within Palo Alto, when you look at Town and Country versus Cal. Ave., it's one property owner at Town & Country but they manage the assortment. Is there a way

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that we can encourage a cooperative mix between property owners? We just had two major openings on Cal. Ave. now with two retailers announcing they're leaving. It would be great to see the City be proactive and really try to encourage some unique retail use to go in there. I actually don't have a strong opinion about the tourism goal. I would be open to keeping it, but I'm curious what my colleagues say. Goal B-3 is one that really stresses the tide of revenue. I emailed an amendment to David. It would be to adopt the goals as suggested but to modify Goal B-3 to adopt policies that moderate the pace of jobs growth with a priority for businesses to provide need in local services, municipal revenue, contribute to our economic vitality and enhance the City's physical environment. There are sub-bullets that would request Staff to provide the CAC with comparative impacts to City revenue based on business type and to consider revenue sources as part of the discussion. "B," to cross-reference the growth management strategies that we talked about under Land Use to the Business Element. That was mentioned in the Staff Report, but to have a consistent discussion there. I'd offer that as a friendly amendment.

Mayor Holman: Council Member Filseth?

Council Member Filseth: Yeah, I'll accept that. On this whole topic, it's important to—there has been a lot of discussion about Palo Alto is a good place to incubate small companies but not necessarily to grow great big ones. The dynamics of the Downtown area versus the Research Park versus Downtown by San Antonio are different from those things. Putting the focus on the kind of stuff that you're talking about here, in terms of a mix of local services and municipal revenues, is important on a Citywide kind of thing.

Mayor Holman: Vice Mayor Schmid, as seconder of the Motion, do you accept that?

Vice Mayor Schmid: Yes. I would like to offer a couple of amendments to it. The basis is good.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "Modify Goal B-3 (Growth) to adopt policies that moderate the pace of jobs growth, with priority to businesses that provide needed local services and municipal revenues, contribute to economic vitality and enhance the City's physical environment:

- A. Request Staff provide the CAC comparative impacts of business types on City revenue generation, and to consider revenue sources as part of their discussion; and

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B. Cross reference Growth Management Strategies from the Land Use Element."

Mayor Holman: That is accepted by the maker and seconder. If you'd care to make an amendment, this could be a time to do that.

Vice Mayor Schmid: On Goal B-3, the text under Goal B-3 says very explicitly the economic impact that could be expected. It would be nice to have that as a policy, B-9, saying the City ...

Mayor Holman: Just to be clear, you're adding a policy, B-9. Correct? That's your amendment?

Vice Mayor Schmid: Yes. It would substitute for the current B-9 by saying that the ...

Mayor Holman: This is Policy B-9, correct?

Vice Mayor Schmid: Yes.

Mayor Holman: Maybe it would be helpful if you read what the current Policy B-9 is, and then offer your amendment.

Vice Mayor Schmid: Current B-9 says encourage new businesses that meet the City's business and economic goals to locate in Palo Alto. Substitute "the City recognizes that economic growth, especially greater tax revenues for the community, are an important goal." Make explicit the economic benefits the City gets.

Mayor Holman: Council Member Filseth, do you accept that amendment? Council Member Filseth?

Vice Mayor Schmid: Could I add one other thing? You're checking. Sorry.

Mayor Holman: Could you read once again what this replaces? I think that might be helpful.

Vice Mayor Scharff: Just a general statement, "encourage new businesses that meet the City's business and economic goals."

Council Member Filseth: I think I understand what you're trying to achieve here. I think we need to be a little bit careful about the breadth of what economic growth means in Palo Alto. There's a lot of different ways that we could pursue economic growth. Some are good, and some are less good.

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Vice Mayor Schmid: I guess I would point to right underneath that there's a Program B-2 that says "consider the City's economic future when making growth decisions."

Council Member Filseth: I like that language better, because it doesn't call out ... I interpret this stuff as priorities. I want to be careful that we prioritize the things that we need, and we don't prioritize the things that we don't need. If you said "the City recognizes that greater tax revenues are an important consideration" or something like that, I think that would ...

