Special Meeting December 8, 2014

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The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:39 P.M.

Present: Berman, Burt, Holman, Klein, Kniss, Price, Scharff, Schmid,

Shepherd

Absent:

Study Session

1. Study Session on Sustainability Initiatives and the Sustainability and Climate Action Plan (S/CAP).

Gil Friend, Chief Sustainability Officer, viewed sustainability as a way to build quality of life and prosperity and to enhance resiliency. initiatives were opportunities for the City to build on its tradition of leadership in innovation. Palo Alto could not solve the many issues of sustainability, but could generate unique responses and pioneer beyond the expected. Staff had surveyed and collected 154 sustainability initiatives currently under way with more in the pipeline. He wanted to explore the Council's appetite for change, leadership, and criteria to make changes. The Sustainability and Climate Action Plan (S/CAP) was the centerpiece for many sustainability efforts as it was a means to integrate sustainability initiatives into the Comprehensive Plan Update. Goals of the S/CAP were to explain clearly challenges; to tie sustainability initiatives with the Comprehensive other City initiatives; to propose cohesive implementation plans, and metrics for evaluation; and to support a grounded community conversation to choose methods to move forward. With respect to best practices, cities around the world were setting fairly aggressive goals. The City's carbon footprint was decreasing, most notably through carbon-neutral electricity. Whether the City chose the State's target of 80 percent reduction of greenhouse gases by 2050 or the California Moonshot target of carbon neutral in ten years or less or the Sustainable Silicon Valley Net Positive target of achieving better than neutral, each would require transformation of transportation and elimination of the use or the impact of natural gas. To assess feasibility, Staff built some scenario planning tools to view the comparative impacts of different measures. The primary question was whether the City should become a carbon-neutral city. Another question was the role of Palo Alto utilities in a distributed generation and distributed storage energy future.

Mayor Shepherd requested Mr. Friend explain how his work would integrate with the Comprehensive Plan Update.

Mr. Friend was working with the Director of Planning and Community Environment, Hillary Gitelman regarding the Comprehensive Plan Update. The goal was to synchronize both efforts in order to conduct a single Environmental Impact Report (EIR) and to ensure issues were addressed in a coordinated way.

James Keene, City Manager, noted Mr. Friend posed questions for Council comment. The questions and issues the Council discussed with respect to designing the Comprehensive Plan would feed into sustainability efforts. Integration of the two initiatives would depend on Council direction.

Vice Mayor Kniss felt reducing or eliminating 60-plus percent of the City's carbon footprint resulting from transportation would be the most difficult or easiest issue, depending on whether the City could persuade people to use alternative transportation. She requested Mr. Friend comment further regarding transportation.

Mr. Friend agreed that transportation was a major challenge. Much of the City's carbon footprint resulted from commutes all along the Peninsula; therefore, the City had to work with its neighbors to solve the problem. The key lesson taken from Copenhagen's efforts were to make alternative transportation more convenient, economical, safe, and fun. In Copenhagen, physical curbs or parking separated bike lanes from vehicle lanes. Finland integrated a car share service with a minivan shuttle bus service and utilized sophisticated technology to reduce vehicle miles and increase convenience. The City was in the early stages of collecting and analyzing data in order to determine which ideas would be appropriate.

Vice Mayor Kniss recalled discussions regarding Lyft and Uber at the National League of Cities conference. Many lessons were being learned around the globe.

Mr. Friend wanted to distinguish between technology and business approaches offered by Uber and other companies and their business practices. The City should utilize only those aspects that it liked.

Council Member Burt viewed a sustainability conversation as an opportunity to engage the community broadly regarding a positive vision for the City's future. The community should have a vision for the Comprehensive Plan around a sustainable model so that future generations could have a comparable quality of life. He was interested in discussing whether such a view should be the overriding template for the Comprehensive Plan and whether sustainability should permeate all aspects of the Comprehensive Plan.

The community should discuss sustainable development, quantity and quality of development, and impact of development. A 10 percent shift to alternative modes of transportation could have a significant impact on traffic and parking. He inquired whether other colleagues were interested in this type of discussion. Once biking and walking were more convenient and attractive, health benefits would follow. He was anxious to review surveys specific to Palo Alto that provided the anticipated adoption rate of zero emission vehicles in the coming years and decade. The graph on natural gas appeared to show a 3 percent per year annualized increase in natural gas; however, he did not believe natural gas consumption was increasing year over year.

Mr. Friend explained that the graph should be considered a schematic of the shape of an analysis.

Karl Van Orsdal, DNV-GL Consulting Firm, added that increased usage of natural gas resulted from lower prices and higher use in the commercial sector.

Mr. Friend advised that Staff would utilize precise numbers in evaluating variables.

Council Member Burt believed the City's baseline was lower than shown; therefore, the opportunity to reduce was even better. He looked forward to hearing from Colleagues regarding integrating sustainability with the Comprehensive Plan more deeply than previously discussed.

Council Member Holman recalled that when the Comprehensive Plan Update began, it was decided to integrate sustainability into the chapters. If sustainability was better integrated into the Comprehensive Plan, then complaints of competing goals and policies would decrease. With respect to transportation issues, Staff should consider the Palo Alto Unified School District (PAUSD) along with other jurisdictions. She suggested more police officers utilize bicycles to meet sustainability goals and to increase interaction with the community.

Mr. Friend indicated sustainability efforts often improved other things. More police officers on bicycles could result in better policing, better community relations, arguably less crime, fewer emissions, and healthier police officers. The Safe Routes to School Program was working to build a cultural shift from driving to biking and walking.

Council Member Holman remarked that PAUSD could participate in expanding the City's shuttle system, especially for students from other communities. Trees and canopy should be a prominent topic in the Staff Report.

Mr. Friend advised that trees would be more prominent as the Urban Forest Master Plan was certainly a component of sustainability.

Council Member Holman advocated for more edible gardens and more open space as a part of development projects, local purchasing, manufacturer take-back of packaging, elimination of Styrofoam packaging, reuse of buildings and salvage as opposed to recycling, and less use of concrete in construction projects.

Mr. Friend wanted to integrate S/CAP work and Comprehensive Plan work more effectively. Sustainability elements were woven through many issues. The Council should consider how to plan effectively in an economy that could change rapidly. Trees, open space, and biological resources were key issues. The City established environmentally preferable purchasing some years ago; however, programs were not consistent. He was working with the purchasing team to improve processes.

Council Member Holman stated in the past, that the City's values were being compromised by development, because buildings were encroaching on trees. The City needed to ensure development considered the canopy and worked within that framework.

Mr. Keene reported that the Council's consideration of S/CAP in relation to the Comprehensive Plan could raise policy choices that would be relatively easy to implement. The Council should consider the ease of effecting change and the impact of changes.

Mayor Shepherd noted Council comments had not addressed the Council's willingness to continue to be the innovation leader.

Council Member Scharff agreed with Council Member Burt that switching to electric vehicles (EV) and bicycles would have a huge impact on transportation. He was fascinated by Mr. Friend's discussion of Helsinki, and felt it would best fit Palo Alto. He requested Mr. Friend comment on development patterns in the City.

