



# CITY COUNCIL COMMUNITY DEVELOPMENT AGENCY MINUTES

Tuesday, June 5, 2007

7:00 p.m.

701 Laurel Street, Menlo Park, CA 94025  
Menlo Park City Council Chambers

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

**ROLL CALL** - Fergusson, Cohen, Boyle, Cline, Robinson

**Staff present** – Interim City Manager Steffens, Acting City Attorney Siegel, Acting Assistant City Manager Heineck, and City Clerk Vonderlinden. Other City staff was present in the audience.

Mayor Fergusson invited Isabelle Henriquez to call the meeting to order. Ms. Henriquez was introduced as the young lady who received the honor of being Mayor for a Day. Mayor Fergusson announced some of the events she had enjoyed with Ms. Henriquez during the day.

### **PLEDGE OF ALLEGIANCE**

### **B. PRESENTATIONS AND PROCLAMATIONS – *Item taken out of sequence***

1. Recognition of a third grade student as "Mayor for the Day".

The Mayor presented Ms. Henriquez with a certificate of recognition and congratulated her on a job well done.

### **A. COMMISSION REPORTS**

1. Commission member and Chamber of Commerce reports.

Arthur Traum, Chair of the Library Commission, shared that Library funding has been reduced and he opined it is insufficient to meet the needs of the public. He spoke about how the popularity of Story Time is placing greater demands on staff.

### **C. PUBLIC COMMENT #1**

Joe Webb referred to an alleged incident at a public meeting for Willows' residents. He mentioned data from a study he conducted in San Mateo County. Mr. Webb shared his frustration in trying to obtain a report on the incident from the Police Department.

Louis Calabro, representing the European American Coalition, requested that Mr. Webb's police report be released. He referred to a school where students were celebrating their heritage. He made comments about his view that European Americans' have restrictions in freely honoring their heritage.

Morris Brown, in concert with Jim Pollart and with time donated by Paul Collacchi and Denise Brown, spoke about a settlement agreement that has been reached between The O'Brien Group and the Derry Project Referenda proponents. Mr. Brown provided a historical overview of the project and why he initially opposed the project. He further stated that the process of amending the General Plan without what he believed was sufficient public notice was partially what caused the referenda. Mr. Brown provided clarification on the terms of the agreement. Mr. Pollart also explained details of the agreement. Mr. Brown acknowledged the negotiating team and, in particular, the efforts of former Mayor Dee Tolles. He also thanked Mr. David Boesch, Mr. Kent Steffens and Mr. Justin Murphy for their efforts.

Mayor Fergusson congratulated the parties involved on a successful outcome.

Paul Collacchi, with time donated by Patti Fry, commented that the settlement is a good compromise and he urged Council to take a hard look and evaluate the process. He revisited the options before Council and he said that the negotiated project allows Council to consider a project that is more beneficial to the community. He spoke about the pros and cons of the project. He found this a compromise that shows that Menlo Park is open to development that offers clear public benefit.

Susan Robinson asked Council to consider tabling Agenda item D2, since the next meeting of the Dumbarton Rail Policy Advisory Committee has been postponed. She requested that Menlo Park take a strong stance and simultaneously give staff more time to strengthen the letter.

#### **D. CONSENT CALENDAR**

1. Adoption of Resolution No. 5741 giving preliminary approval of the Engineer's Report for the Menlo Park Landscaping District for Fiscal Year 2007-08, which proposes an increase of two percent to the tree portion of the assessment; and adoption of Resolution No. 5742 of Intention to Order the Levy and Collection of assessments for the Menlo Park Landscaping District for Fiscal Year 2007-08. (Staff Report #07-098)

#### **Item D2 pulled**

2. Approval of a letter to the Dumbarton Rail Corridor Project Policy Advisory Committee requesting further information and clarification on the Project. (Staff Report #07-101)
3. Adoption of Resolution No. 5743 approving the City Council Subcommittee recommendations regarding the allocation of 2006-07 Community Funding in the amount of \$76,500. (Staff Report #07-103)
4. Adoption of Resolution No. 5744 approving the final maps for the Morgan Lane I (175 Linfield Drive) and Morgan Lane II (110 Linfield Drive) subdivisions; approval of the final design of the roadway improvements on Linfield Drive; adoption of Resolution No. 5745 approving no parking zones as shown on the roadway improvement plans; authorization of the City Manager to execute the agreements for completion of development improvements; and approval of a modification to the approved Below Market Rate Housing Agreement for the developments. (Staff Report #07-100)
5. Approval of the minutes for the City Council meeting of May 1, 2007. (attachment)