Vice Mayor Schmid: Let me read the full sentence that this was taken from. It says the City also recognizes economic growth can bring many benefits to a community including greater tax revenues, local job opportunities, increased diversity and physical improvements.

Mayor Holman: That's in Goal B-3.

Vice Mayor Schmid: It's in the text.

Council Member Filseth: I see, in the text.

Vice Mayor Schmid: The text tends to get overlooked, so I'm trying to bring the text into policy.

Mayor Holman: I look to Director Gitelman.

Council Member Filseth: If you said that ...

Mayor Holman: Hang on just a second. If it's in a goal, do we need to reiterate it in a policy?

Vice Mayor Schmid: It's the text.

Ms. Gitelman: I think we were hoping to get your direction on the goals with the understanding that the CAC will develop policies and programs to support those goals. I appreciate that this conversation is telling us what's important to you, but I don't know that you need to go down into the level of the text or the policy and programs to give us the direction we're looking for this evening.

Mr. Keene: It'll still all come back to you from the CAC.

Vice Mayor Schmid: In one big package. I guess I'm concerned that one of the numbers that jumps out at me each year is when we look at our property tax. The non-residential share of our property tax goes down each year; although, the share of development that takes place is much larger on

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the commercial side than the housing side. I'm trying to get a statement in here that it is important.

Council Member Filseth: As I think about it, I worry that we're trying to define a goal here. As the Planning Director said, goal has a specific meaning in the context of this document. It might be just that word. What you just said, I think, is already in here. It says compare to impacts of business type, consider revenue sources as part of the discussion, City revenue generation, priority to businesses that provide local needed services and municipal revenues. It seems to me it's covered already in there. If you wanted to say "recognizes economic growth especially greater tax revenues are an important consideration" or something like that, I'd be more comfortable with that than trying to put—a goal has a specific meaning in the context of this document. I think it's covered already.

Mayor Holman: We don't have, unless there's an independent second to that amendment, we don't have ...

Council Member Filseth: I think I'm going to turn down the amendment actually.

Mayor Holman: Is there an independent second to that? Seeing none. Vice Mayor Schmid, did you have anything else?

AMENDMENT: Vice Mayor Schmid moved, seconded by Council Member XX to add to the Motion, "replace Policy B-9 in Goal B-3 with "the City recognizes that economic growth, especially greater tax revenues for the community are an important goal."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Vice Mayor Schmid: (inaudible)

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: The thing I mentioned earlier, I guess now is the time for me to bring it back more clearly and ask what you guys think of it as a friendly amendment or if you have suggestions about where it could go. It's getting to something I think we can agree on. As we're talking about—let me make a couple of comments and then I'll make the amendment. I'm a little bit hesitant about the amendment—what are the words—moderating the pace of jobs growth. I'm sympathetic to it. I'll probably come around in the next 20 minutes or however long we're discussing this. I think it's important especially in our element about Business and Economics to not be too anti-business. Our business community has always been an important

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part of Palo Alto. Palo Alto is already a job center. I absolutely agree with the comments earlier that we don't need to change our Comprehensive Plan to make ourselves more of a job center. We already have been for quite a long time, a job center. Palo Alto was created to be essentially the company town for Stanford. We've spread our wings separately from that and have done a number of things and have already become a world leader in many ways to the point where we have a lot of negative impacts from that. What's really important is the negative impacts of growth be addressed with that in mind, especially things like parking, traffic, housing costs. These are things that, as was mentioned earlier, people are talking about at Town Halls. They're talking about throughout Palo Alto. We fully recognize the impacts of rapid, unconstrained job growth are causing negative impacts and negative feelings throughout Palo Alto. I'd propose either an addition to Goal B-3 or perhaps just as direction to CAC and Staff to consider policies and programs to promote—let's go with that for now, hopefully a friendly amendment. To direct Staff and CAC to consider policies and programs to promote business development and business community partnerships—actually I should say and employer partnerships to significantly mitigate impacts of job growth including but not limited to traffic, parking and housing demand.

