

Special Meeting
February 14, 2011

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:03 p.m.

Present: Burt, Espinosa, Holman, Klein, Price, Scharff, Schmid, Shepherd, Yeh

Absent:

CLOSED SESSION

1. City Attorney Recruitment
Public Employment
Title: City Attorney
Authority: Government Code Section 54957 (b)

City Council returned from the Closed Session at 7:10 P.M. and Mayor Espinosa advised no reportable action.

SPECIAL ORDERS OF THE DAY

2. Community Partners Non Profit Presentation- Recreation Foundation.

Pat Emslie, President of the Palo Alto Recreation Foundation (Foundation), stated the non-profit organization formed in 1986. The Foundation sponsored social, cultural, and recreational programs in Palo Alto. The primary funding source of the Foundation was the Palo Alto Black and White Ball.

3. Resolution 9143 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Valerie Stinger for

Outstanding Public Service as a Member of the Library Advisory Commission."

Council Member Shepherd read the Resolution expressing appreciation to Valerie Stinger for outstanding public service as a member of the Library Advisory Commission.

MOTION: Council Member Shepherd moved, seconded by Vice Mayor Yeh to approve the Resolution expressing appreciation to Valerie Stinger for outstanding public service as a member of the Library Advisory Commission.

MOTION PASSED: 9-0

Valerie Stinger spoke on her experience serving on the Library Advisory Commission.

4. Resolution 9144 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Vibhu Mittal for Outstanding Public Service as a Member of the Library Advisory Commission."

Council Member Schmid read the Resolution expressing appreciation to Vibhu Mittal for outstanding public service as a member of the Library Advisory Commission.

MOTION: Council Member Schmid moved, seconded by Council Member Holman to approve the Resolution expressing appreciation to Vibhu Mittal for outstanding public service as a member of the Library Advisory Commission.

MOTION PASSED: 9-0

Vibhu Mittal spoke on his experience serving on the Library Advisory Commission.

5. Resolution 9145 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Shauna Mora for Outstanding Public Service as a Member of the Human Relations Commission."

Vice Mayor Yeh read the Resolution expressing appreciation to Shauna Mora for outstanding public service as a member of the Human Relations Commission.

MOTION: Vice Mayor Yeh moved, seconded by Council Member Klein to approve the Resolution expressing appreciation to Shauna Mora for outstanding public service as a member of the Human Relations Commission.

MOTION PASSED: 9-0

Shauna Mora spoke on her experience serving on the Human Relations Commission.

Daryl Savage, Human Relations Commissioner, thanked Ms. Mora for her many years of service.

6. Selection of Candidates to be Interviewed for the Human Relations Commission.

MOTION: Council Member Shepherd moved, seconded by Council Member Klein to accept the two incumbent applicants and to vote to appoint them at the March 7, 2011 City Council meeting.

MOTION PASSED: 9-0

CITY MANAGER COMMENTS

City Manager, James Keene spoke on the following topics: 1) the San Francisco Giants World Series Championship Trophy would be at Lytton Plaza for viewing on February 15, 2011; 2) Stanford Avenue/El Camino Real intersection improvements would commence in early March 2011; 3) new Crosstown Shuttle service operator, MV Transportation, would begin service on February 28, 2011, and would include enhanced shuttle services; and 4) update on the Eleanor Pardee Park eucalyptus tree removal and replanting plan.

ORAL COMMUNICATIONS

Paul Pitlick spoke on the proposed California Avenue fountain.

Ivan Kissiou spoke on a noise nuisance at the Altaire townhouse development.

John Horan requested that the existing commemorative plaque, dedicated to his son, be incorporated in the California Avenue fountain plan.

Diane Preinitz spoke on her water utility bill.

Brett Barley, Silicon Valley Leadership Group, invited the City Council to the Silicon Valley Leadership Group's Annual CEO/Senior Officer trip to Washington, D.C. on March 15-17, and Sacramento on April 12-13, 2011.

Randy Okamura, Silicon Valley Leadership Group, spoke on Silicon Valley Leadership Group's Annual CEO/Senior Officer trip to Washington, D.C.

Rachel Samoff spoke on activities by the Palo Alto Advisory Committee on Early Care and Education.

Cleveland Kennard spoke on racial discrimination and the Palo Alto Police Department.

Kelly Bossut requested that the existing commemorative plaque, dedicated to her brother, be incorporated in the California Avenue fountain plan.

Ellen Wyman spoke on her support for a traditional-looking fountain at the California Avenue Plaza.

Michael Smit, Public Art Commission Member, spoke on the process used for selecting the California Avenue fountain.

