

Special Meeting
May 21, 2007

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The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:02 p.m.

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

Absent: Beecham, Mossar

STUDY SESSION

1. Joint Meeting with City Council and Youth Council on Local Youth Issues

No action required.

ORAL COMMUNICATIONS

None.

ADJOURNMENT 6:55 p.m.

The City Council of the City of Palo Alto met on this date in the Council Conference Room at 7:04 p.m.

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

ORAL COMMUNICATIONS

Mark Petersen-Perez, Addison Avenue, spoke regarding affordable housing.

Jeff Hoel, 731 Colorado Avenue, spoke regarding Assembly Bill 559 to study the disinfectant chloramine.

Robert Moss, 4010 Orme, urged that the graffiti program continue.

Larissa Flores, 2135 Clarke Avenue, East Palo Alto, spoke regarding Romic Environmental.

Dalila Adofo, 2135 Clarke Avenue, East Palo Alto, spoke regarding Romic Environmental.

Miriam Cruz, 1129 Teris Avenue, East Palo Alto, spoke regarding Romic Environmental.

Roger Madriz, 1144 Teris Avenue, East Palo Alto, spoke regarding Romic Environmental.

APPROVAL OF MINUTES

MOTION: Council Member Mossar moved, seconded by Barton, to adopt the minutes of April 16, 2007, as amended.

MOTION PASSED 9-0.

CONSENT CALENDAR

MOTION: Council Member Morton moved, seconded by Barton, to approve Consent Calendar Item Nos. 1 through 10

Tom Jordan, Churchill Street, spoke regarding Item No. 5 stating he was not opposed to the project but felt the procedure was in violation of the City Charter. He said the City Attorney indicated the verbiage in Article 8, Paragraph 2, did not apply: "No land heretofore, hereafter dedicated for such purposes shall be sold, otherwise disposed of, nor its use be abandoned or discontinued." Abandoned or discontinued meant interrupted. There was a two-year interruption and the Charter required a mandatory binding vote and not an advisory vote. Paragraph 3 applied to park improvements only on parkland and not to non-park improvements on parkland. He asked the Charter be amended to give the City latitude but to carefully define what improvements would be done to parks.

Jeff Hoel, 731 Colorado Avenue, spoke regarding Item No. 6 raising concern regarding the amount of ash in the wastewater and the cost to the City until the problem was solved. The copper content had increased since 2004 when the disinfectant was switched from chlorine to chloramines. In 2007, 60 percent of copper in the Bay was from the copper pipe corrosion in homes caused by chloramine. He suggested holding a study session to resolve the problem.

Council Member Mossar stated she would not participate in Consent Calendar Item Nos. 1-5 due to a conflict of interest because her husband was employed by Stanford University.

Vice Mayor Klein stated he would not participate in Consent Calendar Item Nos. 1-5 due to a conflict of interest because his wife was employed by Stanford University

Council Member Kleinberg stated she would not participate in Consent Calendar Item Nos. 1-5 due to a conflict of interest because she owned property within 500 feet of Eleanor Pardee Park.

Council Member Cordell stated she would not participate in Consent Calendar Item Nos. 1-5 due to a conflict of interest because she was employed by Stanford University.

1. 2nd Reading – Ordinance 4948 entitled "**Ordinance** of the Council of the City of Palo Alto **Approving and Adopting Plans for Improvements to Peers Park**"
2. 2nd Reading - Ordinance 4949 entitled "**Ordinance** of the Council of the City of Palo Alto **Approving and Adopting Plans for**

Improvements to Rinconada Park"

