



**CITY OF EL PASO DE ROBLES**  
*"The Pass of the Oaks"*

**CITY COUNCIL MINUTES**

**Tuesday, August 5, 2008 7:30 PM**

**MEETING LOCATION: PASO ROBLES LIBRARY/CITY HALL  
CONFERENCE CENTER, 1000 SPRING STREET**

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**PLEASE SUBMIT ALL CORRESPONDENCE FOR CITY COUNCIL PRIOR  
TO THE MEETING WITH A COPY TO THE CITY CLERK**

**7:30 PM – CONVENE REGULAR MEETING**

**CALL TO ORDER** – Downstairs Conference Center

**PLEDGE OF ALLEGIANCE**

**INVOCATION**– given by Pat Sheean

**ROLL CALL** Councilmembers John Hamon, Duane Picanco, Fred Strong, and  
Mayor Frank Mecham; ABSENT: Mayor Pro Tem Nemeth

**PUBLIC COMMENTS**

- Norma Moye, Main Street Association, introduced new downtown business "Two Bird Bakery"
- Robert Lewin, Cal Fire, Battalion Chief, presented an award to Kevin Taylor, in recognition of 2007 service as Resource Unit Leader for Commitment and Leadership to CAL FIRE Incident Command Team 9
- John Borst, requesting information on a city enterprise fund
- Kathy Barnett
- Dale Gustin

**AGENDA ITEMS TO BE DEFERRED (IF ANY)** - None

**PRESENTATIONS**– None

## PUBLIC HEARINGS

### 1. [Appeal of Conditional Use Permit 07-001 \(Applicant: Downtown Brew\)](#)

R. Whisenand, Community Development Director

The City Council considered an application filed by the Downtown Brewing Co, appealing conditions of approval associated with CUP Permit 07-001, located at 1108 Pine Street. (continued from July 1, 2008)

Mayor Mecham opened the public hearing. Speaking from the public was the applicant (Tim Hodge), Brian Williams, Mike Gibson (Chamber of Commerce), Eva Beck (Hotel Cheval), Mike Bazetti, Dale Gustin, Bob Duffy. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Hamon, seconded by Councilmember Strong, moved to adopt Resolution No. 08-104, approving the appeal with revised conditions that all entertainment activities shall be conducted indoors and shall end no later than 1:00 AM.

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT: Nemeth

***Council adjourned for a 5-minute recess and reconvened at 8:30 PM.***

### 2. [Gateway Design Standards](#)

R. Whisenand, Community Development Director

The City Council considered Gateway Design Standards and the associated Negative Declaration. (continued from May 6, 2008). Additional comments received from North Coast Engineering were submitted at the meeting for Council consideration.

Mayor Mecham opened the public hearing. Speaking from the public was Dale Gustin, Kathy Barnett, and Larry Werner. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolution No. 08-105, approving the Negative Declaration.

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT: Nemeth

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolution No. 08-106 approving the Gateway Design Standards, incorporating the comments received at tonight's meeting regarding use of native, drought tolerant landscaping.

Motion passed by the following roll call vote:

AYES: Hamon, Strong, and Mecham  
NOES: Picanco  
ABSTAIN:  
ABSENT: Nemeth

### CONSENT CALENDAR

Mayor Mecham called for public comments on Consent Calendar items. There were no comments from the public, either written or oral, and the public discussion was closed.

3. [Approve City Council minutes of July 10 and July 15, 2008](#)
4. [Approve Warrant Register: Nos. 78555—78633 \(07/11/08\), 78634—78822 \(07/18/08\), 78823-78937 \(07/25/08\), and Other Payroll Services](#)
5. [Receive and file Advisory Body Committee minutes as follows:](#)  
Citizens Airport Advisory Committee meeting of June 26, 2008  
Library Board of Trustees meeting of June 12, 2008  
Senior Citizens Advisory Committee meeting of June 9, 2008
6. [Receive and file](#) the City's written response to the recommendations included in the 2007-2008 Nacimiento Water Project Grand Jury Report.
7. [Adopt Resolution No. 08-107](#) authorizing the City's partnership with the Private Industry Council (PIC), and the Workforce Investment Board in hosting a North County Job Fair on September 18, 2008 to be held at the City Hall/Library Conference Center.
8. [Adopt Resolution No. 08-108](#) approving a contract with local radio station, KPRL, for advertising services in the amount of \$14,280 related to the Transit System for Fiscal Year 2009
9. [Adopt Resolution No. 08-109](#) to appropriate funds and authorizing purchase order to Pacific Waste Services in the amount not to exceed \$31,000 for wood grinding and hauling services at the City's Landfill operation, as required by the State Integrated Waste Management Board and the Regional Water Quality Control Board.
10. [Adopt Resolution No. 08-110](#) to receive and file the Final Transition Plan for compliance with the intent of the Americans with Disabilities Act accessibility guidelines, update target dates, and review budget allocation concurrent with the City budget review every two years.
11. [Adopt Resolution No. 08-111](#) authorizing the release of securities and acceptance of improvements resulting from the development of Tract 2745, located along the north side of Oak Hill Road, east of S. River Road (Applicant: H & D Highlands, LLC).
12. [Adopt Resolution No. 08-112](#) allocating budget appropriations for projects to be accomplished with 2008 Community Development Block Grant (CDBG) funds
13. [Adopt Resolution No. 08-113](#) to set the *ad valorem* tax rate for general obligation bond debt service for fiscal year 2009.