J. Craig Holland spoke on his disapproval for the removal of eucalyptus trees at Eleanor Pardee Park.

CONSENT CALENDAR

MOTION: Council Member Klein moved, seconded by Council Member Scharff to pull Agenda Item Number 8 to become Agenda Item Number 9b.

MOTION: Council Member Schmid moved, seconded by Council Member Holman to pull Agenda Item Number 9 to become Agenda Item Number 9c.

MOTION: Vice Mayor Yeh moved, seconded by Council Member Klein to approve Agenda Item Numbers 7 and 9a.

7. Adoption of an Ordinance Amending Section 2.04.270 of the Palo Alto Municipal Code to Remove Provisions Related to Reading of Ordinance and Resolution Titles.

- ~~8. Approval of Amendment No. Four to the Alma Street Affordable Multifamily Rental Housing Project Acquisition and Development Agreement to Provide a Permanent Loan of \$2.8 Million, to Commit Additional Funding of up to \$3.0 Million of future City In-Lieu Fees and to Modify the Terms of the Agreement to Satisfy Outside Lenders.~~
- ~~9. Approval of a Contract with BMS Design Group in a Total Amount Not to Exceed \$200,000 for Preparation of a Palo Alto Rail Corridor Study.~~
- 9a. Resolution 9146 entitled "Resolution of the Council of the City of Palo Alto Fixing the Employer's Contribution Under the Public Employees Medical and Hospital Care Act (PEMHCA) with Respect to Members of Local 521, Service Employees International Union (SEIU) and Management and Professional Employees Group."

MOTION PASSED for Agenda Item Nos. 7 and 9a: 9-0

AGENDA CHANGES, ADDITIONS, AND DELETIONS

- 9b. (Former No. 8) Approval of Amendment No. Four to the Alma Street Affordable Multifamily Rental Housing Project Acquisition and Development Agreement to Provide a Permanent Loan of \$2.8 Million, to Commit Additional Funding of up to \$3.0 Million of future City In-Lieu Fees and to Modify the Terms of the Agreement to Satisfy Outside Lenders.

Council Member Klein stated he removed the Alma Street Affordable Multifamily Rental Housing Project (Project) from the Consent Calendar due to the dollar amount contained therein. He asked how much additional City funding was anticipated, next steps if outside funding did not occur, and how the Project compared to others of a similar nature.

Director of Planning and Community Environment, Curtis Williams stated his understanding was that the applicant will not request additional funding from the City. The approval of the Agenda Item would allow the applicant to submit a competitive application for the State's Multifamily Housing Program Fund and 9% Low Income Housing Tax Credits Fund. The City spent \$3.5 million on the Project to date. The requested \$2.8 million predevelopment to permanent loan will be funded with \$1 million from the City's Commercial Housing Fund, a State Housing Trust Fund Grant, and \$1.8 million from the City's Residential Housing Fund from remaining in-lieu fees from the

Summerhill Homes Redwood Gates Project. Staff was hopeful that Santa Clara County would contribute an additional \$3 million. However, the County was in the process of reconsidering its policies on the use of Stanford General Use Permit Housing funds. Funding provided by the City amounted to roughly \$186,000 per dwelling unit. It was his belief this was the largest amount the City had spent per dwelling unit. The average expenditure per dwelling unit was \$100,000. The City's contribution was roughly one-third of the total Project cost.

Interim City Attorney, Donald Larkin anticipated that the City would be awarded in-lieu fees paid by Classic Communities. Staff should know within 4 months whether legal challenges, brought forward by Classic Communities, would be appealed. Currently the decision was issued in the City's favor. Staff structured the agreement such that funds would not be due until after the Project's completion. If an unforeseeable event occurred, Staff would have the opportunity to explore the use of Stanford General Use Permit Housing funds.

Council Member Klein asked what would happen if Classic Communities funds did not surface.

Mr. Larkin stated the City would be required to explore other sources of funding.

Council Member Klein stated the Council would not have time to compare the Project with other projects that the Stanford General Use Permit Housing funds could be used for.

Mr. Larkin stated that was correct. The City was in an undesirable position due to the lawsuit with Classic Communities. Staff anticipated that these funds would become available.

Council Member Klein inquired whether the City was sponsoring one-third of the Project's funding. He stated the cost for each dwelling unit was roughly \$550,000.

Mr. Williams stated the cost for each dwelling unit was \$578,000.

Council Member Klein inquired how this cost compared to other low-income projects in Santa Clara County.

Mr. Williams stated below market rate projects cost roughly \$400,000 – \$500,000 per dwelling unit.