3. 2nd Reading - Ordinance 4950 entitled "**Ordinance** of the Council of the City of Palo Alto **Approving and Adopting Plans for Improvements to Timothy Hopkins Creekside Park**"
4. 2nd Reading - Ordinance 4951 entitled "**Ordinance** of the Council of the City of Palo Alto **Approving and Adopting Plans for Improvements to Eleanor Pardee Park**"
5. 2nd Reading - Ordinance 4952 entitled "**Ordinance** of the Council of the City of Palo Alto **Approving and Adopting Plans for Improvements to El Camino Park**"
6. Approval of an Enterprise Fund Contract with Clean Harbors Environmental Services in the Base Amount of \$234,576 for Provision of Services for Transportation and Disposal of Ash for the Regional Water Quality Control Plant
7. Resolution 8712 entitled "Council of the City of Palo Alto Hereby Approves Changes to the Energy Risk Management Policy that Would Permit the City to Transact in Congestion Revenue Rights Products and Approving the Execution of One or More Contracts in Regard to These Products with the California Independent System Operator Corporation Either Directly or Indirectly Through the Northern California Power Agency"
8. This Item was Intentionally Removed
9. Approval of an Enterprise Fund Contract with Casey Construction in the Total Amount of \$430,660 for the Raw Sewage Valve Replacement Project at the Regional Water Quality Control Plant - Capital Improvement Program Project WQ-04011
10. Cancellation of July 2, 2007 Regular Council Meeting

MOTION PASSED 5-0 for items 1 through 5 Cordell, Klein, Kleinberg, Mossar not participating.

MOTION PASSED 9-0 for items 6, 7, 9 and 10

PUBLIC HEARINGS

11. Public Hearing: 1st Reading - Adoption of an **Ordinance Establishing a Citywide Transportation Impact Fee and**

Amending the Palo Alto Municipal Code, Title 16 (Building Regulations) by Adding Chapter 16.59 - Citywide Transportation Impact Fee.

City Attorney Gary Baum said three Council Members were conflicted with items related to Stanford and, therefore, Item No 11 would be split into two items. The full Council could participate in the Transportation Impact Fee with the exception of the Stanford-owned lands. The second portion would be Stanford only. The Stanford conflicted members would declare their conflict and leave the dais and then the Stanford-related Transportation Impact Fee and any related issues could be considered by the remaining Council Members.

Planning Administrator Jon Abendschein provided a presentation as outlined in staff reports CMR:247:07 and CMR:181:07.

Vice Mayor Klein asked how many projects were in the pipeline over the size of 100,000 square feet.

Mr. Abendschein said he was not aware of any projects that had submitted an application. The Stanford Shopping Center and Medical Center projects were the only possibilities prior to the exemption expiring.

Mr. Baum said that would be discussed in the second portion of the hearing.

Vice Mayor Klein asked why there was concern if no projects met the qualifications.

Mr. Baum said it was due to the separation of the item.

Director of Planning and Community Environment Steve Emslie said it was due to a longer period of time in adopting impact fees. Instead of the usual two readings with a 30-day period, it was 60 days with a longer window, and applications could be submitted.

Vice Mayor Klein asked whether consideration was given regarding all applications being due retroactive to May 21, 2007.

Mr. Emslie said staff's recommendation was to utilize the same adoption methodology used in 2001-2002 and honor applications in process during the time of adopting the impact fees.

Public Hearing was opened at 7:37 p.m.

Beverley B. Bryant, 675 North 1st Street #620, San Jose, Northern California Executive Director of the Homebuilders Association, said transportation fees extended to businesses are often doubled for in-and-out trips. Below Market Rate (BMR) projects were equally expensive and sometimes more costly due to donated monies and grants that could not be secured. Adding a transportation fee was not an equitable situation. She urged the Council to amend the ordinance to require all for profit BMR units built in subdivisions to be exempt from the fee.

Public Hearing was closed at 7:40 p.m.

Council Member Kleinberg asked how rebuilds were treated when they were the same size as the building torn down.

Mr. Emslie said the ordinance was calculated on net trips generated by the new use. If an apartment building was built to replace another apartment building, there were no net trips for the new structure and, therefore, it would not be subject to the transportation fee.

Council Member Kleinberg asked what the policy was for bringing in retail and creating transportation impacts.

