

CITY COUNCIL MINUTES

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Special Meeting
February 09, 2009

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The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:05 p.m.

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

STUDY SESSION

1. Joint Meeting with Supervisor Liz Kniss Concerning County and Local Issues.

No Action Required.

Council Member Barton advised he would not be participating in the discussion on the Stanford Sustainable Development Study as he is on Staff at Stanford University. He left the meeting at 6:50 p.m.

Council Member Klein advised he would not be participating in the discussion on the Stanford Sustainable Development Study as his wife is on Staff at Stanford University. He left the meeting at 6:50 p.m.

Meeting adjourned to Council Chambers at 7:10 p.m.

SPECIAL ORDERS OF THE DAY

2. Appointment of One Candidate to the Planning and Transportation Commission for an Unexpired Term Ending July 31, 2009.

First Round of Voting for One Planning and Transportation Commission Member

Voting For William Blythe:

Voting For Robert Kuhar:

Voting For Marc Marchiel: Barton

Voting For Fabio Rosati: Burt, Drekmeier, Espinosa, Kishimoto, Klein, Morton, Schmid, Yeh

Voting For Karen Sundback:

City Clerk, Donna Grider announced that Fabio Rosati with 8 votes was appointed to the Planning and Transportation Commission for the unexpired term ending July 31, 2009.

3. Determination of Number of Members of the Blue Ribbon Task Force (BRTF) for Composting and Selection of Candidates to be Interviewed.

MOTION: Vice Mayor Morton moved, seconded by Council Member Schmid to have the BRTF consist of 7 members and to interview all candidates for the open positions.

Vice Mayor Morton stated it was Council policy to interview everyone who applied for a committee. He indicated eleven candidates applied for the BRTF. He stated a seven member committee would be a workable number to allow expeditious decision making.

Council Member Schmid stated the importance of the diversity of skills required for the success of the BRTF. He indicated his approval of a committee consisting of seven to nine members.

Council Member Burt stated four additional applicants submitted their applications after the BRTF deadline.

Mayor Drekmeier stated a decision would need to be made this evening to confirm whether the Council wanted to interview the applicants received after the BRTF deadline.

City Clerk, Donna Grider confirmed there were four applications received after the BRTF's application deadline for Council's consideration.

Council Member Burt stated he was in support of including the four applicants to the pool of candidates. He indicated within the original eleven applications he reviewed, skill sets were shown in both technology and advocacy. He indicated a balance of technical analysis (e.g., site location, land use, and fiscal analysis) should be considered in the applicants. He spoke on the Airport Working Group which demonstrated an effective group consisting of nine members which broke into smaller working groups of three to four members.

SUBSTITUTE MOTION: Council Member Burt moved, seconded by Council Member Kishimoto to have 9 members, interview the 11 applicants and include the 4 late applicants for interviews (total 15 candidates).

Vice Mayor Morton stated his reservations interviewing the four late applicants. He stated the deadline was advertized and the City Council policy defined a rejection of applications received after the deadline for all recruitments.

Council Member Klein stated he was not in favor of interviewing all the applicants.

Council Member Schmid stated he was in favor of interviewing all the applicants.

Mayor Drekmeier stated the City Council would be given a few minutes to review the four late applications presented before them before voting on this item.

SUBSTITUTE MOTION PASSED: 5-4 Barton, Espinosa, Klein, Morton no

Mayor Drekmeier questioned if the interviews would be scheduled later this month.

City Clerk Grider confirmed that the appointments of the BRTF Members were tentatively scheduled on March 2, 2009 and the interviews must take place prior to that date. She confirmed that interviewing fourteen candidates, at ten minutes a piece, would make a Special Council Meeting of slightly over two hours.

Council Member Burt stated his position of shortening the interview of each candidate to five minutes.

MOTION: Council Member Burt moved, seconded by Council Member Espinosa to shorten the interviews to five minutes.

Vice Mayor Morton stated five minutes would be an impossible timeframe to interview the applicants.

MOTION FAILED: 2-7 Barton, Drekmeier, Kishimoto, Klein, Morton Schmid, Yeh no

CITY MANAGER COMMENTS

City Manager, James Keene spoke on the following topics: 1) the Economic Development and Redevelopment Manager, Susan Barnes is being honored as one of Silicon Valley's Business Journal's 2009 Woman of Influence in Silicon Valley; 2) updated information and a status report will be placed on the City's website by February 11, 2009 regarding High Speed Rail; 3) Staff will formally request an extension of the initial environmental scoping period and a new submission date, beyond the March 6, 2009 deadline, for the High Speed Rail on March 2, 2009; and 4) free public Wi-Fi was now available in the Council Chambers.

Council Member Espinosa requested a "Question and Answer" section on High Speed Rail be established on the City's website. From correspondence he had received, he indicated residents are interested in the impacts in Palo Alto opposed to general questions of the High Speed Rail. He stated there was a Community Neighborhood Meeting scheduled which may offer an opportunity to gather a list of "Questions and Answers".

Mr. Keene acknowledged Council Member Espinosa's suggestion and stated Staff would create a "Questions and Answers" section on the City's website.

APPROVAL OF MINUTES

MOTION: Vice Mayor Morton moved, seconded by Council Member Barton to approve the minutes of January 12, 2009.

MOTION PASSED: 9-0

ORAL COMMUNICATIONS

Helen Stavropoulos Sandoval, 1539 Mariposa, spoke on the negative impacts of the proposed fifteen foot wall, private and public land usage, noise, dust, speed of trains, and loss of property value due to the High Speed Rail.