Council Member Scharff recommended that the Staff Report be re-agendized. It was his belief it should be looked at in a broader context. The total contribution by the City was \$9.3 million from the General Fund. He stated land would be given to the applicant which amounted to \$3.5 million. He inquired how long the applicant had to complete the Project, and whether the land would return to the City if it the Project was not completed.

Mr. Williams stated Affordable Housing Funds paid \$3.5 million to purchase the property.

Council Member Scharff inquired whether the General Fund was reimbursed \$3.5 million by the Affordable Housing Fund.

Mr. Williams stated that was correct.

Council Member Scharff inquired whether the applicant currently owned this property.

Mr. Larkin stated the City currently owned the former Palo Alto Utility Substation (Substation) – 841 Alma Street – and the former Ole's Auto Repair Shop – 801 Alma Street. The existing agreement would transfer the property to the applicant.

Council Member Scharff inquired what would happen if the applicant did not receive the anticipated financing.

Mr. Larkin stated the properties would revert back to the City if there were no affordable housing projects built on them.

Council Member Scharff inquired whether there was a timeframe that the Project was required to be completed by.

Mr. Larkin stated the prior agreement had a set timeframe and it would not be modified.

Council Member Scharff stated the Palo Alto Unified School District (PAUSD) had shared their concern with the City for capacity levels. He asked if there was available data showing the number of school aged youth due to the housing project.

Mr. Williams stated the 2009 Environmental Impact Report contained this information.

Council Member Scharff inquired whether Staff had spoken to the PAUSD recently.

Mr. Williams stated Staff had not spoken with the PAUSD since 2009; however, the applicant had spoken with them. He emphasized that this was one of the very few opportunities to provide affordable housing to extremely-low and very-low income households.

Council Member Scharff inquired whether this was the right affordable housing project for the City because it had serious issues with financing. He indicated that the City was making a huge subsidy.

Mr. Larkin stated the City had the funding it was committing to. There may be an additional \$3 million needed at a later date.

Council Member Scharff inquired whether the Council was asked to make a commitment for the additional \$3 million.

Mr. Williams stated that was correct.

Council Member Holman stated the Substation property was City-owned and would simply be transferred to the applicant.

Mr. Larkin stated that was correct.

Council Member Scharff stated the Substation property belonged to the General Fund. Consequently, the Council would be giving \$3.5 million to the applicant from the General Fund.

Mr. Larkin stated \$3.5 million is the purchase price for the former Ole's Auto Repair Shop.

Council Member Scharff inquired what the purchase price of the Substation property was.

Mr. Larkin stated he was unsure.

Council Member Scharff inquired on the size of the Substation property.

Mr. Williams stated it was roughly the size of the former Ole's Auto Repair Shop.

Council Member Scharff stated the properties were roughly the same size and price of \$3.5 million. He stated the City's subsidy would then be \$9.3 million.

John Barton, Community Working Group, stated the former Ole's Auto Repair Shop property was substantially smaller than the Substation property. The City initially approached Eden Investments, Inc. on a low-income housing project. The applicant was asking for an informal policy to be drafted, and to finance a funding gap commitment in order to be competitive for tax credits. It was the applicant's belief funding gaps would be backfilled by Stanford's General Use Permits. The probability for receiving Stanford funding was high because it was the only project, within six miles of Stanford, which was ready to go. The cost for the Project was higher than surrounding cities because of the land value in Palo Alto. The project will provide dwelling units to households at or below 30 percent of the area median income. He stated there was a modest risk.

Council Member Schmid inquired on the status of the Classic Communities lawsuit.

Mr. Larkin stated the City's motion for summary judgment was sustained, and entered in favor of the City. The Classic Communities developer had not appealed the judgment and it was unclear whether they would. The judgment was entered this week, and Classic Communications had 60 days to decide.

Council Member Schmid stated there were several lawsuits in California, and ultimately they may need to be appealed to the California Supreme Court.

Mr. Larkin stated there were a number of these types of lawsuits pending in California. There was a high likelihood that cities which had Inclusionary Zoning Ordinances would be successful in these lawsuits.

Council Member Schmid stated there was a possibility that funds could be tied up for an extended period.

Mr. Larkin stated funds were due and payable now, and Staff would take aggressive measures to ensure the City had the funding.

Council Member Schmid inquired whether the Project would be taken into account during the preparation of the Budget.

Mr. Larkin stated the Project would be funded by the Affordable Housing Fund.

Council Member Schmid inquired what fund backed-up the Affordable Housing Fund, and whether housing fund commitments were a commitment from the City.

Mr. Larkin stated Staff's proposal was to make a commitment to pay \$3 million by means of the Affordable Housing Fund. Staff would be required to find an alternative way to recoup the Affordable Housing Fund if needed. He did not anticipate using the General Fund.

