

| | |
|--|----|
| ORAL COMMUNICATIONS | 3 |
| APPROVAL OF MINUTES | 3 |
| PUBLIC HEARINGS on BUDGET ADOPTION..... | 3 |
| 1. Public Hearing: Consider Changes to the 2007-08 Water Utility Rates, Including the Adoption of Monthly Customer Charges..... | 4 |
| 2. Public Hearing: Consider Changes to the 2007-08 Refuse Rates..... | 7 |
| 3. Public Hearing: Adoption of the 2007-08 Budget, in-concept Adoption of the 2008-09 Budget and Approval of a Budget Adoption Ordinance, including 1) Exhibit A -The City Manager's 2007-09 Proposed Budget; 2) Exhibit B - All changes detailed in the Amendments to the City Manager's 2007-09 Proposed Budget; 3) Exhibit C – Proposed 2007-08 Municipal Fee Schedule; 4) Exhibit D - Revised Pages to the 2007-09 Table of Organization; 5) Exhibit E - Amendments to the 2007-08 Proposed Municipal Fee Schedule (CMR:272:07) | 11 |
| CONSENT CALENDAR..... | 19 |
| 4. Approval of a Contract with Loral Landscaping Inc. in the Amount of \$514,293 for Landscape Maintenance Services..... | 19 |
| 5. Approve Finance Committee Recommendations for Fiscal Year 2007-09 Human Services Resource Allocation Process Funding for Contracts Over \$85,000 with the Following Agencies: Avenidas in an Amount Not to Exceed \$427,670, Palo Alto Community Child Care, Inc. in an Amount Not to Exceed \$433,271 and Adolescent Counseling Services in an Amount Not to Exceed \$93,100..... | 20 |
| 6. Annual Adoption of the City's Investment Policy | 20 |
| 7. Approval of an Enterprise Fund Contract with Casey Construction, Inc., in the Amount of \$585,034 for the Storm Drain Rehabilitation and | |

| | |
|--|----|
| Replacement Project Phase 1 - Capital Improvement Program Project SD-06101 | 20 |
| 8. Resolution 8719 entitled "Resolution of the Council of the City of Palo Alto Determining the Calculation of the Appropriations Limit for Fiscal Year 2007-08" | 20 |
| 9. Approval of a Contract with Tri-Signal Integration, Inc. in the Amount of \$644,996 for Cubberley Community Center Fire Alarm System Replacement – Capital Improvement Program Project PF-06003 | 20 |
| 10. Agreement Between PAHC Housing Services, LLC and the City of Palo Alto for Administration and Consulting Services for the Below Market Rate Housing Program in the Amount of \$145,000 for Fiscal Year 2007-08 and \$140,000 for Fiscal Year 2008-09 | 20 |
| 11. Approval of an Agreement with SolFocus, Inc. for a Solar-Electric Research Project at the Regional Water Quality Control Plant | 20 |
| PUBLIC HEARINGS | 20 |
| 12. Public Hearing: Assessment for California Avenue Area Parking Bonds - Plan G: FY 2007-2008 | 20 |
| COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES | 21 |
| ADJOURNMENT: The meeting adjourned at 11:02 p.m. | 22 |

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:00 p.m.

Present: Barton, Beecham, Cordell, Drekmeier, Kishimoto, Klein, Kleinberg, Morton, Mossar

ORAL COMMUNICATIONS

Norm Carroll spoke regarding aggressive panhandling.

APPROVAL OF MINUTES

MOTION: Council Member Mossar moved, seconded by Barton, to adopt the minutes of May 7, 2007 as submitted.

MOTION PASSED 9-0.

PUBLIC HEARINGS on BUDGET ADOPTION

City Manager Presentation of 2007-09 Operating and Capital Budgets as Recommended by the City Council Finance Committee

Vice Mayor Klein stated the Finance Committee recommendations were presented to Council for approval. He asked the City Attorney for the procedures to authorize the Council to vote on the water and refuse rate changes.

City Attorney Gary Baum stated water and refuse rates follow the Proposition 218 process. The public had the ability to protest the rate changes and the Mayor would be required to read a script into the public record prior to the public hearing.

City Manager Frank Benest reviewed the budget process regarding cuts and balances.

Director of Administrative Services Carl Yeats stated a sustainable budget was a spending plan that met the needs of the present without compromising the ability of future generations to meet their needs. The City was funding not only the current costs of retiree medical insurance but also the incremental costs each year for future retirees. The significant increase in the cost of infrastructure spending was covered by eliminating operating expenses in the General Fund budget. The total General Fund transfer for 2008-09 was \$9.2 million.

