



CITY COUNCIL and COMMUNITY DEVELOPMENT AGENCY MINUTES

Tuesday, June 22, 2004
7:00 p.m.
701 Laurel Street, Menlo Park, CA 94025
Menlo Park City Council Chambers

6:00 p.m. CLOSED SESSION (The Administration Conference Room)

1. Closed Session pursuant to Government Code Section §54957.6 to conference with labor negotiators regarding labor negotiations with the Menlo Park Police Officers Association and the Menlo Park Police Management Association (Teamsters 856 representing the classification of Police Sergeant). Parties present: David Boesch, City Manager, Dan Siegel, Acting City Attorney, Chris Boyd, Chief of Police, Charles Sakai, Labor Attorney and Glen Kramer, Personnel and Information Services Manager.

7:00 p.m. REGULAR MEETING (Menlo Park City Council Chambers)

ROLL CALL – Duboc, Winkler, Collacchi, Jellins, Kinney

STAFF PRESENT – David Boesch, City Manager; Dan Siegel, Acting City Attorney; Audrey Seymour, Assistant City Manager; Silvia M. Vonderlinden, City Clerk. Various department heads and other City staff were present.

PLEDGE OF ALLEGIANCE

A. COMMISSION APPOINTMENTS AND REPORTS

1. One vacancy on the Housing Commission to fill an un-expired term ending in July 2005. Extended deadline for receipt of applications is July 6, 2004 at 5:30 p.m. Two vacancies on the Housing Commission to fill expired terms ending in July 2008. The deadline for receipt of applications is 5:30 p.m. on July 6, 2004.
2. One vacancy on the Las Pulgas Committee to fill an un-expired term ending in March 2005 (this vacancy is for a business member seat). One vacancy on the Las Pulgas Committee to fill an un-expired term ending in March 2005 (this vacancy is for a rental owner seat). Extended deadline for receipt of applications is July 6, 2004 at 5:30 p.m.
3. One vacancy on the Library Commission to fill an expired term ending in July 2008. The deadline for receipt of applications is 5:30 p.m. on July 6, 2004.
4. City Council appointments to the Parks and Recreation Commission to fill vacancies for two un-expired seats that have become open. One of these seats ends in September 2005, and the other ends in September 2006.

Mayor Duboc welcomed nominations for the term that expires in 2005:

Council Member Kinney nominated Elizabeth Houck
Council Member Collacchi nominated Shelley Kilday
Council Member Jellins nominated Paula Maurano
Mayor Duboc nominated Michael Barany

Mayor Duboc asked for the vote in the order of the nominations:

Elizabeth Houck – one vote from Council Member Kinney

Shelley Kilday – one vote from Council Member Collacchi

Paula Maurano – one vote from Council Member Jellins

Michael Barany – two votes from Mayor Duboc and Mayor Pro Tem Winkler

Due to a lack of majority, Mayor Duboc asked the Council to vote again.

Michael Barany – three votes from Mayor Duboc and Council Members Winkler and Kinney

Elizabeth Houck – no vote

Shelly Kilday – one vote Council Member Collacchi

Paula Maurano – one vote from Council Member Jellins

Michael Barany gets appointed to the Parks and Recreation Commission to serve a term that will expire in September 2005.

Mayor Duboc asked the Council to vote for the seat that will expire in September 2006.

Elizabeth Houck – one vote from Council Member Kinney

Shelly Kilday – two votes from Council Members Collacchi and Jellins

Paula Maurano – two votes from Mayor Duboc and Mayor Pro Tempore Winkler

Shelly Kilday and Paula Maurano tied each with two votes. The Mayor asked Council to vote again.

Paula Maurano – three votes from Mayor Duboc, and Council Members Winkler, Kinney

Paula Maurano gets appointed to the longer seat of the Parks and Recreation Commission.

5. Commission Reports.

B. PRESENTATIONS AND PROCLAMATIONS

1. Proclamation commending the Live Oak Lions Club for its continued support to the youths and families of Menlo Park by donating \$7,500 to the Menlo Park Police Department Youth and Family Services Unit.

Mayor Duboc presented the proclamation, thanking the volunteers who had raised the funds.

Mayor Duboc stated that there was nothing to report from the Closed Session held earlier.

C. PUBLIC COMMENT #1 (Limited to 30 minutes)- None

D. CONSENT CALENDAR

Item Pulled

1. Adoption of a revised City of Menlo Park Mission Statement.
2. Adoption of Resolution 5530 authorizing a budget amendment appropriating from the Library Bond Fund \$4,914 for a total budget of \$47,414 for the purchase of two self-check circulation units.