Mayor Fergusson announced that Council Member Robinson wanted to share an award with the public. Council Member Robinson reported that the Santa Clara Valley Water District (SCVWD) received a Malcolm Baldrige Award for excellence in performance and that, in part, the award was received for work by the San Francisquito Creek Joint Powers Authority (JPA) and that the SCVWD was sharing the award with each of the jurisdictions that participate in the JPA.

**M/S Boyle/Robinson to approve Consent Calendar items D1, D3, D4 and D5. Motion carries 5-0-0.**

#### **Discussion on item D2**

**M/S Cline/Robinson to continue item D2 to another date. Motion carries 5-0-0.**

Council Member Boyle asked if it would be appropriate for Council to suggest specific revisions to the letter. Council Member Robinson said he had not had a chance to review the letter with staff and so he would prefer waiting to a later date. The Council discussed whether it would be appropriate to submit possible revisions to the letter directly to staff. Interim City Manager Steffens said it would be unusual to edit the staff report after it had been published and that he would recommend a full discussion at a public meeting. Council Member Robinson suggested having the matter come back

as a regular business item where Council could discuss the issue and give direction, to be followed by consideration as a Consent Calendar item at a subsequent meeting.

## **E. PUBLIC HEARING**

1. Submission of the City Manager's proposed 2007-08 Budget and Capital Improvement Program for the City of Menlo Park; consideration of the revised long-term financial forecast; and discussion of the Utility Users Tax rate. (Transmittal Letter) (Staff Report #07-099)

Interim City Manager Steffens shared with Council a thorough presentation of slides illustrating the budget and articulating what was being requested of Council. Mr. Steffens explained the various components of the budget, including the various funds and Capital Improvement Projects (CIP), long-term projections and the impact of various rates of the Utility Users Tax (UUT) on the proposed budget and long-term projections. He further commented on the items not included in the 2007-08 budget, including Menlo-Atherton Performing Arts Center, El Camino Real/Downtown Visioning, environmental stewardship and climate protection, sports fields construction and maintenance, Caltrain bike/pedestrian underpass, M2 area land use planning, Dumbarton Rail Station planning, San Francisco water right-of-way landscape replacement, safe routes to school implementation, and other Infrastructure Improvements such as storm drains. Interim City Manager Steffens also covered the budget initiatives, including financial forecasting and reporting, community engagement, business development, police traffic enforcement, and transportation project management, as well as other personnel related expenses built into the budget.

### **Public Comment**

Rich Mintz spoke about the need for more traffic enforcement in the Willows area. He commented on how to improve traffic in that part of the City.

Elias Blawie found the presentation too extensive. In his opinion, the revenues are understated and the expenditures overstated. Mr. Blawie spoke about the housing market in Menlo Park and its implications on revenues. He also questioned what is planned for the reserve fund. He supported increases in Finance, Police and Transportation but, in his opinion, the last two should not be management positions.

Henry Riggs echoed the comments made by the previous speaker. He thanked staff for the report and he asked Council to be objective. He opined that everything has not been clarified.

Elizabeth Houck thanked staff for the extensive report. She had mixed feelings about the UUT and business development areas. She asked Council to have a great budget process and when Full Time Equivalents (FTE) are being considered that maybe contractors could be used instead. She asked Council to be conservative and reconsider the UUT.

Mayor Fergusson announced that she implicitly opened the public hearing.

### **M/S Robinson/Cline to close the public hearing. Motion carries 5-0-0.**

*The Mayor declared a ten-minute break at 9:50 p.m. Council resumed the meeting at 10:00 p.m.*