Mr. Benest summarized the City had been disciplined in its spending plan, maintained commitment to core services, reserves, dedicated funding to Top

06/11/07

Five priorities, and a continued investment in local education. The \$3 million challenge was met and a sustainable budget plan was initiated for the future, which addressed future and current liabilities.

Mayor Kishimoto read the Proposition 218 script into the record.

1. Public Hearing: Consider Changes to the 2007-08 Water Utility Rates, Including the Adoption of Monthly Customer Charges

Resolution 8717 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules W-1, W-2, W-4, and W-7 of the City of Palo Alto Utilities Rates and Charges Pertaining to Water Rates"

Utilities Director Valerie Fong stated costs and expected revenue are assessed annually. There were three primary cost drivers; sales levels, wholesale water costs, and operations and maintenance. Customers are charged on a per unit basis to recover costs. There had been an endeavor to inform the customers of the utility rate increase through the utility bill inserts, the utility community announcement, the City Manager's weekly memo, and the City website.

Council Member Kleinberg asked what type of customer utilized a 3 to 8 inch meter.

Ms. Fong replied it was for commercial customers.

Council Member Drekmeier asked whether the City had looked into reading water meters remotely to reduce costs.

Ms. Fong stated there was currently a pilot program in progress.

Council Member Barton asked for clarification on meter fees.

Ms. Fong stated the meter fees were designed to capture the individual customers' usage.

Vice Mayor Klein mentioned the fixed rate charge had been in place until a few years ago.

Ms. Fong stated that was correct.

Vice Mayor Klein asked why the rate schedule had changed.

Ms. Fong stated the thought was to increase sales by volume of growth, which did not materialize.

Vice Mayor Klein stated statistics reflect a significant decrease in usage during the 1970's and without a significant increase to date and asked whether there was a per capita consumption figure.

Ms. Fong stated there had been up to a 40 percent reduction in water usage annually over the past four years.

Council Member Morton recalled there was a five percent reduction in billing rates two years ago.

Assistant Director Utilities Customer Support Services Tom Auzenne stated there had been a W-7 rate schedule introduced that had a discounted feature for installed dedicated irrigation water meters.

Council Member Beecham stated the cost of maintaining the water system was two thirds to three quarters of the entire budget and the single largest increase of \$7 million in the Capital Improvement Projects (CIP).

Utilities Engineering Manager Roger Cwiak stated the emergency water supply project was approximately \$5.9 million for the upcoming year and the water main replacement project was a continuing process.

Council Member Beecham stated the increases from the rate payers were entirely separate from maintaining the water system and the investments in the infrastructure.

Council Member Cordell asked for clarification that there were two proposed rate increases; the customer charge and the ten percent rate increase.

Ms. Fong stated the customer rate increase assumed the ten percent rate increase.

Council Member Cordell clarified the ten percent increase included the flat customer charge and she questioned if the City previously had a customer charge.

Ms. Fong stated from October 1928 to 2003 there had been a customer charge.

Council Member Cordell asked why the charge had stopped in 2003.

Mr. Auzenne stated at the time the City Attorney had reservations regarding Proposition 218.

Mayor Kishimoto asked why the ten percent increase was necessary when the research showed surrounding Cities increasing at a seven percent rate.

Ms. Fong stated she did not have knowledge of the other Cities infrastructure replacement projects and, therefore, could not determine their factors.

Council Member Drekmeier asked whether the surrounding Cities received their water supply from San Francisco.

Council Member Beecham stated he believed Redwood City and Menlo Park were 100 percent on California Water. Mountain View had a mix with a low designation of water from San Francisco.

Mayor Kishimoto declared the Public Hearing opened at 7:50 p.m.

Joe Baldwin, 280 Waverly, spoke regarding the exemption of the proposed water meter tax for the non-profit religious organizations.

V. Bachrach, 4169 and 4179 Oak Hill, spoke regarding the negative effect the increased utility rate would have on the community.

Mayor Kishimoto declared the Public Hearing closed at 7:58 p.m.