Mayor Holman: Council Member Filseth.

Council Member Filseth: This would be a direction to the CAC and Staff, but it's not a specific policy or program?

Council Member Wolbach: Right. It would be direction to them to consider policies and programs toward this kind of end.

Council Member Filseth: I think that's not unreasonable as a direction. As you were talking, the thing I was thinking of was TMA, for example.

Council Member Wolbach: Exactly.

Council Member Filseth: I think that's reasonable. I think with the caveat that mitigate is a word we throw around. It's important to understand that mitigation almost always reduces but doesn't eliminate the impact of what you're talking about. As long as everybody understands that, I'm okay with this. I was going to say I am persuaded, however, by your argument about job growth a little bit. At the moment it reads Goal B-3 to adopt policies that moderate the pace of jobs growth, but it's conceivable we'll find a time in which unemployment is 88 percent in Palo Alto, and we'll need to do something. Who was it that seconded this? Was it Tom? It was Greg, right? Would accept it to change the word "moderate" to "manage"?

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Mayor Holman: At the moment we need to—are you talking about in the amendment that Council Member Wolbach has offered?

Council Member Filseth: No, I'm talking about the Main Motion.

Mayor Holman: You need to speak to the amendment at this moment.

Council Member Filseth: I'll accept the amendment.

Mayor Holman: Vice Mayor Schmid?

Vice Mayor Schmid: Yes.

Mayor Holman: Your amendment is accepted. Council Member Wolbach, you still have the floor. We'll come back to you, Council Member Filseth.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "direct CAC and Staff to consider Policies and Programs to promote business development and employer partnerships to significantly mitigate impacts of job growth including but not limited to parking, housing, and traffic."

Council Member Wolbach: Since I have the floor, I'll let the conversation move on.

Mayor Holman: Council Member Filseth.

Council Member Filseth: I want to suggest we change the word "moderate" to "manage."

Mayor Holman: Where are you, sir?

Council Member Filseth: That's it.

Mayor Holman: Vice Mayor Schmid?

Vice Mayor Schmid: I like "moderate," since we have one of the highest rates in the country of jobs to employed residences.

Council Member Filseth: I hear you. If there's a recession in two years and we've got 30 percent unemployment in this town.

Mayor Holman: I will second your amendment if Vice Mayor is not accepting it. I'll second your amendment then.

AMENDMENT: Council Member Filseth moved, seconded by Mayor Holman to replace in the Motion, "moderate" with "manage."

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Council Member Filseth: When I grew up, we had 19 percent unemployment when I was a kid.

Mayor Holman: I don't need to speak to it, because I think it is—the word "moderate" becomes "manage." I seconded that amendment. Are there any lights to speak to the amendment to change the word "moderate" to "manage"?

Council Member Wolbach: I think both of us (inaudible).

Mayor Holman: Do you not both want to speak to that one-word change?

Council Member Wolbach: Yep.

Mayor Holman: Council Member DuBois.

Council Member DuBois: I actually agree with Vice Mayor Schmid. I don't want to spend a lot of time here with one-word motions. I think we're pretty close to the end, and we should let Staff go home. The idea of a managed economy—I don't like the word "manage." Again, "moderate" is about the pace of growth. I think it's a different message. When I had written the original amendment, I was really thinking about the jobs/housing imbalance. Council Member Wolbach was speaking; I just want to let him know that that's kind of where this idea came from. We have this very high jobs/housing ratio. I thought just talking about moderating the pace of growth was a good way to be there without being too abrupt or anything. I don't know if the City really manages job growth. At the end of the day, I guess either word is fine. It makes me think of a managed economy.

Council Member Filseth: You know me. I'm a diehard tea party-er.

Mayor Holman: Council Member Wolbach, did you want to speak to this one-word change?

Council Member Wolbach: After hearing Council Member DuBois speak, it really could go either way. I'll support that amendment.