Council discussed how to approach the review of the budget. Council Member Boyle congratulated staff on the report stating that he was pleased with the thoroughness. He asked about the overall fund balances, noting that some will be decreasing as others increase. Interim City Manager Steffens said that there is a summary of all funds on Attachment C of the staff report and it is projected that there will be an increase of about \$3.3 million across all funds. Council Member Boyle asked about the increase in the budget for the General Plan service area and whether that was intended to cover the El Camino Real/Downtown work. Mr. Steffens explained that the increase was primarily set aside for the update of the Housing Element. Council Member Boyle commented that it appeared that the City was subsidizing more rather than fewer programs, although the intent was to have programs more self sufficient. Mr. Steffens explained that the transfer of Other Post Employee Benefit costs

and insurance costs had been transferred to individual departments and that the Council would have an opportunity in the fall to review the citywide fee study. Council member Boyle noted his discomfort at the increase in permanent employees. He asked about the assumptions used by staff in making the long-term projections. Mr. Steffens responded that data from the utility companies was used and that the average growth factor used was 4%. Council Member Boyle asked about the increase in the risk management expense. Finance Director Augustine responded that it represented the internal service fund transfers to individual departments. Council Member Boyle asked about the increase in the Police outreach budget. Police Chief Goitia explained that it was in part for the emergency notification system.

Council Member Robinson found the presentation very clear and well organized. He asked about the basis for staff's recommendation on the UUT rates. Interim City Manager Steffens explained that a larger reduction was proposed in gas and electric because they represent basic services of life and were larger to start with. Council Member Robinson stated that he believed the business development proposal is an investment in the future but wanted to know what the overall plan for the program would be. He commented on items in the letter submitted by the Green Ribbon Citizen Committee (GRCC), specifically on the benefits on the LEED training for staff. Mr. Steffens commented that he would be categorizing the suggested items and identifying which could be considered under the current budget, which would require additional funding, and which would require more information to assess the funding needs. In response to a question from Council Member Robinson, Police Chief Goitia stated that the Police Department currently has an incentive program that pays members of the Police Department if a potential new employee is referred. In response to another question, Library Director Holmer stated that the library is looking at partially addressing the staffing shortages for Story Time with temporary staff. In response to a question, Mr. Steffens explained that the funds for the Menlo-Atherton Performing Arts Center would come from the General Fund reserves. He further clarified that most of the salary increases were related to the Police Department.

Vice Mayor Cohen asked about increases in employees other than those related to the budget initiatives. Interim City Manager Steffens explained that they included an Information Systems Technician and two half time positions in Community Development and Police. Council Member Cline asked about the number of unfilled FTE positions and whether they could be accounted for in the budget. Interim City Manager Steffens responded that the number varies over time but that it averages around 6% and that quarterly reports, which would be possible with added staff in the Finance Department, would help define this further. Council Member Cline asked whether the City had a strategy for the appropriate mix of sales and property tax revenues. Finance Director Augustine explained that these factors vary over time and by city and that business development tends to reflect on the changes over time rather than on a specific goal for increases in revenues. In response to a question, Police Chief Goitia explained the proposed make-up of the traffic unit and that the Department was looking into changes in the use of beat patrols. Council Member Cline asked if revenue from General Motors had been included in the budget. Mr. Steffens said that revenue had not been included since General Motors had not yet received entitlements to develop. In response to a question, Mr. Steffens further explained that sales tax from new businesses is difficult to project, but that the business-to-business sector is one of the largest sectors in Menlo Park and it is important to retain that type of use.

Mayor Fergusson asked if savings from Police vacancies could be used in an incentive program. Interim City Manager Steffens explained that there are limits on that type of program based on union contracts and that the City has more flexibility in the recruitment process. In response to a question, Library Director Holmer identified some of the more recent cuts in services. Mayor Fergusson asked about the PGE Care program as it related to the UUT. Finance Director Augustine stated that about 7-8% of the residential customers use the program and that information on the program can be found on the PG&E web site. Mayor Fergusson asked about the possibility of sidewalks on Woodland Avenue. Mr. Steffens explained that a citywide study is being funded and that areas for improvements would then be prioritized. Mayor Fergusson asked how staff would assess the hiring

of permanent staff versus contract staff. Mr. Steffens explained that one factor is whether the need is short or long term.

The Mayor invited each Council Member to provide general comments on the budget. Council Member Boyle commented that he is not comfortable adding permanent employees but would like to provide for the money in the budget in order to maintain future flexibility, allowing the new City Manager to have an opportunity to evaluate the needs. He supported using contractors for the Information Technology (IT) position and asked if the Assistant City Manager could take on some of the community engagement responsibilities. Concerning the Library, he acknowledged the increase in demand but suggested using volunteers. He commented that he would like to look at the fee study because there are a number of areas where the General Fund is subsidizing services. On the UUT, he said that usually the City under spends on expenses and he believes that anytime there is an expansion period, i.e. adding staff, there will be a higher variance on expenses than normal and he anticipates that variance will be higher next year. Council Member Boyle commented that he would like to decrease the UUT.