MOTION: Council Member Council Member Morton moved, seconded by Council Member Beecham, to accept the Finance Committee and the Utilities Advisory Commission (UAC) recommendation to adopt the resolution to:

- (a) Approve a 10 percent increase to the average system retail water rate, for Fiscal year (FY) 2007-08, effective July 1, 2007, which will increase annual revenue by \$2.2 million. This increase includes the reinstatement of monthly fixed charges, discontinued at the beginning of FY 2003-04, for all customer classes, in order to collect a portion of the utility's fixed operating costs. Revenues from the fixed "customer charge" comprise \$1.6 million of the requested \$2.2 million increase.
- (b) Approve the changes to the Water Utility Rate Schedules;
- (c) Approve the discontinuance of the current discounted rate for commercial, industrial and institutional irrigation customers; and,
- (d) Conceptually approve, in concept, of a 10 percent average system water rate increase for FY 2008-09, which will increase annual revenue by an additional \$2.5 million.

Council Member Morton stated he supported staff and the Finance Committee recommendations.

Council Member Beecham stated the increases were to better maintain the system for the future.

Council Member Kleinberg asked the City Attorney to explain the exemptions for non-profits.

Mr. Baum stated the increase was a fee for services used and could not be exempted.

Council Member Kleinberg asked how the above mentioned non-profit had been exempted from tax increases previously.

Mr. Baum stated it was possible the organization had been exempted from a parcel tax. The increase was a cost recovery for services.

Council Member Kleinberg asked whether the law permitted discounts to non-profits or other classifications.

Mr. Baum stated the difficulty was the Proposition 218 process; the entity or individual must be charged for the cost of the provided services.

Council Member Kleinberg stated the increased fees were forcing a core safety net of services and lower income residents to leave town.

Mr. Auzenne stated there were two programs in place; Project Pledge which was dollars donated by the community to assist lower income individuals with utility bills and General Low Income Program which was in conjunction with the County of Santa Clara.

Council Member Kleinberg asked whether the programs applied to water, refuse, and waste.

Mr. Auzenne stated he was uncertain whether refuse was included.

Council Member Kleinberg asked whether non-profits were included in the programs.

Mr. Auzenne stated he knew of no program available for non-profit organizations.

Mr. Baum questioned the legality of subsidizing non-profits by the previously mentioned programs.

MOTION PASSED 9-0.

Mayor Kishimoto read the Proposition 218 script into the record.

2. Public Hearing: Consider Changes to the 2007-08 Refuse Rates

Resolution 8718 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules R-1, R-2, and R-3 of the City of Palo Alto Utilities Rates and Charges Pertaining to Refuse Collection and Amending Rule and Regulation 11 Governing Utility Services"

Director of Public Works Glenn Roberts stated the Refuse Fund was inclusive of multiple programs; refuse collection and hauling, landfill operations, street sweeping services, household hazardous waste program, and the Smart Station.

Council Member Drekmeier asked if a consumer decreased their mini-can service would their fee decrease.

Mr. Roberts stated the program was predicated upon a weekly service.

Council Member Kleinberg asked for a detailed explanation of the aforementioned revenue shortfall.

Mr. Roberts stated the compensation for PASCO was a contract that had a basis of compensation known as an operating ratio.

Council Member Kleinberg asked why consumers were paying the same rate whether they recycle more or consumed less.

Mr. Roberts stated the contract with PASCO was under review for 2009.

Council Member Kleinberg asked how PASCO had a shortfall when the services and costs were predetermined.

Mr. Roberts stated their fixed cost expenses such as labor, fuel, and health coverage for employees had increased.

Council Member Kleinberg asked what the escalation clause was in the contract.

Mr. Roberts stated the contract had a fixed CPI adjustment factor. The costs mentioned had increased further than anticipated.

Mayor Kishimoto asked for a breakdown of the \$1 million.

Mr. Roberts stated the \$1 million was the funding for an Item in the CIP budget proposal to re-locate the recycling center facilities.

Mayor Kishimoto asked whether the potential reduction of landfill had been reviewed sufficiently in order to save.

Mr. Roberts stated the proposal had been reviewed numerous times.

Mayor Kishimoto asked whether thought had gone into the loss of Bixby Park parking area for the relocation of the landfill.

Mr. Roberts stated the Bixby Park site would be a temporary facility during the construction of the Park and was currently used for landfill purposes.

Mayor Kishimoto asked whether the temporary use required a vote of the public.

City Attorney Gary Baum stated the Council was not approving the transition or the contract this night.

Mr. Roberts stated the landfill issue had approximately eighteen months before it was scheduled for closure.

Mayor Kishimoto declared the Public Hearing opened at 8:25 p.m.

Jan Terry, 925 Laurel Glen Drive, spoke regarding the unsightly waste bins in the community.