Mr. Friend explained that development patterns created the template that affected many actions. Development was a live issue in the community.

Council Member Scharff questioned whether Mr. Friend meant traditional sustainability issues when talking about integrating the Comprehensive Plan and sustainability. Many sustainable community strategies were the same as New Urbanism.

Mr. Friend wanted residents to state clearly the type of community they wanted, parameters to measure that, and development patterns based on performance. A performance-based approach to growth suggested that impacts from growth could be controlled directly. Staff had not analyzed that and did not know the impacts from a sustainability perspective. That kind of fresh thinking could assist Staff.

Council Member Scharff wished to take action that would enhance the quality of life. The Council should consider cost-benefits, who paid, and how that functioned. He wanted to see more concrete ideas. He asked if the Council and community should ignore the numbers in the graph regarding natural gas.

Mr. Friend answered yes.

Council Member Scharff believed that was a dangerous precedent, in that anyone could use the information in public statements.

Mr. Friend reiterated that Staff was in the early stages of complex research. Staff wanted to be open and communicative, but that meant Staff would show the Council work in progress. He requested Council guidance regarding ways for Staff to support the Council while working through these complex issues.

Council Member Scharff suggested he simply delete the numbers from the graph.

Mr. Friend reported the graph was not wildly inaccurate; it was just one possible scenario. He requested a session with the Council in the spring to demonstrate a live tool that could demonstrate the effects of changes.

Council Member Scharff did not feel Mr. Friend was attempting to partner with the Utilities Department. Some of Mr. Friend's statements did not appear to be technically correct. Mr. Friend seemed to suggest no new gas hookups, but Council Member Scharff doubted that was legal.

Mayor Shepherd requested Council Members limit their comments in the interest of time.

Council Member Scharff remarked that eliminating the Gas Utility had to be a community decision.

Mr. Keene noted a dynamic tension between the status quo and possibilities. Sustainability Staff had not drawn any conclusions on actions to be taken.

Mr. Friend shared the Council's commitment to the community process. Staff's role was to support a grounded conversation in the community and to resolve questions. If the City wanted to be climate neutral, then it would have to reduce natural gas emissions substantially. Staff was gathering and researching methods to become climate neutral and would evaluate those methods to determine if they were cost effective, legal, and desirable.

Council Member Klein felt S/CAP should be the driver of the Comprehensive Plan. The City needed to act on fuel switching, before the Comprehensive Plan Update was complete. He inquired whether the rising bar of urban sustainability leadership meant a goal of being among the leaders of sustainability programs.

Mr. Friend commented that Palo Alto liked to be innovative; however, other cities also liked to innovate. The bar for leadership and innovation with respect to sustainability rose each year.

Council Member Klein hoped the City would be 1 of 1,000 community leaders, because that was the only way to achieve sustainability.

Mr. Keene remarked that a rising bar meant new pathways were being forged.

Mr. Friend reported that Staff was involved in learning exchanges with other cities to share best practices. Palo Alto would achieve sustainability with other communities in the region.

Council Member Klein believed sustainability was the right thing to do. More action was needed regarding adaptation than was mentioned in the Staff Report. The City needed to plan for sea level rise, because it endangered the Golf Course, Airport, and Water Quality Control Plant. Replacing lawns with native plants was a way to increase the quantity of available water. The jobs/housing imbalance would require a great deal of thought. Sufficient attention was not given to the existing built environment as it utilized 25-30 percent of energy.

Mr. Friend clarified that nationally the built environment utilized 25-30 percent. Locally, the percentage was closer to 40 percent.

Council Member Klein wanted to make the existing built environment more efficient and to create programs that incentivized people to participate. He requested a status update regarding the Georgetown Prize.

Mr. Friend explained that the Georgetown University Energy Prize was a twoyear competition to reward the city that was most successful at reducing its energy use and greenhouse gas emissions with a \$5 million prize. Palo Alto was one of approximately 50 cities entered in the competition. Staff was using the competition to extend outreach to the community and to involve more people in energy reduction and greenhouse gas reduction in addition to the Utilities Department's existing programs.

Council Member Klein asked when the two-year period began.

Mr. Friend believed the start date was January 2015.

Council Member Klein stated the City had to increase public awareness of all initiatives.

Mr. Friend hoped to involve a broader spectrum of the community in conversations.

Council Member Price suggested appropriate Staff Reports contain a section that addressed sustainability, future scenarios, climate adaptation, or resiliency. In this manner, the Council could discuss sustainability issues within topics on its Agenda. Younger generations were shifting to bicycling as a mode of transportation; however, bicycling needed to be more attractive for older generations.

Mr. Friend clarified that transportation contributed 20 percent of greenhouse gas emissions nationally, and 60 percent locally. Transportation was an essential component of any greenhouse gas strategy.

Council Member Price stated density, Floor Area Ratio (FAR), building performance, building height, smart growth, and New Urbanism were directly aligned with sustainability issues. The critical connection and alignment should inform policy makers and the public. She inquired about ways to determine feasible action items and when Staff would implement programs that were feasible and would lead to measureable outcomes.

Mr. Friend advised that Staff would begin that work in the next phase.

Mr. Van Orsdal was reviewing various behaviors, policies, and other issues that would support programs and attempting to identify programs with a quantitative relationship that could be included in an analysis.

Staff was considering the risks and costs of each component to determine which were important, which were impactful, and which provided the highest costs and risks. Lastly Staff would develop an implementation chronology that recommended implementation of actions that were low cost and offered a high possibility of success. Other actions could be phased in over time to assist with implementation.

Council Member Price referred to other cities' Capital Improvement Programs (CIP) that contained climate adaptation elements for all capital projects. The community was attempting to determine whether it would be urban or suburban over the next 10 or 20 years.

Council Member Schmid felt the tremendous transformation in the number of people in the world would allow cities to deal with greenhouse gases and other demands on the environment. Increased job growth without sufficient housing would lead to increased commuter traffic and increased greenhouse gas emissions. He asked if the City should slow job growth and/or change the ratio between jobs and employed residents to facilitate sustainability.

Mr. Friend indicated that was one strategic path to consider. He wanted to broaden the options for review as much as possible. One challenge was determining which options were within the City's purview and which were within the region's purview. Pressure from population and job growth occurred within the region.

Council Member Schmid advised that Palo Alto was leading the region in job growth. The Council needed data to discuss the Comprehensive Plan.

Mr. Keene added that shifting transportation around the region would not necessarily result in a change in greenhouse gas emissions. The Council should consider that as it considered ways to ensure that Palo Alto achieved other goals.

Council Member Schmid stated that one component of smart growth was to move jobs to where people were located. Vehicle miles traveled had been identified as a critical transportation issue that accounted for 80 percent of greenhouse gas emissions.

Mr. Friend wanted to hear Council Member Schmid's ideas about the issue.

Council Member Berman suggested the City lower carbon emissions as much as possible and 10 percent faster than projected.

Mr. Friend reported consultants learned that the most logical action would be to focus on methods that would attain carbon neutrality.

That concept simplified Staff's task, because it allowed Staff to identify a tool kit that could answer questions and determine the community's appetite for decreasing emissions.

