Oral	Communications56
Stud	y Session57
1.	Joint Study Session with the Human Relations Commission on Accomplishments, Projects and Priorities in 201557
2.	Short-Term Rentals and Home Occupation Uses in Residential Neighborhoods61
City I	Manager Comments69
Oral	Communications69
Minu	tes Approval70
Cons	ent Calendar71
3.	Ratification of Code Enforcement Settlement Agreement - 2040 Cowper Street
4.	Approval of Contract to Hunt Design for \$104,600 for Design of Downtown Parking Wayfinding and Signage and Development of a Parking Brand, and Approve a Budget Amendment Ordinance 5307 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto in the Amount of \$104,600 Transferring Funds from the University Avenue Parking Permit Fund to CIP PL-15004, Parking Wayfinding Project."
5.	Approval of Amendment No. 1 to Contract #C13148075 with West Coast Arborists, Inc., for an Additional Amount of \$182,410 for a Third Year of a Three Year Term for a Total Amount Not to Exceed \$1,232,410 for Tree Pruning and Removal Services; and Adoption of a Related Budget Amendment Ordinance 5308 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto in the General Fund."
6.	Approval of a Signage Contract with McGuire-Pacific Contractors in the Amount Not to Exceed \$368,500 and Adoption of a Related Budget Amendment Ordinance 5309 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto in the Amount of \$368,500."71

7.	Request for Finding that Stevenson House Rehabilitation Proposed Ownership Structure is Compliant With the Site-Specific Planned Community Zoning Ordinance Adopted in June 1965
8.	Ordinance 5310 entitled "Ordinance of the Council of the City of Palo Alto Authorizing Closing of the Budget for the Fiscal Year Ending June 30, 2014 (First Reading: February 9, 2015 PASSED: 8-0 Kniss absent)."
9.	Ordinance 5311 entitled "Ordinance of the Council of the City of Palo Alto Amending Municipal Code Sections 2.16.070, 2.20.020, 2.21.025, 2.25.030, 2.27.020 to Change the Start of Terms on the Architectural Review Board, the Historic Resources Board, the Parks and Recreation Commission and the Planning and Transportation Commission from November 1st to December 16th (First Reading: February 9, 2015 PASSED: 8-0 Kniss absent)."
10.	Ordinance 5312 entitled "Ordinance of the Council of the City of Palo Alto to Update the Fiscal Year 2015 Table of Organization for Fiscal Year 2015 Incorporating Technical Changes (First Reading: February 9, 2015 PASSED: 8-0 Kniss absent)."
11.	Resolution 9501 entitled "Resolution of the Council of the City of Palo Alto Approving Interim Appointment of James Lightbody to Chief Transportation Official Position Pursuant to Government Code Section 21221(h)."
Actio	n Items72
11a.	(Former Agenda Item Number 7) Request for Finding that Stevenson House Rehabilitation Proposed Ownership Structure is Compliant With the Site-Specific Planned Community Zoning Ordinance Adopted in June 1965
12.	Finance Committee Recommendation to Accept the Fiscal Year 2016 to 2025 General Fund Long Range Financial Forecast
Coun	cil Member Questions, Comments and Announcements84
Close	ed Session84
13.	THIS CLOSED SESSION ITEM HAS BEEN CANCELLED84
Adjou	urnment: The meeting was adjourned at 10:43 P.M84

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:03 P.M.

Present: Berman, Burt, DuBois, Filseth, Scharff, Schmid, Wolbach

Absent: Holman, Kniss

Human Relations Commissioners

Present: Alhassani, Chen, Morin, O'Nan, Savage, Stone

Absent: Bacchetti

Oral Communications

Nancy Krep, Sixth District Parent Teacher Association and Palo Alto Unified School District Parent Teacher Council, urged the Council to approve the City Manager's recommendation to release \$8 million for preservation of Buena Vista Mobilehome Park. The PTA supported the children of Buena Vista Mobilehome Park.

Erika Escalante, Buena Vista Mobilehome Park Residents Association, advised that Buena Vista Mobilehome Park was an affordable and safe place to live and raise children. Residents of Buena Vista were an important part of Palo Alto. Many residents worked in Palo Alto and at Stanford University. She urged the Council to release funds for purchase of Buena Vista Mobilehome Park as soon as appropriate.

Lisa Kenkel, Law Foundation of Silicon Valley Board Member, supported homeowners of Buena Vista Mobilehome Park. She urged the Council to ratify the City Manager's setting aside of \$8 million for Buena Vista Mobilehome Park.

Vice Mayor Schmid encouraged the public to share their opinions with the Council. The Council would hold a hearing on the appeal of the closure application for Buena Vista Mobilehome Park on April 13 and 14, 2015. The Council was obligated to remain neutral, fair, and open-minded during that appeal hearing. The City could comment on possible actions only after that hearing was held.

Study Session

1. Joint Study Session with the Human Relations Commission on Accomplishments, Projects and Priorities in 2015.

Jill O'Nan, Human Relations Commission Chair, related the Human Relations Commission's (HRC) Mission and areas of responsibilities.

Daryl Savage, Human Relations Commissioner, reported a subcommittee of the HRC met quarterly with Chief Burns of the Palo Alto Police Department. The Citizens Academy would return in the spring. Police Department staffing had improved. The Police Department could institute a Juvenile Citizens Academy for high school students. Daytime residential and automobile burglaries had increased over the prior year. Four citizens filed complaints against the Police Department in 2014, a few of which warranted an internal investigation. Each patrol car was equipped with five cameras. Each police officer could receive a body camera in 2015. The Police Department was considering four locations for a new Public Safety Building.

Ms. O'Nan noted the HRC had a longstanding relationship with Project Safety Net. In 2014, the Council allocated additional funds to the Human Services Resource Allocation Process (HSRAP). With additional funding, the HRC facilitated additional services for Palo Alto residents. The HRC reviewed the second year of Community Development Block Grant (CDBG) funds, conducted site visits to many HSRAP agencies, and hosted and moderated a Senior Summit.

Council Member DuBois asked if the HRC planned to hold a second Senior Summit.

Ms. O'Nan advised that the HRC received extremely positive feedback and could make it an annual or biennial event. The HRC was also considering developing a directory of senior services. The HRC attended the Annual Regional Human Relations Breakfast. Several HRC Commissioners attended the California Association of Human Relations Organizations Conference in San Francisco. The HRC approved new appointments of mediators for the Palo Alto Mediation Program (PAMP) and reviewed PAMP's annual report. In 2015, the HRC reviewed applications and would recommend agencies for HSRAP funding.

The HRC was reviewing data regarding ways other communities funded human services and would make recommendations to the Council.