Council Member Robinson would like to see the added finance position review the investment strategies for the City. He believed that this would add value to the overall City finances. He asked whether things like signage, traffic calming, and enforcement could be used along Woodland Avenue to address some of the issues. Interim City Manager Steffens explained that signage and enforcement could be considered but are generally of short-term benefit and that traffic calming would provide a longer term benefit. He further stated that there is money available for traffic calming but that the neighborhood would have to work together to agree on the calming. He commented that installing sidewalks can be difficult given obstacles, but that is something that would be looked at once priority areas are identified. Council Member Robinson stated his support for at least the staff recommendation on the UUT rate but noted a need to grow revenues in non-tax sources.

Vice Mayor Cohen commented that community engagement and business development could be handled by outside help/consultants. He would like to maintain a certain level of flexibility for the new City Manager and he noted that the El Camino Real endeavor is unfunded. Regarding the UUT, Vice Mayor Cohen stated that the most he is willing to do is look at it after six months of data is collected, noting that any changes now would be based on speculation.

Council Member Cline agreed with the comments by Council Member Boyle regarding maintaining flexibility for the new City Manager, but noted that his priority is for the Police positions. He commented that it is not the time to hire a new community engagement position and that a new financial position would be helpful but may not be needed right away and should wait to see how the audit/finance committee will work. Council Member Cline did not think the UUT is necessary this year. He supported creating citizens' committees to have a more organized community effort.

Mayor Fergusson commented that of the budget initiatives she supported business development but she was envisioning someone who was more of a partner versus administrative support. She could see that person being an independent contractor with Silicon Valley expertise. She agreed on the comments regarding El Camino Real/Downtown visioning and her hope is that it will come back soon for more clarity. She also noted that the work of the GRCC will require future budget considerations. Regarding the proposed IT position, she believed that consultants with specialized expertise could respond quickly to changing situations. Mayor Fergusson stated that she is not ready to move forward with an audit subcommittee without added staff resources in the Finance area. She would like to lower the UUT rate and she spoke about lowering the rate for telecommunications. Council Member Robinson supported the idea of contracting out for the business development area. On the UUT matter, Council Member Robinson supported looking at the rates periodically. Mr. Steffens said that he would recommend looking at those every year with the budget instead of every six months because of the complexity and time involved in the notification process and implementation.

Council Member Robinson is hopeful that the El Camino Real matter will get back on track. He further commented on the community engagement goal, stating that a large focus is on communication and that something was needed but not necessarily with permanent staff. Council Member Cline reiterated that he does not support the UUT, that he is concerned with the significant use of staff resources that will be required for the El Camino Real/Downtown work, that it is urgent to reinvest in the Police Department, that efforts should be turned up on community engagement, and that the community can assist with business development if given an appropriate structure.

Council Member Robinson supported hiring the police officers but noted that there is only so much that the officers can do and traffic calming can help. Interim City Manager Steffens said that what he heard from Council is that staff will need to go back and look at the budget initiatives and find less permanent ways to achieve the initiatives. Similarly, staff would run long-term projections with different UUT rates, including a zero UUT rate. Council Member Robinson summarized that Council Member Boyle was between 0% and 1% on the UUT rate, Council Member Cline was at a 0% rate, and Vice Mayor Cohen wanted to retain the tax as is for at least six months. Mayor Fergusson offered support for the staff recommendation with the tax on telecommunications set lower. Council Member Robinson said he was somewhere between the staff recommendation and 1%.

Council Member Boyle added his summation of the consensus which included that he heard general Council support for the funds included for the initiatives but that several of the positions are to come back with something other than permanent positions, such as the IT, business development, community engagement and possibly finance. The other four Council Members clarified that they preferred to use staff's judgment on determining what positions should be contract versus permanent. Council agreed on adding FTEs to the Police and Transportation areas. In the other areas staff is to come back with a proposal. Mayor Fergusson asked about the communication sent by the GRCC. Interim City Manager Steffens said that staff will come back in a couple of weeks and the GRCC letter will be reviewed and staff will analyze how it could be incorporated.