Council Member Schmid inquired whether any other funds backed-up the Affordable Housing Fund.

Mr. Larkin stated no.

MOTION: Council Member Klein moved, seconded by Vice Mayor Yeh to:

- 1) Approve Amendment No. Four to the Alma Street Affordable Multifamily Rental Housing Project Acquisition and Development Agreement to loan \$2.8 million of Housing Funds to the project for predevelopment, construction and permanent project costs and to commit up to an additional \$3.0 million of Housing Funds for construction and permanent loan funding for the project. Attached to the loan agreement are two Promissory Notes and a Deed of Trust for both loans; and
- 2) Authorize the City Manager or his designee to execute the Loan Agreement referenced above and all documents necessary to implement the Agreement, and direct the City Manager or his designee to administer the provisions of the Agreement; and
- 3) Authorize the City Manager or his designee to execute an amendment to the existing \$3.5 million loan documents to conform the terms of that loan to the terms of the new \$2.8 million and \$3.0 million commitment.

Council Member Klein stated his intent was to ensure that the public was aware of the Project. Realizing financial encumbrances, the Council had a social obligation to provide affordable housing in the community. He felt the Project was a reasonable request and should move forward.

Vice Mayor Yeh spoke on moving forward to be competitive with the tax credit financing to ensure sufficient funding was locked in place.

Council Member Price stated the Project had tremendous merit.

Council Member Scharff supported the Motion; however, he had concerns about expending General Fund money and the impact on the PAUSD. He recommended revisiting the Project if additional funding was requested by the applicant.

Council Member Schmid stated it was his belief the Council should know the obligations and risks involved in the Project.

MOTION PASSED: 9-0

- 9c. (Former No. 9) Approval of a Contract with BMS Design Group in a Total Amount Not to Exceed \$200,000 for Preparation of a Palo Alto Rail Corridor Study.

Council Member Schmid stated the Staff Report would approve funding for a consultant for the Palo Alto Rail Corridor Study (Study). The Study would look at land-use, transportation, and urban design along the Caltrain corridor. There were many studies that overlapped the same topics, such as the California Avenue Area Plan, California Avenue Design Plan, Housing Element, Infrastructure Task Force, and the Comprehensive Plan. Phase I would formulate goals, policies, and a vision statement. He inquired whether the Council would be involved in this phase of the Study.

Director of Planning and Community Environment, Curtis Williams stated the Council would be involved in Phase I. There would be 11 Task Force meetings, 6 community meetings, 6 Planning and Transportation Commission (P&TC) meetings, 3 High Speed Rail Committee meetings, and 3 Council meetings. He anticipated there would be stakeholder interviews. He suggested that the contract be amended for the consultant to meet twice per phase with the Council.

Council Member Schmid inquired whether these reports would be Action Items on the Council agenda.

Mr. Williams stated yes.

Council Member Holman inquired who the stakeholders were, and how that information would be integrated into the process. There was Council enmity on revising the El Camino Real guidelines and this had not returned to the Council. The Staff Report's map uses the term urban a number of times, and she felt Palo Alto was a suburban community.

Mr. Williams stated the Task Force included a number of stakeholders, and they were asked to identify others. How stakeholders' information would be used would be decided by how the Taskforce worked with the consultant in developing the draft plan, principles and policies. He stated it was unwise to plan on the El Camino Real design guidelines. The Staff Report's map was not intended to imply that Palo Alto was all urban. The boundaries of the map still needed input from the Task Force.

Council Member Holman inquired whether the Study would incorporate the El Camino Real guidelines.

Mr. Williams stated he did not see the Study being specific enough to incorporate or work on the urban design guidelines for El Camino Real.

Council Member Price stated the Caltrain corridor was critical to the community. She spoke on the advantages for moving forward with the Study. She supported a phased approach to the Study. She spoke on the possibility for receiving funding from Silicon Valley Community Foundation or TIGER grant funding. She felt the consultant should be aware of the El Camino Grand Boulevard Task Force.

Council Member Klein stated he initially voted against the Study. He did not believe the Study would have an impact on decision-making because organizations outside of the City would be making them.

Council Member Burt stated the City was in a period of change in the evaluation of the Caltrain corridor. There was a decreased likelihood that High Speed Rail will travel down the Caltrain corridor. The Peninsula Cities Consortium (PCC) was currently discussing reorienting plans around its own visions for the Caltrain corridor. Staff's recommendation was an effort and opportunity to produce a proactive vision. If there was no examination of the various alternatives, the City would be unprepared to put forward a recommendation. He spoke on the use of Context Sensitive Solutions to encourage thoughtful and meaningful discussions.