Mr. Emslie said the two incentives were to cap the standard office rate by not charging the full per trip rate and to exempt small retail buildings under 1,500 square feet.

Council Member Kleinberg asked whether consideration was made to encourage retailers into neighborhood centers by providing special incentives.

Mr. Emslie said the action would only affect new construction. There would be no new net trips for retail replacing retail in an existing shopping center because no new trips would be generated. If the rebuild had more trips, the fee increase would only apply to the incremental portion. One hundred percent affordable housing projects would be exempt from transportation fees and all other impact fees. Required BMR units were part of the exclusionary program and subject to the impact fee. BMR units were a known requirement of developers and part of the overall development expense, which was part of the ongoing developer's cost.

Council Member Kleinberg asked whether impact fees would be

mitigated if the developer did more than what was required.

Mr. Emslie said that was part of the exemption.

Council Member Barton asked whether the 100,000 square foot cutoff criteria applied or was everything exempted in the past on impact fee ordinances.

Mr. Emslie said no. The effective date of the impact fee was used in the past, which allowed getting the word out to the people regarding the impact. Sufficient time would be needed if the date were rolled back in order to do outreach during the 60-day waiting period required for the ordinance to become effective.

Council Member Barton asked if it was a change in practice to approve the item with the 100,000 square foot exemption.

Mr. Emslie said a more detailed discussion would take place in the next item since there was an application pending that warranted the exemption.

Council Member Morton advised the computerized traffic management system might be funded and asked whether the system could be installed anywhere in the City.

Mr. Emslie confirmed the system could be installed anywhere in the City.

Council Member Morton said a decision was needed to see if there were remaining fees for the system and other traffic impacts in the next decade.

MOTION: Council Member Beecham moved, seconded by Kleinberg, that the City Council adopt the Ordinance establishing a Citywide Transportation Impact Fee amending the Palo Alto Municipal Code, Title 16, by adding Chapter 16.59, Citywide Transportation Impact Fee, with the exclusion of Stanford-owned lands. Also, to exclude retail services of 50,000 square feet or less.

Council Beecham said his reason for the exclusion of retail services was because retail sales tax brought in revenue which was the single source of funds. Restaurants paid higher rents and pushed the sales of goods better than shopping areas. He wanted to slow the trend down from retail sales to restaurant sales to maintain a more balanced mix. Staff

report CMR:181:07, page 4 of 8, noted the change to exclude retail and other services under 1,500 square feet. He asked the footage be changed to exclude retail services up to 50,000 square feet.

Council Member Cordell asked whether it applied only to retail and whether eating establishments, personal services, and automobile services would continue where the total footage was 1,500 square feet or less.

Council Member Beecham said that was correct.

Mr. Baum clarified an Item 6 would be added to the Exemptions to the Fee list stating retail services to 50,000 square feet or less.

Council Member Mossar said she would not support the motion because there were no prior discussions on the square footage. She requested staff to summarize the discussion regarding retail services and impact fees being set before the Council at this evening's meeting.

Mr. Emslie said retail services were addressed with either a cap to limit the expense or exemption, but were limited to smaller retail rather than the large box retail.

Council Member Mossar said she would support staff's recommendation but would not support the motion.

SUBSTITUTE MOTION: Council Member Morton moved, seconded by Mossar, to accept staff recommendation that the City Council adopt the Ordinance establishing a Citywide Transportation Impact Fee amending the Palo Alto Municipal Code, Title 16, by adding Chapter 16.59, Citywide Transportation Impact Fee, with the exclusion of Stanford-owned lands.

Council Member Beecham said he made the same motion at the Finance Committee Meeting. There was not a second and, therefore, the discussion regarding footage was not heard previously. He clarified that 50,000 square feet was smaller than a big box retail store.

AMENDMENT TO THE SUBSTITUTE MOTION: Council Member Beecham moved, seconded by Kleinberg, to add an Item 6 to the Exemptions: Excluding retail services of 50,000 square feet or less.