Item Pulled

3. Adoption and Waiver of Reading of an Urgency City Ordinance to Approve a Contract Amendment with the Public Employees' Retirement System, Providing for Section 21362.2 (3% at 50 Full Formula Retirement Benefit) for Local Safety Members.
4. Approval of the Minutes of the City Council Study Session of May 4, 2004 and approval of the amended minutes of the Council Meeting of March 30, 2004.

M/S Collacchi/Jellins to approve Consent Calendar items D2, and D4. Motion carries unanimously.

Discussion on item D1

Council Member Kinney stated he would like to give input to the proposed mission statement.

Mayor Duboc agreed with tabling this item in order to receive feedback.

M/S Duboc/Kinney to table Consent Calendar item D1. Motion carries unanimously.

Discussion on item D3

M/S Collacchi/Jellins to table Consent Calendar item D3. Motion carries unanimously.

E. PUBLIC HEARING - None

F. REGULAR BUSINESS

1. Adoption of a Resolution 5531 by the City Council of the City of Menlo Park Adopting the City's 2004-05 Budget and Capital Improvement Program.

David Boesch, City Manager, presented the staff report stating that his report on item F1 will also cover Agenda item F2. Mr. Boesch said this is the seventh time this matter has come before the Council and the challenge has been to address a recurring structural imbalance. Mr. Boesch provided more context by stating that this is the fourth year the City faces deficits, and revenues have decreased by nearly 20%. He reiterated that the goal has been to find operational savings, and one approach has been to not fill open positions. Mr. Boesch provided an overview of all the stages of the budget process which included: a community survey, a priority workshop, numerous CIP study sessions, adoption of the Master Fee Schedule, and Public Hearings. He added that the organization as a whole was invited to participate in providing solutions to the current budget situation.

Mr. Boesch enumerated some of the big-ticket items that have impacted balancing the City budget. They are: PERS cost increases, salary increases, cost of living increases, and workers compensation increases. He mentioned that almost 50% of personnel savings was achieved by not filling vacant positions and through reorganization. Mr. Boesch reported that there were about six meetings with the union leadership and the goal had been to find at risk positions as soon as possible. Such employees were offered an enhanced severance package. The City Manager mentioned that it has been a painful course of action, and while almost 75% of City expenses are personnel related, the proposed solution reduces personnel expenses by 27%. Consequently, the personnel solution is a quarter of the overall solution presented to the Council.

City Manager Boesch said that it is possible that over the next six years further reductions will be necessary, as well as more transfers from the General Fund reserves. Mr. Boesch concluded by saying that he believes this is a thoughtful budget, and he views it as his duty to safeguard the long-term future of the City, its investments and the organization. By the same token he understands how some employees may feel differently. Mr. Boesch thanked staff for its efforts during these tough fiscal times.

Mayor Duboc echoed the same feelings and thanked staff for its work.

Public Comment

Rosetta Fort expressed frustration in regards to the reorganization at the Onetta Harris Community Center. Ms. Fort stated that some speakers expressed concerns that seemed to be ignored.

Melvisha Gaines read a letter from Errol Johnson who expressed his appreciation for Aaron Johnson's work at the Onetta Harris Community Center. Ms. Gaines expressed great admiration for Mr. Johnson.

Roberta Roth, a City employee for the last 10 years, is a steward with SEIU Local 715 and spoke as a representative. Ms. Roth thanks the City for using Reserve Funds, but would like a slower process.

Robert Parra is a City employee, and he believes that avoiding lay-offs would be the best approach. He asked the Council to consider this option.

Heriberto Madrigal shared his views on how the TSM Coordinator position should be spared because it is in part supported by grants. Mr. Madrigal disagrees with laying off this person.

Sasha Eisner, with SEIU Local 715, stated that this has been a tough process and he understands the budget difficulties. Mr. Eisner believes that there was some success in achieving certain voluntary separations, but he wished the process was slower. He shared concerns about employee morale.

Linda Gregory, union leader, stated that one of the requests had been to have a good process. She believes there were some good parts to the solution but the managed attrition did not work well. Ms. Gregory stated that moving Mr. Johnson is not the best way to use him as a resource and employee.

Larry Pettis voiced his opinion that Mr. Johnson should stay at his current job assignment. He also mentioned that some of the community is not on board with the current proposed budget.