Mayor Holman: Vote on the board please. That amendment passes on a 3-2 vote with Vice Mayor Schmid and Council Member DuBois voting no with Council Members—that's right. We do need five votes.

Vice Mayor Schmid: Not for an amendment.

Mayor Holman: For an amendment, City Attorney, do we need five votes for an amendment? That was a 3-2 vote on an amendment. We need five votes for an amendment, do we not?

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Vice Mayor Schmid: Just the final.

Mayor Holman: I have an amendment that the City Attorney will determine whether we ...

Mr. Keene: You just need to let the CAC know four members of the Council were absent at the meeting.

Ms. Stump: Ultimately you'll need five votes to adopt the Comprehensive Plan of course. I'll let you decide how to proceed with an interim direction.

AMENDMENT FAILED: 3-2 DuBois, Schmid no, Berman, Burt, Kniss, Scharff absent

Mayor Holman: Council Member Filseth, can we do this? Can we just give direction to Staff that the Council deliberated whether the appropriate word was moderate or manage, and let them deal with it?

Council Member Filseth: Okay.

Mayor Holman: City Clerk, you can take that amendment out. We're just giving that as direction to Staff to forward that to the CAC. Are there any other comments? I have one, which is perhaps a new goal. I will leave this to Staff. If you'd look at Page 12 of Attachment A, the Planning and Transportation Commission recommendation about the Vision Statement. I would like to add part of that and amend it as a new goal. We're in the middle column, the fourth line down, it starts "the City's business policies." What I'd like to offer as a new goal, "the City's business policies, culture of innovation, balanced economic goals," delete "vibrant Downtown," and "diverse local and regional serving businesses combine to stimulate and support viable business opportunities."

Council Member Filseth: I'll accept that.

Mayor Holman: Vice Mayor Schmid?

Vice Mayor Schmid: You're inserting this into the Vision Statement?

Mayor Holman: No. I said I'm offering this as a new goal.

Vice Mayor Schmid: A new goal.

Mayor Holman: Staff can add it wherever they wish or however they think best to deal with it.

Council Member Filseth: I'm thinking about it.

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Mayor Holman: Council Member Filseth.

Council Member Filseth: What are you trying to achieve here? Why do we need this?

Mayor Holman: I think it is—I read it as being different, and we did not incorporate it into the Vision Statement, which I was fine with. I think this is an area where we do pick up reference to our culture of innovation and a balance of economic goals. We also talk about the diversity of the kinds of businesses we want to support, that being local and regional-serving. Again, this is not necessarily the final language, but this is the goal, the intention.

Vice Mayor Schmid: Would it substitute for Goal B-2? Diversity, Page 14.

Mayor Holman: It could. It could potentially.

Vice Mayor Schmid: Rather than add more goals, just a finer reading of that.

Mayor Holman: I wasn't trying to place it, but that could replace Goal B-2.

Council Member Filseth: Actually it looks a lot like B-2. Do you prefer this to B-2 as stated?

Mayor Holman: I do. City Manager.

Mr. Keene: It's a little better language. I think it expresses the ecological aspect of this more clearly. That's what I'm seeing. There is this combination of factors that together play a role, not all separately.

Mayor Holman: Thank you for that. With that, Council Member Filseth, are you good with that?

Council Member Filseth: Almost I think. The word "opportunities" to me implies new businesses. We have a mix of new and existing businesses in town. Goal B-2 needs to apply to all of them. What if you got rid of the word "opportunities," and said "support viable business activities" or something like that?

Mayor Holman: Actually, I like the word "opportunities" because it encourages, from my perspective as I read the words, and supports both existing businesses and potentially new businesses. An opportunity is an opportunity. An opportunity to enhance your existing business is also an opportunity. Hopefully we won't get hooked up on one word.

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Council Member Filseth: I read that as startups. How do you read that? Do you read "opportunities" as startups or existing businesses.

Vice Mayor Schmid: I think in the whole sentence it probably works.