Emily Renzel, 1056 Forest Avenue, requested the Council not allow refuse operations to buffer into Bixby Park parklands.

Karen Holman, Homer Street, spoke regarding zero waste policy.

Bob Moss, 4010 Orme Street, spoke regarding the reduction of costs for the mini-can services.

Mayor Kishimoto declared the Public Hearing closed at 8:38 p.m.

Council Member Morton stated the rate increases were necessary to have a feasible and fiscally responsible refuse system.

Council Member Beecham stated the rate differences between refuse can sizes was not linear.

Vice Mayor Klein stated PASCO had been bought by Waste Management Inc. and the contract incorporated the ability to raise service fees at will.

Council Member Drekmeier asked the percentage of min-can users.

Mr. Roberts stated eleven percent.

Council Member Drekmeier asked the ability to reduce the cost for the mini-can service and make up the loss throughout the remaining rate structure.

Mr. Baum stated the determination would need to be related to cost. The rate structure would need to be restructured and a public hearing would be required.

Mr. Roberts stated an outside audit of the program costs and rate structure was completed every two years.

Council Member Drekmeier asked whether Proposition 218 would view a subsidization of some rate payers at the expense of others.

Deputy City Attorney Amy Bartell stated yes.

Mr. Yeats advised PASCO had returned funding to the City in previous year.

Council Member Cordell asked whether the approval of the utility rate increase and vote to further the Capital Improvement project, would include the relocation of landfill facilities.

City Manager Frank Benest stated once approved the project would return to the Council for further discussion. The necessary item at hand was to receive approval for the budget placeholder.

Mr. Roberts stated the adopted Bixby Park master plan showed the three acre parcel as a future potential recycling center.

Council Member Kleinberg asked the service providers' obligation to the residents.

Mr. Roberts stated the Waste Management contract obligation was 25 feet. Waste Management would extend the distance to individuals with hillside lots, long driveways and large acreage properties for a nominal fee to the individual.

Council Member Kleinberg questioned the conflict between street cleaning with the bins being in the street.

Mr. Roberts stated Public Works was currently looking into resolving any outstanding issues.

Mayor Kishimoto asked if the charge was at 100 percent for all sized cans.

Mr. Roberts stated when the cost of service study was completed the result was 100 percent for all sizes. However, with the rate increases he did not have the figures readily available.

MOTION: Council Member Morton moved, seconded by Barton, to approve the Finance Committee and staff recommendation to approve a thirteen percent refuse rate increase and adopt the resolution changing the Utility Rate Schedules and Utility Rule and Regulation 11. Specifically:

- 1) Amend Utility Rate Schedules R-1, "Domestic Refuse Collection," R-2, "Commercial Refuse Collection," and R-3, "Commercial Refuse Collection," for a thirteen percent increase in refuse rates for FY 2007-08 to meet the increased financial obligations of the Refuse Fund.
- 2) Amend Utilities Rule and Regulation 11 "billing, adjustments, and Payments of Bills" to create consistency on the adjustment periods between the Refuse Utility and the other City Utilities.

MOTION PASSED 9-0.

3. Public Hearing: Adoption of the 2007-08 Budget, in-concept Adoption of the 2008-09 Budget and Approval of a Budget Adoption Ordinance, including 1) Exhibit A -The City Manager's 2007-09 Proposed Budget; 2) Exhibit B - All changes detailed in the Amendments to the City Manager's 2007-09 Proposed Budget; 3) Exhibit C – Proposed 2007-08 Municipal Fee Schedule; 4) Exhibit D - Revised Pages to the 2007-09 Table of Organization; 5) Exhibit E - Amendments to the 2007-08 Proposed Municipal Fee Schedule (CMR:272:07)

Ordinance 4954 entitled "Ordinance of the Council of the City of Palo Alto **Adopting the Budget for the Fiscal Year 2007-08 and In-Concept Approval of the Budget for Fiscal Year 2008-09**"

City Attorney Gary Baum stated due to conflicts the budget had been divided into a series of motions.

Mayor Kishimoto stated during public comment all Council Members were eligible to remain at the dais.

Mr. Baum stated the Council Members were not able to comment during oral communications.

Mayor Kishimoto declared the Public Hearing opened at 8:45 p.m.

Karen Holman, Homer Street, stated three corrections: the policy belt N34 did not support the project; C29 was a wrong policy; and policy C72 did not exist.

Mark Nadim, 2927 Alexis Drive, opposed the Fire Station 8 cut.