Frank Rosenberg, 1520 Portola Avenue, spoke on the negative impacts of the High Speed Rail.

Christopher Lund, 1643 Woodland Avenue, East Palo Alto, spoke on the unethical rent increases imposed by Page Mill Properties, and its impact on hard working, lower-income community members of East Palo Alto.

Matthew Fremont, 1986 Euclid, spoke on his belief to preserve affordable housing, strengthen tenant rights, and investigate extortion allegations in East Palo Alto by Page Mill Properties.

William Byron Webster, 480 East Okeefe #307, East Palo Alto, spoke on Page Mill Properties.

Thys Kaper, 1643 Woodland Avenue #1, East Palo Alto, spoke on the daily discrimination tenants face from Page Mill Properties.

Tong-Seung Tseng, 1643 Woodland Avenue #3, East Palo Alto, spoke in favor of seeing more surveillance done on Page Mill Properties.

Aram James spoke in regards to his public records request on the hiring process of the City's next Police Chief, Police Chief Lynne Johnson's retirement resolution, his opposition of the new Police station, and the use of tasers by Police Officers.

Steve Broadbent, 575 Washington Avenue, spoke on the financial impacts and Santa Clara County's lack of dialog regarding the High Speed Rail. He suggested the City take a position on the High Speed Rail.

Catherine Marie Davidson spoke on the overall impacts of the High Speed Rail.

Andy Blue, Tenants' Together representative, 275 Dolores Street, San Francisco, spoke on the unethical equity practices and unjust evictions by Page Mill Properties.

Council Member Kishimoto stated, as the City's representative to the Valley Transportation Agency, she has been assisting in organizing peninsula Cities for the purpose of sharing information, asking for an extension, and working to jointly negotiate a Memorandum of Understanding with CalTrain for a seat at the table in shaping alternatives, litigations, and concerns. She would take this evening's comments into consideration.

Vice Mayor Morton stated the High Speed Rail issues brought up in public comment and the Community's sense of urgency was not misplaced. He raised the issue with Supervisor Liz Kniss earlier this evening. He encouraged citizens to continue to voice their viewpoints.

CONSENT CALENDAR

MOTION: Council Member Barton moved, seconded by Vice Mayor Morton to approve Consent Calendar Item Numbers 4-7.

4. Approval of a Memorandum of Understanding with the City of East Palo Alto for Operation of the San Francisquito Creek Storm Water Pump Station.
5. Resolution 8904 entitled "Resolution of the Council of the City of Palo Alto Scheduling the City Council Vacation and Winter Closure for Calendar Year 2009".
6. Appointment of 2009 Emergency Standby Council Members.
7. Approval of Amendment No. 2 to Alma Street Affordable Multi-Family Rental Housing Project Acquisition and Development Agreement to Permit the Interim Rental of the 801 Alma Street Property for a Commercial Use Until Start of Construction for the Development.

Robert Moss, 4010 Orme, requested that the City Council reconsider Consent Item Number 7 because it would deplete the General Fund and was not good policy. He raised the following points: 1) it significantly violates the Below Market Rate (BMR) Policy adopted by the City Council thirty-five years ago; 2) the City would not receive a full market value for the warehouse rental space; and 3) the BMR Developer would make a profit over the City's profit.

MOTION PASSED: 9-0
REPORTS OF OFFICIALS

8. Approval of Amendment No. 1 to Contract No. C08121737 with Axon Solutions, Inc. in the Amount of \$1,259,290 for a Total Not To Exceed Amount of \$8,047,368 for Software System Integration Services to Effect the Implementation of SAP Industry-Specific Solution for Utilities; and Adoption of a Budget Amendment Ordinance 5022 for FY 2009 to Provide an Additional Appropriation of \$1,453,560 to CIP TE-07006, SAP Continuous Improvement Project.

Director of Administrative Services, Lalo Perez stated a team comprised of Staff from the Public Works Department, the Utilities Department, and the Administrative Services Department were performing the second phase of the SAP Project (Project). He overviewed the reporting structure of the team; further stating the team reports to a project management group, who reports to an internal steering committee, who reports to the City Manager.

Assistant Director of Administrative Services, David Ramberg provided a brief overview of the Project, and touched upon the following topics: 1) history of the Project; 2) description of the current Project; and 3) a discussion of the reason why Staff is requesting a two month extension to the current Project. He outlined a separate SAP item, on the new service requirement for the GreenWaste Contract that will start in July 2009. He provided a summary of the recommendations from a cost breakdown perspective.

Mr. Perez stated the two month extension request would not change the number of hours Staff was working on the Project. He indicated Staff was working on weekends to meet the targeted completion date.

Council Member Klein inquired whether Staff was confident this item would not be brought back to the City Council in the future.

Mr. Keene stated there may be potential discretionary costs involved, such as enhancements to the system, which may require the City Council's approval.

Mr. Perez stated the Project is currently in the critical integration stage of testing which will give Staff a better understanding of the integral pieces of the Project. He indicated the current concern was on data cleansing.

Council Member Kishimoto expressed her frustration of the millions of dollars spent; she further stated there was no end in sight on the amount of money needed to complete the Project.

Mr. Perez stated issues could arise on billing enhancements in the future; however, the basic functionality of implementation was currently built. The City could choose to build on its SAP Software and hire a third party company. He stated this discussion would be included in the Information Technology Master Plan (Plan) update.

Council Member Kishimoto asked when the updated Plan would be available.

Mr. Perez stated Staff was working on a Scope of Services to bring in a consultant to assist with the Plan. It was his belief the Plan would be available this Fiscal Year.