Consent Calendar Items Nos. 3-9, and 11-13 were approved on a single motion by Councilmember Hamon, seconded by Councilmember Strong, with Mayor Mecham abstaining on Warrant Register Items Nos. 078624, 078657 and 078776.

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT: Nemeth

Consent Calendar Item No. 10 was approved on a single motion by Councilmember Hamon, seconded by Councilmember Strong.

Motion passed by the following roll call vote:

AYES: Hamon, Strong, and Mecham  
NOES: Picanco  
ABSTAIN:  
ABSENT: Nemeth

## DISCUSSION

### 14. Request for Temporary Removal of Parking and Sidewalk at 1244 Park Street (Hughes)

R. Whisenand, Community Development Director

The City Council considered a request to allow continued restriction of the use of parking and sidewalks located at 1244 Park Street. John Falkenstien presented the staff report.

Mayor Mecham opened the public hearing. Speaking from the public was Warren Hamrick, representing the applicant, Mike Gibson, and Dale Gustin. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Hamon, seconded by Mayor Mecham, moved to approve a request for continued restriction of the use of sidewalks adjacent to 1244 Park Street, subject to conditions for the construction and maintenance of a covered walkway and its removal, no later than the completion of construction or October 31, 2008, whichever occurs first.

Motion failed by the following roll call vote:

AYES: Hamon, Mecham  
NOES: Picanco, Strong  
ABSTAIN:  
ABSENT: Nemeth

Councilmember Hamon, seconded by Mayor Mecham, moved to adopt Resolution No. 08-114, approving a request for continued restriction of the use of sidewalks adjacent to 1244 Park Street, subject to conditions for the construction and maintenance of a covered walkway and its removal, no later than the completion of construction or October 15, 2008, whichever occurs first.

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT: Nemeth

15. [Economic Strategy-Positioning  
Brand Development](#)

J. App, City Manager

The City Council approved a brand for the City of Paso Robles to assist promotional activities with the City's tourism partners. Stacie Jacob, member of the City's Promotions Coordinating Committee (PCC) presented the committee's recommendation.

Mayor Mecham opened the public hearing. Speaking from the public were members of the PCC, Matt Masia, Mike Gibson, Cathy David, Margaret Johnson, and Norma Moye. Tom Hardwick and Kathy Barnett also spoke. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Picanco, moved to adopt the brand "Paso Robles – Authentic California" to assist promotional activities with the City's tourism partners.

Motion passed by the following roll call vote:

AYES: Picanco, Strong, and Mecham  
NOES: Hamon  
ABSTAIN:  
ABSENT: Nemeth

16. [Economic Strategy-2008/2009 Marketing Budget](#)

J. App, City Manager

The City Council approved the Fiscal Year 2008/2009 Marketing Budget of \$400,000, as established in the Fiscal Year 2007/2008 budget document.

Mayor Mecham opened the public hearing. Speaking from the public was Kathy Barnett. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Hamon, seconded by Councilmember Strong, moved to approve the Marketing budget as submitted;

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT: Nemeth

17. [Award of Membrane Filtration System for Water Treatment Plant](#)

D. Monn, Director of Public Works

The City Council awarded the bid of the Membrane Filtration System contract to Siemens Water Technologies Corporation. Consultant Christine Halley, with T. J. Cross Engineers, presented the staff report.