Greer Stone, Human Relations Commissioner, began researching the issue of homeless veterans in Santa Clara County. Santa Clara County had the

highest rate of homeless veterans across the country. Forty homeless veterans were located in Palo Alto, 50 percent of whom had mental disabilities and 23 percent struggled with substance abuse. A summit of veteran homelessness issues could be the best method to educate the public.

Mehdi Alhassani, Human Relations Commissioner, was engaging the Veterans Administration, Veteran Service Organizations (VSO) and non-profit agencies for a summit of services for homeless veterans.

Diane Morin, Human Relations Commissioner, conducted seven or eight site visits to HSRAP agencies. Site visits allowed Commissioners to understand changes in services and agency needs.

Ms. O'Nan began a learning series on affordable housing a few years ago.

Theresa Chen, Human Relations Commissioner, along with Vice Chair Bacchetti researched affordable housing and low-income residents of Palo Alto. Thirty percent of Palo Alto residents were in the low-income category. Sixty-one to Seventy-two percent of low-income residents were renters and 60-80 percent paid more than 30 percent of their monthly income for rent. Less than 10 percent of Palo Alto workers were Palo Alto residents. Director Gitelman recommended the HRC focus on senior co-housing and tenant's rights and collaborate with non-profit agencies.

Vice Mayor Schmid noted the HRC provided an outline of priorities for 2015 and requested Council feedback.

Council Member DuBois inquired about the status of the Betty Wright Aquatic Center.

Ms. Morin understood that the pool had to be rebuilt before services could resume. Abilities United was focusing on expanding programs.

Ms. O'Nan indicated the pool served Santa Clara County and offered unique services.

Council Member DuBois asked if Abilities United owned the building.

Ms. Morin believed Abilities United owned the building and was expanding the facilities.

Council Member DuBois liked the idea of continuing the Senior Summit through an online forum or presence. The City/School Liaison Committee was focused on Project Safety Net and would welcome information from the

HRC. He asked if the Palo Alto Police Department had a policy for use of body cameras.

Ms. Savage advised that the Police Chief would have to provide that information. Body cameras would protect both police officers and the public.

Council Member Berman was pleased the HRC was using its time strategically to create the largest impact. Bringing different agencies together to focus on needs in the community was an excellent use of time and resources. The HRC should collaborate with other agencies with respect to Project Safety Net. Affordable housing was an important issue in the region and community.

Ms. O'Nan indicated Adolescent Counseling Services received HSRAP funding and was a frontline resource for troubled children.

Council Member Burt suggested the HRC create an online tool and a collaborative for senior service providers. He inquired whether the HRC was aware of an emerging crisis for market rate housing. Perhaps the HRC or a non-profit agency could develop a service to connect interested parties with available rental space in existing homes or apartments.

Council Member Wolbach suggested the HRC consider hosting a civility roundtable based on the Mountain View model. Perhaps the HRC could confer with the Planning Manager for East Palo Alto regarding housing. The HRC should review the County of San Mateo white paper regarding affordable housing.

Council Member Scharff was interested in the HRC targeting homeless veterans. He inquired about the total number of homeless people in Palo Alto and the percentage of those who were veterans.

Mr. Alhassani reported Community Technology Alliance provided the number of 40 homeless veterans between June 30, 2013 and July 1, 2014.

Minka Van Der Zwaag, Human Services Manager, added that the U.S. Department of Housing and Urban Development (HUD) required each county to provide a point-in-time count of the homeless population. The last available total for Santa Clara County was approximately 170. Figures from the count conducted in January 2015 were not yet available.

Council Member Scharff asked if 50 percent of homeless veterans suffered from mental disabilities and 23 percent from substance abuse.

Mr. Alhassani answered yes. Community Technology Alliance statistics could provide details by age, sex, and location. He could provide a link to that information.

Council Member Scharff suggested the Veterans Administration could provide assistance as well.

Council Member Filseth agreed with targeting homeless veterans for services. In-place senior housing was an interesting concept. He inquired about the number of CDBG grants awarded each year.

Ms. O'Nan advised that grants were spread across three categories.

Council Member Filseth asked which category received the most funding.

Ms. Van Der Zwaag explained that the public service category funded five agencies for domestic violence and homeless services.

Mr. Alhassani added Catholic Charities.

Ms. Chen included Downtown Streets Team.

Ms. Van Der Zwaag clarified that Downtown Streets Team fell under the economic development category. Different parts of the InnVision Shelter Network received funding from both CDBG and HSRAP. The HRC attempted to target each funding source to different agencies to provide a broad impact.

Ms. O'Nan indicated CDBG grants funded the Microenterprise Assistance Program (MAP) which allowed low-income people to start their own businesses.

Vice Mayor Schmid stated the HRC provided good information to the community and the Council, built valuable relationships, leveraged resources, and identified priorities. He was surprised by the number of homeless veterans in Santa Clara County and Palo Alto.

Stephanie Munoz suggested the Cities of Palo Alto, Mountain View, and Sunnyvale demand the Federal Government fulfill its obligations to veterans. The Federal Government had land available to house homeless veterans. The Birge Clark gymnasium could house homeless people.

2. Short-Term Rentals and Home Occupation Uses in Residential Neighborhoods.

Hillary Gitelman, Planning and Community Environment Director, reported the Study Session resulted from a Colleague's Memo in late 2014. The Staff Report summarized the current zoning provisions related to transient or short-term rentals of residences in Palo Alto. There currently were no exceptions to the prohibition of short-term use of residences despite the prevalence of vacation rentals. The Zoning Ordinance permitted home occupations subject to specific parameters; however, there was no permit process. All Code provisions predated the sharing economy. Staff provided sample Ordinances from San Luis Obispo and the City and County of San Francisco. The Staff Report contained information regarding the current Code Enforcement Program.

Molly Stump, City Attorney, advised that Transient Occupancy Tax (TOT) receipts were due to the City for any short-term rental of 30 days or less. In the fall of 2014, voters updated the TOT to increase the rate and to clarify that any broker that arranged a rental was responsible for collecting and remitting the TOT to the City. The City was informing various entities that arranged vacation rentals through websites of the new tax requirement. In recent months, larger entities agreed to collect and remit taxes in other, larger jurisdictions. Staff hoped to have productive dialogs with those entities. As a policy matter, there could be a connection between the approach the Council wanted Staff to take on tax matters and zoning issues.

Ms. Gitelman indicated the issue raised a number of policy questions such as the effect on the availability of housing; the potential commercialization of residential properties and Palo Alto neighborhoods; and the issue of fairness for both hotels and vacation rentals to pay taxes. On the other hand, property owners were utilizing short-term rental income to pay their mortgages or rent each month. The Council could address changing needs through policy changes. Next steps included collection of the TOT, continuing Code Enforcement efforts, and potential amendments to the Zoning Ordinance if directed by the Council. This would be a time-consuming endeavor because of the high amount of public interest and the amount of effort needed to develop an updated set of Zoning Regulations.