Council Member Kishimoto stated she had been looking forward to e-government for the entire seven years she had been a Council Member. She expressed her displeasure that the City did not offer e-government and that there was no cost estimates for this Project.

Mr. Perez stated elements have been initiated from the City Council's suggestions and Staff's recommendations. He stated some of these initiatives did not need to wait for the IT Master Plan update or be tied into the Project. An example he referenced was Peak Democracy. He indicated a cost to e-government was hard to pinpoint because of the complexity of its functionality.

Council Member Kishimoto stated diversifying the SAP software was good in regards to automated meter reading and customizing billing. She anticipated a high cost involved in these software systems.

Mr. Perez stated rough estimates are obtainable. He stated the economic downturn is forcing the City to be more efficient. He indicated Staff would make every effort to review potential areas that could be utilized to save money.

Council Member Kishimoto stated older software programs have become obsolete. She questioned the longevity of the SAP software.

Mr. Perez stated SAP has no plan for major updates within the next three years. He stated adding additional modules might require upgrades in the future; however, he did not anticipate major updates in the near future.

Council Member Yeh questioned whether the May 1, 2009 go-live date was the date the public would be able to perform Online Bill Pay.

Mr. Ramberg clarified the May 1st date was when the system becomes available from a system utilities standpoint. This is when internal Staff could start using the system and when testing would be performed. He indicated that Mid-June is the target timeframe for when Online Bill Pay will be available to the public.

Council Member Yeh appreciated the fact that a test period would be implemented. He indicated the user interface is critical and the users' first experience with the system can influence how they perceive the new billing system.

Mr. Perez stated the Website Committee would be walked through the online pay feature and have an opportunity to provide feedback. He indicated the system is very comparable to other Online Bill Pay systems.

Mr. Keene stated as Staff rolls out components, enhanced functionality may be needed depending on customers' feedback and needs.

Council Member Burt inquired on the possibility of a premature obsolescence of the SAP System.

Mr. Perez stated part of the City's goal was to possess a knowledge transfer of the configuration of the system to be self-supported. He stated funds have been allocated to keep Staff informed and trained to support the system.

Council Member Burt requested clarification on the cost of Axon Solutions, Inc.'s time concerning the 9.5 months at a \$4.5 million cost, versus 11.5 months at a \$5.5 million cost. He inquired how Axon Solutions, Inc. was able to charge more to take longer to do the same amount of work.

Mr. Perez stated labor, travel time, and incidental costs were involved in driving the price upward.

Council Member Burt inquired whether the contracted cost was based on outcome or hours worked.

Mr. Perez stated the contract was based on a combination of outcome and time spent on the Project.

Council Member Burt stated in the original agreement there were outcomes and an anticipated number of hours defined. He inquired if Axon Solutions, Inc. took more hours than agreed upon. He inquired if the City was required to pay the difference in this case.

Mr. Perez stated Staff worked additional hours to keep the project on target. He indicated more time was needed for the data cleansing which added to the timeline.

Mr. Keene stated, in order to meet the City's timeline, Axon Solutions, Inc. expected Staff's obligations to be completed in a given timeframe. This contributed to Staff working extra hours and on weekends.

Council Member Burt stated Staff working slower than expected should not have constituted more work for Axon Solutions, Inc. The price should not have risen because more work was not added, just a longer timeframe to accomplish the same result. He questioned why the scope of work increased as a result of slowing the work down.

Mr. Perez stated the amount of work needed to be done increased, not necessarily the scope of work.

Council Member Burt inquired whether the increased internal work performed by City Staff was funded from internal City funding.

Mr. Perez stated that was correct.

Council Member Burt inquired whether the increase in the City's workload increased Axon Solutions, Inc.'s workload. He inquired if this was in the contractual agreement.

Mr. Perez stated if there were delays in the implementation, as a result of either party, then said party would be responsible for the delays to the Project.

Council Member Burt inquired if the contract was written to state if it took longer for the City to provide information to Axon Solutions, Inc. then the City would be required to pay a penalty.

Mr. Perez stated when Staff impacted Axon Solutions, Inc.'s workload, it impacted their contracted employees. He stated Axon Solutions, Inc. was working evenings and weekends along with Staff. He indicated it was the amount of work that was the driving force for the costs associated with the Project.

Council Member Schmid stated it was not clear to him where the terms of the contract obligated the City to pick up the additional expenses. He stated he would defer his vote until he received an answer to his question. He inquired whether the current contingency was not additional cost overruns, but for new tasks. He questioned whether the additional monies allocated were a result of Staff taking longer to do the defined outcomes of the contract.

Mr. Perez stated the contract allowed flexibility. He stated any delays caused by Axon Solutions, Inc. were remedied by additional resources at no additional cost to the City.

Council Member Schmid inquired whether there was a dollar amount placeholder for GreenWaste under the Refuse Fund.

Mr. Perez indicated no placeholder was established.

Council Member Schmid inquired whether it was known if the billing and operating costs for the City would fall due to the implementation of the Project. He questioned if there would be operating savings, and how the project was funded.

Mr. Perez believed there would be efficiencies that would better serve customers. He stated the new system will allow Staff to update customer invoices and email PDF copies of invoices in real time. He indicated the project was being funded by the Reserve Fund.

Council Member Schmid inquired if the Online Billing Pay Program would cut costs substantially.

Mr. Perez stated this was his anticipation.

Council Member Schmid questioned how the billing program was funded and if Staff anticipated rate increases to pay for the Project.

Mr. Perez indicated the funding for the Project came out of the City's Reserves.