Council Member Berman felt the Council was determined to reduce emissions as quickly as possible. There would always be challenges. Staff should clearly describe all the reasons it was important to reduce the City's carbon footprint.

Mr. Friend advised that Staff's job was to reduce emissions economically and conveniently.

Council Member Berman inquired whether the City could encourage or require sub-meters for multi-unit buildings so that individual units would know their water usage.

Mr. Friend stated he would research the question and provide an answer at a later time.

Council Member Berman remarked that commuting did have environmental ramifications; therefore, the Council had to consider carbon emissions of the region. The lack of housing in Palo Alto had negative environmental impacts. Replacing lawns with native plants not only reduced water consumption, but also increased animal activity.

Mayor Shepherd noted some residents continued to ignore recycling efforts. If Palo Alto was to continue to be a leader, then residents needed to own efforts to reduce carbon emissions. Staff should consider methods to provide performance reporting to everyone. The City should push the boundaries of sustainability, as long as the community supported the City's efforts. Sustainability efforts should move in incremental steps, so that they became part of residents' behavior.

Walt Hays strongly supported Mr. Friend's vision. He liked the idea of Palo Alto continuing to be a leader. Concepts should be made concrete as soon as possible. The City should encourage residents to switch from gas to electricity.

Craig Lewis, Clean Coalition Executive Director, indicated leadership and role models were paramount to implementing sustainability initiatives. Considering environmental issues in combination with economic issues was intelligent.

Vanessa Warheit supported Council Member Klein's suggestion that the City make sustainability the driver of the Comprehensive Plan.

Alliances with other cities could make a difference. She encouraged the Council to include public transit in any sustainability plan and to embrace a zero carbon Moonshot as soon as possible.

Stephanie Munoz felt other cities were following Palo Alto's example of job growth without housing growth. The City should slow development. The City should assist residents with installing solar power.

Agenda Changes, Additions and Deletions

Mayor Shepherd reviewed Agenda items for the December 15, 2014 meeting.

City Manager Comments

James Keene, City Manager, recommended the public review winter storm and flood information on the City's website in light of the storm forecast for later in the week. The grand opening celebration of the Mitchell Park Library and Community Center was a success. The Palo Alto Library Foundation hosted a fundraising brunch at Rinconada Library. Formal opening of Rinconada Library was scheduled for February 14, 2015. The City would accept applications for the Midtown Connector Project Citizens' Advisory Committee through January 13, 2015. Staff was planning a comprehensive status report on implementation of the Bicycle and Pedestrian Master Plan at the beginning of 2015. On December 6, 2014, residents of Buena Vista Mobile Home Park celebrated their third annual Community Christmas Posada. Caltrain released the Final Environmental Impact Report for the Electrification Project on December 4, 2014. Staff was reviewing Caltrain's responses to determine if they adequately addressed the City's comments. The Council was invited to attend a retirement celebration for Greg Betts. The City was hosting a Water Reuse Forum on December 11, 2014.

Oral Communications

Herb Borock noted the Caltrain Joint Powers Board would meet on January 8, 2015 regarding the Final Environmental Impact Report (FEIR) for the Peninsula Corridor Electrification Project. The Council should direct Staff to review the FEIR and to schedule an Agenda Item for the Council to respond to the FEIR.

Stephanie Munoz was disappointed by the Council's decision not to approve the proposed operator of the grocery store at College Terrace Centre. The Council should have reduced the amount of development that was allowed at the project.

Consent Calendar

Mayor Shepherd advised that the Council received an at-places memorandum that indicated Item Number 12: Request to Bring Proposed Changes in Development Impact Fees Directly Back to Council on December 15, 2014, would be presented on the Consent Calendar on December 15, 2014.

Council Member Schmid asked if that change required a Council vote.

Molly Stump, City Attorney, reported a separate vote was not necessary to move Item Number 12. The Council should vote to take the item back.

James Keene, City Manager, indicated the Council could vote to remove Item Number 12 from the Consent Calendar on December 15, 2014.

Council Member Holman noted the Finance Committee's Motion was not included in the Staff Report. The Finance Committee recommended approval of Development Impact Fees. In 2015, the Finance Committee could consider Development Impact Fees again.

Mayor Shepherd asked if discussion of the item was appropriate.

Ms. Stump advised that the proposed action was to place the item on the Council's Agenda for December 15. The Council previously directed the Finance Committee to address the issue. The Council would hear the substantive item the following week.

Mr. Keene indicated he would include the Finance Committee's Motion in the Staff Report for December 15.

Mayor Shepherd clarified that the topic before the Council was whether to include Item Number 12 on the Consent Calendar.

Brian Spiers, Brian Spiers Development, spoke regarding Agenda Item Number 10. Developers of College Terrace Centre decided to assign James Smailey's lease to Miki Werness. A proposal and information would be presented to the Council the following week. A Restrictive Covenant between College Terrace LLC and the City would allow the City to levy a penalty of \$2,000 per day.

William Ross spoke regarding Agenda Item Number 10. Staff Recommendation Numbers 2 and 4 were substantive amendments to the underlying Planned Community (PC) Ordinance. A fine was not a public benefit; the Council should require a letter of credit or a performance bond.

A new environmental analysis should be performed based on new information and changed circumstances.

Fred Balin spoke regarding Agenda Item Number 10. Council action on December 1, 2014 would result in a proposal that was conceptually no different from the earlier proposal. He outlined actions the Council should require of the Applicant. A grocery store operator team must be independent of the ownership, the Applicant, and their agents, and the grocer must have controlling interest in the grocery store.

Doria Summa spoke regarding Agenda Item Number 10. The Applicant had not proposed a viable grocery store operator. Staff needed more time to vet the Applicant's proposal.

Margaret Heath spoke regarding Agenda Item Number 10. The Council should delete "team" from its requirement and insist that the grocery store be independently owned and operated.

Herb Borock spoke regarding Agenda Item Number 10. Extension of the lease violated the California Environmental Quality Act (CEQA), Municipal Code Sections 18.38.130 and 18.38.140, and Ordinance Numbers 5069 and 5061. The latest proposed tenant was not a good choice to operate a grocery store.

Council Member Holman requested the City Attorney respond to Mr. Borock's comments.

Ms. Stump reported Staff reviewed procedural issues and had no concerns regarding the proposed procedures. The Council was asked to approve a limited time extension which was appropriate under the Zoning Code and the Extension Ordinance. In the prior meeting, the Council did not amend the PC Ordinance, but provided general guidance to the Applicant. Should these issues be needed, they were appropriate.

Council Member Schmid registered a no vote on Agenda Item Number 12.

MOTION: Vice Mayor Kniss moved, seconded by Council Member Berman to approve Agenda Item Numbers 2-12, to include Agenda Item Number 12 - Request to Bring Proposed Changes in Development Impact Fees Directly Back to Council on December 15, 2014, to be brought back on the Consent Calendar.

2. <u>Resolution 9474</u> entitled "Resolution of the Council of the City of Palo Alto Declaring Results of the Consolidated Special Municipal Election Held on November 4, 2014."