Chris Casey indicated her Airbnb guests, one at a time, received a bedroom, half-bath, shared shower facilities, and a full breakfast and snacks.

She was careful about who stayed in her home. After taxes and expenses, she received sufficient income to pay her utility bills.

Sarah McDermott, Unite Here Local 19, was concerned about short-term rentals that replaced long-term rental units. She cautioned against utilizing a hosted versus unhosted model as it was nearly impossible to monitor. The San Luis Obispo Ordinance seemed to better fit Palo Alto's situation.

Bob Moss remarked that unregulated short-term rentals created a number of problems including commercialization of residential zones, lack of safety inspections, and fewer tax receipts. He suggested Staff review websites to determine which residents were offering short-term rentals.

Stephanie Munoz felt absentee owners rented their properties in order to retain ownership. She was unsure whether making short-term rentals illegal would be popular.

Rita Tetzlaff believed the Council should first discuss whether Palo Alto should continue to thrive or whether Palo Alto should convert to a transient living environment. A Zoning Officer told her he would not enforce the current Code if the homeowner rented space while remaining in the home. The City should enforce Zoning Codes.

Marvin Weinstein concurred with Ms. Tetzlaff's comments. He shared his experience with an Airbnb rental of a neighboring home. The City should require homeowners to be in residence when renting space in their homes.

E. Segre related her experience with an adjacent home being a short-term rental. The Council should prohibit short-term rentals of homes.

Wynn Grcich suggested the Council remember that many homeowners rented space in their homes in order to pay their mortgages. Those rentals also provided housing for low-income workers.

Katherine Glassey felt guilty for occupying a large home when the City was experiencing a housing crisis. She was considering short-term rentals through a website in order to have company, to obtain background checks on renters, and to help alleviate the housing situation.

Council Member Burt believed the Council should not make policy decisions based upon TOT revenue that could come to the City as a result of those policy decisions. The Council also referred use of homes as offices for staff to investigate; however, he found nothing in the Staff report about that.

Ms. Gitelman reported the City had received approximately ten complaints related to home occupations in the past year. Most of those had been located in the Downtown area. The complaints involved overuse of a residence for an office-type use.

Council Member Burt did not find an analysis of policy direction on that issue.

Ms. Gitelman indicated that one way to pursue that issue more diligently would be to create a permit process for home occupations. Currently home occupations were allowed subject to specific conditions, but the property owner was responsible for investigating and complying with those conditions. The City was not involved. A permit process, similar to those other jurisdictions had established for vacation rentals, would require the owner to come to the City and acknowledge the need to comply with conditions. If those conditions were not followed, then the City could revoke the permit.

Council Member Burt asked how a vacation rental permit would apply to occupancy for office use. The office use would not necessarily be short-term.

Ms. Gitelman meant that the permit process would be similar to other jurisdictions' methods to regulate vacation rentals. Other jurisdictions had created an administrative permit process so that the owner was responsible for obtaining a permit and the permit could be revoked if conditions were not followed. The City could implement a similar process for home occupations.

Council Member Burt understood the City defined home businesses and deliberately excluded them from the Business Registry. The permit process Ms. Gitelman described appeared to apply to residents who also had a home office. That was not the direction he wanted to take. The Staff Report did not mention this problem or whether there were alternative ways to address it.

Ms. Gitelman suggested one method to address overuses beyond permitted activities was to institute some type of permit process. The Staff Report did not provide any details, because Council input was needed to shape that type of program. If the Council wished Staff to investigate other methods for regulating uses that exceeded Section 18.42.060 for home occupations, Staff could do so.

Council Member Burt was not interested in requiring every homeowner with a home office to obtain a permit. He was interested in better mechanisms to prohibit full-scale businesses with multiple employees from operating in a home. Perhaps the Council should explore methods for residents to rent spare rooms once per month or for a longer term. That could help address the lack of housing supply. The Staff Report indicated Staff could not determine the number of units available because website listings did not include addresses. He asked if websites listed properties by city.

Ms. Gitelman explained that it was not always possible to determine whether a property was located in a given jurisdiction through a location search. The number of listings provided through a location search fluctuated; therefore, identifying the number of listed properties was difficult.

Council Member Burt felt Staff could obtain a rough estimate of the number of properties based upon the city in which the property was listed and the average number of properties listed. He requested Staff provide better data.

Ms. Gitelman advised that Staff attempted to do that; however, the number fluctuated dramatically. One weekend, a search listed 15 properties; a second weekend 53 properties; a third weekend even more properties. Staff did not have the best tools to accomplish that measurement.

Council Member Burt recalled the Colleague's Memo referred to the *San Jose Mercury News* article which indicated 300-400 properties were listed as available in Palo Alto. It was important for the Council to know if the number was dozens, 100, or 300. He inquired whether the short-term rental Ordinance applied the same whether an owner was present or not.

Molly Stump, City Attorney, did not believe the Zoning Code distinguished between the owner being present or not. The issue was the definition of short-term occupancy as 30 days or less.

Council Member Burt was inclined to limit the number of rentals per month and to encourage longer-term rentals. If the Council considered some permissibility for short-term rentals, then the San Luis Obispo option of limiting the number of guests would be important.

Council Member Scharff noted the Staff Report stated that Staff would not have time to work on other initiatives if the Council decided to prioritize the current issue. He inquired about the actual number of complaints the City had received. The Staff Report indicated seven complaints, two of which were not legitimate. Five complaints did not indicate a severe problem that warranted the expenditure of large amounts of resources.

Ms. Gitelman reported the City had received a number of complaints. The seven complaints indicated in the Staff Report occurred in the past 1 to 1 1/2 years for vacation rentals. A similar number or slightly more complaints were received for home occupation. The numbers were not high, but each complaint required a great deal of work and was disruptive to the neighborhood around the home.

Council Member Scharff felt conflating home occupation and short-term rentals would be a mistake. The existing Zoning Code prohibited a home-

based business with 30 employees. He would allow home stays as provided in the San Luis Obispo Ordinance. He did not view home stays as being disruptive to the neighborhood. The City could allow the homeowner to be absent with restrictions similar to those stated in the San Francisco Ordinance. Homeowners should not be allowed to rent their homes continuously as a hotel. The sharing economy was good for consumers. He was concerned that efforts to collect the TOT would cost far more than the amount of TOT collected. Collection of the TOT should not drive the discussion. The discussion should center around the severity of the problem, the number of complaints, and impacts to quality of life in neighborhoods. Enforcement should remain on a complaint basis; however, the City should resolve those complaints.

Council Member Filseth agreed that the amount of TOT collected would be small. The City should not allow rental of homes as hotels. Ordinance provisions for vacation rental of homes and home stays should be a low priority for Staff. He inquired whether the City could institute harsher penalties for renters committing egregious acts.