Council Member Schmid inquired whether a rate increase would be needed to build up the Reserve Fund if depleted.

Director of Utilities, Valerie Fong stated it was the City's intent to maintain and monitor the Reserve Funds for the different Enterprise Funds. She was unclear if the Reserves would need to be replenished in the future.

Vice Mayor Morton stated Staff was in a critical part of evolving the City's software to create an efficient Online Bill Pay system. He acknowledged the difficulty of keeping the Project on a timeline.

Council Member Espinosa stated the way the agreement was set up went to the heart of the concern of the City Council. He expressed his concern of how the City might set up subsequent SAP System upgrade contracts.

Council Member Barton stated it was his belief the cost savings in 2007 were incorrectly defined.

Mr. Perez acknowledged there were no cost savings in 2007, and Staff and the contractor were both incorrect in their assumptions on the amount of work that needed to get done.

Council Member Barton stated lessons were learned.

MOTION: Vice Mayor Morton moved, seconded by Council Member Klein to approve Staff recommendation to; 1) authorize the City Manager or his designee to execute the Number One contract amendment to the professional services agreement with Axon Solutions Inc. in the amount of \$1,259,290 for a total not to exceed \$8,047,368, 2) authorize the City Manager or his designee to negotiate and execute, one or more change orders to the contract with Axon Solutions Inc. for related, additional but

unforeseen work which may develop during the remainder of the project, the total value of which shall not exceed \$194,270, and 3) adopt the Budget Amendment Ordinance for fiscal year 2009 in the amount of \$1,453,560, that amends the 2008-09 budget to increase appropriations to Capital Improvement Program TE-07006 SAP Continuous Improvement Project.

Vice Mayor Morton stated software contracts were not set up as fixed price contracts, but are set up as hourly contracts. Therefore, an organization could either stop services, or pay for additional hours to complete their project. If the City wanted an integrated on line billing system, the City Council should approve the recommendations.

Council Member Klein stated the City had spent more money than what was originally anticipated when the City Council approved the contract in 2003. It was his belief the City Council had no choice but to approve the recommendation.

Council Member Yeh inquired whether there could be a public demonstration on the user interface. He inquired if the interface would be demonstrated at a future City Council Meeting.

Mr. Perez was in favor of Council Member Yeh's suggestion.

Council Member Yeh stated he would be open to other alternatives and suggestions to get the information to the public.

Council Member Burt inquired whether Staff was able to locate in the contract where the City was obliged to pick up the additional expenses.

Mr. Perez stated it was in an assumptions clause under section 5.0 of the contract and read, as follows, "Implementation assumptions and the additional cost associated with the inability to meet deadlines will be assessed in additional change orders for the project extension or supplementary resource costs may be required".

Mr. Keene stated Mr. Perez was referring to a section in the GreenWaste contract; however, there was similar language in the existing contract. He stated there were penalty type aspects in the contract for non-performance and/or not meeting deadlines.

Mr. Ramberg stated, in the existing contract approved in 2007, there were a series of staffing assumptions. He indicated the City was obligated to supply staffing resources for data migration and was obligated to satisfy those assumptions.

Council Member Burt inquired where in the contract it stated the City was obliged to pick up the cost.

Mr. Perez stated the number of hours anticipated by both parties was incorrect. He stated he would look up the exact section in the contract and provide the language to the City Council.

Council Member Burt stated, without seeing the obligation in the contract, the City Council was approving something they have not seen.

Council Member Kishimoto suggested Axon Solutions, Inc. may be able to recommend a more efficient transfer of information of the migration phase.

Mr. Perez stated Staff felt cost savings was made by internally migrating the information data. He stated the project became much larger than anticipated.

Council Member Kishimoto inquired if the consultant participated in the strategy of efficiently addressing the migration phase.

Mr. Perez stated the consultant had participated in this process.

Council Member Klein stated the cost differential had been exaggerated. He felt the examination of invoices was not an appropriate duty of the City Council.

Vice Mayor Morton stated there was a lot at stake if this item was not approved.

Mayor Drekmeier inquired if Staff was successful in locating the language in the contract.

Mr. Baum read the Change Order Process provision in the contract, within section 2.4.

Mr. Perez stated the number of hours grew as a result of a much higher anticipated workload triggering the contract to change.

Council Member Burt inquired if the amendment to the contract was a change in service.

Mr. Perez stated it was a change in the magnitude of the work needed in order to deliver the service.

Council Member Burt inquired if it applied to the terms specific in the contract.

Mr. Baum believed it did.

Council Member Burt appreciated the complexity of the project. It was not his intention to delay the Project.

MOTION PASSED: 7-2 Burt, Kishimoto no

PUBLIC HEARINGS

9. Approval of a Vesting Tentative Map and Record of Land Use Action for a 45-Unit Townhome Development at 200 San Antonio Avenue.

City Attorney, Gary Baum advised he would not be participating in Agenda Item Number 9 as his wife works for Hewlett-Packard (HP).

Council Member Espinosa advised he would not be participating in Agenda Item Number 9 as his former employer was Hewlett-Packard and he owns HP stock.

Vice Mayor Morton advised he would not be participating in Agenda Item Number 9 as he owns Hewlett-Packard Stock.

Interim Director of Planning and Community Environment, Curtis Williams presented the Staff report stating it was to accept an approval of the tentative subdivision map for 200 San Antonio proposed by Toll Brothers, Inc., on behalf of the property owner, Hewlett-Packard. He informed the City Council the majority of the property was within the City limits of the City of Mountain View; however, a 45-unit townhome multi-family development was within the City of Palo Alto. He indicated both the Planning and Transportation Commission and the Architectural Review Board were in support of Staff recommendations.