Council Discussion

Council inquired about the funding for the TSM Coordinator position. Mr. Boesch explained that this position is funded from three different funds and 25% comes from the City's General Fund, and the other portions are from Measure A and impact fee funds. Council Member Collacchi shared concerns about what will happen next year. Mr. Boesch stated that if the economy doesn't improve significantly there would be another gap and a shortfall of possibly \$1.25 million in operations. Mr. Boesch also brought to light that union agreements will come up and will need to be addressed. Council asked about the future and the funding of City infrastructure. The City Manager explained that City of Menlo Park has a single General Fund Reserve, unlike other communities that have various funds serving multiple purposes. He added that while the reserves look big they aren't because they must cover a variety of needs.

Council asked if a slower approach to the budget process would be feasible, and Mr. Boesch stated that the City has done a reasonable job at trying to work with the unions to right size with the least human cost possible. Mr. Boesch explained that the longer it takes to get to the right size the more expenditure there will be. Mr. Kinney asked about the reorganization and he has concerns about moving people from one neighborhood to another area. Mr. Boesch explained that Mr. Johnson would be moved to improve the entire array of services provided. Council Member Kinney believes that Ms. Helming is doing a great job and the City should try to keep this position.

Council Member Collacchi asked about potential taxation mechanisms that could help the City. Mr. Boesch mentioned various options such as: a State enabled sales tax of a quarter of a cent, a utility users tax, fee schedules, a new investment schedule, parcel taxes, and special taxes. Mayor Pro Tem Winkler stated that there is a large need for infrastructure money. Mayor Duboc asked about the benefits to the City of having a strong General Fund Reserve. Ms. Chokkalingam, Finance Director, stated that it is prudent to have money for the unknowns such as lawsuits, and also there is interest deriving from the reserves. Ms. Chokkalingam stated that \$1.2 million was accrued in interest from the reserves, and the triple A bond rating the City has, is due to strong reserves.

Mr. Collacchi believes that it is important to have a structurally balanced budget, and he is not pleased about not accomplishing it this year. Mr. Collacchi believes there is a need to continue cutting in a way that will lead to structural balance. He believes that by January 2006 the structural balance would be reached if other taxation options were explored. Council Member Collacchi would like to approve the budget with the direction to staff to create a package of taxation or a savings process and continue to fund the TSM Coordinator position and one or two more positions that were not voluntary separations. Council Member Jellins finds Council Member Collacchi's approach intriguing but he is not sure about the timing. Council Member Kinney likes the idea to balance and have the community vote on some kind of taxation package. Mr. Collacchi would agree with dipping more into the reserves now, and prepare everybody for real cuts that would balance the organization structurally next year.

City Manager Boesch stated that this suggestion is uncertain because it is hard to tell whether the community is interested in being taxed to pay for services. Mr. Boesch stated that if the community votes against self-taxation then there are 25 positions that will need to be cut immediately. Mr. Boesch stated that waiting until the vote comes out could be risky. Mr. Collacchi replied that this approach would show how much the community values the services provided. Council discussed the proposal of placing the matter on the ballot so the public can decide if they are willing to be taxed to balance the budget. Council Member Jellins does not agree with including this direction in the budget adoption this year. Council discussed the pros and cons of the approach and how it will be uncertain for employees, as opposed to outlining future solutions. Council agreed this might be a good strategy for the future.

Council Member Jellins explained that he had a chance to review the reorganization of the Community Services and he believes this will be a good way to spread the talent and create new relationships. He supports the reorganization, and in regards to the TSM Coordinator position, he acknowledges the contributions this person made to the community and organization, and she should be granted a 6-month transition period. Mayor Pro Tem Winkler agreed with this approach, but does not agree that direction to develop a taxation option for the voters should be included now. Council Member Kinney believes the TSM Coordinator position should be preserved because the savings don't justify cutting it, and a 6-month transition period is too little. For this reason and some other areas of discord in the proposed budget, Mr. Kinney will not support the budget.

M/S Jellins/Winkler to adopt the 2004-05 Fiscal Budget, adopt the Capital Improvement Program for the 2004-05 Fiscal Year with the amendment of providing a transition period of 6-months for the TSM Coordinator position.

Council Member Jellins asks that staff come back with information on the suggestions made by Council Member Collacchi during the discussion.

Mayor Duboc stated that Menlo Park employees are great assets, and she understands that this is not an easy time. Ms. Duboc believes that the process was as humane as possible, and the reorganization feels right for the community and for the future. Ms. Duboc thanked all the management who worked on the budget process.

The Mayor called for the vote

Motion passes on a 4-1 vote with Council Member Kinney opposing.

Council Member Collacchi offered to write up a one-page outline of the methodology he proposed during the discussion.

