

Special Meeting
February 19, 2008

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The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:15 p.m.

Present: Barton, Burt, Drekmeier, Espinosa, Kishimoto, Klein, Morton, Schmid, Yeh

CLOSED SESSION

1. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Authority: Government Code Section 54956.8

Property: 4000 Middlefield Avenue, Assessors Parcel Number:
147-08-052

Negotiating Party: Andy Dunn, Vice Chancellor Business Services,
Foothill De Anza Community College District"

City Negotiator: Frank Benest, Donald Larkin, Steve Emslie, Lalo
Perez, Martha Miller

Subject of Potential Negotiations: Price and Terms of Payment for Sale
or Lease

Mayor Klein noted that there was no reportable action, and that this item would be continued to the end of the meeting.

11. Direction to Recruiter Regarding Process for City Manager Recruitment
(Item continued to Monday, February 25, 2008 by earlier motion)

MOTION: Mayor Klein moved, seconded by Council Member Barton to continue agenda item number 11 to Monday, February 25, 2008.

MOTION PASSED: 9-0

SPECIAL ORDERS OF THE DAY

2. Resolution 8801 entitled Resolution of the City of Palo Alto "Expressing Appreciation to Sharon Winslow Erickson Upon Her Departure"

MOTION: Council Member Morton moved, seconded by Council Member Barton to adopt the Resolution Expressing Appreciation to Sharon Winslow Erickson Upon Her Departure

MOTION PASSED: 9-0

City Auditor Sharon Erickson stated her appreciation to the Council, City Staff, the community and her staff over her six and a half years of service.

Council Member Kishimoto shared her thoughts of appreciation to Ms. Erickson.

Council Member Yeh wished Ms. Erickson the best in her endeavors.

Council Member Morton thanked Ms. Erickson for her service over the years.

ORAL COMMUNICATIONS

Bob Moss spoke regarding the graffiti issues around the city.

Herb Borock spoke regarding the budget process.

Ken Freiberg spoke regarding the Children's Theatre.

APPROVAL OF MINUTES

December 17, 2007

Mayor Klein noted that City Clerk Grider requested that the minutes of December 10, 2007 be removed from the agenda as they had been previously approved.

MOTION: Council Member Barton moved, seconded by Vice Mayor Drekmeier to approve the minutes of December 17, 2007 as submitted.

MOTION PASSED: 9-0

CONSENT CALENDAR

Vice Mayor Drekmeier noted that he would not be participating in Consent Calendar Item number 4 due to his conflict because of his employer.

MOTION: Council Member Barton moved, seconded by Council Member Kishimoto to Approve Consent Calendar Item Numbers 3 - 6.

3. Resolution 8796 entitled Resolution of the City of Palo Alto "Scheduling the City Council Vacation and Winter Closure in Calendar Year 2008"
4. Resolution 8797 entitled Resolution of the City of Palo Alto "Utilities Advisory Commission Recommendation Approving the Utilities' Legislative Priorities for 2008"
5. Resolution 8798 entitled "Approving the Northern California Power Agency Third Phase Agreement for Western Geopower Incorporated Renewable Energy Power Purchase Agreement for the Acquisition of Up to Five Average Megawatts of Energy Over 20 Years at an Estimated Cost Not to Exceed \$86 Million"

6. 1st Reading Ordinance Approving and Adopting a Park Improvement Plan for Alexander Peers Park; Ordinance 4969 entitled **"Budget Amendment Ordinance Amending the Budget for the Fiscal Year 2007-08 to Provide an Additional Appropriation of \$71,556 to Capital Improvement Program (CIP) Project PE-08002, Peers Park Improvements"** and Approval of a Contract with Santa Clara Construction & Engineering, Inc., in the Amount of \$444,326 for Construction of Alexander Peers Park Improvements – CIP Project PE-08002