Ms. Gitelman advised that the two Code Enforcement Officers had experience and received support from the City Attorney's Office. Officers investigated complaints, and the City Attorney's Office moved against violators as quickly as possible.

Council Member Filseth asked if the City could impose a fine for violators.

Ms. Gitelman reported the City could issue citations. Staff preferred homeowners cease and desist from egregious violations without the need to impose fines.

Council Member DuBois expressed concern that rentals under the hotel model were removing housing from the market. Homes rented to more people than the number of bedrooms seemed particularly egregious. He was comfortable with the home stay model and longer-term rentals. Enforcement seemed to place the burden on citizens to gather proof.

The concept of enforcement based on advertising had some merit. In December 2014, he searched for online listings and found approximately 300. Requiring occupants to register and limiting the number of occupants were logical means to identify egregious users. The Council and Staff should be cognizant of websites that advertised rentals versus websites that collected transactions. He inquired whether collection of the TOT could be retroactive.

Ms. Stump suggested the Council first determine whether it wished Staff to focus on the tax issue prospectively. Looking backwards would be a second step, because that involved homeowners or renters who legitimately claimed they were unaware of the obligation. Retroactive collection involved many issues such as gathering information that would allow Staff to collect the TOT, collecting the TOT efficiently, and equity issues.

Council Member DuBois asked if Staff was aware of the period of retroactivity San Francisco utilized. Retroactive collection could make efforts worthwhile.

Ms. Stump explained that there would be a statute of limitations of one to three years.

Council Member DuBois indicated this issue was not a high priority except for egregious abuses. More and more cities were collecting TOT from short-term rentals. The City could be deemed irresponsible for not collecting TOT when other cities were collecting TOT.

Council Member Wolbach was concerned about Staff spending time on this issue. If a black market addressed a serious need for housing, it would be logical to bring reasonable components of the black market to the open market and to prohibit those components incompatible with residential neighborhoods. The issue should be a low priority for Staff. The City could explore methods to incentivize below-market rental rates or longer-term rentals. The Council would be remiss if it did not attempt to accommodate the need for short-term housing. Perhaps the City should require an absent resident to register his renter. The City should enforce complaints of noise, garbage, parking, and crime. Negative impacts to neighborhoods rather than cost recovery should be the primary factor in developing and enforcing an Ordinance.

Council Member Berman asked if Staff could easily collect the TOT from Airbnb.

Ms. Stump advised that the situation was fluid. Airbnb had changed its approach over the past several months. Staff was just beginning discussions with Airbnb, because the new tax language became effective recently. Staff hoped collection of the TOT from Airbnb would not be labor intensive.

Council Member Berman felt the City could emulate systems created by other municipalities.

Ms. Stump hoped Airbnb would be interested in collecting the TOT through its software, which Staff believed was possible.

Council Member Berman agreed that collection of the TOT should not drive Council or Staff actions. He would not oppose collection efforts if they were not extensive. There was a difference between owner-occupied rentals and owner-absent rentals. The Council should attempt to eliminate owner-absent rentals, because it negatively impacted neighbors. He inquired whether Staff could easily make that distinction in an Ordinance.

Ms. Gitelman believed that was the approach of the San Luis Obispo Ordinance.

Council Member Berman asked if drafting such an Ordinance would require extensive Staff time.

Ms. Gitelman reported it would be quite an endeavor to prepare and adopt an Ordinance such as that, because of public interest.

Council Member Berman asked if all uses were illegal under the current Ordinance.

James Keene, City Manager, reiterated that enforcement was based on complaints.

Council Member Berman inquired about methods to simplify the complaint process and to resolve complaints more quickly.

Ms. Gitelman felt those problems could be solved by adding resources to the Code Enforcement function. The City employed two Code Enforcement Officers who handled all code enforcement activity. Additional resources could allow more action in areas prioritized by the Council.

Mr. Keene indicated Staff was discussing additional funding for Code Enforcement in developing the Budget. Enforcement also involved better awareness and outreach. With more Code Enforcement Officers, investigations could proceed more quickly.

Council Member Berman felt the Police Department was also involved when Code Enforcement Officers were off duty. He inquired whether Police Officers could evict people from a rental residence.

Ms. Stump reported Police Officers were often the first line of interaction with the public. However, Police Officers' first responsibility was addressing violations of criminal law and to abate any health or safety problems. Police Officers would refer a complaint of a Zoning Code violation to Code Enforcement Officers. Code Enforcement Officers would work with the City Attorney's Office to inform the owner or a long-term tenant of City rules.

Council Member Filseth asked if the Council could impose a financial penalty for the fourth citation in 12 months with increasing financial penalties for each successive citation or a similar program.

Ms. Stump would review such a program. For complaints regarding many occupants of a rental unit, the City had been successful in working through the existing process. Usually, a second complaint did not occur because renters agreed to cease and desist.

Council Member Filseth was referring to people renting residences as hotels.

Ms. Stump indicated residents should file a complaint.

Council Member Filseth asked if the City Attorney had sufficient support in the Code to handle complaints.

Ms. Stump responded yes.

Vice Mayor Schmid noted benefits of short-term rentals. The key issue was whether the City could work with newer and better-established online organizations to collect the TOT and to vet individuals. Short-term rentals would be valuable if handled appropriately. The question was whether the City could establish a process that was nonintrusive and that utilized a third party to vet both sides of a transaction.

Council Member Burt advised that recommendations for owner occupancy and a limitation of the number of occupants required Code changes. Council Members offered recommendations but did not reach a consensus for Staff to prioritize work on the item. Ongoing egregious situations would need to be addressed. If Staff could better enforce Ordinances in egregious situations and neighbors could resolve complaints fairly quickly, then the City may have reached an appropriate balance. The Council needed to provide Staff with better guidance.

Vice Mayor Schmid inquired about what information Staff needed to proceed.

Mr. Keene reported Staff indicated the challenges of making significant changes in the near term. Based on the conversation, other initiatives were more important than this issue. He would not recommend the City pursue collection of the TOT. Code changes would require much work that would be better spent in other initiatives. The Council should revisit the issues in a year to reassess Staff resources. Staff could review improvements to Code Enforcement such as enhanced coordination and additional outreach.

Vice Mayor Schmid reiterated that the issue was complex, and the item would return in a year.

Council Member DuBois suggested Staff place a low priority on the issue but continue to monitor it. If issues arose, Staff could return to the Council sooner than one year. He inquired whether the City should pursue collection of the TOT through Airbnb as Airbnb was beginning to collect and remit taxes.

Ms. Stump reported Staff had contacted Airbnb. If Airbnb agreed to comply, then it would be relatively easy to collect taxes.

Council Member DuBois inquired whether the City could collect taxes on an activity while enforcing an Ordinance that prohibited the activity.

Ms. Stump replied absolutely.