2. Community Development Agency Adoption of Resolutions 272, 273, 274 and 275 approving the 2004-2005 Agency Budget, approving a loan from the City for the 2004-2005 Agency Budget and authorizing a Repayment agreement, and determining that planning and administrative expenses are necessary for the production, improvement and preservation of low and moderate income housing. City Council adoption of Resolutions 5532, 5533, 5534 determining the Project Area Benefit and need for Agency funded Improvements in Fiscal Year 2004-2005, Approving a Loan to the Agency for the 2004-2005 Agency Budget and authorizing a repayment agreement, and determining that planning and administrative expenses are necessary for the production, improvement and preservation of low moderate income housing.

Mayor Duboc offered the floor for public comment. There was none.

Council asked questions about the funds mentioned on the resolutions, and Mr. Boesch explained that these funds are mentioned just in case a transfer is needed from the Redevelopment Agency.

M/S Kinney/Winker to approve agenda item F2 including all the Resolutions and adopt the Community Development budget. Motion carries unanimously.

At 9:05 p.m. Mayor Duboc announced a five-minute break.

3. Consideration of alternative land uses for the Linfield/Middlefield/Willow area.

Tracy Cramer, Senior Planner, presented the staff report explaining that after a study session on May 4, 2004 staff had conducted a study on land uses in the Linfield/Middlefield/Willow area. Ms. Cramer explained the scope of the study and asked for direction on future land use in order to process applications.

Council Discussion

Council inquired about particular properties and in particular those being studied in the Housing Element. Council discussed the certification process and what it entails. Mr. Boesch explained that certain cities

use an overlay approach, where there is a preference and an optional use, and this is acceptable and equally considered. Council asked staff to justify its recommendations, and Ms. Cramer stated that the recommendations focused on looking at the area as a whole and how the impacts could be mitigated. Council asked about the traffic patterns compared with adjoining neighborhoods, and Ms. Cramer stated this was not included in the scope of the current study.

Public Comment

Barton Hetchman, speaking on behalf of 8 Homewood Place, disagreed with staff's recommendation and methodology used on traffic issues. He does not believe the recommendations are long-range planning.

Gayle Likens is a resident of Linfield Oaks and is supportive of the staff recommendation to exclude medical use. Ms. Likens asked that increased residential zoning be included in the process.

Don Brawner stated that adding intensification to these sites is unacceptable and Menlo Park is not obligated to change zoning because of neighborhood vacancies. Mr. Brawner doesn't think the City needs another medical building.

Vincent Bressler is a resident of this neighborhood and stated that the original plan was for a low-density area. Mr. Bressler is unhappy that rezoning could facilitate development.

Frank Carney asked for more outreach and communications from the City on this matter. Mr. Carney stated that this neighborhood was planned 50 years ago, and if things will change, residents should know.

Leslie Mills does not want this area to become a medical area because in her opinion this would triple the car trips to that area. Ms. Mills opposes any rezoning.

Council Discussion

Council Member Collacchi agrees with having more outreach to the community. He supports a residential area, and fears that medical offices will shut out other opportunities. One of his concerns is that with the medical use it can become a regional facility, intensifying traffic issues. Council Member Jellins stated that this is a policy discussion and it is an opportunity to look at possible uses for 8 Homewood Place. Mr. Jellins stated that he does not have enough information to make a policy decision, but the Council should keep an open mind about the possibilities. He believes that it might be good to combine medical use with a retirement community.

Mayor Pro Tem Winkler would like to direct staff to bring back a process that would enable assessment and understanding of neighborhood concerns, community needs and portraying realistic options. Mayor Duboc agrees with this approach. Council Member Jellins asked that Mayor Pro Tem Winkler be appointed to work with staff and look at the options. Mayor Pro Tem Winkler accepted the appointment.

Mr. Boesch stated that staff would come back with the information requested.

Mayor Pro Tem Winkler reported receiving a letter from Boyd Paulson providing input.

4. Consideration of state and federal legislative items or items referred to in Written Communications or information items, including decisions to support or oppose any such legislative.

None.

G. WRITTEN COMMUNICATION - None

H. INFORMATION ITEMS - None

I. COUNCIL MEMBER REPORTS

Council Member Kinney informed the Council of an upcoming San Francisquito Creek Joint Powers Authority meeting.

J. PUBLIC COMMENT #2 (Limited to 30 minutes)

K. ADJOURNMENT - adjourned at 10:20 p.m.

Respectfully submitted

Silvia M. Vonderlinden

Approved at the Council Meeting of October 12, 2004.