MOTION PASSED for Items 3, 5 & 6: 9-0

MOTION PASSED for Item 4: 8-0, Drekmeier not participating

PUBLIC HEARINGS

7. 1st Reading Ordinance Amending Section 18.08.040 of the Palo Alto Municipal Code (the Zoning Map) to Change the Classification of Property Known as 449-451 Addison Avenue from R-2 to Planned Community to Allow the Subdivision of the 9,995 Square Feet Parcel with Two Residences on the City's Historic Inventory into Two Separate Parcels

Director of Planning and Environmental Communities Steve Emslie stated the staff report was self explanatory and the City received a public benefit in the permanent preservation of the historic structures on the property in exchange for the subdivision and the ability for the property to be sold to individual owners.

Public Hearing opened at 7:45 p.m.

Jim Baer stated staff was correct in that the Planning and Transportation Commission arrived at the unanimous approval subject to one abstention.

Margo Schmidt, 449 Addison Ave., stated the property and homes on it were such that preserving their historic reference was imperative.

Martin Bernstein, Chair of the Historic Resource Board requested a correction to the Ordinance language in section 2, paragraph D, paragraph I, in the last sentence should read "for the benefit" instead of "of the benefit."

Beth Bunnenberg, 2351 Ramona Street, spoke regarding the off-street parking and advocated the covenant as a great preservation tool.

Gail Woolley spoke regarding the covenant being a part of the incentive programs for preserving the history of Palo Alto.

Herb Borock spoke regarding the R-2 zone regulations not being followed by the property ownership.

Public Hearing closed at 8:01 p.m.

MOTION: Council Member Morton moved, seconded by Council Member Espinosa to;

1. Adopt the Planned Community Ordinance which will;
 - a. Allow for the creation of a new lot, and the reduction in size of an existing lot in the R-2 zoning district that will have resultant sizes of at least 6,000 feet;
 - b. Allow for the creation of a lot in RF-2 zoning district that will not have at least 60 feet of street frontage and will not be at least 60 feet in width;
 - c. Allow for the required off-street parking spaces for the rear lot to be located within the required front-yard setback;
 - d. Allow for the location of a detached accessory structure for required covered parking to be located in the required front-yard setback of the rear property; and
 - e. Require the property owner to record legal covenants and restrictions requiring the two newly created properties and their existing historically designated structures to be maintained in accordance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

Council Member Morton stated his support for the staff recommendation.

Council Member Espinosa stated his support for the staff recommendation.

Council Member Barton asked whether the City Attorney had the opportunity to review the typographical errors and the R-2 zoning concern mentioned during public testimony.

City Attorney Gary Baum stated there was a typographical error in Section 2 (d)(i). The language should read "parcels for the benefit of". He stated he was unaware whether both tenants were on the application, however if the title was held in tenant in common then both would need to have filed.

Council Member Schmid asked the economic benefits to the owner of the property.

Mr. Emslie stated the application was signed by Ms. Schmidt and staff was verifying the title report.

Mr. Baum verified the title was held as tenants in common therefore there should be a letter of approval from the other tenant prior to Council approval.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to correct the ordinance Page One, Section 2 (d) (i) second sentence, "...allowing the subdivision of the parcel into two separate parcels *for* the benefit of preserving both historic..." and note the approval of the project would be subject to a letter from the other tenant in common of the property before approval is effective.

Council Member Yeh asked whether the cost of rehabilitating or repairs to the home(s) would fall on the City.

Mr. Baum stated his understanding of the covenant was the full obligation would fall upon the owner.

Council Member Schmid asked whether there was an economic benefit to the owner of the property.

Mr. Emslie stated yes, ownership conveyed more value than a rental property.

Council Member Schmid asked how the Historical Preservation Code was updated.

Mr. Emslie stated attempts to update the conditions for Categories 1 through 4 and comprehensive changes on the Historical Preservation list were proposed and implemented but ultimately repealed in the late 1990's.

Council Member Schmid clarified the date the house was built was the criteria.

Mr. Emslie stated generally houses that were fifty years or older become potentially eligible for the Historic Preservation listing so as each year passes more houses become eligible.