Mayor Mecham opened the public hearing. Speaking from the public was Tarn Victor, representing Pall Corporation, Karen Reed, John Kutilik, representing Siemens, and John Borst. There were no further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Hamon, moved to adopt Resolution No. 08-115:

1. appropriating \$100,000 from Nacimiento Water Fund to Nacimiento Water Treatment Fund and authorizing the contract with Siemens Water Technologies Corporation in that amount, and
2. authorizing assignment of the Stage II Work to the general contractor at the time of such award.

Motion passed by the following roll call vote:

AYES: Hamon, Picanco, and Strong  
NOES: Mecham  
ABSTAIN:  
ABSENT: Nemeth

18. [Paso Robles Transit System Branding](#)

J. Throop, Director of Administrative Services

The City Council approved the branding concepts for the Paso Robles Transit System. Jennifer Sorensen presented the staff report.

Mayor Mecham opened the public hearing. There were further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Hamon, seconded by Councilmember Strong, moved to adopt Resolution No. 08-116 approving the new branding of the transit system to be named "Paso Express".

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham  
NOES:  
ABSTAIN:  
ABSENT: Nemeth

19. [North County Operators Agreement for Federal Transportation Agency Funding](#)

J. Throop, Director of Administrative Services

The City Council approved an Operators' Agreement, making SLORTA the new FTA 5307 Funds grantee recipient, relieving the City of the administrative burden. SLORTA is currently the recipient of other federal grant programs; consolidating the two grant programs under SLORTA allows for economy of scale. Jennifer Sorensen presented the staff report.

Mayor Mecham opened the public hearing. There were further comments from the public, either written or oral, and the public discussion was closed.

Councilmember Strong, seconded by Councilmember Picanco, moved to adopt Resolution No. 08-117 approving a new Operators Agreement

Motion passed by the following unanimous roll call vote:

AYES: Hamon, Picanco, Strong, and Mecham

NOES:

ABSTAIN:

ABSENT: Nemeth

20. [Investment Policy – Annual Review](#)

Michael J. Compton, City Treasurer

For the City Council to undertake the annual review of the City's Investment Policy. Jim App presented the staff report.

Mayor Mecham opened the public hearing. There were further comments from the public, either written or oral, and the public discussion was closed.

By General Consent and voice vote the City Council moved to receive and file the annual review report of the Investment Policy

**COUNCIL COMMENTS (Including oral reports on conferences attended) - None**

**ADJOURNMENT:**

- BIENNIAL AB1234 (ETHICS) TRAINING, AT 2:00 PM, MONDAY, AUGUST 11, 2008 AT THE LIBRARY/CITY HALL CONFERENCE CENTER, 1000 SPRING STREET
- THE JOINT PLANNING COMMISSION/CITY COUNCIL BREAKFAST MEETING AT 7:00 AM, FRIDAY, AUGUST 15, 2008 AT THE TOUCH OF PASO RESTURANT, PASO ROBLES
- THE REGULAR MEETING AT 7:30 PM ON TUESDAY, AUGUST 19, 2008, AT THE LIBRARY/CITY HALL CONFERENCE CENTER, 1000 SPRING STREET

Submitted:

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Deborah D. Robinson, Deputy City Clerk

Approved:

**THESE MINUTES ARE NOT OFFICIAL OR A PERMANENT  
PART OF THE RECORDS UNTIL APPROVED BY THE CITY  
COUNCIL AT A FUTURE REGULAR MEETING.**





**In Recognition of  
Resource Unit Leader  
KEVIN TAYLOR  
for  
Commitment and Leadership  
to CAL FIRE  
Incident Command Team 9  
2007**





cc

To: Paso Robles City Council  
From: John Borst  
Date: August 5, 2008

**Subject: May 15, 2007 Staff report, Water Operations Fund appropriation regarding award contract to Black & Veatch Associates for design of a six million gallon per day water treatment facility**

On May 15, 2007 the City Council approved a one time supplemental budget appropriation from the Water Operations Fund in the amount of \$2,150,000 to budget account 229-910-5452-544 (i.e., the Nacimiento Water Treatment Development Fee Fund).

Yet, looking at page 27 of the City's June 5, 2007 report, "Operations and Maintenance Budget and Four-Year Financial Plan Including Capital Improvement Projects Budget Fiscal Year 2007-08 to 2010-11" (see attachment), it shows no evidence that the appropriation was ever made. That is, revenues in the Water Operations Fund in FY 2006-07 stood at \$4,155,900 and in FY 2007-2008 were projected to be at \$4,325,200. Further, no decrease in the Fund's revenue is projected in ANY future year on page 27 of the Budget report. Similarly, revenues in the Nacimiento Water Treatment Fund in FY 2006-07 stood at \$115,600 and in FY 2007-08 were projected to be \$156,000. The addition of \$2,150,000 to the Nacimiento Water Treatment Fund appears in NO future year on page 27 of the Budget report.