Bill Terry, 925 Laurel Glen Drive, opposed the Fire Station 8 cut.

Tony Spitaleri, Union President IAFF, suggested funding of Station 8 as a permanent part of the budget.

Chuck Bradley, 2957 Waverley, stated the residents living on fixed incomes are suffering more from Government driven costs of living expenses.

Sean Lanthier, PAFD, opposed the Fire Station 8 cut.

Sandra Hirsh, 226 Creekside, read a motion from the LAC regarding the public private partnership.

Bob Moss, 4010 Orme Street, opposed the Fire Station 8 cut.

Amy Chan, 938 Laurel Glen Drive, opposed the Fire Station 8 cut.

Louise Singleton, 141 Primrose Way, requested the continued funding of Family Resources programs.

Barbara Spreng, President Family Resources, 1585 Edgewood Drive, requested the continued funding of Family Resources Programs.

Jan Terry, 925 Laurel Glen Drive, opposed the Fire Station 8 cut.

Emily Renzel, 1056 Forest Avenue, opposed the recycling center facility being built on Parkland.

Tom Jordan, 474 Churchill Avenue, opposed relocating the landfill.

Mayor Kishimoto declared the Public Hearing closed at 9:30 p.m.

Mr. Baum stated the conflicted Council Members were eligible for participation on Fire Station 8.

Council Member Mossar stated she would not participate in Item No. 3.a due to a conflict of interest because her husband was employed by Stanford University.

Vice Mayor Klein noted he would not participate in items 3.a and 3.b due to a conflict of interest because his wife was employed by Stanford University.

Council Member Cordell stated she would not participate in items 3.a, 3.b

and 3.c due to a conflict of interest because she was employed by Stanford University.

Council Member Kleinberg stated she would not participate in Agenda Item 3.a since her home is within the disallowed radius of one of the wells.

Council Member Morton stated the motion on the floor would fulfill the need for an emergency water supply.

MOTION: Council Member Morton moved, seconded by Beecham, to approve Item 3.a:

- a. The Finance Committee Recommends that the City Council Adopt Sections of the 2007-08 Budget and the 2008-09 In-Concept Budget, Pertaining to the CIP for the Emergency Water Supply Project and the Ordinance Portions Related Thereto.

MOTION PASSED 5-0 Kleinberg, Klein, Cordell, Mossar not participating.

- b. The Finance Committee Recommends that the City Council Adopt the 2007-08 Budget and the 2008-09 In-Concept Budget, Pertaining to the Police and Fire Department Budgets as Modified and the Portions of the CIP Relating to Stanford and the Ordinance Portions Related Thereto.

MOTION: Council Member Morton moved, seconded by Beecham, to separate Item 3 into two parts; Item 3.b.1 (with the Stanford component) and 3.b.2 (without the Stanford Component.)

Council Member Kleinberg asked what portion of the budget impacted the emergency preparedness and disaster planning with Stanford.

City Manager Frank Benest stated Stanford had its own emergency services function throughout the University.

Council Member Kleinberg confirmed the City coordinated with Stanford in emergency situations.

Mr. Yeats stated the contract separated out each function of emergency situations.

MOTION: Council Member Morton moved, seconded by Beecham, to approve Item 3.b.1: The 2007-08 Budget and the 2008-09 In-Concept Budget, Pertaining to the Police and Fire Department Budgets as Modified, related to Stanford University.

MOTION PASSED 6-0 Mossar, Klein, Cordell not participating.

MOTION: Council Member Morton moved, seconded by Mossar, to approve Item 3.b.2: The 2007-08 Budget and the 2008-09 In-Concept Budget, Pertaining to the Police and Fire Department Budgets as Modified and Portions of the CIP with the exclusion of Stanford components, and the Ordinance Portions Related Thereto.

Council Member Morton stated maintaining the staffing of Fire Station 8 at normal pay rates would not pose a problem. The Union contract determined the staffing required senior staff at overtime rates.

Council Member Drekmeier asked whether staffing Fire Station 8 was possible through shifting resources from elsewhere in the community.

Mr. Benest stated the Fire contract calls for a minimum number of staff at all open stations.

Council Member Drekmeier asked if the motion was approved would the City be able to meet and confer with the Union to open Fire Station 8.

Mr. Benest stated yes. The Council could request staff to meet and confer with the Union to work on the minimum staffing requirement.

Vice Mayor Klein asked whether the City allowed the Union access to Fire Stations for time travel tests as stated earlier by Mr. Lanphier.

Mr. Benest stated time trials were not within the scope of the fire fighter duty.