Council Member Kishimoto asked whether the covenant allowed any expansion subject to the Secretary of Interior standards.

Paul Mennega stated the Historic Resources Board would be reviewing the rehabilitation to bring the project into conformance.

Council Member Kishimoto clarified the language stated "prohibiting future expansion" and asked whether that was the intent.

Mr. Mennega stated the intent of the language was to convey the site was not to be subject to future development.

Council Member Kishimoto stated her support for the Motion.

Council Member Burt asked whether the intent of staff or the Planning & Transportation Commission was to return in a future date with a recommendation on an alternative to a Planned Community (PC) to accomplish preservation of historic structures in R-2 Districts anywhere else where current code may not currently exist.

Mr. Mennega stated the Planning & Transportation Commission brought the subject to the table to have staff review the zoning to incorporate historic preservation.

MOTION PASSED: 9-0

8. Approval of a Tentative Map and Record of Land Use Action to Create Six Residential Condominium Units on a .57 Acre Lot at 433 West Meadow Drive

MOTION: Mayor Klein moved, seconded by Council Member Morton to continue this agenda item to the Council meeting of March 24, 2008.

MOTION PASSED: 9-0

9. Finance Committee Recommendation to Consider Midyear Changes to the 2007-08 Municipal Fee Schedule, Including Adoption of New Fees, and Increasing Existing Fees, Rates or Assessments; Adoption of: (1) Ordinance 4992 entitled "**Budget Amendment Ordinance Amending the Budget for the Fiscal Year 2007-08 to Adjust Budgeted Revenues and Expenditures in Accordance with the Recommendations in the Midyear Report**"; (2) Resolution 8799 entitled "Amending the Compensation Plan for Management and Professional Personnel and Council Appointees Adopted by Resolution No. 8748 to Add Two New Classifications"; and (3) Resolution 8800 entitled "Amending the Compensation Plan for the Service Employees International Union (SEIU) Adopted by Resolution No. 8658 to Add One New Classification".

Council Member Morton stated the Finance Committee unanimously recommended the Council adopt the midyear budget changes.

Director of Administrative Services Lalo Perez went over the General Fund summary.

Council Member Morton stated Exhibit A on page 1 showed a projected deficit of 3.9 million dollars to a projected deficit of 1.7 million dollars which was the correct direction.

Council Member Schmid asked whether the removal of the expected 1.3 million dollars from the City of Sunnyvale changed other plans regarding the relocation or rebuilding of the Animal Services facility.

Mr. Perez stated no.

Council Member Yeh asked the Director of Utilities, Val Fong to give a brief overview of the Utilities Fund.

Director of Utilities Valerie Fong stated the total revenue reserves guidelines will be met for this year. It was anticipated that the gas guidelines would be low; however there was a plan to increase the gas rates.

Council Member Yeh asked whether the second quarter sales tax figures were available.

Mr. Perez stated yes, the sales tax figures were available reflecting a negative number.

Public Hearing opened and closed with no public speakers.

MOTION: Council Member Morton moved, seconded by Council Member Espinosa to:

1. Adopt a Budget Amendment Ordinance which includes;
 - a. Proposed midyear adjustments to the 2007-08 Budget for the General Fund, Enterprise Funds, Special Revenue Funds, Internal Service Funds, and Capital Improvement Fund.
 - b. New or amended 2007-08 Capital Improvement Program project descriptions.
 - c. Amendments to the 2007-08 Adopted Municipal Fee Schedule.
 - d. Amendments to the 2007-08 Table of Organization
2. Adopt Resolution amending the 2007-08 Management/Professional Compensation Plan; and
3. Adopt Resolution Amending SEIU Compensation Plan

MOTION PASSED: 9-0

COUNCIL MATTERS

10. Request for Authorization to Engage an Executive Recruiting Firm for City Auditor Search; and for Direction on Scope of Services/Timeline for Recruitment

MOTION: Council Member Barton moved, seconded by Council Member Morton to Approve the Request to Engage an Executive Recruiting Firm for the City Auditor Search and to not have public input for the recruitment of the City Auditor.