So, where is the \$2,150,000 that was to be allocated to the Nacimiento Water Treatment Development Fee Fund? Has Black & Veatch Associates been working for free since the contract was awarded? I suggest the City Council direct the appropriate legal authority to look into this matter. Please let me know how you have acted on this apparent accounting ill-regularity and what is concluded.

**Subject: Nacimiento Water Fund**

Again referring to page 27 of the above cited June 5, 2007 report, why are two "Nacimiento Water Fund" accounts listed? One is listed under "Capital Project Funds" and the other is under "Enterprise Funds?" Do they each have the same account number? I believe the one under "Capital Project Funds" is more properly called "Nacimiento Water Development Fee Fund. Am I right on this? If so, what is the account number? I understand the "Nacimiento Water Fund" listed under "Enterprise Funds" to have account number 226-910-5452-554.

Thank you for responding promptly to this inquiry. Please send your reply to:

John Borst  
209 Navajo Ave.  
Paso Robles, CA 93446

Actual FY 2004-05    Actual FY 2005-06    Estimated FY 2006-07    Projected FY 2007-08    Projected FY 2008-09    Projected FY 2009-10    Projected FY 2010-11

CAPITAL PROJECT FUNDS continued

Water Development Fund	2,111,435	1,746,540	605,900	787,700	996,300	1,204,800	-	204,800
<u>Macielento Water Fund</u> <i>Development</i>	1,056,533	1,492,873	586,200	797,500	-	1,253,600	-	303,600
Macielento Water Treatment Fund	211,178	291,597	115,600	156,000	200,700	245,400	255,400	
Sewer Development Fund	2,483,835	1,944,208	600,600	936,000	-	1,173,900	1,411,700	
Union/46 Specific Plan Fund	385,211	802,893	114,900	159,600	53,300	-	-	1,411,700
Bozkey Specific Plan Fund	609,039	393,594	137,100	56,700	57,700	378,600	379,600	

TOTAL CAPITAL PROJECT FUND \$ 11,378,545    \$ 10,501,535    \$ 5,819,200    \$ 7,045,800    \$ 9,137,000    \$ 11,632,600    \$ 11,822,100

TOTAL GOVERNMENTAL FUNDS \$ 43,177,603    \$ 46,780,308    \$ 44,656,691    \$ 43,366,200    \$ 47,333,300    \$ 51,891,000    \$ 54,284,600

ENTERPRISE FUNDS

Transit Operations Fund	1,072,245	949,971	1,379,500	1,489,300	1,559,900	1,615,200	1,679,200
Water Operations Fund	3,671,876	3,998,500	4,155,900	4,325,200	4,489,500	4,659,000	4,824,000
<u>Macielento Water Fund</u> <i>Preline/USER</i>	-	713,740	1,479,400	2,234,100	2,988,800	3,743,500	4,498,200
Sewer Operations Fund	3,623,729	4,324,884	4,355,000	4,480,000	4,680,000	4,880,000	5,080,000
Airport Operations Fund	602,632	1,336,015	422,500	507,700	587,900	587,900	587,900
Solid Waste Operations	46,234	53,103	42,000	50,000	58,000	66,000	74,000

TOTAL ENTERPRISE FUNDS \$ 9,016,716    \$ 11,376,213    \$ 11,834,300    \$ 13,086,300    \$ 14,364,100    \$ 15,551,600    \$ 16,743,300

TOTAL ALL RESOURCES \$ 52,194,319    \$ 58,156,521    \$ 56,490,991    \$ 56,452,500    \$ 61,697,400    \$ 67,442,600    \$ 71,027,900

## M. South Vine Street

Vine Street is one of the most iconic and characteristic streets of Paso Robles. The southern corridor of Vine Street, from Highway 46 West to 1<sup>st</sup> Street is an important gateway to the historic town core. All future development will need to be sensitive to preserving the views of the hillside. There is a limited number of trees along this street currently, and their odd and irregular spacing prevents them from functioning as a gateway. A portion of South Vine Street is lined by an interesting row of Italian cypress trees.