Planning & Transportation Commissioner (P&TC), Lee Lippert stated the P&TC unanimously approved the land use. He stated the P&TC was pleased to see the use of public roads incorporated within the project.

Toll Brothers representative, Jo Price stated the project, commonly referred to as Mayfield Mall, was previously used as office space by Hewlett-Packard. She stated the Mayfield Master Plan has become a five year process; further stating over thirty Public Hearings, community meetings, and various design review meetings were held. She indicated the Environmental Impact Review was adopted by the City of Mountain View in June 2006. In February 2008, the City of Mountain View approved the Mayfield Master Plan. In December 2008, the City of Mountain View approved the Vesting Tentative Map. She indicated although the site lies within two City limits, the intent of the development was to create a cohesive neighborhood that fit the aesthetic of the surrounding buildings and shrubbery. She overviewed the Mayfield

Master Plan and the various sized lots on the property. She stated the Master Plan offered below, moderate, and market rate housing as well as parks, pedestrian friendly streets, plenty of parking, and was close to public transportation. She stated Toll Brothers worked for the last three years with the City's Architectural Review Board.

Council Member Barton expressed his confusion for the acquirement by Toll Brothers, Inc. of a parcel known as Kelly Parcel. He had no recollection of a real estate purchase from the City. It was his belief approving the map before the land had been sold was to a disadvantage of the City.

Mr. Williams stated there was a condition requiring the parcel of land be purchased and brought back to the Council. He stated an exchange would be made for the small City owned parcel prior to the Final Map approval.

Council Member Barton inquired if there was an alternate version of the plan in case the sale did not go through.

Mr. Williams stated there was an alternate version of the plan.

MOTION: Council Member Kishimoto moved, seconded by Council Member Barton to accept Staff and the Planning and Transportation Commission recommendation to approve the proposed Vesting Tentative Map with exceptions to subdivide the approximate 3.5 acre site into four separate lots for a new 45-unit townhome development and adopt the findings and conditions contained within the draft Record of Land Use Action.

Council Member Kishimoto stated the City of Mountain View has held many hearings on this project; further stating they have done a great job planning the public parks and public roads.

Council Member Schmid expressed his approval of the project. He inquired as to why, in the past, six sites in South Palo Alto have not met the standards of this project. He inquired on whether lessons could be learned.

Mr. Williams stated these concerns could be addressed in future projects.

Public Hearing opened and closed at 9:16 p.m. with no speakers.

City Manager, James Keene stated there was a discussion with the City of Mountain View on revenue sharing opportunities on impact fees collected for park developments. He indicated he had a preliminary conversation with the City of Mountain View's City Manager and this topic would be brought back in a recommendation for the City Council's approval.

MOTION PASSED: 7-0 Espinosa, Morton not participating

Council Member Barton advised that he would not be participating in Agenda Item Numbers 10-12 as he is on staff at Stanford University. He left the meeting at 9:37 p.m.

Council Member Klein advised he would not be participating in Agenda Item Numbers 10-12 as his wife is on Staff at Stanford University. He left the meeting at 9:37 p.m.

10. Consider Approval of Water Supply Assessment for Stanford Medical Center and Stanford Shopping Center Expansion Project

MOTION: Vice Mayor Morton moved, seconded by Council Member Kishimoto to continue this Public Hearing to the March 2, 2009 Council meeting.

MOTION PASSED: 7-0 Barton, Klein not participating

REPORTS OF OFFICIALS

11. Review and Approval of a Letter to the Santa Clara County Board of Supervisors Commenting on the Draft Sustainable Development Study for Stanford University.

Interim Director of Planning and Community Environment, Curtis Williams stated the Stanford Sustainable Development Study (SDS) was an outgrowth of the General Use Permit (GUP). He stated Stanford University's (Stanford) Community Plan was required to look at the long term use of its land and to focus development in the core of the campus and away from the Foothills through 2035. He stated the SDS provided information and a policy framework for future development broken into three main sections. He outlined three issues with the SDS, as follows: 1) the 2035 time limitations; 2) the growth scenarios proposed in square footage and he suggested it be broken down into nonresidential and housing developments; and 3) the concentration of intensified development was away from El Camino Real where public transportation could be utilized.

Planning & Transportation Commissioner, Susan Fineberg stated on January 14, 2009, the Planning and Transportation Commission (P&TC) conducted a study session to review the SDS. She overviewed the attachments contained in the report and provided the P&TC comments, concerns, and clarifications for consideration by the City Council. She stated the P&TC did not object to the 2035 timeframe outlined in the SDS. She indicated the P&TC recommended the City Council review the SDS and direct the Mayor to forward the letter to the Santa Clara County Board of Supervisors.

Director of Government and Relations at Stanford University, Larry Horton spoke on the topic of how and why the study was done. He stated when Santa Clara County approved the GUP in 2000, it included over 100 conditions. One condition required Stanford to prepare a SDS. The GUP authorized Stanford to apply for over two million square feet of academic development; further stating a condition required the SDS to be approved before Stanford applied for the second million square footage. The condition refers to a part of the County's General Plan known as the Stanford Community Plan (Plan). He indicated the Plan's objective was to study the long term growth potential for Stanford land to prevent sprawl into the hillside and areas of future potential development in the Foothills. He indicated after the SDS's timeline was agreed upon each chapter was drafted by Stanford and vigorously reviewed by County Staff. He stated the County's changes were incorporated into the final document. On November 20, 2008, the County Planning Office deemed the SDS adequate and met the Community Plan and the GUP. It was unanimously recommended that the Board of Supervisors approve the SDS. He stated Stanford and County Staff Members took great care to ensure the SDS met the spirit and letter of the GUP conditions.