City Manager Comments

James Keene, City Manager, announced the City was participating in the second Multi-City Innovation Campaign to produce a mobile app related to health which aligned with the Council Priority of Healthy City/Healthy Community. On March 28, 2015, City Staff and Cubberley Community Center tenants would host a Cubberley Community Day. On March 29, 2015, the Palo Alto Art Center would host a program of drawing activities inspired by the Exhibit.

Oral Communications

Eamonn Gormley, Transform, explained that a road diet allowed drivers to find alternative routes and did not cause congestion.

Traffic engineering could be counterintuitive. The Council should remember that when considering dedicated lanes for the Bus Rapid Transit System on El Camino Real.

Ken Horowitz felt the hot topic in Palo Alto was loss of retail space. The former Page Mill Road YMCA building remained vacant. The building should continue to be zoned for recreational use.

Stephanie Munoz suggested Council Members distribute comments for major Agenda Items in advance of meetings in order to facilitate discussions. A vibrant community could be achieved through prohibiting office space on the ground floor of buildings.

William Zhuu, Project Anybody, was hosting a #pa.green contest for middle and high school students to submit art work or writings regarding green activities and opportunities in Palo Alto.

Emily, Project Anybody, encouraged youth to submit art, writings or photography that would raise the awareness of environmental issues in the community.

Mr. Zhuu invited the Council to a VIP reception following the contest on March 26, 2015 at Mitchell Park Community Center.

Vice Mayor Schmid requested Mr. Zhuu send the Council a reminder of the date and time.

Wynn Greich reported the Sonoma City Council opposed water fluoridation. Fluoridation caused cancer and heart attacks, lowered IQ scores, and increased the aging process.

Sally Lieber believed Caltrain should gather and analyze data for suicides committed on Caltrain tracks. Caltrain currently collected only the names of victims. Caltrain should install video surveillance.

Omar Chatty noted another death on Caltrain tracks. Caltrain should be replaced with Bay Area Rapid Transit (BART). The Council should build a consensus to implement BART around the Bay.

Mike Francois felt the residents of Palo Alto were under great pressure to succeed which contributed to suicides.

Sea Reddy indicated the average rental rate for a one bedroom apartment was \$2,900 per month. Landlords should be less greedy.

Rent control should not be instituted. The minimum wage should be approximately \$17 per hour.

Minutes Approval

MOTION: Council Member DuBois moved, seconded by Council Member Berman to approve the Minutes of December 15, 2014, January 5 and 12, 2015.

MOTION PASSED: 7-0 Holman, Kniss absent

Consent Calendar

MOTION: Council Member DuBois moved, seconded by Council Member Burt, third by Council Member Wolbach to pull Agenda Item Number 7 - Request for Finding that Stevenson House Rehabilitation Proposed Ownership Structure is Compliant with the Site-Specific Planned Community Zoning Ordinance Adopted in June 1965, to be heard after the Consent Calendar as Agenda Item Number 11a.

James Keene, City Manager, suggested the Council discuss Agenda Item Number 7 following the Consent Calendar.

MOTION: Council Member Scharff moved, seconded by Council Member Burt to approve Agenda Item Numbers 3-6, 8-11.

- 3. Ratification of Code Enforcement Settlement Agreement 2040 Cowper Street.
- 4. Approval of Contract to Hunt Design for \$104,600 for Design of Downtown Parking Wayfinding and Signage and Development of a Parking Brand, and Approve a <u>Budget Amendment Ordinance 5307</u> entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto in the Amount of \$104,600 Transferring Funds from the University Avenue Parking Permit Fund to CIP PL-15004, Parking Wayfinding Project."
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- 7. Request for Finding that Stevenson House Rehabilitation Proposed Ownership Structure is Compliant With the Site-Specific Planned Community Zoning Ordinance Adopted in June 1965.

- 8. Ordinance 5310 entitled "Ordinance of the Council of the City of Palo Alto Authorizing Closing of the Budget for the Fiscal Year Ending June 30, 2014 (First Reading: February 9, 2015 PASSED: 8-0 Kniss absent)."
- 9. Ordinance 5311 entitled "Ordinance of the Council of the City of Palo Alto Amending Municipal Code Sections 2.16.070, 2.20.020, 2.21.025, 2.25.030, 2.27.020 to Change the Start of Terms on the Architectural Review Board, the Historic Resources Board, the Parks and Recreation Commission and the Planning and Transportation Commission from November 1st to December 16th (First Reading: February 9, 2015 PASSED: 8-0 Kniss absent)."
- 10. Ordinance 5312 entitled "Ordinance of the Council of the City of Palo Alto to Update the Fiscal Year 2015 Table of Organization for Fiscal Year 2015 Incorporating Technical Changes (First Reading: February 9, 2015 PASSED: 8-0 Kniss absent)."
- 11. <u>Resolution 9501</u> entitled "Resolution of the Council of the City of Palo Alto Approving Interim Appointment of James Lightbody to Chief Transportation Official Position Pursuant to Government Code Section 21221(h)."

MOTION PASSED FOR AGENDA ITEM NUMBERS 3-6 AND 8-11: 7-0 Holman, Kniss absent

Action Items

11a. (Former Agenda Item Number 7) Request for Finding that Stevenson House Rehabilitation Proposed Ownership Structure is Compliant With the Site-Specific Planned Community Zoning Ordinance Adopted in June 1965.

Hillary Gitelman, Planning and Community Environment Director, reported the item was an interpretation of a Planned Community (PC) Ordinance which permitted a use of a non-profit senior citizens housing development with not more than 120 dwelling units with dining, cultural, and recreational facilities for the use of tenants. Staff requested the Council interpret the phrase "non-profit senior citizens housing development" as "affordable." Changing the ownership structure of the non-profit entity would allow it to qualify for tax credits to fund rehabilitation of the facility. Loan documents to effectuate a City loan of \$1 million to fund rehabilitation would be presented to the Council in early April 2015.

James Keene, City Manager, noted Cara Silver, Senior Assistant City Attorney, provided a supplemental memorandum to the Council.

Council Member DuBois inquired whether the Council needed to amend the original PC Zoning Ordinance to state affordable senior housing.

Cara Silver, Senior Assistant City Attorney, did not believe the PC Ordinance needed an amendment. Staff requested an interpretation that the project as stated fell within the definition of the PC Ordinance. Staff recommended the Council direct Staff to work with the Applicant regarding the zoning compliance letter to clarify that affordability would continue for the project.

Council Member DuBois inquired about the length of the affordability requirement.

Ms. Silver explained that the PC Ordinance did not require affordability. Prospectively affordability would be required through deed restrictions. Several layers of deed restrictions would apply and had different terms.

Council Member DuBois asked if deed restrictions were associated with loans.

Ms. Silver responded loans, tax credits, and various items.