### Design Recommendations

To enhance the “country road” character of South Vine Street as it approaches town, and to enhance the “small town character” once one enters town, the following recommendations are provided:

1. Plant fence with landscape treatment (e.g. vines) to enhance and soften the appearance of the existing fence.
2. Apply the T2 design standards for thoroughfares, frontage and building types for proposed development along South Vine Street, and the future realigned South Vine Street. Work with the County to ensure that such standards are applied uniformly to all development regardless of which jurisdiction it fall within.
3. Building facades and rooflines should be articulated to avoid long expanses of monotonous building massing. When buildings are built on existing sloping terrain, techniques such as stepped foundations should be used. Landscaping should be utilized to screen the transition areas between the buildings and the existing terrain.
4. The value of the hillsides to the community – ~~and their value to an existing or future property owner~~ – will be substantially increased if “hillside buildings and other onsite development features” are built on the hillsides rather than carving the hills into pads so that “flatland buildings” can be constructed on the hills. Development should be designed so that it conforms to the existing topography.

For instance, this would require buildings on sites with sloping topography to be designed with stepped or raised foundations, minimizing grading, and only allowing grading that would result in natural appearing landforms (e.g. contour grading), not exceeding a 5:1 slope. Pad grading should be discouraged.

Areas that require flat pads such as parking lots, swimming pools, courtyards, tennis courts etc., should generally be located behind buildings and designed in smaller, tiered parking fields, and be very carefully screened with landscaping so that they are not visible from the roads. All manufactured slopes should incorporate contour, natural appearing grading techniques and should be landscaped with appropriate landscaping materials to completely cover or screen the slopes. The top edge of slopes should be rounded and the edges of the slopes should blend into the existing terrain as much as possible.

5. Roadway standards that minimize the width of new roadways and require that they closely parallel rather than cut across existing contours. Roadways that run with the natural terrain are the most important single technique for preserving rural character.
6. Ridge lines are a key landform element at this gateway, and should be protected to ensure this gateway continues to be a distinctive, attractive gateway into the future. Ridge lines shall be protected where possible, with buildings and other onsite development features designed so that the ridge lines are maintained unobstructed from the downhill view.
7. In selected areas that are relatively flat it may be possible to develop denser “village centers” clustered on the site, without significant grading. Outside such centers, building and site improvements shall be based substantially on the palette of forms and materials prescribed for the T2 zone.
8. The City, in collaboration with Caltrans and the San Luis Obispo Council of Governments (SLOCOG), has approved and programmed road improvements for South Vine Street consistent with these gateways.

## N. Highway 46 West

### Background

The key feature of this gateway is the beauty of the landscape along Highway 46. The complex and large scale intersection of Highway 446 with South Vine Street and Highway 101 provides access to the City from various directions, and functions as Paso Robles' southernmost Gateway. Current development at the southwest corner misses the opportunity to act as an inviting landmark, as the buildings are fronted by large parking lots, and the buildings' rear sides are oriented towards the highway.

As Highway 46 is rerouted in this area, an opportunity exists to create an improved Town and Country gateway on the approach from the west. And as the interchange itself is reconfigured with roundabouts, the opportunity exists to design them with strong landscape and signage to transform the interchange to a relatively rural character. Any new development adjacent to this interchange should focus special attention on frontage conditions, to avoid awkward retaining walls, suburban landscaping, and large parking lots fronting the streets.

### Design Recommendations

To enhance the "country road" character of Highway 46 as it approaches town, and to enhance the "small town character" once one enters town, the following recommendations are provided:

1. Work with Caltrans and the County to develop a country road viewshed easement which adheres to the design standards set out for T2 Country Thoroughfare.
2. Where possible develop a frontage road along the highway, so that new buildings front the highway with primary pedestrian and visitor access to the buildings taken from the frontage road and its curbside parking.
3. Apply the T2 design standards for thoroughfares, frontage and building types for proposed development along Highway 46 West. Work with the County to ensure that such standards are applied uniformly to all development regardless of which jurisdiction it fall within.
4. Building facades and rooflines should be articulated to avoid long expanses of monotonous building massing. When buildings are built on existing sloping terrain, techniques such as stepped foundations should be used. Landscaping should be utilized to screen the transition areas between the buildings and the existing terrain.
5. The value of the hillsides to the community – ~~and their value to an existing or future property owner~~ – will be substantially increased if "hillside buildings and other onsite development features" are built on the hillsides rather than



carving the hills into pads so that “flatland buildings” can be constructed on the hills. Development should be designed so that it conforms to the existing topography.

For instance, this would require buildings on sites with sloping topography to be designed with stepped or raised foundations, minimizing grading, and only allowing grading that would result in natural appearing landforms (e.g. contour grading), not exceeding a 5:1 slope. Pad grading should be discouraged.