Council Member Filseth: I'll accept it.

Mayor Holman: Council Member Filseth, you're good?

Council Member Filseth: I'll accept it.

Mayor Holman: Vice Mayor Schmid?

Vice Mayor Schmid: Yeah.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "to direct Staff to replace Goal B-2 (Diversity) with 'the City's business policies, culture of innovation, balanced economic goals and diverse local and regional serving businesses combine to stimulate and support viable business opportunities.'"

Mayor Holman: We're good. Council Member DuBois.

Council Member DuBois: I think with the clarification that it replaces B-2, I really like the one-word summary of the current elements. We have compatibility, diversity, growth and flexibility. If this is really meant to expound on the diversity goal, I'd support that. I really wasn't sure if you were trying to add a separate innovation goal with this goal. If it replaces B-2, I think I'm good with that.

Mayor Holman: Council Member Wolbach, you have a comment?

Council Member Wolbach: I'm just worried about losing the language that's in B-2 currently. I'm not opposed to this language. I just think there's an important balance that's expressed in B-2. I want to make sure we don't lose that. I'd actually propose a friendly amendment to this amendment. I would take the language from the existing B-2 and add it as a last item in the list in the new one.

Mayor Holman: Do what? I'm sorry.

Council Member Wolbach: I would just take all of the language from the existing B-2 and I would add it as the last item in the list to the new B-2.

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Mayor Holman: Hang on just a second. Understanding that the existing Goal B-2 already talks about diverse. This amendment talks about diverse. Diverse businesses.

Council Member Filseth: I think I know what he wants. Can I try it?

Council Member Wolbach: Go for it.

Mayor Holman: Council Member Filseth.

Council Member Filseth: If you said the existing goal says a diverse mix of commercial, retail and professional services businesses. If you took the words "commercial," "retail" and "professional service" and stuck that right after "viable," so it said "combine to stimulate and support viable commercial, retail and professional service business opportunities," would that do it?

Mayor Holman: I'm good with that. Vice Mayor Schmid?

Vice Mayor Schmid: Okay.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "commercial, retail, and professional service" after "support viable."

Mayor Holman: Looks like we are ready to vote.

Vice Mayor Schmid: No. I have a question.

Mayor Holman: Vice Mayor Schmid, you have a question? Thank you, Council Member Filseth.

Vice Mayor Schmid: Yeah, just a question for Staff. Under Goal B-1, Policy B-1 says use a variety of planning and regulatory tools including growth limits. We had a discussion in the Land Use about L-8, but we never reached any agreement on it. It was going to come back. What's the status of L-8? When will we discuss that?

Mayor Holman: Can I suggest one thing? We vote on this Motion, and then we come back with your question about L-8. That way we can conclude this business section. Can we do that? Let's vote on this Motion. The Motion is to adopt the current goals and organization for the Business & Economic Element; modify Goal B-3 to adopt policies that moderate the pace of jobs growth with priority to businesses that provided needed local services and municipal revenues, contribute to economic vitality, enhance the City's physical environment; request Staff provide the CAC comparative impacts of

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businesses types on City revenue generation; consider revenue sources as part of their discussion; cross-reference growth management strategies from the Land Use Element; direct CAC and Staff to consider policies and programs to promote business programs and employer partnerships to significantly mitigate impact of job growth including but not limited to parking, housing and traffic; direct Staff to replace Goal B-2 with "the City's business policies, culture of innovation, balanced economic goals and diverse local and regional-serving businesses combined to stimulate and support viable commercial, retail and professional service business opportunities." With that, vote on the board please. That passes on a 5-0 vote. Council Members Berman, Scharff, Burt and Kniss absent. Thank you all. Vice Mayor Schmid.

MOTION AS AMENDED PASSED: 5-0 Berman, Burt, Kniss, Scharff absent

Vice Mayor Schmid: Just a question about L-8. When does it come back and the Council deal with it?