MOTION PASSED: 9-0

Assistant City Manager Emily Harrison asked whether Council directed the process to include public input.

Council Member Morton stated if it were deemed necessary by the Recruiter at a later date then public input would be acceptable.

Ms. Harrison stated the proposal from the Recruiters' needed to include public outreach if there was to be any.

Council Member Morton stated he would leave it up to his colleagues.

Mayor Klein clarified the Motion did not include public input.

Council Member Morton stated yes.

Council Member Barton stated yes.

Council Member Kishimoto asked whether the public could give input regarding the Auditor during the City Manager hearing.

Mayor Klein stated the decision was to keep both recruitments separate.

Council Member Burt asked what the process steps were in hiring Ms. Erickson and how it was varying from the current process.

City Manager Frank Benest stated the Council had approved a profile for the previous City Auditor position and there was no public comment.

Council Member Yeh stated the City Auditor, being one of the four Council Appointed Officers (CAO) positions, should have public input for the recruitment.

Council Member Schmid asked whether a website/mailbox could be created for the City Auditor search as was for the City Manager search as a way to reach out to the community.

Mr. Benest stated if Council wished, a mailbox could be created in support of the ideal Auditor candidate.

Council Member Morton accepted the friendly amendment to create an Auditor website/mailbox for purposes of accepting community input.

AMENDMENT: Council Member Schmid moved, seconded by Council Member Morton to have a website/mailbox setup by the City Manager for sending out messages requesting public input on the characteristics of the new City Auditor.

Council Member Burt asked for clarification on the process.

Ms. Harrison stated the Council CAO Committee would review the responses to the RFP and reduce the list of proposals. The process would then follow the City Manager recruitment without a public hearing to discuss their preferred candidate.

Council Member Barton stated the question seemed to be on the scope of work for the consultant, not whether the public could come to speak to the Council of what they want to see in the City Auditor.

MOTION PASSED: 8-1, Yeh no

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES

Council Member Barton announced that he would be taking on a role at Stanford University and therefore he will recuse himself in the future from matters involving Stanford University.

Council Member Kishimoto spoke about the success of the Amgen Tour that occurred on February 17, 2008, and to congratulate everyone involved. She spoke regarding a proposal regarding the representation of the small cities on the VTA Board. She also spoke about being appointed through the Air District to the Joint Policy Committee at the nine Bay Area Counties level, which includes ABAG, MTC, and Air District.

Council Member Morton spoke about attending the memorial service for Michael Litfin and then the Amgen Tour.

Council Member Schmid spoke regarding attending the Avenidas Board meeting and that the President is a real supporter of the Council's Civic Engagement policy.

Vice Mayor Drekmeier spoke about the Council's involvement in the rowing competition against the civic leaders as a fund raiser for the Downtown Street Team during the Amgen Tour this last weekend. The City Council prevailed and won the trophy again.

Mayor Klein spoke regarding a website that has been setup by the City for comments by the public on the recruitment for the new City Manager. He also spoke regarding the memorial service for Michael Litfin, and Council Member Morton's accounting firm's donation to pay for the memorial service program.

Council adjourned into the closed session at 8:47 p.m.

CLOSED SESSION

1. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Authority: Government Code Section 54956.8
Property: 4000 Middlefield Avenue, Assessors Parcel Number:
147-08-052
Negotiating Party: Andy Dunn, Vice Chancellor Business Services,
Foothill De Anza Community College District"
City Negotiator: Frank Benest, Donald Larkin, Steve Emslie, Lalo
Perez, Martha Miller
Subject of Potential Negotiations: Price and Terms of Payment for Sale
or Lease

Mayor Klein noted that there was no reportable action, and that this item would be continued to the end of the meeting.

No reportable action was taken.

ADJOURNMENT: The meeting was adjourned at 9:45 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.