Council Member Price opposed not having a fixed rail in the Region.

MOTION: Council Member Price moved, seconded by Council Member Shepherd to approve and authorize the City Manager or his designee to execute the contract with BMS Design Group in an amount not to exceed \$200,000 to prepare the Palo Alto Rail Corridor Study.

Council Member Shepherd stated the Council may not be required to address High Speed Rail at the Caltrain corridor. There was a period of uncertainty as to where Caltrain was in their Environmental Impact Review for electrification. She believed the Study was an opportunity to procure a City plan to help guide Staff.

Council Member Schmid recommended holding a study of the transportation corridor along El Camino Real and Alma Street. This area had diverse patterns of growth, development, and potential.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that after the completion of Phase I Staff is to work with the consultant on the focal points of the study to include goals, visions and priorities.

MOTION PASSED: 8-1 Klein no

ACTION ITEMS

10. Approval of Negative Declaration and Establishment of a Capital Improvements Program (CIP) to Fund the California Avenue Project Improvements in the Net Amount of \$550,000 Out of the Infrastructure Reserve Fund.

Director of Planning and Community Environment, Curtis Williams stated Staff recommended that Council approve the proposed Negative Declaration for the California Avenue Transit Hub Streetscape Project (Project), and establish the Capital Improvement Project to fund the Project improvements. The City was awarded a grant from the Valley Transportation Authority Community Design for Transportation Program in the amount of \$1,725,200. A \$550,000 local match, from the Infrastructure Reserve Account, would be required as part of the grant requirements. A Council decision on the lane reduction was required because the grant funding was predicted on a two-lane concept. A detailed design on the project's components (benches, signage, artwork, bike racks, and pavement treatment) would be addressed in an extensive community review throughout 2011. He spoke on the Project's background and various meetings held. He spoke on the primary components of the Project, including proposed streetscape, place-making elements, and traffic calming improvements. He spoke on the Project's larger contexts, including the Comprehensive Plan, Pedestrian Transit Oriented Development zoning, Planned Development Area, and the California Avenue Concept Area Plan. All contexts were consistent with the Project. He spoke on the City's Complete Street concept. The intent of the Project was to

provide a place-making design, enhance safety, and create economic vitality. He spoke on the status of the Project's funding.

Jaime Rodriguez, Chief Transportation Officer displayed a rendering of the existing conditions and the proposed conditions. In order to evaluate whether a four-lane to two-lane roadway would have any significant impacts on existing traffic conditions, a Traffic Impact Analysis was prepared. He spoke on the results of the Traffic Impact Analysis. The Planning and Transportation Commission (P&TC) noted that traffic volumes on California Avenue were considerably less than other downtown two-lane streets in Palo Alto and other communities. The initial study concluded there were no significant impacts associated with the Project. The Project would increase the number of parking spaces by 17, and would add 75-100 bicycle parking racks. To address the concerns of business owners and residents, Staff was embarking on a significant parking study.

Tommy Fehrenbach, Economic Development and Redevelopment Manager stated the Project was expected to generate economic benefits to the City and California Avenue businesses. Added parking and enhanced place-making were two elements that would have a direct economic value estimated at over \$1 million. Creating a sense of place-making was one of the most often mentioned benefits in the community meetings held. He spoke on surveys conducted on the economic benefits due to such enhancements on Valencia Street in San Francisco and Castro Street in Mountain View. Staff suggested that detailed construction phasing be developed with extensive merchant input to help minimize disruptions from construction. The need for additional loading zones would be evaluated during the design phase.

Mr. Williams spoke on the benefits of the Project, as follows: 1) multi-modal use of the street; 2) increased safety for pedestrians and bicyclists; 3) enhanced amenities and landscaping; 4) opportunities for public interaction – benches, public spaces, outdoor seating for restaurants, bulb-outs, public art elements; and 5) continues to maintain a high level of service for automobiles. Construction was anticipated to commence in June 2012.

Greg Tanaka, Planning and Transportation Commissioner, reviewed the public speaker comments provided at the P&TC meeting held on January 12, 2011. A large majority of comments were in favor of the Project. Approximately a dozen emails in support of the project were directed to the P&TC. He spoke on the Project's positive economic benefits and its return on investment. He spoke on the California Avenue Concept Area Plan. Staff had done a thorough job to ensure

concerns brought forth by the public were addressed. The P&TC supported Staff's recommendation and unanimously voted to recommend approval of the Project.

Stefan Rosner spoke in support of the Project due to its safety improvements for bicyclists.

Brad Elikian, Premier Properties, spoke in support of the Project due to its aesthetic improvements and to help revitalize the area.