Director of Planning at Stanford University, Charles Carter briefly summarized the SDS's content. He indicated the focus of the SDS was on maintaining compact development on the campus to prevent sprawl into the Foothills and degradation of important environmental resources. He overviewed three primary components of the SDS, as follows: 1) an analysis of the central campus and the applicable planning practices; 2) a sensitivity analysis of the Foothill lands; and 3) an overview of Stanford's Sustainability Program.

Provost of Stanford University, John Etchemendy discussed the academic development under the 2000 GUP, and its relationship to the SDS. He indicated under the 2000 GUP, Stanford had been granted approval to construct nineteen new academic facilities and substantially renovate and expand four existing facilities. He stated the Yang & Yamasaki Environment & Energy Building, Graduate School of Business Campus, and the Medical School's Learning and Knowledge Center have already been approved. He indicated later this week, Stanford will be applying for new buildings for the Law School clinics and a Concert Hall. He indicated after these projects are approved, they will total 915,000 square feet of academic space. He indicated there is one more project proposed, for the 160,000 square foot building that would house the Department of Bioengineering. He indicated these projects exceeded the one million square feet threshold; therefore, the Bioengineering Building cannot be applied for until the Board of Supervisors have approved the SDS. He stated the City Council's approval will assist the County's decision to approve the SDS.

Dean of Engineering at Stanford University, Jim Plummer stated he had a small part in creating the SDS and had read the document thoroughly. He found the document to be a well considered document. He indicated the department had about twelve faculty members. He spoke on the benefits of the Bioengineering project; further stating the department's focus, was on alternative energy and biotechnology. He stated the department will create new jobs and will help diagnose and treat disease.

Vice President of Alumni Affairs at Stanford University, Howard Wolf stated Stanford's Alumni take pride in creating positive change. As a 23 year resident of the City of Palo Alto and as a member of the Stanford faculty, he urged the City Council to keep this pride in consideration as they think about the SDS.

Chris Wasney, 455 Lambert Avenue, stated he was an architectural firm owner who performed work at Stanford. He stated Stanford sets a high bar in sustainability practices by building 100 year buildings that they manage and maintain, has the will and means to employ best practices in building quality and efficiency, spoke on the GUP's processes and strenuous elements, and spoke on the development of the Foothills. He urged the Council not to put brakes on the economic engine of Stanford.

Laura Breyfogle, 754 Palo Alto Avenue, urged the City Council not to impose impossible restrictions on Stanford's future; further stating the GUP is a thoughtful and comprehensive document.

Robin Kennedy, 264 Channing Avenue, provided her reasons why the SDS's 2035 timeline was unrealistic, and should be extended to 2050. She spoke on her experience attending Stanford in 1964 and the differences seen today. She felt predicting the needs of future generations were impossible to gauge.

Director of Precourt Institute for Energy Efficiency at Stanford University, Jim Sweeney suggested changes to the provisions in the draft letter regarding the environmental requirements. He shared that Stanford's practices are beyond the requirements in the SDS and AB32 standards.

Senior undergraduate student at Stanford University, Sagar Dashi, 572 Mayfield Avenue, spoke on the students' perspective of Stanford's growth and future development. He shared his pride in Stanford's responsible development and environmental practices; further stating its practices are critical in attracting future professors and students.

Phil Capin, 3958 Duncan Place, stated he was a local contractor. He shared his positive experiences working for Stanford. He felt there were enough controls in place with the GUP process that Stanford and the community could grow harmoniously.

Matthew Gunn, 1651 Waverley Street, urged the City Council to approve the letter to the Board of Supervisors. He listed the facilities on campus that have been built through environmental and sustainable practices.

Patrick Ignoffo, 950 Hilmar Street, Santa Clara, stated he has worked on Stanford projects as a civil engineer. He shared Stanford's Good Neighbor Policy. He stated, after reviewing the SDS, he felt Stanford had met and exceeded the requirements. He believed the study quantifies what was known and allows for flexibility for the unknown. He believed the needs of Stanford and the City of Palo Alto were met in the SDS.

Palo Alto Chamber of Commerce CEO, Paula Sandas, stated the Chamber of Commerce was in support of sending the letter to the Santa Clara County Board of Supervisors.

Committee for Green Foothills Member, Brian Schmidt, 3921 East Bayshore Road, thought the SDS had a decent start; however, he felt there was more work that needed to be done on the document. It was his belief the timeframe was problematic and the document was not put together in a cohesive fashion. He believed more time was needed to review and finalize the SDS.

President for the Committee for Green Foothills, Jeff Segall, 655 California Street, Mountain View, stated the term buildout capacity for the Campus had been changed since the 2000 GUP. He stated a trust had been lost because an agreement was reached and was not followed.

Herb Borock, P.O. Box 632, stated the study did not satisfy the requirements for a buildout plan. He stated his appreciation that the draft letter cited alienable lands. He indicated the Foothills should be protected from sale and development.

Council Member Espinosa stated he believed the SDS was well thought out. It was his belief 3 comments might arise from the Council this evening, as follows: 1) a good understanding of the impacts that the SDS will have on the City of Palo Alto; 2) understanding the environmental impact and if the study provides the appropriate information; 3) understanding the timeline, the long term growth, and the requirements on the cap of the growth plan. He shared his concern of little mention on the impact and the interrelationship of the two entities in the SDS. He indicated putting expectations on Stanford and their growth was unrealistic and mandating a cap was ill advised.

