

RESOLUTION NO. 2008-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS WITH RESPECT TO THE USE OF PAYMENTS RECEIVED FROM THE CITY OF PALO ALTO IN CONNECTION WITH THE SALE OF THE FORMER LOS ALTOS TREATMENT PLANT

WHEREAS, by a Purchase and Sale Agreement dated November 30, 2007 (the "Agreement"), the City of Los Altos (the "City") agreed to sell to the City of Palo Alto ("Palo Alto") certain interests in real property commonly known as the former Los Altos Treatment Plant; and

WHEREAS, pursuant to the Agreement, Palo Alto agreed to pay a purchase price to the City; and

WHEREAS, such purchase price is payable to the City in several installments according to a schedule set forth in the Agreement, with the final installment due to the City in 2010; and

WHEREAS, the City has received from Palo Alto the first installment of the purchase price in January 2008 when escrow closed (the "First Installment"); and

WHEREAS, the City Attorney has researched the validity of the uses to which the sale proceeds may legally be allocated; and

WHEREAS, until the City Attorney publicly recommends to the City Council a final conclusion on the uses to which the sale proceeds may legally be allocated, it would not be prudent for the City Council to appropriate or expend proceeds of the sale.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOS ALTOS CALIFORNIA:

1. The City Manager is directed to segregate the First Installment, and any subsequent payments received by the City under the Agreement, in a separate "Special Revenue Fund."
2. The City Manager is directed not to expend moneys in the "Special Revenue Fund," including interest thereon, until directed by future action of the Council.
3. The City Council declares that the balance of such "Special Revenue Fund" is not currently available for use for any specific purpose, including, but not limited to, use in connection with the City's sewer operations.
4. The City Council rescinds all prior directions of the City Council, if any, with respect to the disposition and use of sale proceeds received pursuant to the Agreement; and declares null and void, *ab initio*, the two motions regarding such which were made on November 29, 2005, since, upon subsequent review, they were made without a specific notice appropriate for a change of such a long-standing policy.
5. The City Council ratifies all prior actions of the City Manager, or his or her designees, with respect to the First Installment to the extent such actions are not inconsistent with this Resolution.

I HEREBY CERTIFY that this resolution was duly introduced and adopted at a regular meeting of the Los Altos City Council on the 22nd day of July, 2008, by the following vote:

AYES: PACKARD, SATTERLEE, CASAS, BECKER, CARPENTER
NOES: NONE
ABSENT: NONE


Susan Kitchens, CITY CLERK


Valorie Cook Carpenter, MAYOR