Elizabeth Bishop, California Avenue Area Development Association, spoke on her concern during the construction phase.

Sarah Carpenter spoke in support of the Project due to its aesthetic and safety improvements.

Lynnie Melena spoke on using Castro Street, in Mountain View, as a model.

Roger Carpenter spoke in support of the Project due to its safety improvements for pedestrians.

Annette Isaacson spoke in support of the Project due to its safety improvements, aesthetic improvements, and to help revitalize the area.

Irvin Dawid spoke on using Castro Street, in Mountain View, as a model.

Steve Godfrey spoke in support of the Project because it would meet the need of stakeholders and the community.

David Coale spoke in support of Staff's proposal and acknowledged the work done by Staff.

Bob Moss spoke on his concerns regarding traffic, bicycle, and pedestrian congestion on the proposed two-lane street redesign.

Lisa Altieri spoke in support of the Project and acknowledged Staff for their effort reviewing issues raised by citizens.

Robyn Duby spoke in support of the Project due to its safety improvements for bicyclists.

Deb Goldeen spoke in support of the Project due to its aesthetic improvements.

Steven Tjiang spoke on his support of the Project to help revitalize the area.

Jack Morton spoke on his concern for limited accessibility onto California Avenue and the two-lane street redesign.

Todd Burke urged the Council to consider the viewpoints and ramifications on either side of the Project.

Joe A. Villareal spoke in support of the Project due to its enhanced safety improvements.

Bill Ross spoke against the Project and urged the Council to defer the Project until a thorough analysis had been conducted.

Joy Ogawa spoke against the Project due to the inadequacies contained in the Cumulative Impact Analysis.

Elliott Wright, Canapy, spoke in support of the Project because it would complete the tree-planting plan that was created last year.

Michael Ekwall spoke against the proposed lane reduction due to vehicle congestion. He was in support of beautifying California Avenue and the majority of the Project.

Jessica Roth spoke against the proposed lane reduction due to vehicle congestion that may deter patrons from visiting California Avenue.

David Schrom, Evergreen Park Neighborhood Association, spoke on his concern for continued growth and increased activity in the neighborhood.

Herb Borock spoke on the approval of the Negative Declaration and the approval of the Capital Improvement Program.

Cedric de la Beaujardiniere spoke in support of the Project due to its enhanced safety improvements.

Peter Broadwell spoke in support of the Project due to its enhanced safety improvements and bicycle parking.

Terry Holzemer, Palo Alto Central Association, spoke on a segment of the community and their frustration for not being heard. He urged the Council to delay the Project.

Margot Goldberg spoke against the Project due to its impact on California Avenue businesses.

Council Member Schmid stated the P&TC discussed developments along Park Avenue to the Fry's Electronics Center. This area may have intense development in the future and may impact traffic on California Avenue. He inquired whether permanent changes in infrastructure would limit future developments.

Mr. Williams stated Staff performed a sensitivity analysis on potential increases in traffic. The Initial Study concluded that there were no significant impacts associated with the project, including the reduction of four-lanes to two-lanes. No anticipated shifting of traffic from California Avenue to adjacent parallel streets was expected if the street was restriped to two-lanes.

Council Member Schmid stated there was a proposal to potentially redesign the bus stop at the intersection of El Camino Real and California Avenue. He stated Stanford had cancelled the shuttle service at that intersection. He inquired whether a bus stop would be built for a nonexistent transit system.

Mr. Rodriguez stated no. Stanford planned on canceling their westbound shuttle service. The bus stop redesign indicated in the Project was for the eastbound shuttle service.

Council Member Schmid stated two goals centered on traffic and creating a sense of place. He stated upgraded benches and tables, trash receptacles, paving treatments, plantings, artwork and other features should create an improved sense of place and quality of life for employees, residents, and visitors. He spoke on his concern that there were no plans to widen the sidewalks.

Mr. Rodriguez stated there were plans to widen portions of the sidewalk. He stated widened sidewalks were proposed along the North side of California Avenue, near Ash Street on the Southside of California Avenue, and at the intersection near Birch Street.

Council Member Schmid stated the general concepts for the design of the streetscape would be further discussed with the public during a series of community meetings over the next year. He spoke on his concern that the proposed design did not include attention on sidewalks and pedestrians.

Council Member Scharff stated his business resided on California Avenue. He spoke on his positive experience shopping on California Avenue. It was his belief that Staff's proposal would not have a negative impact on the area. He iterated Council Member Schmid's concern and felt sidewalks should be widened.