Council Member DuBois inquired whether amending the underlying PC Zoning Ordinance would disrupt financing.

Ms. Silver suggested the Applicant address that question. Staff would advise amending the PC Ordinance concurrent with financing so as not to delay the compliance letter.

Council Member Burt asked if the Council could substitute non-profit for affordable as the two terms would have the same meaning.

Ms. Silver clarified that the recommendation was not a substitution but an interpretation of the PC Ordinance. When the PC Ordinance was adopted, the ownership entity of the project was a non-profit organization, and the project was operated as an affordable housing project. The situation would remain the same under the current ownership structure; however, the project would not be owned by a non-profit organization. Staff viewed the item as a zoning interpretation as opposed to formally requiring a Zoning Amendment.

Council Member Burt recalled concerns were that Palo Alto Senior Housing Project, Inc. (PASHPI) hired a new management company that terminated most if not all staff, then hired some back as temporary workers without

medical benefits. Additional concerns were whether tenants would receive the same level of service. He inquired about the Council's discretionary control over those actions through approval of the change.

Ms. Silver advised that the item involved a zoning interpretation. In April, the Council would be asked to provide a \$1 million loan. Stephenson House had a long history of partnership with the City. The City could pursue many avenues to address issues.

Ms. Gitelman reported the loan item in April would be accompanied by a commitment to a regulatory agreement to ensure the long-term affordability of the senior housing. In that context, the Council most likely would not consider the entity selected to manage the facility. An agreement would ensure the affordability and level of services that were required.

Council Member Burt had heard concerns regarding changes to the level of service and the new for-profit management company. He wanted to understand the Council's discretionary approval and the City's leverage to ensure services remained consistent.

Ms. Gitelman suggested the Council view the regulatory agreement as a vehicle to ensure the level of service. The Applicant could speak to its intentions to ensure the level of services and to address concerns.

Council Member Burt asked if Staff could explain why the management and employee status changes had to occur concurrently with the tax exempt agreement.

Jill Harris as a resident of Stephenson House knew the value of affordable housing. Residents of Stephenson House were not informed of changes in staff. Residents wanted honesty and the support of staff.

Patrick O'Reagan, Applicant, advised that Board Members of Stephenson House were all volunteers and committed to retaining Stephenson House as affordable housing. The Board was working on a low-income housing tax credit deal, the most common method for rehabilitating affordable housing. As part of the deal, the Board had to utilize a management company approved by the U.S. Department of Housing and Urban Development (HUD). The Board wanted to maintain the high level of services that residents currently enjoyed.

Lydia Tan, Stephenson House volunteer, previously worked as a professional consultant to Stephenson House to assist with recapitalizing the project. Stephenson House indicated a desire to retain local non-profit control of the

community asset. The management company was working for Stephenson House as a consultant.

Jonathan Casey, representing Lytton Gardens, explained that partnerships between for-profit and non-profit organizations had to be created to apply for tax credits, because HUD funds were no longer available. The \$1 million City loan would fill funding gaps.

Mark Weiss expressed concern about the for-profit entity managing the non-profit entity. It appeared the Applicant was forming an entity to avoid paying taxes.

Sylvia Karl, Episcopal Senior Communities, stated Lytton Gardens was the affordable housing entity for Episcopal Senior Communities, a non-profit organization. Tax credits were the best option for refinancing affordable housing projects, because the program required an entity manage more than three low-income tax projects. Many layers of HUD financing ensured accountability for property management.

Herb Borock remarked that speakers referred to Stephenson House as affordable housing but did not indicate whether it would remain the same type of housing. With respect to Staff's recommendation to interpret the words in the PC Ordinance, the appropriate action was to change the words by amending the Ordinance.

Tim Gray suggested the Council not worry about the tax-exempt status if it transferred tax credits from the Federal Government to the local community. He questioned whether affordable meant the Board would rehabilitate the property for the benefit of the management company, and then increase rental rates. The community wanted to preserve Stephenson House.

Phyllis Cassel, Stephenson House Rehabilitation Task Force Chair, reported Stephenson House was not an assisted living center and did not provide assisted living services. Stephenson House could not pay for sewer and seismic repairs; therefore, it had to utilize a complex process to obtain funding. Six agreements with six entities required Stephenson House to continue to serve low-income residents into the future. Stephenson House replaced staff with a management company as required by HUD. The Board regretted having to release employees.

Council Member Burt noted press reports indicated staff members who were retained received reduced earnings and lost benefits.

Ms. Cassel explained that the Stephenson House Board worked to ensure that did not happen. The turnover required a long time period, because the Board wanted to provide benefits to employees.

Council Member Burt asked if retained employees would have benefits comparable to those in the past.

Ms. Cassel answered yes.

Council Member Burt inquired whether the Board could demonstrate that when the Council discussed the loan in April.

Ms. Cassel presumed so. The Stephenson House Board would continue to provide the same services.

Council Member Burt inquired whether Stephenson House would have the same type and mix of affordable housing.

Ms. Cassel indicated Stephenson House would provide housing for lower income individuals. Future residents would be limited to income at 50 percent of the median income. A significant number of current residents were very low-income.

Council Member Filseth stated introduction of the management company and a cost-cutting regimen appeared to happen simultaneously which raised concerns. He inquired whether the management change was an aggressive cost-cutting regimen.

Ms. Cassel advised the change occurred for other reasons. Once the rehabilitation project was complete, fewer staff members would be needed.

Ted Marston, Stephenson House Treasurer, reported Stephenson House was writing investment policy statements and gift acceptance policies in order to obtain funding. Residents were providing positive feedback regarding the management company.

Stephanie Munoz remarked that Stephenson House was important to the community. The Council should ask questions and obtain additional information.

Vice Mayor Schmid commented that low-income senior housing was valuable to the City. A for-profit organization was needed to obtain tax credits. Unfortunately, the for-profit organization held 99 percent of control. A 2009 agreement contained a clause stating the property would be used solely for the operation of senior rental housing subject to affordability requirements. That was the wording the Council sought. The Council needed to determine

when it provided oversight. Lytton Gardens would be a member of the general partnership. Under Lytton Gardens' deed of trust, it accepted a Council Member as a liaison to the Board of Directors. That was the only continuing relationship between the City and those organizations.

Council Member Filseth believed it was incumbent upon the Council to exercise caution. He asked if the property would remain as affordable low-income senior housing decades into the future should the Council and Stephenson House mutually agree the \$1 million loan was not necessary.

Ms. Silver responded absolutely. Several levels of deed restriction were in place.

Council Member DuBois inquired whether the Council should direct Staff to clarify in the letter that Stephenson House would remain affordable housing.

Ms. Gitelman understood lenders were interested in the City affirming an understanding of a permitted use as allowed by the PC Ordinance. The Council should direct Staff to execute the letter.