Council Member Kleinberg said she was looking for stable retail to come into the larger shopping centers and asked staff for their judgment as to

size of a retail store and whether the neighboring cities have a fee of \$.0388 per square foot.

Mr. Emslie said retailers would make a decision independent of the impact fees. Retailers were more focused on the community's demographics, income, a wide variety of community profile issues, size of the trade area, and completion were more important deciding factors to retailers. A survey of neighboring cities showed Palo Alto was in the upper 30 percent of the impact fees but many of the competing cities covered infrastructure costs.

City Manager Benest concurred with Mr. Emslie and said retailers would not make location decisions based upon this issue.

Council Member Kleinberg asked whether neighboring cities had exempted larger retail establishments or was Palo Alto extremely conservative with 1,500 square feet.

Mr. Emslie said Mr. Abendschein's research did not show any retailer with specific exemptions.

Council Member Kleinberg said she did not feel retailers based their decision solely on location and demographics. The rental fees in Palo Alto were extremely high. Retailers were leaving Palo Alto due to the rise in rents. High-end boutiques were moving in and the citizens complained of not being able to do regular shopping in Palo Alto. She agreed with the intended efforts to take into account the increased impact of traffic and to find the funds to help mitigate, but was concerned about the balance and incentives of bringing the type of retail the community wanted.

Council Member Beecham said the square footage between 20,000 and 50,000 made a difference because he did not feel there would be retailers in that range. He disagreed with staff's recommendation that the fee would not make a difference on potential retailers. Downtown property owners and developers indicated they were proud they had retail tenants versus restaurants because retailers could afford to pay less in rent.

Council Member Morton said the impact fee was a one-time development fee and did not affect monthly rents. A rational basis was needed to impose funds for traffic management and should be on the businesses that produce the traffic.

Vice Mayor Klein was in favor of staff's recommendation.

Council Member Drekmeier supported staff's recommendation.

Council Member Mossar said much of the Palo Alto retail turned over and there was no impact fee when a tenant turned over in an existing building. She felt very few would be affected by the impact fee.

AMENDMENT TO THE SUBSTITUTE MOTION FAILED 2-7 Beecham, Kleinberg yes.

SUBSTITUTE MOTION PASSED 9-0.

Council Member Mossar stated she would not participate in the second part of Item No. 11 due to a conflict of interest because her husband was employed by Stanford University.

Council Member Cordell stated she would not participate in the second part of Item No. 11 due to a conflict of interest because she was employed by Stanford University.

Vice Mayor Klein stated he would not participate in the second part of Item No. 11 due to a conflict of interest because his wife was employed by Stanford University.

Mayor Kishimoto asked whether there was a staff recommendation to the second part of the item.

Mr. Emslie said testimony from Stanford at the Finance Committee Meeting raised concern that the Research Park impact fee did not have a mechanism to reduce the fee if trips were not produced. The Research Park fees had not been evaluated since its adoption prior to the Nexus studies in the 1980's. He recommended the Council to direct staff to return to the Planning and Transportation Commission (P&TC), the Finance Committee and to the Council with modifications to the Research Park fee. It would enable the Citywide transportation fee to take advantage of trip reductions. Staff recommended staff receive the direction and return with recommendations after the subject was thoroughly vetted.

Public Hearing was opened at 8:15 p.m.

Jean Snider, 2755 Sand Hill Road, Menlo Park, said Stanford supported the Citywide Transportation Impact Fee (TIF) and staff's

recommendation to reevaluate the Research Park TIF. They appreciated staff's discussion regarding ways to incorporate the ordinance credit for trip reduction measures or mitigations. Incorporating credit would help elevate the Research Park's total fee burden that would coordinate with the passage of the Citywide TIF and bring the Research Park Fee ordinance in line with the City's other specific TIF's.

Public Hearing was closed at 8:17 p.m.