MOTION: Council Member Scharff moved, seconded by Council Member Burt to: 1) approve the Negative Declaration, and 2) establish a Capital Improvement Program (CIP) to fund the project improvements in the amount of \$1.725M out of the Infrastructure Reserve Fund of which \$1.175M will be grant-reimbursed, with a net impact of \$550,000 to the City.

Council Member Scharff stated he did not have a conflict of interest because he had a month-to-month lease on California Avenue. He had concerns on the construction phase; however, it was his belief the Project would greatly enhance California Avenue.

Council Member Burt stated one public speaker did not feel they were listened to. It was his belief that the Council, P&TC, and Staff had heard a variety of opinions and have had substantive responses. Staff explained how the design scheme would encompass the effect of widened sidewalk space. The Council highly relied on the P&TC as a primary advisory body for land-use and transportation issues. The P&TC was unanimous in their support for the Project.

Council Member Shepherd stated she was concerned that some merchants did not feel heard. She spoke on the redesign success at Town and Country Shopping Center. There was a cost savings by adding parking spaces, instead of building a parking structure costing approximately \$50,000 per parking stall.

Council Member Holman inquired on a response on Herb Borock's public comments regarding the Notice of Determination, Capital Improvement Program, and Budget Amendment Ordinance.

Mr. Williams recommended that the Notice of Determination be filed as soon as possible to address the Negative Declaration. Approval of the Negative Declaration would conclude that no significant environmental impacts would result from the Project. The Notice of Determination was significant because it set the clock for individuals intending to litigate against the City on the California Environmental Quality Act's decision.

Council Member Holman stated the Council should be mindful about the intensification in the California Avenue area.

AMENDMENT: Council Member Holman moved, seconded by Council Member Schmid that during the design phase Staff is to place specific effort to achieve overall wider sidewalks.

Council Member Burt inquired whether sidewalk widening would be a significant expense. He inquired whether it would be at the sacrifice of other elements proposed in the Project.

Mr. Rodriguez stated that was correct. In an earlier study, sidewalk widening was determined financially unachievable without additional local funding. The largest cost would occur in changing the drainage flow line.

Council Member Holman spoke on creating a project that optimally addressed this issue. She inquired whether there was a benefit to invest in wider sidewalks.

Mr. Rodriguez stated there would be an opportunity to increase the cost of the Project. Areas of significant damage to the curbing gutter would need to be replaced, and Staff would be able to widen sidewalks in these locations.

Council Member Holman stated the Amendment was to make Council's intention clear on widening sidewalks, and how the area would be improved. It was not to dictate that there would be wider sidewalks.

Council Member Schmid stated creating a sense of place was highlighted as a goal of Staff and the community. He felt working toward that goal was essential.

Council Member Burt requested a clarification on the language contained in the Amendment.

Council Member Holman stated the Amendment was intended to place specific effort on achieving wider sidewalks overall during the design phase.

Council Member Burt inquired what specific effort meant. He stated it appeared to mean not just where there were opportunities, but creating wider sidewalks ubiquitously.

Council Member Holman stated specific effort was intended to place more emphasis on sidewalks. It was her belief widening sidewalks was removed from the forefront due to potential cost impacts. There were areas proposing wider sidewalks but that was not an overall approach

to the design. The intent of the Amendment was to put overall focus into the design phase to try to achieve wider sidewalks.

Council Member Burt felt the Amendment directed Staff to create wider sidewalks overall, even if they did not function well with the overall plan or was in the Project's budget.

Council Member Klein stated the Amendment could be improved by indicating financial boundaries. For example, Staff work shall be within the existing Budget plus \$100,000. He did not feel it was appropriate for Staff to examine the widening of sidewalks throughout the entire project.

Council Member Holman inquired why Council Member Klein suggested an additional \$100,000.

Council Member Klein stated it was roughly twenty percent of the City's portion of the Project's budget.

Council Member Holman assumed Staff would return to the Council with recommendations and options.

Council Member Klein stated that was not defined in the Amendment.

Mayor Espinosa stated language could be added to the Amendment to include a timeline on when Staff was expected to return with recommendations.

City Manager, James Keene stated Staff attempted to design the most complete project within the funding available. Staff would look at opportunities; however, he felt there should be financial and time constraints. He spoke on engineering and other tradeoffs for wider sidewalks.

Mayor Espinosa requested clarification from Staff on their thoughts on parameters regarding cost considerations and a timeline.

Mr. Rodriguez stated walkable space was defined by the boundary between a building and the next major obstacle. For the case of California Avenue, that boundary was trees. Staff's recommendation tried to avoid moving said trees.

Mayor Espinosa stated Staff reassured the Council that last years tree planting would not limit street widening. He inquired on the cost and timeline if Council decided to proceed with this exercise.