Areas that require flat pads such as parking lots, swimming pools, courtyards, tennis courts etc., should generally be located behind buildings and designed in smaller, tiered parking fields, and be very carefully screened with landscaping so that they are not visible from the roads. All manufactured slopes should incorporate contour, natural appearing grading techniques and should be landscaped with appropriate landscaping materials to completely cover or screen the slopes. The top edge of slopes should be rounded and the edges of the slopes should blend into the existing terrain as much as possible.

6. In selected areas that are relatively flat it may be possible to develop denser “village centers” clustered on the site, without significant grading. Outside such centers, building and site improvements shall be based substantially on the palette of forms and materials prescribed for the T2 zone.



**TARN VICTOR**

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Wastewater  
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August 5, 2008

Paso Robles City Council

Frank Mecham, Mayor  
Gary Nemeth, Mayor Pro-tem  
John Hamon, Councilman  
Duane Picanco, Councilman  
Fred Strong, Councilman

Subject: City of Paso Robles Water Treatment Plant Project  
Membrane Filtration System Procurement  
**Agenda Item 17**

Reference: Pall's Protest Letters dated July 18, 2008 and July 24, 2008

Dear Council Members:

This letter will supplement our July 18, 2008 and July 24, 2008 letters protesting the City of Paso Robles intention to award the subject project to our competitor. Pall's proposal was the low evaluated bid as published by the City on the day of the bid opening. Pall has been advised that based on modifications made by the City's engineer to the evaluated costs of pumping power, the City has now determined that our competitor is the low evaluated bid and intends to award the project to them. **Pall protests this decision on the grounds that our bid is fully compliant to the City's plans and specifications, is the lowest cost to the City and that the modifications made by the City's engineer are incorrect and result in an incorrect recommendation to the City.**

**Pall's proposal as submitted is the lowest cost alternative saving the City \$105,965 based on guaranteed operating criteria.** The costs Pall calculates and which form the basis of our low bid are guaranteed eliminating any risk to the City. Awarding the project to our competitor guarantees that the City will pay a minimum of \$105,965 more to own and operate this system.

Pall's guaranteed power consumption rates for this system are significantly lower than those for our competitor's system. As power costs escalate in the future, the cost savings offered by Pall will increase as well. **The Pall system will offer the City of Paso Robles lower power costs and a lower carbon footprint.**

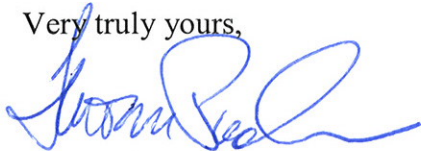
The bid submitted by Pall on bid day was completely compliant with the plans and specifications. The contract documents are clear that the average trans-membrane pressure (TMP) is to be used in the power consumption calculations but does not specifically provide a method for determining the average TMP. The method used by the City's engineer to modify the bids, recalculating the TMP value, and then using it to recalculate power consumption, is incorrect and thus erroneously affected the outcome of the bid. This error results in the City not being provided the best valued system. The specification simply states to take an average, where that average may fall between the declared low and high TMP, but does not provide the arithmetic formula. The average can describe many methods one of which is the weighted average which Pall and its competitors used as that is the conventional method used in the industry. It should be noted that subsequent specifications supplied by the City's engineer for upcoming projects now include a clear definition of average TMP, the formula on how it should be calculated and a provision permitting the use of alternative averages such as a weighted average TMP. **In summary, the City's specification permits bidders to determine the method that should be used to calculate the average TMP and all suppliers used the industry standard weighted average method. Modification of bids by the City's engineer using the arithmetic average of lowest and highest is incorrect and results in an incorrect recommendation to the City.**

Pall should be awarded the contract because of our cost effective adherence to the plans and specifications required by the City. The system supplied by Pall will afford the City the most economically viable plant built around a membrane that is proven to be the strongest in the industry. **In fact, Pall's Aria Mobile Water Treatment System is currently installed at Paso Robles' Ronconi Wells and is providing up to one million gallons per day of supplemental water to your citizens as it did last summer. Our technology has been proven to be successful in your city and your employees are fully trained and experienced in its use.**

**We urge the City Council to vote in favor of awarding the membrane supply contract to Pall Corporation and save the City over \$105,965.**

We appreciate your prompt attention to this matter.

Very truly yours,



Thomas Poschmann  
Sr. Vice President  
Pall Water Processing