- 3. Approval of Amendment No. 2 to Contract S14153842 with Comment Ground, LLC to Extend the Term from June 30, 2015 to February 28, 2016 for a Total to Not to Exceed of \$160,000 for Social Media Support, Development and Maintenance of City's Social Media Network and Internal Training of Social Media Administrators.
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- 11. Approval of the Submission of an Institute of Museum and Library Services Grant Application in the Amount of \$25,000 for the Palo Alto Art Center.
- 12. Request to Bring Proposed Changes in Development Impact Fees Directly Back to Council on December 15, 2014.

MOTION PASSED for Agenda Item Numbers 2-11: 9-0

MOTION PASSED for Agenda Item Number 12: 8-1 Schmid no

Council Member Schmid understood a report was not available the evening of the Finance Committee meeting. The Finance Committee recommended the Council discuss the report. The at-places memorandum indicated the Finance Committee discussed the question rather than the report. He was prepared to vote that the Council would discuss the report.

Action Items

13. Comprehensive Plan Update: Discussion and Direction to Staff Regarding the Scope and Schedule of the Planning Process, Including Concurrent Zoning Changes. (Note: This is the continuation of a discussion that began on November 3, 2014.)

Mayor Shepherd advised that the Council supported a framework to reengage the community with respect to the Comprehensive Plan Update and to keep the Comprehensive Plan Update on a timeline for completion by late 2015. On August 6, 2014, the Council paused the timeline for Staff to revise the scope and breadth of the Comprehensive Plan Update; to propose changes to the City Zoning Code and Zoning Map for commercial areas; and to conduct a Study Session regarding commercial zoning changes.

Hillary Gitelman, Planning and Community Environment Director, reviewed the Council's discussions of the Comprehensive Plan Update in August, September, and November 2014. Staff identified four reasons for updating the City's Comprehensive Plan expeditiously. Since adoption of the current Comprehensive Plan, some objectives contained in the Comprehensive Plan had been met and new challenges had arisen. General Plans were a function An updated Comprehensive Plan would provide a legal foundation for sound decision making. The existing Comprehensive Plan and zoning had enabled some growth; an updated Comprehensive Plan could help manage growth and address community concerns. Updating the Comprehensive Plan provided an opportunity for the community to discuss a vision for the future of the community. On September 8, 2014, the Council discussed commercial zoning changes that could be studied in advance of or concurrent with the Comprehensive Plan Update. Staff grouped changes into four categories: changes in use and density; retail preservation; parking-related changes; and other. The Staff Report contained analyses of all suggestions presented by individual Council Members. Staff grouped suggestions into categories of implementation prior to the Comprehensive Plan Update, in conjunction with the Comprehensive Plan Update, and after the Comprehensive Plan Update.

The Staff Report contained the existing regulatory regime related to groundfloor retail and zoning standards. Community meetings raised the concept of metering the pace of non-residential development in the City. Rather than having an overall cap, the City would have an annual limit or some other mechanism to meter the pace of growth over time. The Staff Report provided information on three jurisdictions that metered growth. Staff's first recommendation was to proceed immediately with Zoning Ordinances that addressed retail preservation and parking exemptions. recommendation was to schedule a work session in January 2015 to discuss parameters of an annual office growth management program. recommendation was to schedule a series of work sessions with the Council, the Planning and Transportation Commission (P&TC), and the community to discuss planning issues and policy choices in the spring of 2015. The fourth recommendation was to utilize work sessions to begin discussing goals, policies, and programs and reconciling the existing Comprehensive Plan with the P&TC's recommendations. The leadership group would be instrumental in designing a summit meeting to begin work sessions. A summit meeting would be informed by data and analysis. All work sessions would discuss issues and policy choices facing the City. The Sustainability and Climate Action Plan could be included in these work sessions. Work sessions would be designed to build confidence in the community's ability to design the future. Staff's fifth recommendation was to begin the Draft Environmental Impact Report (DEIR) and to use a series of simplified scenarios to assess potential cumulative impacts over the next 15 years and to balance and weigh the advantages and disadvantages of various choices. Critical issues for policy decisions were pace of growth, housing affordability and access, location and adjustment of housing, traffic and parking, climate change, and the aging demographic. Scenarios would be designed with components so that the Council could mix and match components. Delaying work on the DEIR would increase time and cost impacts. The sixth recommendation was to consider commercial zoning changes concurrently with the Comprehensive Plan Update. A discussion of growth management systems could occur in January 2015. A summit and work sessions could begin in May 2015. Late in 2015, Staff could prepare a draft Comprehensive Plan Update. In early 2016, the Council could adopt a Comprehensive Plan following certification of an Environmental Impact Report (EIR).

Bob Moss suggested including an enforcement mechanism in the Comprehensive Plan and limiting variants that a Planned Community (PC) could impose on a zone. Affordable housing was another major concern.

Adina Levin, Friends of Caltrain, requested sustainability concepts for transportation be included in the Comprehensive Plan process.

Vice Mayor Kniss requested Staff address current retail versus 10 years ago and 5 years ago; locations for retail; whether the Council could prescribe locations for retail; and a definition of retail.

Ms. Gitelman explained that the topic was not the content of Zoning Ordinances. Staff needed to have that discussion with the Council, P&TC, and community. The topic was whether Staff could implement zoning changes in advance of the Comprehensive Plan Update. Staff believed they could hold that community conversation in advance of the Comprehensive Plan Update.

Vice Mayor Kniss referred to the recommendation which stated to proceed immediately; however, Ms. Gitelman indicated Staff would return to the Council.

Ms. Gitelman recommended the Council direct Staff to proceed immediately with a community conversation, leaving aside the exact content of any Zoning Ordinance.

James Keene, City Manager, added that the Council would have latitude in making decisions related to retail after working through the implications of changes.

Vice Mayor Kniss commented that retail was a concern of the community. She would support beginning a conversation regarding retail.

Council Member Klein inquired about the likelihood of the County of Santa Clara (County) having the resources and to make improvements to the expressway system.

Ms. Gitelman understood the County did not have funding for improvements. The County was preparing plans in order to pursue funding. One of the advantages of including that scenario was that the City could provide feedback to the County about whether the City supported capacity increases.

Council Member Klein asked if the same rationale applied to the scenario of trenching Caltrain tracks.

Ms. Gitelman explained that including the scenario would facilitate a public dialog about whether operational benefits would warrant the cost and whether the City wanted to pursue it with other agencies.

Council Member Klein inquired about the impact to the City's studies if neither scenario was financially feasible over any reasonable timeframe.

Ms. Gitelman requested clarification.

Council Member Klein asked if learning that neither scenario was financially feasible would it undermine the usefulness of scenarios.

Ms. Gitelman advised that a Comprehensive Plan was supposed to be visionary. Scenarios would allow the community to analyze possible futures with and without choices.

Council Member Klein suggested Staff guard against creating unrealistic expectations when discussing scenarios.