Vice Mayor Klein stated his support to approve the motion and the budget.

Council Member Barton recommended an amendment to the motion to direct City Manager to meet and confer to find other ways to staff Fire Station 8.

Council Member Kleinberg asked whether the amendment process would happen prior to adopting the entire budget.

Mr. Benest stated the budget adoption went in effect July 01, 2007. The meet and confer would happen immediately thereafter.

Council Member Kleinberg stated the meet and confer had no impact on the two-year budget.

Mr. Benest stated conceivably the Union could agree to waive the minimum staffing requirement.

Council Member Kleinberg asked whether a budget amendment ordinance would return to the Council for review.

Mr. Benest stated staff would return immediately with an agreement from the Union.

INCORPORATED INTO THE MOTION WITH APPROVAL OF MAKER AND SECONDER to direct the City Manager to "meet and confer" with the IAFF Union to determine other ways to staff Station No. 8.

MOTION PASSED 6-3 Kleinberg, Kishimoto, Cordell no.

Council Member Kleinberg inquired about the temporary Home Land Security employee.

Police Chief Lynne Johnson stated the position was budgeted for an additional six months.

Council Member Kleinberg requested the outcome for Home Land Security, emergency and disaster planning outreach after the term had ended.

Ms. Johnson stated those programs would be incorporated into the Assistant Police Chief position.

Council Member Kleinberg asked what reductions could be expected in those programs.

Ms. Johnson stated there would be minimal reduction to the outreach program and no reduction in other services.

Council Member Kleinberg questioned the reduction of a Community Services Office.

Ms. Johnson stated the position was backfilled with an hourly position.

Council Member Kleinberg asked how much of the budget for Fire Station 8 was paid for by Stanford.

Mr. Benest stated Stanford paid one-third of all overhead.

Council Member Kleinberg stated one-third of the cost to maintain Fire Station 8 was being utilized for noise suppression and asked about the noise complaints.

Mr. Benest stated \$40,000 was budgeted to maintain the current level of enforcement of noise complaints.

Council Member Kleinberg confirmed the reduction of a Community Services Officer reduced the budget by \$55,000 and added an hourly position at \$40,000.

Mr. Benest stated yes.

Council Member Cordell stated the issue on Fire Station 8 was public safety. The cost to maintain Fire Station 8 was far less than the liability to the City if there is destruction without the Station.

Council Member Morton stated his support to approve motion with the direction of staff to meet and confer with the Union.

Mayor Kishimoto asked when and where the last fire was in the foothills.

Fire Chief Nick Marinaro stated it was in 1992 in the lower foothills of Stanford and in 1985.

Mayor Kishimoto asked whether there was an unusually high fuel load in the hills.

Mr. Marinaro stated it was three times the normal load of brush and small timbers.

Mayor Kishimoto asked who maintains the grass.

Mr. Marinaro stated the Public Works Department.

Mayor Kishimoto questioned controlled burns to assist with the elimination of the excess fuels.

Mr. Marinaro stated controlled burns were rare in the area.

Mayor Kishimoto asked about the draft copy of the Fire Agency Plan.

Mr. Marinaro stated the updated plan had not been adopted.

Mr. Benest stated staff was currently in discussion on the matter.

Mayor Kishimoto asked whether there were fire prevention policies and measures.

Mr. Marinaro stated yes. Pre-season fire inspections are completed and preventative information was mailed out.

Mayor Kishimoto stated the vegetation clearance is mandatory.

Mr. Marinaro stated a 30 foot clearance is required.

Mayor Kishimoto asked the standard response time for other hillside Cities.

Mr. Marinaro stated the information received was a benchmark of first responder to arrive in twelve minutes, second in fifteen minutes, and the third within twenty minutes.

Mayor Kishimoto asked how many Cities rely on County services.

Mr. Marinaro stated Los Altos Hills and Los Gatos are serviced by Santa Clara County Fire Department.

Mayor Kishimoto asked what the Palo Alto response time was.

Mr. Marinaro stated the location determined the response time.

Mayor Kishimoto asked whether the heightened fuel load was considered in high fire days.

Mr. Marinaro stated high fire days were determined by temperature, humidity and wind.

Council Member Morton stated he would not participate in Agenda Items 3.c and 3.d because Palo Alto Community Child Care and Project Sentinel are clients of his company.

Council Member Barton stated he would not participate in Items 3.c and 3.d because he is a Board Member of the Community Working Group.