MOTION: Council Member DuBois moved, seconded by Council Member Wolbach to direct Staff to work with the Applicant on the "letter regarding zoning compliance" to clarify that Stevenson House must remain affordable senior housing for the change to the specific Planned Community Zoning Ordinance to remain in effect; and the Council finds that the Stevenson House property at 455 E. Charleston Road will be in compliance with its existing zoning under the proposed financing and ownership structure described in the Staff Report.

Council Member Burt requested clarification as to why the Council did not amend the PC Ordinance to provide a clear interpretation.

Ms. Silver reported the intent behind the original PC Ordinance for Stephenson House was to entitle the particular project which included affordable housing. Staff viewed the Council's action as consistent with the overall PC Ordinance. The Council could initiate a Zone Change Amendment; however, the Applicant initiating an Amendment to the PC Ordinance would be more appropriate. Staff would need time to engage the public and present items to the Planning and Transportation Commission and the Council to enact an Amendment.

Council Member Burt understood the Council's greater discretion because of the PC Ordinance.

Council Member Scharff indicated the item was a lender requirement for a loan. Typically, lenders wanted a particular statement. The Motion did not match the Staff recommendation. He inquired whether the Motion should state that the Council found the Stephenson House property would be in compliance with its existing zoning under the proposed financing and ownership structure.

Ms. Gitelman believed the concluding statement on packet page 334 was consistent with the Motion and Staff would need to insert the word "affordable."

Vice Mayor Schmid wished to ensure the Motion met the lender's requirements so that the loan could be completed.

Ms. Gitelman understood the lender had accepted the letter provided in the packet.

Mr. O'Reagan stated the language was acceptable.

Vice Mayor Schmid inquired whether the Board wished to make a statement.

Mr. O'Reagan explained that the management company was a limited partner and had no control of operations other than meeting financial obligations to pay the loan. The Board would continue managing the property.

Vice Mayor Schmid asked if the letter as amended to include "affordable" was acceptable.

Ms. Tan reported the tax credit investor had read and approved the letter as provided in the Council packet. The word "affordable" was not inserted in that letter. She requested the Council consider the letter as presented in the packet.

Ms. Gitelman suggested the regulatory agreements as part of the \$1 million and existing agreements provided by Ms. Silver could assure the Council that Stephenson House was an affordable project.

Council Member DuBois asked if the letter had already been approved.

Ms. Tan advised that the letter was reviewed by the investor's counsel as presented. Any change would have to be submitted for approval. The letter and the change to zoning was inoperable without the use of low-income housing tax credits. Tax credits included a 55-year regulatory agreement. Therefore, both were necessary.

MOTION WITHDRAWN BY THE MAKER

MOTION: Council Member Scharff moved, seconded by Council Member Berman that the City Council finds that the Stevenson House property at 455 E. Charleston Road will be in compliance with its existing zoning under the proposed financing and ownership structure described in the Staff Report.

MOTION PASSED: 7-0 Holman, Kniss absent

12. Finance Committee Recommendation to Accept the Fiscal Year 2016 to 2025 General Fund Long Range Financial Forecast.

James Keene, City Manager, noted an At-Places memorandum corrected two of the expenditure tables in the General Fund Long Range Financial Forecast (LRFF). Inadvertently employees' paid leave and assumed vacancy savings were categorized as a benefit rather than a salary expense.

Walter Rossmann, Office of Management and Budget Director, reported the release of the LRFF marked the beginning of the Fiscal Year (FY) 2016 Budget process. Ideally, each year the City would afford its current service level and generate a slight ongoing surplus. For FY 2016, Staff projected a slight surplus of \$0.5 million. For FY 2017, primarily due to a reduction of the Utility Users Tax revenue estimates related to the ongoing drought, the model predicted a slight shortfall. Thereafter, Staff projected annual surpluses between \$1 million and \$3.4 million. As part of the annual Budget process, the City spent the surplus in response to new service needs. New service needs had ongoing Budget impacts.

Over the next ten years, the City should continue a prudent approach to budgeting while addressing the important needs of the organization. The City was currently in labor negotiations with two Public Safety Unions and the Utility Management Union. The contract for the Service Employees International Union (SEIU), would expire in December 2015. The outcome of negotiations could affect the long-term financial outlook. negotiating a contract with Stanford University to provide fire services for Stanford land as the existing contract was scheduled to end in early October 2015. The Council approved the Infrastructure Funding Plan in June 2014 in the amount of \$126 million with a funding gap of \$7.5 million. The LRFF assumed as part of the FY 2016 Budget the entire gap would be closed. No funds had been set aside for potential higher costs of land acquisition and construction. The last valuation of the City's pension and retiree healthcare plans identified total unfunded liabilities of \$439 million. Staff recommended the Council refer a discussion of unfunded liabilities to the Finance Committee and direct Staff to provide potential strategies to address unfunded liabilities. During the forecast period, non-tax revenues steadily

increased while tax revenues grew at a faster pace. In 2016, tax revenues By 2025, tax revenues would comprised 56 percent of all revenues. By the end of the comprise approximately 60 percent of all revenues. forecast period, Staff projected tax revenues would comprise a larger share of all revenues. In 2005, Sales Tax receipts comprised the largest share of all tax revenues at 38 percent. Property Tax receipts were the second largest share at 28 percent. By 2016, Sales Tax and Property Tax would shift positions for two reasons. Starting in FY 2015, the former revenue stream from Motor Vehicle License Fees was shifted over three years to Property Tax. Property Tax receipts had increased faster than Sales Tax receipts during the prior 11 years. The following year, Property Tax receipts were expected to comprise about one-third of all tax revenues. Due to the recent voter-approved tax rate increase, the Transient Occupancy Tax (TOT) represented a larger share of all tax revenues. Over the next ten years, Property Tax receipts were projected to comprise an even larger share of tax revenues. This was primarily due to the forecast model which considered 20 years of actual revenue receipts and projected them forward. As part of the historical analysis, Property Tax receipts were projected to increase faster than the other two major tax revenues. Salary and benefits comprised approximately two-thirds of annual expenditures. The forecast assumed an annual 2 percent salary increase for planning purposes only. Staff expected pension, medical, and retiree healthcare costs to rise substantially faster than salaries. Therefore, the City needed to continue working with bargaining groups to reduce the cost escalation of benefits.

The City had reached successful agreements with bargaining groups to establish a tiered pension system, to have most employees pay pension costs, and to cap annual healthcare increases for most bargaining units. As a result, the City contained today's costs; however, the City had to continue to work to contain future costs. Over the next ten years, Staff projected a positive fiscal outlook. Staff recommended the Council accept the LRFF and refer the City's unfunded pension and retiree healthcare liabilities to the Finance Committee for strategic discussion.

Council Member Berman advised that the Finance Committee assumed colleagues would want to provide input for analysis of unfunded liabilities.