Council Member Price reported the County was attempting to place a transportation measure on the 2016 ballot. The Federal government was attempting to provide funding for rail corridors related to grade separation. Staff should include the broader grade separation issue when discussing scenarios. Planning scenarios were commonly used and provided an understanding of possibilities. Reducing Staff's ability to interpret scenarios would not serve the intent of the Comprehensive Plan. She cautioned against putting a great deal of effort into zoning changes without the full context of the Comprehensive Plan, because changes could result in The Staff Report lacked any economic development consequences. discussion of economic vitality and fiscal impacts from zoning changes. She inquired whether Staff's analysis and scope of services included an economic or fiscal impact component.

Ms. Gitelman answered no. Financial analysis or fiscal matters were not typically considered in an EIR. Staff was aware of the Council's desire for a financial analysis; however, it was not part of the consultant's contract.

Council Member Price felt the Council would be irresponsible if it did not consider an economic impact analysis or an assessment of economic consequences.

Council Member Schmid agreed an analysis of fiscal matters was important and essential. Sustainability data spoke directly to job growth. The existing conditions report identified population growth and job growth numbers as City of Palo Alto and Association of Bay Area Governments (ABAG). The existing conditions report seemed to imply that the City accepted ABAG numbers as base data. He inquired whether that was correct or whether there would be a discussion of base job and housing numbers.

Ms. Gitelman asked if Council Member Schmid was referring to existing jobs and population or projections for 2030.

Council Member Schmid noted tables concerning population and job forecasts were identified as City of Palo Alto/ABAG. He assumed the Council would discuss that.

Ms. Gitelman would review those tables again. The City often relied on ABAG projections for jobs, but disputed ABAG's projection for population and households. ABAG's projection was higher than the City's historic average in terms of unit creation. A policy issue for discussion was whether a future Comprehensive Plan would allow the City's non-residential development to grow to the extent assumed by ABAG. Another issue was whether relocating housing sites would enable additional housing units and additional households such that the City's population and housing numbers would more closely align with ABAG's projections.

Council Member Schmid asked if ABAG mandated a job number.

Ms. Gitelman clarified that the numbers were projections, not requirements or mandates. Much of the projected job growth resulted from the number of workers placed in existing building space.

Council Member Schmid asked if the January working session would be a Study Session or an Action Item.

Ms. Gitelman advised that Staff wanted to obtain some Council direction for next steps; therefore, it would be an Action Item.

Council Member Schmid inquired whether the January meeting would be the Council's only opportunity to discuss the Comprehensive Plan before the summit meeting.

Ms. Gitelman did not know. The Action Item in January regarding metering the pace of non-residential growth would likely have follow-up discussions. There would be quite a bit of Council activity as Staff prepared for the summit meeting.

Council Member Schmid indicated the Council should be aware that the January meeting could be its only opportunity to provide guidance before community meetings began. The most recent annual report regarding the parking deficit disclosed 800 underparked jobs in the Downtown area. Parking discussions over the prior few weeks seemed to indicate the number was 1,600. He asked how the Council should consider that gap heading into the January meeting.

Ms. Gitelman reported the Council could discuss in January whether there was a geographic component to an annual limit and implications of that for Downtown versus other geographic areas. The numbers Council Member Schmid referred to were specific to the Downtown area. Staff intended the January discussion to pertain to the entire City.

Council Member Schmid felt Staff should establish a method for monitoring whatever came from the Comprehensive Plan. Reviewing the quality of monitoring efforts in the past would be an important activity during the course of the year.

Ms. Gitelman remarked that legacies from the Downtown CAP Study, the current Comprehensive Plan, and the land-use study created district boundaries and terminology that might not be sufficient for the new Comprehensive Plan.

Council Member Schmid indicated another monitoring question came from the Development CAP Study where the difference between base zoning Floor Area Ratio (FAR) and FAR with bonuses and incentives was quite dramatic. Bonuses and incentives were originally established to create a vital retail center. He asked why bonuses and incentives were only used in the retail overlay rather than throughout the Downtown.

Ms. Gitelman deferred a substantive response until issues could be discussed. Staff was asking if the Council wanted them to proceed in the manner described.

Council Member Schmid commented that retail was identified as an issue that might be tied to zoning in some way. He was in favor of relatively simple and straightforward scenarios with elements that could be applied to all scenarios.

Council Member Berman inquired whether the Council could provide additional topics for the series of working sessions.

Ms. Gitelman was open to suggestions. The list of topics could not be unlimited if Staff was to prepare for substantive discussions.

Council Member Berman asked if the Council should provide suggestions in the current meeting or early in the new year.

Ms. Gitelman replied early in the new year.

MOTION: Council Member Berman moved, seconded by Vice Mayor Kniss to direct Staff to:

- 1. Proceed immediately (i.e. in advance of the Comp Plan Update) with zoning Ordinances to address retail preservation & parking exemptions; and
- 2. Schedule a Council work session in January 2015 to discuss parameters of an annual office/R&D growth management program; and
- 3. Schedule a series of Community/Commission/Council work sessions about "big picture" planning issues in Spring 2015 utilizing simplified planning scenarios to test the growth management program as well as a) the potential elimination of housing sites on San Antonio and South El Camino in exchange for increased densities or new sites closer to transit and jobs/services, b) the potential for major transportation investments in the Caltrain corridor and the County Expressway system, and new public transit, c) the potential use of sustainability-based performance measures and programs, and d) potential commercial zoning changes discussed at the City Council Study Session on September 8, 2014.
- 4. Also use the work sessions to review goals, policies, and programs from the existing Comp Plan & the recommendations forwarded by the P&TC in early 2014; and
- 5. Prepare a impacts analysis (Draft EIR) to inform the Community/Commission/Council work sessions in the Spring of 2015, presenting the impacts of simplified scenarios (and the policy choices they represent) as well as potential cumulative impacts over the next 15 years; and
- Concurrent with the Comp Plan Update, prepare a draft zoning ordinance(s) for consideration that would implement aspects of the plan, including many of the zoning ideas discussed at the City Council Study Session on September 8, 2014.

Council Member Berman believed Staff recommended a good process and beginning framework. The process would be good for engaging and educating the community. Broad scenarios that would gather as much information as possible were important.

Council Member Holman advised that the block of Emerson between Homer and Forest was added to Downtown, but it was not shown on the map on packet page 215. She requested Staff add to the map the South of Forest Avenue (SOFA) 2 retail district, zoning until December 2009, areas that were also retail, and which properties converted from retail/service to office.

Recommendation Number 1 did not state when Zoning Ordinances would be presented to the Council or to the P&TC.

Ms. Gitelman intended to work with interested stakeholders immediately to craft an Ordinance, present it first to the P&TC and then the Council. She hoped to keep the process for discrete items as streamlined as possible.

Council Member Holman inquired about timing for Recommendation Number 1.

Ms. Gitelman would attempt to present something to the Council before the work sessions began in May.

Council Member Holman requested Staff comment on the need for an interim Ordinance to protect existing retail from converting to office.

Ms. Gitelman reported Staff would move quickly such that an interim Ordinance would not be necessary. She would consider an Ordinance or an interim Ordinance, but not both.

Council Member Holman understood Staff would interpret Design Enhancement Exceptions (DEE) more closely to the language in the Code. On packet page 186, DEE was listed as a topic requiring further definition and discussion.