Mr. Dennis: On January 19th, the Council's going to be having a joint session with the CAC to discuss the Draft Environmental Impact Report. We'll be teeing up the conversation during that presentation. I think there'll be an opportunity then to have that happen.

Vice Mayor Schmid: I guess that was listed as a Study Session, and there will be a total of 35 people involved in it. How can the Council deal with L-8?

Mr. Dennis: We'll be coming back after that. We're going to start the conversation on January 19th, and we'll bring it back to the Council to complete.

Vice Mayor Schmid: After the Study Session or some other time?

Mr. Dennis: Not on January 19th.

Mayor Holman: We did have some discussion about that, did we not? Did we have a discussion about that being an Action Item? That wasn't it, was it?

Ms. Gitelman: We're going to have to figure out how to convene a joint session between the Council and a group of 20-something people. We're still working on the logistics there. Just given the number of people involved, it would be optimistic to think we could have it as an Action Item. It'll probably be a Study Session. We'll have to follow up with an Action Item to get direction from the Council at a later date. We'll work that out before the 19th.

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Mayor Holman: Council Member DuBois, question?

Council Member DuBois: A couple of comments. It's great we got through this. When Comprehensive Plan items come to Council next year, I think it'd be great if you guys, as part of each one, gave us an update on the CAC and we started to have more of a check-in. What I said earlier was if there are revisions or things where we've left it to you to make edits, some of that stuff starts to get produced and it could start to flow back so we don't get it all at once, that would be awesome.

Mr. Dennis: We have programmed in right now multiple check-in points with the Council over the next year on particular elements. It will not all come back at once.

Council Member DuBois: What I'm suggesting is if we can agendize those a little more generally, when you come back with Community Services Element, maybe give us a 10-minute update on the rest of the Comp Plan and the other elements. Again, if you start to have a draft of the vision or whatever, we'll have to figure out how we handle those. I think it'd be good to start to see some of that so it's not a year before we see it again and we've forgotten everything. To echo Council Member Schmid on Land Use, my recollection was we had a bit that we still needed to do. I went back and looked at my notes. We did finish the vision and goals, but we made a Motion where we asked for six or seven things. It wasn't just L-8 that we talked about. We had a discussion about directions on pacing office growth, appropriate land use designations, occupant density. It was a pretty complicated Motion. That's an example of impacts of restaurant versus retail. There was a bunch of stuff in there. When will that come back? I felt like there was a lot of unfinished discussion around land use.

Ms. Gitelman: Council Member DuBois, I'm going to have to go back and look at that Motion. My recollection is that it was direction for the CAC to work on these things. When they complete a draft, that would come back to the Council for your input. The exception was Policy L-8. The Council was explicit that that was in their purview, and you wanted to discuss that issue further. These other items, I thought it was essentially direction to the CAC to examine these issues and address them in policy.

Council Member DuBois: You're correct, except for the one about modern use definitions for commercial zoning. I think we said that should come back to Council. I saw we also have a session scheduled on the joint Housing Element. I had the same question; if we have a joint Study Session, is Council going to have the opportunity to weigh in on the Housing Element on our own?

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Ms. Gitelman: I think that's the same issue. I think we want to enable this in our direct interaction between the Council and the CAC. We'll have to agendaize a subsequent item to get your actual direction, an Action Item either that night or some night shortly thereafter.

Mayor Holman: Thank you. Clarification about the work that we did tonight. I had a note to myself about noise. If Staff would also have the conversation with CAC about ambient noise. We usually talk about direct impact noise; we don't talk that much about ambient noise. Is Staff okay with having that conversation with the CAC?

Ms. Gitelman: That will undoubtedly be part of the conversation. There are some pretty specific requirements in the Government Code of what the noise section has to address. It includes a number of things that will capture ambient noise and what our compatible land use is based on, their noise level. We'll get into that.

Mayor Holman: Thank you. I appreciate that. Seeing no other lights, this meeting is adjourned.

Adjournment: The meeting was adjourned at 10:05 P.M.