MOTION: Council Member Beecham moved, seconded by Kleinberg, to approve the Transportation Impact Fee as to Stanford lands and direct that staff return with a recommendation for modifying the Stanford Research Park Transportation Impact Fee to include a credit for trip reduction measures or mitigations undertaken as part of any future project in that area.

Council Member Drekmeier addressed a question from Herb Borock. He said to enact a new Citywide Transportation Impact Fee could impact the Council's freedom of action in mitigating the transportation impacts of the proposed development at the Stanford Shopping Center and Stanford Medical Center. He queried if it possible to require a mitigation of no net new trips for the Shopping Center and the Medical Center if the Council had already included or exempted projects from the Citywide Fee based on the current Nexus Study.

Mr. Emslie said the Citywide TIF covered only a small fraction of projects necessary to fully mitigate the projects. Shopping Center and Medical Center projects would be fully mitigated under the California Environmental Quality Act (CEQA) unless Council decided to override the mitigation requirements.

Council Member Barton raised concern regarding the 100,000 square foot exemption. It was inconsistent with past practice and singled-out a knowable developer for a fee the City had accepted for everyone else in a given period of time. He asked whether the Council would be willing to separate the exemption from the motion.

Mayor Kishimoto said she recalled using a placeholder process on an item being considered in adopting development impact fees. The placeholder process would apply at the time the project came in.

Mr. Baum said he was vaguely familiar with the process. Increased fees can legally be applied until the time a building permit was issued and substantial construction commenced. There were no legal problems tied

to the motion.

Mayor Kishimoto asked whether the applicant was aware of the TIF.

Mr. Emslie said the applicant was fully aware the TIF was pending and the staff's recommendation would apply to their projects.

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

12. Resolution 8613 entitled "Resolution of the Council of the City of Palo Alto, Confirming the Report of the Advisory Board and Levying an Assessment for Fiscal Year 2007-08 in Connection with the Downtown Palo Alto Business Improvement District"

Mayor Kishimoto said the Downtown Improvement District (BID) was established in February 2004. The City Council was required to hold an annual public hearing to authorize the levy of an assessment for the next fiscal year. On May 7, 2007, the Council set the date and time for the public hearing on the proposed levy of an assessment for the fiscal year 2007-08. The Council appointed the Board of Directors of the Palo Alto Downtown Business and Professional Association (PADBPA) as the advisory board for the BID. The Advisory Board had prepared their annual report for the 2007-08 fiscal year and submitted it to the Council. The City published the required notice in the local newspaper of record on May 11, 2007, regarding reauthorization of the BID for 2007-08 as required by the BID law. All interested persons would have an opportunity to provide testimony at this evening's meeting. At the conclusion of the public hearing, the Council would determine whether a majority protest exists. A majority protest will exist if the owners that paid 50 percent or more of the proposed levy of an assessment had filed and not withdrawn a written protest.

Economic Development Officer Susan Arpan said the BID was established by the City Council on January 12, 2004. On May 7, 2007 the Council preliminarily approved the report to the Council from the PADBPA and approved the notice to levy the assessments. The public hearing was set for the City Council meeting of May 21, 2007. The City had approved the legally required notice in a local newspaper of record regarding reauthorization of the 2007-08 BID. The annual contract was automatically renewed at the time of the annual reauthorization. Staff recommended to the City Council to reauthorize the BID, accept the PADBPA report, and hear BID testimony. Protests would be calculated while testimonies were heard and a percentage of the registered protests would be provided. Absent a majority protest, the Council

would be asked to levy the 2007-08 assessment.

Public Hearing was opened at 8:25 p.m.

Chairperson Barbara Gross, Palo Alto Downtown Business and Professional Association (PADBPA), provided a presentation of the improvements and activities completed in fiscal year 2006-07, as outlined in staff report CMR:170:07. She asked the Council to support PADBPA's work for another year.