Ms. Gitelman included DEE on the list for further discussion, because Staff did not believe a Code revision was needed. The Code provided for DEEs as minor items. The Council raised DEEs as needing an Ordinance.

Council Member Holman noted Staff formed an outreach group, but not a working group. She did not understand how work sessions would operate with a large number of people or different people could attend different sessions. She asked why Staff did not form a working group.

Ms. Gitelman reported the summit would cover the big issues. In the course of that discussion, hopefully Staff would obtain clarity regarding choices, policy decisions, and vision, which would initiate subsequent sessions on goals, policies, and programs. At that point, a working group could be formed to translate comments from the summit into a draft Comprehensive Plan.

Council Member Scharff referred to the process of Staff developing a Zoning Ordinance with stakeholder groups and presenting it to the P&TC and then to the Council.

He inquired whether a proposed Zoning Ordinance would return to the P&TC or to the Council if the Council directed Staff to make significant changes.

Ms. Gitelman advised that substantial revisions would need a P&TC recommendation.

Council Member Scharff suggested Staff return to the Council with major attributes they intended to include in Zoning Ordinances and a Staff Report stating their rationale.

Ms. Gitelman could return directly to the Council if so directed.

Council Member Scharff remarked that a proposed Zoning Ordinance would need to be an Action Item.

Ms. Gitelman concurred with adding language to Recommendation Number 1.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to include in Number 1 of the Motion that Staff is to return to Council with a report on potential topics of the Ordinance prior to going to Planning and Transportation Commission with a possible Ordinance.

Council Member Scharff shared Council Member Holman's concerns regarding retail and requested Staff update the map to incorporate the SOFA area with Downtown. He wanted to find a way to prevent existing retail from converting to office before the Comprehensive Plan was finalized. He would support the Motion.

Council Member Burt recalled a previous City Council instituted a moratorium on retail conversions while it reexamined Zoning Ordinances. The Council should consider a moratorium when the item returned in January. In all discussions of the commercial development cap, retail was defined as commercial development; however, the Council did not intend for the development cap to include retail. That point needed clarification.

Ms. Gitelman explained that an annual limit for office/research and development (R&D) would not apply to retail. Monitoring did include retail as well as office/R&D. Hopefully Staff would have better data sets that separated retail from office/R&D prior to the January working session.

Council Member Burt inquired whether it was unnecessary to provide a clarification at the current time.

Ms. Gitelman indicated that Recommendation Number 2 clearly stated that the annual program was specific to office and R&D.

Council Member Burt noted the Council did not abandon consideration of other interim zoning changes; however, it was not included in Staff's recommendations. He wanted the Council to have the option to discuss other interim changes at the January meeting.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to include in Number 2 of the Motion that Council may identify interim zoning changes for future consideration.

Mr. Keene advised that Staff was conducting some analysis of potential interim zoning changes. The addition to the Motion indicated the Council would identify interim zoning changes at the January meeting.

Ms. Stump explained that at the January meeting the Council would need to direct Staff to return with changes, so that notice could be given to the public. The Council could not take action on any new item in the same meeting.

Council Member Berman expressed concern that the scope of zoning changes would delay the timing of all other work.

Council Member Burt stated the Council could have that debate in January.

Mr. Keene added that the January discussion would include Staff's assessment of the impact on the timeline, scheduling, and other directives.

Vice Mayor Kniss inquired whether Council Member Burt also meant not considering any interim zoning changes.

Council Member Burt replied no. Interim zoning changes would be a second topic for that meeting. He was skeptical of the process outlined in Recommendation Number 4. The Council should consider whether it wanted to create some form of an advisory committee. That discussion could also occur in January. The proposed process did not educate the community regarding a vision for the Comprehensive Plan before diving into data, scenarios, and alternatives. Two summits were needed; one to establish and educate for a vision and a second to grapple with what was learned. He did not believe that should be included in the Motion provided Staff was not precluding that discussion.

Ms. Gitelman was willing to hold continuing discussions about structure of the work sessions and summit. Planning and preparing for a summit as early as May would be a great deal of work for Staff.

Council Member Burt was concerned that a summit meeting would fail if it was not preceded by a vision meeting as he described.

Ms. Gitelman wanted a summit meeting to succeed. A summit could begin with a plenary session regarding big-picture issues before participants discussed critical issues.

Council Member Burt did not believe a plenary session could occur the same day.

Ms. Gitelman would accept the Council's input regarding structure of meetings. Having two summit meetings would greatly increase Staff's workload.

Council Member Burt appreciated the amount of work needed. He wished to ensure that Staff had not precluded an alternative. In January, the Council could make a decision on the structure of work sessions.

Mr. Keene suggested the Council read Recommendation Numbers 3 and 4 together. Participants could discuss policy issues as problems and deficits that they wanted to remedy and the concepts that needed consideration.

Council Member Burt preferred to begin a community discussion by envisioning the type of community residents wanted in 20 years. After that, participants could discuss methods to integrate other components. He requested the Council hold a discussion of this issue in January.

Mr. Keene indicated the Council would need to give Staff direction regarding its wishes.

Council Member Burt asked if the Council would have that discussion in January.

Ms. Gitelman was not planning to return to the Council for a discussion of how to structure the summit. Staff was planning a series of inspirational sessions that began with the big picture, appealed to a wide range of people, and then moved to issues and choices. Staff could not prepare for discussions of annual growth management program, retail and parking Ordinances, and structure of a summit in time for a meeting in January.

Council Member Burt advised that Staff could proceed with planning the work sessions; however, they would have time to incorporate changes as directed by the Council in January.

AMENDMENT: Council Member Burt moved, seconded by Council Member Holman to include in Number 2 of the Motion to direct Staff to provide Council input on the draft summit and work sessions in January.

Ms. Gitelman would accept Council direction. At some point work on other initiatives would be delayed.

Council Member Holman interpreted the Amendment as seeking clarity from Staff regarding the structure of work sessions.

Mr. Keene understood the intent of the Amendment as well as Staff's position. Staff would proceed with preparing for a summit with the caveat that the Council could make changes in January. Making changes could impact the timeframe for other initiatives to be presented to the Council.

Council Member Holman did not view the Amendment as putting off work. In January, Staff would advise the Council of the plan for moving forward.

Council Member Klein opposed the Amendment, because it proposed micromanaging Staff.

Council Member Berman stated that realistically the Council could change all of Staff's preparations. He supported the Amendment as well as Staff should they report that other initiatives would be delayed because of Council changes imposed in January.

Council Member Price did not support the Amendment.

MOTION TO CALL THE QUESTION: Council Member Price called the question.

CALL THE QUESTION PASSED: 9-0

AMENDMENT FAILED: 4-5 Berman, Burt, Holman, Scharff yes

Mayor Shepherd felt Staff outlined issues of concern to the community. Working sessions were the correct approach. She hoped complementary zoning changes occurred after adoption of the Comprehensive Plan.