Council Member Cordell stated she would not participate in Items 3.c and 3.d because she is a Board Member of the Community Working Group.

Budget Manager David Ramberg requested a correction to 3c; change FY to 2007-08.

MOTION: Council Member Beecham moved, seconded by Klein, to approve Items 3.c and 3.d as follows:

- c. The Finance Committee Recommends the City Council Approve One-Time Funding from 2007-08 City Council Contingency, as Follows: \$16,300 for Human Services Resource Allocation Process (HSRAP): (Avenidas, PAC, Second Harvest Food Bank and Project Sentinel) and \$20,000 for the Family Resources Program and the

Ordinance Portions Related Thereto.

- d. The Finance Committee Recommends the City Council Adopt Sections of the Community Services and Planning Department 2007-08 Budget and the 2008-09 In-Concept Budget as Modified, Pertaining to Nonprofit Entities, including Community Services Block Grant (CDBG) and Human Services Resource Allocation Process (HSRAP) and the Ordinance Portions Related Thereto.

MOTION PASSED 6-0 for Items 3.c and 3.d Barton, Cordell, Morton not participating.

City Auditor Sharon Erickson stated she supported increasing the infrastructure transfer and increased funding for retiree health benefits.

MOTION: Council Member Morton moved, seconded by Barton, to approve Agenda Items 3.e through 3.i.

- e. The Finance Committee Recommends the City Council Adopt the Remaining Items in the 2007-08 Budget and the 2008-09 In-Concept Budget as Modified and the Ordinance Portions and Resolutions Related Thereto.
- f. The Finance Committee Recommends the City Council Adopt the Following Resolutions:
 - (i) Resolution 8722 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules E-1, E-1-G, E-2, E-2-G, E-3, E-4, E-4-G, E-4-TOU, E-7, E-7-G, E-7-TOU, E-14, E-16, E-18, and E-18-G of the City of Palo Alto Utilities Rates and Charges Pertaining to Electric Rates
 - (ii) Resolution 8723 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage)
 - (iii) Resolution 8724 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules G-1, G-2, G-3, G-4, G-6, G-10, G-11 and G-12 of the City of Palo Alto Utilities Rates and Charges Pertaining to Gas Rates
 - (iv) Resolution 8725 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules EDF-1 and EDF-2 of the City of Palo Alto Utilities Rates and Charges Pertaining to Fiber Optic Rates
 - (v) Resolution 8726 entitled "Resolution of the Council of the City of Palo Alto Amending the Compensation Plan for Management and Professional Personnel Adopted by Resolution No. 8678 to Amend Certain Classification Titles, Reinstate One Classification and Amend Certain Classification Compensation Grades

- (vi) Resolution 8727 entitled "Resolution of the Council of the City of Palo Alto Amending the Compensation Plan for Classified Personnel (SEIU) Adopted by Resolution No. 8658, to Add New Classifications, Amend Certain Classification Titles and Amend Certain Compensation Tables
- (vii) Resolution 8728 entitled "Resolution of the Council of the City of Palo Alto Amending The Compensation Plan For Fire Department Personnel (IAFF) Adopted By Resolution No. 8694, To Change The Compensation Table For Certain Classifications
- g. The Finance Committee Recommends the City Council Direct Staff to Return to the Finance Committee with a Discussion on Establishing a Process to Address the Ecological Stewardship of the City's Natural Resources.
- h. The Finance Committee Recommends the City Council Direct Staff to Return to the Finance Committee with a Status on the Effort to Update the List of Infrastructure Needs and Costs and Include a Discussion of Storm Drainage Capital Projects.
- i. The Finance Committee recommends to the City Council on Fiscal Year 2007-09 Contract Scopes of Professional Services Agreements Greater than \$85,000 the Following (CMR:242:07):
 - The Council Review the Contract Scopes of Service of 2007-09 Professional Service Agreements Greater than \$85,000, for All Infrastructure Management Plan and Non-Infrastructure Management Plan Projects, and its Proposed Changes, and Direct Staff to Proceed with the Approved Scopes of Services.

MOTION: Council Member Morton moved, seconded by Barton, to approve staff's recommendation:

MOTION PASSED 8-1 for Items 3.e through 3.i Kleinberg no.

CONSENT CALENDAR

MOTION: Council Member Mossar moved, seconded by Barton to approve Consent Calendar Item Nos. 4 through 11.

Council Member Council Member Morton stated he would not participate in Agenda Item No. 5 due to a conflict of interest because his company performs audit services for the Palo Alto Community Child Care and Adolescent Counseling Services.