Council Member Kishimoto emphasized the wonderful comments made this evening on Stanford as an educational institute; further stating Stanford was at the center of the knowledge economy we live in. She indicated the biggest success of the 2000 GUP was on performance standards forged in the past between the County, Stanford, and the City of Palo Alto. She inquired if the SDS consisted of performance standards.

Mr. Williams stated the SDS did not set performance standards.

Council Member Kishimoto stated Performance Standards was a basic assumption as to whether the plan was acceptable to Palo Alto. She further stated without it the plan was unacceptable. She was in support of academic growth as long as it did not increase the net impact on the surrounding areas of traffic, housing, and open space. She believed Stanford should agree to define performance standards.

Director of Sustainability at Stanford University, Joseph Stagner indicated there was no way of knowing the SDS's limitations. He indicated Stanford was being proactive by going above and beyond the EIR for the GUP guidelines to develop long term visions.

Council Member Kishimoto inquired if Stanford was working on an update to the SDS.

Mr. Stagner stated Stanford was not working on an update; however, was continually studying developments, long term growth, and sustainability practices. He indicated he would be more than willing to share more information; however, the studies have not been concluded yet.

Council Member Kishimoto shared the extraordinary work of Stanford by cutting single occupancy vehicle trips by 52%. She inquired if the future building of Stanford property would raise single occupancy rate. She stated the SDS should incorporate regional impacts and environmental impacts as defined in the SB375 State Law. She indicated her approval of the 2035 timeline.

Vice Mayor Morton stated Stanford, as a definition, needed to be defined because it was more than just an educational entity. He stated the letter should incorporate Stanford as a series of legal entities, measurability, and accountability on requirements for the good of the community.

Council Member Schmid shared his perspective on the impacts to the City of Palo Alto. He felt the SDS was very enlightening; further stating it was a good forecasting document. He stated, historically, the City of Palo Alto and Stanford were two communities connected by Palm Drive. He indicated the proposed plan would open up a new intersection with the City. He stated the importance of the City and Stanford working together.

Council Member Burt stated his support for the bulk of the SDS. The gaps between the vision of Stanford and the vision of Palo Alto have narrowed significantly in terms of long term sustainability. He reviewed the draft letter and indicated his recommended changes.

Council Member Yeh asked Stanford Staff Members what it was like to work with multiple governments.

Mr. Horton stated that Stanford, the City of Palo Alto, and the County have an advantage because they have a three party agreement. He stated they have recognized there was a reason to work together.

Council Member Yeh inquired on the perspective of Stanford Staff on the tone of how the Council Members were asking their questions this evening. It was his hope that the questions were conveyed in a tone of collaboration. He inquired how incorporating some of the issues raised this evening would effect Stanford's proposals and timeline.

Mr. Williams stated Council Member Yeh's question was difficult to answer.

Council Member Yeh inquired if the tri-party agreement was the best way of approaching the SDS.

Mr. Horton stated the SDS was commanded for Santa Clara lands by Santa Clara County. He indicated Stanford took great care to do what they were required to do.

Mayor Drekmeier stated most of the study was well written, in particular with the protection of the Foothills, protection of sensitive habitat, and sustainability. He indicated the City of Palo Alto should take Stanford's lead on conservation programs. He stated the SDS failed in the maximum buildout portion of the study. He stated the intention of the SDS was focused on how big Stanford would be, and the transfer of development rights from the Foothills to Stanford. He stated there was no incentive of this development because there was no limit to growth on the campus and no zoning. He indicated a lot of people lobbied hard for a maximum buildout plan. What was received was a preview of the next GUP. He stated the City of Palo Alto was looking at development near Sand Hill Road. He indicated in total there was 1.5 million square feet of additional development and Stanford was asking for an increase in entitlement. He stated a good argument would allow zoning changes. He indicated his ideal policy would contain no new net square footage on developments.

MOTION: Vice Mayor Morton moved, seconded by Council Member XXXX to adopt in principle the letter as proposed by Staff.

MOTION FAILED FOR LACK OF A SECOND.

MOTION: Council Member Burt moved, seconded by Council Member Kishimoto to accept Staff and Planning and Transportation Commission recommendation to review the Stanford Sustainable Development Study

and direct the City Manager to forward the letter finalized by Staff and the Mayor to the Santa Clara County Board of Supervisors commenting on the Stanford Sustainable Development Study with the following additions: 1) there be a more thorough definition of sustainability incorporated into the plan; 2) there be greater inclusion of performance standards to measure sustainability performance; 3) Item No. 6 under paragraph 3, substantive comments section, be revised to read "Chapter 5 should evaluate how Stanford's development would comply with State AB32 and SB375 goals"; and 4) Item No. 3, under clarifications, should include "the time horizon for the maximum build-out plan would be extended to 2050, with a recognition that no precise prediction of square footage is possible at this time".

Council Member Burt stated the SDS was about County lands; however, the external impacts of the land within the County boundaries cannot be ignored in the City's own sustainability plan. He stated long term zoning concepts could be appropriate in the next GUP; but not as part as the current sustainability plan. He indicated the sustainability plan was a vision statement and not about specific zoning laws.

Council Member Kishimoto stated the City of Palo Alto must look at the cumulative and comprehensive impacts and how the City Council should keep improving the process.

Vice Mayor Morton offered an Amendment as point number 8 under the suggested inclusions that the SDS include a maximum plan buildout of the academic area. He requested that the maximum buildout plan add Stanford as a number of legalistically distinct entities that collectively control the industrial park, medical center, and shopping center. The goal was to get an idea of what a maximum buildout plan would look like with the recognition that it was part of any area that Stanford controls.