MOTION AS AMENDED PASSED: 9-0

14. Approval of Staff Recommendations Concerning Responses to Palo Alto Compost Facility Request for Proposals for Yard Trimmings and Residential Food Scraps at the Measure E Site. Staff Recommends that Council Direct Staff to Pursue One of the Two Following Options:

Option #1 (Lower-Cost Option): Reject all Proposals Received in Response to the "Compost Facility for Yard Trimmings and Residential Food Scraps".

Option #2 (Local Facility Option): Begin Negotiations with Synergy to Develop a Contract for Design, Construction and Operations of a Composting Facility on a 3.8-acre Section of the Measure E Site. If Staff is Unable to Negotiate a Contract with Synergy then Staff is Directed to Initiate Negotiations with a second company.

Council took a break at 10:03 P.M. and returned at 10:10 P.M.

Mayor Shepherd recalled that earlier in 2014 the Council rejected the Request for Proposals (RFP) to develop an anaerobic digester and issued a new RFP for a digester to exclude yard trimmings. The Council directed Staff to include composting of yard trimmings and household food scraps and to return with proposal results prior to year end.

Mike Sartor, Director of Public Works, reported in May 2014 the Council directed Staff to issue an RFP for composting of yard trimmings and residential food scraps at the Measure E site. Staff received four proposals in September 2014 and asked clarifying questions in October.

Phil Bobel, Assistant Director of Public Works, advised that Proposal Number 1 would compost materials outside Palo Alto. The anaerobic digester at the sewage treatment plant was the main component of the Organics Facility Plan. Preliminary design of the digester was complete, and a contract would be presented to the Council in the next few weeks. The RFP requested proposals for a design, build, operate, and maintenance contract and would include an Environmental Impact Report (EIR). The City would finance and own the facility and equipment. Primary environmental requirements were odor and noise control. Staff structured the RFP to require an enclosed facility around all compost operations. Staff eliminated BioMRFs proposal, because they did not feel its guarantor was strong enough. proposals were submitted by Synergy, Harvest Power, and GreenWaste. Staff ranked proposals based on qualitative and cost measures. ranked Number 1, Harvest Power Number 2, and GreenWaste Number 3. Synergy proposed use of an enclosed system. Option Number 1 would ship material to a compost facility located outside Palo Alto and would cost substantially less than the three proposals.

Option Number 2 would construct a facility on the Measure E site. Palo Alto Green Energy proponents would support shipping materials to an outside composting facility. Currently, yard trimmings were shipped to Z-Best for composting. Other composting facilities were Zero Waste Energy Development (ZWED), Newby Island, and Harvest-Lathrop. GreenWaste had constructed a dry anaerobic digester that could accept material from Palo Alto. Option Number 1 provided the lowest cost for the City. Option Number 2 would provide a local facility. With either option, Staff needed to collect residential food scraps differently. Currently, residential food scraps were mixed with garbage, while commercial food scraps were collected separately. Under Option Number 1, Staff would select the best location outside Palo Alto and return in March 2015 with information. Under Option Number 2, construction of a new facility in Palo Alto would be complete in 2018.

Andy Benedetti, BioMRF Technologies, requested Staff explain their reasons for excluding BioMRF's proposal. Staff submitted ten questions to BioMRF; however, none of the questions addressed reasons for excluding BioMRF's proposal. BioMRF could offer the best technology at the best price.

Tom Jordan advised that the State claimed title to the landfill site, and the City had not requested permission from the State to build a compost facility on the site. The State Lands Commission suggested the City would not receive permission. The City signed a lease that obligated it to build a passive park on the site.

Karen Sundback supported postponing construction of a local composting facility. The Newby Island facility would close in either 5 or 15 years depending on the outcome of pending litigation. The Zero Waste facility was too small to handle all material from Newby Island. Construction of a local facility would be the responsible solution at some point in the future.

Carol B. Muller remarked that Byxbee Park offered unprecedented views of both the Bay and mountains; was a Mecca for bird watching; offered more than 5 miles of trails; and contained educational art pieces. She urged the Council to fulfill the promise of Byxbee Park.

Peter Drekmeier, Palo Altans for Green Energy, was disappointed by the RFP requirement for an enclosed building. A local facility could be less expensive in the long run. He requested the Council table a composting facility on the Measure E site and encourage Staff to proceed with an anaerobic digester.

Emily Renzel supported Option Number 1. Zero waste and sustainability goals could be achieved through either option. Local aerobic composting of yard trimmings would produce no energy and offered no significant advantages.

Option Number 1 was considerably less expensive than Option Number 2 for the City and ratepayers. Option Number 1 was the most cost-effective and environmentally sound option.

Scott Scholz, GreenWaste of Palo Alto, worked with Staff to determine new approaches for transportation vehicles and options for transporting materials to the ZWED facility. Option Number 1 was the logical choice. GreenWaste was willing to negotiate a long-term, 15-year contract for processing of material at the ZWED facility; provide free compost to residents; and continue education efforts.

Greg Ryan, GreenWaste of Palo Alto/Zero Waste Energy Development, supported Option Number 1. GreenWaste's technical proposal for a local facility scored highest of the three proposals. Prices contained in GreenWaste's proposal were estimates based on incomplete information.

Stephanie Munoz requested the Council consider the cost of Option Number 2, enclosing a local facility within a building, and current facilities for composting yard trimmings.

David Bubenic suggested the Council plan for the future. Over time, waste treatment sites would move further away from Palo Alto. The most efficient and least carbon option for transportation was rail, and the City should consider building a loading station for transportation by rail.

Shani Kleinhaus advised that the building would be located in a critically important wildlife corridor. Mitigation measures would likely be located outside Palo Alto. She requested the Council support Option Number 1.

Craig Lewis encouraged the Council to consider economic and environmental factors in making its decision. He supported Option Number 1.

MOTION: Council Member Klein moved, seconded by Vice Mayor Kniss to reject all proposals received in response to the "Compost Facility for Yard Trimmings and Residential Food Scraps" RFP and continue composting outside of Palo Alto, and:

- 1. Table decision on how the Measure E site should be used until:
 - The City has a better understanding of our needs for the anaerobic digester, including processing of digestate and preprocessing of food waste; or
 - b. An advanced technology for processing organic waste is available; or

- c. Best management practices are sufficient and could be affordable without requiring a fully-enclosed building; or
- d. Composting outside Palo Alto is no longer the lower cost option.
- 2. If none of the conditions described above in Paragraph 1 of this Motion have occurred by June 30, 2019, the City Council shall decide by December 31, 2019 which action including the extension of this Resolution that the City shall take with respect to the Measure E site. Additionally, a yearly informational report will be submitted to the City Council regarding the status of the Measure E site and the conditions described in Paragraph 1 of this motion.
- 3. Direct Staff to focus on advancing the RFP process for the anaerobic digester that will convert biosolids and food waste into biogas as laid out in the City's Organics Facility Plan.

Council Member Klein felt Staff made a compelling case for Option Number 1, but did not mention next steps. The Motion was consistent with the proposal of Palo Altans for Green Energy with a few modifications.

Vice Mayor Kniss expressed concerns about composting facilities after Newby Island closed and about trucking garbage. The Motion would provide the Council with an environmentally acceptable and stable position. She inquired whether the Motion included check-ins other than in 2019.