Phil Leonardo, Whole Foods Market, spoke of the panhandling problem in front of his store resulting in the loss of customers and profits. He said PADBPA helped him to network with the right people and City officials to alleviate the problem and asked the Council to support the Sit and Lying Ordinance being voted at the June 4, 2007, Council meeting.

Mayor Kishimoto mentioned she had the opportunity of being the liaison to the PADBPA and thanked the Association for all their hard work and efforts.

Sunny Dykwel, 480 Gary Court, spoke of the need to rehabilitate Lytton Plaza. The Plaza was underutilized and neglected but had the potential of being a multi-use and community gathering place. Through the use of the City's public/private partnership policy, Lytton Plaza could become a unique local place for citizens and visitors. The BID and the Friends of the Park would be the key players along with the City and she asked the Council to reauthorize the BID and Friends of the Park to revitalize Lytton Plaza.

Georgie Gleim, 140 Island Drive, said Palo Alto was a business community and had to work hard in creating an effective business environment. She said the BID was a voluntary organization for many years, which did not work. Time and financial contributions fall into the same handful of businesses which became a burden and ideas and opinions were not properly represented. Stanford Shopping Center used a common area charge where merchants benefited and paid for marketing, beautification, events, and various services. Palo Alto needed to be viewed as having a similar opportunity and need for BID in the downtown area.

Public Hearing was closed at 8:45 p.m.

Ms. Arpan said the number of protests received equaled approximately

\$9,600 of revenue paid into the BID and represented about .8814 percent

MOTION: Council Member Morton moved, seconded by Mossar, to approve staff recommendation to:

- 1) Hold a public hearing on the levy of proposed assessments in Fiscal Year 2007-08 in connection with the Downtown Palo Alto Business Improvement District; and
- 2) Approve a resolution confirming the report of the Advisory board and levying an assessment for Fiscal Year 2007-08 in connection with the Downtown Palo Alto Business Improvement District.

MOTION PASSED 9-0.

Council Member Morton said his Council Colleagues expressed their appreciation for all the hard work and, particularly, to the success of the Downtown Streets Team, which was an inventive way of handling a difficult problem.

Mayor Kishimoto spoke of PADBPA's informative website www.paloaltdowntown.com as being well-developed and having useful links to all the businesses.

Council Member Beecham stated the media had reported a few downtown businesses were in opposition of BID and he noted no one was present to speak to the opposition. He congratulated BID for all their hard work and accomplishments.

Mayor Kishimoto noted that Agenda Item No. 14 would be heard before Agenda Item No. 13.

REPORTS OF OFFICIALS

14. Colleague's Memo from Council Members Cordell and Drekmeier Regarding Campaign Contribution and Spending Limits.

Council Member Cordell said when she ran for Council in 2003 she declined to accept campaign contributions. In 2005, Council Member Drekmeier accepted campaign contributions and had raised more money than any Council Member ever. The memo addressed two issues which related in substance but were different in process. One was regarding raising campaign money and the other was expenditures of the money. The Council was asked to authorize the City Attorney to draft an ordinance to set a campaign contribution cap of \$350.00 per candidate

per source, which was based on case law. The reason for the cap was to promote trust and integrity in City Council elections and provide a level playing field so candidates from a variety of socio-economic backgrounds could be candidates. She felt the ordinance should apply to direct contributions as opposed to in-lieu contributions because it was difficult to place value on in-lieu contributions. The second portion of the memo was to request the Council to set a voluntary campaign spending limit. A spending limit ordinance existed with a cap of \$14,000 and was suspended by the Council in June of 1999. The reason for the suspension was unknown and had not been in effect for eight years.

Council Member Drekmeier said the purpose of the motion was to ensure policies were in place to encourage campaigning be based on ideas and not on who could raise and spend the most money. In the past, the City paid for the candidate's ballot statement fee (\$1,940 in fiscal year 2005.) The voluntary campaign spending limit was to provide incentives to encourage people to voluntarily commit to not spending more than a certain amount. Two other incentives were to use a special log on all campaign matters and to encourage the Palo Alto Weekly and Palo Alto Daily to publish a list of all candidates who maintained their campaign pledge throughout the entire election cycle. The information would be published the day before the election.