- 4. Approval of a Contract with Loral Landscaping Inc. in the Amount of \$514,293 for Landscape Maintenance Services

5. Approve Finance Committee Recommendations for Fiscal Year 2007-09 Human Services Resource Allocation Process Funding for Contracts Over \$85,000 with the Following Agencies: Avenidas in an Amount Not to Exceed \$427,670, Palo Alto Community Child Care, Inc. in an Amount Not to Exceed \$433,271 and Adolescent Counseling Services in an Amount Not to Exceed \$93,100
6. Annual Adoption of the City's Investment Policy
7. Approval of an Enterprise Fund Contract with Casey Construction, Inc., in the Amount of \$585,034 for the Storm Drain Rehabilitation and Replacement Project Phase 1 - Capital Improvement Program Project SD-06101
8. Resolution 8719 entitled "Resolution of the Council of the City of Palo Alto Determining the Calculation of the Appropriations Limit for Fiscal Year 2007-08"
9. Approval of a Contract with Tri-Signal Integration, Inc. in the Amount of \$644,996 for Cubberley Community Center Fire Alarm System Replacement – Capital Improvement Program Project PF-06003
10. Agreement Between PAHC Housing Services, LLC and the City of Palo Alto for Administration and Consulting Services for the Below Market Rate Housing Program in the Amount of \$145,000 for Fiscal Year 2007-08 and \$140,000 for Fiscal Year 2008-09
11. Approval of an Agreement with SolFocus, Inc. for a Solar-Electric Research Project at the Regional Water Quality Control Plant

MOTION PASSED 8-0 for Item No. 5 Morton not participating.

MOTION PASSED 9-0 for Item No. 4 and Item Nos. 6 through 11

PUBLIC HEARINGS

12. Public Hearing: Assessment for California Avenue Area Parking Bonds - Plan G: FY 2007-2008

Council Member Kleinberg stated she would not participate in Item No. 12 since the office leased by her company is within the California Avenue Area.

Mayor Kishimoto declared the Public Hearing opened at 10:53 p.m.

Mayor Kishimoto declared the Public Hearing closed at 10:55 p.m.

MOTION: Vice Mayor Klein moved, seconded by Mossar, to adopt the resolutions confirming the Engineer's Report and Assessment Roll for:

- California Avenue District, Project No. 86-01,
- California Avenue District, Project No. 92-13

Resolution 8720 entitled "Resolution of the Council of the City of Palo Alto Confirming Engineer's Report and Assessment Roll California Avenue Keystone Lot Parking Project No. 86-01 (for Fiscal Year 2007-2008)"

Resolution 8721 entitled "Resolution of the Council of the City of Palo Alto Confirming Engineer's Report and Assessment Roll California Avenue Parking Project No. 92-13 (for Fiscal Year 2007-2008)"

MOTION PASSED 8-0 Council Member Kleinberg not participating.

* * * * *

***AT THIS POINT IN THE PROCEEDINGS, THE CITY COUNCIL WILL
ADJOURN TO A SPECIAL MEETING AS THE PALO ALTO
REDEVELOPMENT AGENCY***

* * * * *

The Council reconvened as the City of Palo Alto City Council at 10:55 p.m.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM
CONFERENCES

Council Member Council Member Drekmeier stated he attended the Community Resources Group for Stanford University General Use Plan (GUP) regarding "no new net car trips" on campus, and Stanford has met compliance.

Council Member Council Member Mossar reported she recently returned from Minneapolis where she attended the National League of Cities Energy Environment and Natural Resources Steering Committee meeting. She noted the impressive sustainability programs and goals developed by Minneapolis. Elements of their program are: 1) a City Sustainability Coordinator in the City Manager's Office; 2) taxis cannot receive licenses unless they meet strict fuel efficiency standards; 3) rain barrels are provided free to all residents; 4) they have taken a stand against large hydro power and do not count it as a renewable source of power; and 5) a very stringent anti-idling program for all City vehicles.

Mayor Kishimoto said she attended the Santa Clara Cities Association meeting on climate protection last week and gave a presentation on Palo

Alto activities. There are 15 cities taking joint action to develop a model green building ordinance, joining Joint Venture Silicon Valley to look at a green purchasing pool, and a common ICLEI workshop. She distributed a postcard regarding an IDEO event at 5 p.m. on Thursday sponsored by Palo Alto Green.

ADJOURNMENT: The meeting adjourned at 11:02 p.m.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.