Mayor Shepherd explained that use of the Measure E site would be tabled until one of the conditions listed in a), b), or c) was met.

Vice Mayor Kniss inquired whether Council Member Klein would agree to include language for periodic check-ins.

Council Member Klein did not see a need for periodic check-ins.

Vice Mayor Kniss preferred periodic check-ins over "a better understanding of our needs."

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add a paragraph under section d): Staff shall annually report to the City Council on the status of the Measure E site and the potential conditions described above.

Vice Mayor Kniss inquired whether Staff would provide an informational report.

Council Member Klein clarified that Council Members could place an item on the Agenda if they wished.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that in section b) change "processing yard waste" to "processing organic waste."

Council Member Schmid felt the Motion provided the Council with time to assess new technologies. The 2007 Zero Waste Policy stated an anaerobic digester was an interim step to achieving zero waste with new technologies. Conversion technologies continued to be a major option and should be a component of the annual update. Identifying technology that could achieve the goals of the 2007 Zero Waste Policy was essential.

Council Member Holman requested the City Attorney address public comment regarding the State Lands Commission.

Molly Stump, City Attorney, reported the City acknowledged that a lease amendment would be needed if the facility was going to be used as proposed in Option Number 2. Staff had been conferring with State Lands Commission officials. The City's position was that a lease agreement was not strictly required; however, the City would amend the lease if needed.

Council Member Holman suggested some of the propositions in the Motion would require agreement of the State Lands Commission.

Ms. Stump clarified that a lease agreement would be required at the point where the City decided to proceed with substantial construction at the site.

Mr. Bobel advised that a lease agreement would be needed later in the process under Option Number 2, and later yet under the Motion. State Lands Commission officials indicated they would be amenable to a lease agreement.

Council Member Holman asked if the Motion provided an option for construction on the Measure E site.

Council Member Klein stated the intent of the Motion was to provide an option for construction if any of the conditions were met.

Council Member Holman asked if Staff had information regarding closure of the Newby Island facility.

Mr. Bobel indicated Newby Island would close; however, it was one of four alternatives. He preferred the ZWED facility which was owned and operated by GreenWaste.

Council Member Holman inquired whether Staff had talked with GreenWaste about a contract term of more than 15 years.

Mr. Bobel had not held any detailed conversations with GreenWaste. Until recently, GreenWaste was not sure it could accept any material from Palo Alto, because ZWED was a new facility that committed to taking San Jose's waste. Now that GreenWaste knew it could accept material from Palo Alto, Staff would hold detailed discussions with GreenWaste. If the Council approved the Motion, a long-term contract might not be practical.

Council Member Holman asked if Staff had made any progress with respect to home composting.

Mr. Bobel continued to educate the public about home composting. Home composting could never replace a composting facility, because many residents lived in apartments and condominiums.

Council Member Burt asked if Item 2a should be "The City has a better understanding of our needs from the anaerobic digester."

Mr. Bobel suggested the Motion state digestate.

Council Member Burt clarified that digestate was the byproduct.

Mr. Bobel indicated that "needs for an anaerobic digester" could be deleted.

Council Member Burt asked if preprocessing was performed in the digester.

Mr. Bobel explained that preprocessing was a grinding and screening step done prior to anaerobic digestion.

Council Member Burt felt the Council should know as soon as possible if the State Lands Commission would not agree to a lease, so that Staff could pursue an alternative site.

Mr. Bobel met with State Lands Commission officials a few weeks previously and did not believe there would be a problem.

Council Member Burt inquired about the cost effectiveness of making the home composting container give away a permanent program.

Mr. Bobel reported more residents were taking containers. The cost of each container was approximately \$50.

MOTION AS AMENDED PASSED: 8-1 Holman no

15. Resolution 9476 entitled "Resolution of the Council of the City of Palo Alto Adopting the 2014-2016 Management & Professional Compensation Plan" and Ordinance 5289 entitled "Ordinance of the Council of the City of Palo Alto Amending the Table of Organization."

James Keene, City Manager, reported the Council provided direction to Staff in a Closed Session. The Management and Professional Compensation Plan (Plan) was designed to track the agreement with the Service Employees International Union (SEIU). Staff recommended adjustments to under market salary ranges, approval of a 2 percent general salary increase effective July 1, 2014, approval of 2.5 percent general salary increase effective July 1, 2015, implementation of a flat rate employer contribution to medical premiums, and approval of small language changes.

MOTION: Council Member Price moved, seconded by Vice Mayor Kniss to adopt the attached Resolution adopting the Compensation Plan for Management and Professional Personnel and Council Appointees effective July 1, 2014 through June 30, 2016 (the "Plan"), to:

- Make adjustments to certain under-market salary ranges for market competitiveness;
- 2) Approve a 2% general salary increase effective the pay period including July 1, 2014;
- 3) Approve a 2.5% general salary increase effective the pay period including July 1, 2015;
- 4) Implement flat rate employer contributions to medical premiums; and
- Make additional changes as outlined in the attached Management & Professional Compensation Plan attached as Exhibit 1 and to adopt the attached Ordinance making related amendments to the Table of Organization.

Council Member Price indicated the Plan would align compensation for Management and Professional personnel with SEIU personnel. The Plan would assist with recruiting and retaining employees.

Council Member Schmid felt the important provision of the Plan was the flat rate employer contribution to medical premiums.

Council Member Scharff asked why the Plan included additional compensation for the Mayor and Vice Mayor. They were not Management and Professional Employees.

Sandra Blanch, People Strategy and Operations Assistant Director, explained that the Plan outlined benefits for Council Members and stipends for the Mayor and Vice Mayor.

Council Member Scharff asked if the Plan stated the benefits for which Council Members were eligible.

Ms. Blanch would provide the information at a later time.

Molly Stump, City Attorney, advised that Staff would present an item in January 2015 regarding the Council's salary. At that time, Staff would also present a clean-up amendment to an Ordinance stating that the Council set the Mayor and Vice Mayor stipend annually by Resolution.

MOTION PASSED: 9-0

Vice Mayor Kniss left the meeting at 11:25 P.M.

Council Member Questions, Comments and Announcements

Council Member Price attended many workshops at the Congress of Cities Conference in Austin. At the Innovation and Entrepreneurship workshop, Open Government and Code of America referred to their work with the City of Palo Alto. She requested Staff provide a brief update regarding work with Open Government and Code of America.

Council Member Klein advised that several meetings during the Congress of Cities Conference were applicable to Palo Alto. Airbnb and Aspects of the Sharing Economy would be the subject of a Colleague's Memo. He toured affordable housing in Austin, which had passed two bond measures for affordable housing in five years. He also attended sessions on cities with too much water and cities with too little water; both were applicable to Palo Alto.

Council Member Holman toured affordable housing and the animal shelter during the Congress of Cities Conference. Austin's animal shelter was also supported by a bond measure. She requested the meeting be adjourned in memory of Betsy Allen, who passed away the previous week. Ms. Allen was a community advocate and political activist.

Adjournment: The meeting was adjourned at 11:34 P.M.

ATTEST:	APPROVED:	
City Clerk	Mayor	

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