Council Member Cordell said the voluntary campaign spending limit portion was less clear and the Council would need to decide the dollar amount at this meeting. She did not feel there was sufficient time prior to the upcoming election for the City Attorney to prepare the ordinance.

Mr. Baum said drafting the contribution limit portion would be feasible but he did not feel the voluntary spending portion would be completed by election time.

City Clerk Donna Rogers said July 16, 2007 was the beginning of the nomination period and candidate packets needed to be prepared by June 30, 2007.

Council Member Cordell separated the motion.

MOTION: Council Member Cordell moved, seconded by Drekmeier, to direct the City Attorney to prepare a draft ordinance Campaign Contribution limit for consideration with a \$350.00 cap per source excluding in-kind contributions.

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AND SECONDER to include in-kind contributions as described by the Fair Political Practices Commission (FPPC) with a contribution limit of \$350.00.

Council Member Mossar said she was a Council Member and a candidate when there were voluntary spending limits and campaign contributions. She vaguely recalled the California voters passing an initiative that was challenged in Court making the ordinance illegal. She felt the limit issues on both sides should be thoroughly vetted prior to moving forward.

Council Member Cordell clarified the cap portion needed immediate attention but not the spending portion.

Council Member Beecham said it was through a self-loan in the case of the candidate, who received thousands of dollars and did not think it was prohibited.

Mr. Baum said under *Buckley v. Vallejo* the individual's expenditures could not be limited on campaigns.

Council Member Kleinberg supported the \$350.00 cap with the cost of living index annual adjustment.

Council Member Barton asked whether the Motion was encapsulated in the first sentence of the Colleagues Memo and if it referred to any election.

Council Member Cordell clarified it was for City Council Elections.

Council Member Motion did not support the motion.

SUBSTITUTE MOTION: Vice Mayor Klein moved, seconded by Beecham, to refer these issues to the Policy and Services Committee.

Council Member Kleinberg referred to the in-kind contribution and said she had experienced a situation during a campaign where a letter was sent in support of her candidacy. She had rejected the letter because of its unpleasantness. The mailing cost of the letter exceeded \$350.00. She was not able to control this and would have been in violation.

Ms. Rogers said it was an independent expenditure claimed by the individual.

Council Member Kleinberg said it was not excluded and asked when the issue went to Policy and Services (P&S) to ensure there is not a loophole where a candidate could inadvertently be in violation.

SUBSTITUTE MOTION PASSED 7-2 Cordell, Morton no.

13. Response to Council's Questions Regarding the City's Acquisition of a Permanent Easement at El Camino Park for the Emergency Water Supply and Storage Project

Council Member Cordell stated she would not participate in Item No. 13 due to a conflict of interest because she was employed by Stanford University.

Vice Mayor Klein stated he would not participate in Consent Item No. 13 due to a conflict of interest because his wife was employed by Stanford University.

Council Member Mossar stated she would not participate in Item No. 13 due to a conflict of interest because her husband was employed by Stanford University.

Mayor Kishimoto said the item pertained to questions regarding El Camino Park as the emergency water supply and storage and would not require an action. The response was in regard to Council questions and she appreciated the research and clarification. The research was helpful and future steps were clarified. It was her understanding the item would be an advisory vote on the November 2007 ballot.

No action taken.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES

Mayor Kishimoto announced there would be a Council Study Session on Wednesday, May 23 at noon at Facebook, University Avenue. Also, she reported the Downtown Farmers' Market opened this past weekend and California Avenue Farmers' Market would open on June 3, 2007.

Council Member Kleinberg respectfully disagreed with holding public meetings during the work day.

FINAL ADJOURNMENT: The meeting adjourned at 9:35 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.