Council Member Burt noted the City had large unfunded liabilities. Reducing those liabilities would be an important long-term decision. The Council should begin the process of determining whether to build that into long-range planning and provide guidance to the Finance Committee. He asked if the projection for growth of Property Tax revenue was slightly less than 6 percent per year.

Joe Saccio, Administrative Services Department Assistant Director, utilized the compound annual growth rate. The average was approximately 5.6 percent.

Council Member Scharff asked if the City would fully fund the Annual Required Contribution (ARC).

Mr. Rossmann answered yes. On the pension side, the ARC was based on the rate of payroll. Because of vacancies, the ARC was not fully funded at yearend. As part of the FY 2016 Proposed Budget, Staff would recommend the ARC be fully paid each year.

Council Member Scharff understood the City was fully funding the ARC each year, and the ARC was the retiree healthcare.

Mr. Rossmann explained that if the City paid the ARC yearly, then it would pay off the unfunded liability. However, a retiree healthcare valuation was issued every two years and a pension valuation every year, both of which changed the amounts due.

Council Member Scharff asked if the City computed the payment as though refinancing a 30-year mortgage each year or as a closed 30-year period.

Mr. Keene responded the City used a closed amortization.

Council Member Scharff did not understand why the unfunded liability would not be paid in full at the end of 30 years.

Mr. Rossmann stated the unfunded liability would be paid at the end of 30 years if all things were equal. However, the valuations were constantly changing and increasing the amount of the unfunded liability. The City could pay the ARC annually and pay any difference in valuations.

Council Member Scharff wanted to know the value of contributing additional funds to pay the ARC sooner than 30 years.

Mr. Rossmann indicated the benefit was paying less interest.

Council Member Scharff requested the interest rate.

Mr. Rossmann explained that the interest rate was based on the 7.5 percent investment earnings. Of the unfunded liability, the actuaries factored in the interest rate and calculated it over 30 years. If the unfunded liability was reduced sooner, the annual payment would decrease over 30 years and less interest would be paid.

Council Member Scharff asked if the City had an ARC for pension liability.

Mr. Rossmann answered yes, in the amount of \$239 million.

Council Member Scharff asked if Staff had a plan for funding the pension liability.

Mr. Rossmann advised the only plan was to pay the ARC. Staff would explore options with the Finance Committee at the direction of the Council. The City could fully pay the ARC every year; utilize Budget surpluses to reduce the unfunded liability; or reduce the number of active employees.

Council Member Scharff inquired about the decrease in FY 2017.

Mr. Rossmann reported that would result from a decrease in the Telephone Tax rate and decreased water and gas consumption. Staff expected lower gas and water consumption would continue.

Council Member Scharff asked what would cause the increase the following year.

Mr. Rossmann indicated other tax revenues would increase.

Mr. Keene noted the Council would review unfunded liabilities each year for the next ten years.

Council Member Filseth remarked that the size of the surplus was sensitive to the assumption of the California Public Employees' Retirement System (CalPERS) interest rate returns. The Finance Committee should discuss that in-depth. He inquired whether the additional transfer of \$4.7 million annually to the Capital Fund was the debt service cost.

Mr. Rossmann advised that the annual debt service cost for the Infrastructure Funding Plan was \$4.7 million for 30 years. The City had not issued any debt but was collecting the tax; therefore, Staff proposed using those funds to fill the funding gap.

Council Member Filseth asked if the interest rate was approximately 3 3/4 percent.

Mr. Saccio indicated the \$4.7 million would support approximately \$70 million in debt.

Council Member Filseth requested the anticipated interest rate.

Mr. Saccio utilized an interest rate of 4.75 percent to 5 percent. The rate would depend on the date debt was issued.

Vice Mayor Schmid expressed concern about pension obligations. He inquired about the pension obligations of Public Safety Employees currently paid through the fire services contract with Stanford University.

Mr. Rossmann had not fully explored that. The City Attorney indicated Staff should review the contract with Stanford University to determine whether the obligation could be transferred to Stanford University.

Vice Mayor Schmid assumed increased productivity over time would result in fewer workers. Therefore, the ratio between existing employees and retired employees would decrease. He inquired whether that would change the City's pension obligations.

Mr. Rossmann reported larger issues in relation to pensions. The City implemented a three-tiered retirement system. Staff requested the actuary determine a timeframe for a change in the ARC and unfunded liability as more active employees comprised Tiers 1 and 2. The actuary determined the change would occur in approximately ten years.

Vice Mayor Schmid was concerned that Tier 3 employees would contribute more in order to fund retiree benefits.

Mr. Keene stated that was a possibility. If the ratio of active employees to retirees declined, then existing employees would carry more of the burden to pay for that liability.

Mr. Rossmann added that existing employees paid normal costs only, not the unfunded liability. All unfunded liability was currently paid by the City.

Vice Mayor Schmid noted Staff forecast the number of jobs and residents would grow faster than in the past. He asked if that had implications for the LRFF.

Mr. Rossmann reported Staff had not integrated the Comprehensive Plan direction into the LRFF. Staff was performing a study at Council direction. If the study was complete, he expected Staff would include that information in the following year's LRFF.

Vice Mayor Schmid suggested the Council would make a mistake in using the current LRFF to inform decisions regarding the Comprehensive Plan.

Mr. Keene was not worried about that issue.

Vice Mayor Schmid recalled a couple of large exceptions in Sales Tax revenues over the past few years. He asked if that distorted the projection for Sales Tax revenues.

Mr. Saccio indicated recessions were a factor. The compound annual growth rate included both recessions. Stanford revenues would be factored into the future. Staff adjusted for one-time Sales Tax increases.

Vice Mayor Schmid asked if the LRFF attempted to account for one-time effects.

Mr. Saccio replied yes.

MOTION: Council Member Filseth moved, seconded by Council Member Wolbach to approve the Fiscal Year 2016 to 2025 General Fund Long Range Financial Forecast and refer to the Finance Committee a discussion for recommendations about means by which to address the City's unfunded pension and retiree healthcare liabilities.

MOTION PASSED: 7-0 Homan, Kniss absent

Council Member Questions, Comments and Announcements

Council Member Berman attended the inauguration of the Dawoodi Bohra Mosque. The Dawoodi Bohra spiritual leader from India attended the festivities.

Council Member Wolbach attended a summit hosted by Transform. Sessions covered transportation, housing, and health. Presentations of those sessions were available on the Transform website. He spoke at Gunn High School for Public Service Day.

Council Member Scharff requested an update regarding sense versus verbatim Minutes.

James Keene, City Manager, would send an update to Council Members.

Beth Minor, Acting City Clerk, reported the item would return to the Council in May 2015.

Closed Session

13. THIS CLOSED SESSION ITEM HAS BEEN CANCELLED.

Adjournment: The meeting was adjourned at 10:43 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.