Mayor Drekmeier inquired if Vice Mayor Morton's Motion was to remove the section extending the time horizon to 2050.

Vice Mayor Morton stated he left that with Council Member Burt's Motion or he felt the County should decide.

Mayor Drekmeier asked if the maker of the Motion agreed with Vice Mayor Morton's Amendment to the Motion.

Council Member Burt indicated he wanted to clarify his original Motion; further stating he did include a time horizon to 2050. He requested clarification from Vice Mayor Morton on his Motion of the maximum buildout plan. He inquired if Vice Mayor Morton was asking for the timeline in the context of the 2050 horizon.

Vice Mayor Morton stated yes.

Council Member Burt thought he was clear in his Motion by what had already been adopted by Stanford. He stated the maximum buildout plan proposed by Stanford was for 2035, further stating the City Council recommended the date be pushed to 2050.

Vice Mayor Morton believed Stanford recognized an aggressive plan, but not a maximum buildout plan. He felt the maximum buildout had never been defined in the SDS. He indicated the maximum buildout plan should be defined by Stanford.

Mayor Drekmeier asked Council Member Burt if he was comfortable with the 2050 timeline.

Council Member Burt indicated the original Motion should be left as it was.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to bullet Number 2 under paragraph 3, substantive comments to read "to include transportation, housing and open space."

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add a bullet under paragraph 3, substantive comments to read "extend the time horizon to 2050 or beyond."

INCORPORATED INTO THE MOTION WITH THE CONSENT OF MAKER AND SECONDER to change bullet Number 3 under paragraph 3, substantive comments, by replacing "El Camino Real" with "add clustering density closer to transit."

Council Member Schmid stated there was a question regarding adding a definition of sustainability, and if it could be open ended for Staff. He questioned why it was stated to add something on greater inclusion of performance standards.

Council Member Burt stated it was to measure sustainability accomplishments. Within a sustainability plan, measurements are a key component to viewing progress or lack thereof. A matrix will become a more integral part of the sustainability plan. He indicated he left the definition open ended; however, he wanted the comments to the County Supervisors to include the substantial changes that still needed to be complete to make the letter acceptable.

AMENDMENT: Council Member Morton moved, seconded by Council Member Schmid to recognize that Stanford is a number of legally distinct entities which collectively control the research park, medical center, and shopping center and add to bullet Number 2 under paragraph 3 "and also other areas controlled by Stanford."

Council Member Burt stated he would be fine with that amendment.

AMENDMENT PASSED: 4-3 Burt, Espinosa, Yeh no

MOTION AS AMENDED PASSED: 7-0, Barton, Klein not participating

UNFINISHED BUSINESS

12. Review of the Transportation Analysis for the Proposed Stanford University Medical Center and Stanford Shopping Center Expansions.

MOTION: Council Member Burt moved, seconded by Council Member Yeh to continue Agenda Item Number 12 to March 2, 2009.

Council Member Burt asked Staff of the urgency level on this item. He indicated the City Council had pushed this item forward twice. He asked if the process was being held up.

City Manager, James Keene stated he saw no problem in continuing the item to March 2, 2009.

Council Member Yeh inquired if there were any major items tentatively scheduled on March 2, 2009.

Mr. Keene spoke on the items tentatively scheduled on March 2, 2009.

Council Member Schmid inquired why this item had been pushed out numerous times. He stated there was a future agenda item regarding Stanford transportation mitigations.

Mayor Drekmeier stated Council Member Schmid was referring to a Community Benefits item scheduled for March 16, 2009.

Mr. Keene stated that was correct.

Council Member Schmid stated that item was going to include the mitigations for transportation that will not be discussed until March 2, 2009. He indicated if the Council Members were going to have input on the mitigations they should discuss the basic premise of this item sooner.

Mayor Drekmeier asked Staff to comment on the fact that discussions of Community Benefits were moving forward without input from the City Council on traffic.

Mr. Emslie stated the mitigations for the traffic item for Stanford was still in progress and had not been formalized.

Council Member Schmid asked the City Council if they would accept what had been proposed to be mitigated. He stated there was a proposal which the City Council had never discussed. He stated it would be difficult to work out mitigations when what was mitigated had not been finalized.

Mr. Emslie stated the mitigations were based on CEQA requirements of identified impact; he further indicated City Council discussion was required after Staff had worked through the technical reports. He stated the range of options Staff was working on had not been finalized.

Council Member Burt stated the mitigations for traffic were not related to other community benefits; further stating they were two different issues.

Mr. Emslie stated there could be cross over between the two Stanford topics.

SUBSTITUTE MOTION: Council Member Schmid moved, seconded by Council Member XXXX to continue the meeting for one hour to discuss Agenda Item Number 12.

MOTION FAILED FOR LACK OF SECOND.

MOTION PASSED: 6-1, Barton, Klein not participating, Schmid no

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES

Council Member Burt spoke about attending the Santa Clara County Emergency Preparedness Council meeting and they requested that the County Board of Supervisor convene a Citizen Advisory Board to develop an Emergency Preparedness Plan for the Three County airports. He also spoke on the 4th Annual Disaster Preparedness Conference to be held on March 24, 2009 at NASA Ames Research Center.

Council Member Yeh reported that he attended the Baron Park Neighborhood Association meeting which included representatives from the Palo Alto Veterans Affairs Office.

ADJOURNMENT: The meeting adjourned at 12:32 a.m.

ATTEST:

APPROVED:

City Clerk

Mayor

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