Vice Mayor Cohen asked for a point of personal privilege to speak about the El Camino Real subcommittee. The Mayor proposed that Vice Mayor Cohen report under Council Member reports.

## **F. REGULAR BUSINESS**

1. Direction sought from the City Council on appointing a Council Member and an alternate to participate in the South Bay Salt Pond Restoration Project (Ravenswood Working Group).  
(Continued from the meeting of May 22, 2007.) (Staff Report #07-097)

Mr. Steffens said the City has been invited to participate in the Ravenswood Working Group. He provided details on the group composition and role. Mr. Steffens said this body will have few meetings but it would be important to have Council participation.

Council Member Robinson offered to be the representative and Mayor Fergusson offered to be the alternate. Interim City Manager Steffens added that a letter would go out inviting the Parks and Recreation Commission, Planning Commission and the Environmental Quality Commission to nominate a participant from these bodies. Council Member Boyle asked if this is a Brown Act body. Dan Siegel, Acting City Attorney, said that generally these meetings are open to the public or adequately noticed.

2. Consideration of state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item. None.

## **G. WRITTEN COMMUNICATION - None**

## **H. INFORMATION ITEMS - None**

## **I. COUNCIL MEMBER REPORTS**

Vice Mayor Cohen said that he replaced Council Member Boyle on the El Camino Real/Downtown Visioning subcommittee. He provided some information and context on a particular situation whereby he had discussed the matter with Council Member Boyle and subsequently, in order to avoid violating the Brown Act, he was unable to discuss the matter with Council Member Cline. He volunteered that he further discussed the matter with Peninsula Conflict Resolution Center (PCRC) and City staff and he had suggested a steering committee with the following residents: Rich Rollins, Dave Bohannon, Lorie Sinnott, and Vincent Bressler. He has had some contact with these individuals on the matter. Vice Mayor Cohen added that a representative of PCRC is prepared to provide a scope of work but there will still be an opportunity for a Request for Proposal Process.

Vice Mayor Cohen asked that this matter be placed on the Agenda two weeks from tonight. Mayor Fergusson agreed with that approach but she said that will be budget night and so she was concerned with the timing. Mayor Fergusson commented that she was dissatisfied with the outcome of the El Camino visioning process more particularly what had happened with the subcommittee. She had felt uncomfortable with the last decision because the subcommittee was not supportive of the approach decided upon. Council Member Boyle concurred with placing the matter on the Agenda of the June 19th meeting but he suggested an earlier start time of 5:00 p.m. Vice Mayor Cohen would like to see a representative of PCRC be present to assist Council at that meeting. He asked about holding a two-hour Study Session and subsequently the regular business meeting. Council agreed to hold a Study Session that would begin at 5:00 p.m. and go until 6:30 p.m. with the regular Council Meeting starting at 7:00 p.m.

Council Member Boyle reported that the M-A Performing Arts Center and Atherton would make a proposal in the near future and he will need to place this matter on a future Agenda. He also spoke about the need for a possible Closed Session on June 12, 2007. He reported that the new HEART fee will be \$12,500 and in addition he attended an event organized by Project Read.

Council Member Robinson attended a meeting hosted by ABAG on the FOCUS project and announced there is money for communities like Menlo Park for their visioning processes and around housing related items. He asked staff to submit an application to ABAG and Interim City Manager Steffens said that the City would submit a pre-application to show the City's interest. He said this matter could then come back to Council in July or August. Council Member Robinson commented that cities are being encouraged to partner with other entities on these efforts. He also explained that the RHNA numbers for the County are out and the new number for the County is 15,738 which is lower than before.

Council Member Robinson reported on attending an event at the Belle Haven Community School, stating that it was very successful. Mayor Fergusson was also present and she enjoyed understanding the benefits to the community and she spoke about what she perceived to be the gross inequity of the School Districts in Menlo Park.

Mayor Fergusson announced the next GRCC meeting tomorrow at 4:00 p.m. with a presentation by Miles Automotive followed by a business development happy hour. She invited the public to participate.

**J. PUBLIC COMMENT #2** - None

**K. ADJOURNMENT** - The meeting adjourned at 12:10 a.m.

Respectfully submitted,

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Silvia M. Vonderlinden, Certified Municipal Clerk

Re-submitted and approved at the Council Meeting of July 31, 2007. *(No changes were suggested).*