Mr. Rodriguez stated the exercise would become an element of the design and would not change the timeline. The cost would potentially increase by 20 to 25 percent.

Mr. Keene stated the price would increase by roughly \$400,000.

Council Member Scharff stated finding additional funding should be looked into if it would significantly enhance the Project.

Vice Mayor Yeh stated the trees recently planted along California Avenue were the potential barrier in achieving wider sidewalks. It was his belief tree planting should have been thought through more strategically. He felt options should thoroughly be analyzed to achieve economic competitiveness moving forward.

Council Member Shepherd inquired whether a proposal to widen sidewalks would reduce the number of parking spaces.

Mr. Rodriguez stated no. Alternatives may reduce the automobile travel lane from 16 feet to 15 feet. He stated this reduction would not impact the bicycle lane. He spoke on strategic widening of the street. He suggested Staff return at the 25 percent design phase with alternative options and costs.

Council Member Shepherd stated there were fees imposed on allowing tables and chairs on City sidewalks. She inquired what those fees were.

Mr. Rodriguez stated an encroachment permit, conditional use permit, and amended Alcoholic Beverage Control license were required for outside dining. Some cities imposed an additional rent on sidewalk space. He stated flex-areas, located in Mountain View, were problematic.

Council Member Shepherd stated building additional sidewalk space may offset some costs involved. She requested Staff to return with a projection on what that cost breakdown may look like.

Mr. Keene stated Staff would proceed with a design that was within defined constraints. He spoke on next steps, including Staff returning at the 25 percent design phase with strategic opportunities along the sections that could enhance sidewalks. He would also be directing Staff to design a plan which had no constraints.

Mayor Espinosa spoke on creating a gradation of parameters for Staff to work under.

Council Member Holman stated she was fiscally conservative; however, she felt the design should be the best possible. She spoke on possibly tapping into the Infrastructure Reserve Fund.

Council Member Klein spoke on fiscal conservatism and cautioned the Council on using the Infrastructure Reserve Fund.

INCORPORATED INTO THE AMENDMENT WITH THE CONSENT OF THE MAKER AND SECONDER for Staff to return as soon as possible with a work plan including timelines and cost estimates that would be needed to explore expanding the sidewalks on California Avenue.

Council Member Klein requested that Staff return with a potential work plan on March 7, 2011.

Mr. Keene stated Council Member Klein's timeline was unrealistic.

Mr. Rodriguez stated the design consultant's first task would be to work on the analysis.

Mr. Keene requested that Council direct Staff to work with the design consultant. Staff would return to the Council subsequently.

Council Member Price stated she did not want to delay the implementation of the Project or impact the application for funding.

Council Member Schmid spoke on California Avenue as a keystone area.

AMENDMENT PASSED: 9-0

Mayor Espinosa stated one of the fundamental approaches of the proposal was the location of the bicycle lanes. He inquired whether there were any considerations on placing the bike lane in the center of the street.

Mr. Rodriguez stated there were currently no bike lanes proposed on California Avenue. The proposal currently contained share-arrows to delineate the street. Share-arrows encouraged vehicles and bicyclists to share the street. Staff was currently updating the Pedestrian and Bicycle Master Plan. An alternative was to provide additional bicycle lanes on Sherman Avenue or Cambridge Avenue. Staff's intent was to formulate a cost effective design while staying within the existing curb to curb right-of-way.

Mayor Espinosa inquired on the timeline for the completion of the Pedestrian and Bicycle Master Plan. He inquired how it would fit into the timeline for the Project.

Mr. Rodriguez stated the timing of the Project and the Pedestrian and Bicycle Master Plan worked well. The design process for the Project and the major recommendations for the Pedestrian and Bicycle Master Plan will be completed in April or May 2011. He spoke on a bicycle planning summit scheduled in May 2011. Staff would return to the P&TC in June 2011, and then to Council with a full recommendation in July 2011.

Mayor Espinosa felt a bicycle corridor was important in encouraging alternative transportation. He inquired whether there was a consideration for a trial period for residents to become acclimated with the proposed design.

Mr. Rodriguez stated Staff considered an interim process of six months to one year to acclimate residents to the new design; however, a replication of the design would be difficult. It was his belief the proposed design worked well because of its sense of place creation.

Mayor Espinosa inquired on the delay, by the Metropolitan Transportation Commission's (MTC) decision, and whether it would impact the City's timeline.

Mr. Rodriguez stated Staff had discussions with the MTC and the Valley Transportation Authority (VTA). The VTA felt confident for the selection of the Project.

Mayor Espinosa inquired whether Staff had the same concerns that business owners raised, and whether any further outreach would be done.

Mr. Fehrenbach stated business owners had concerns on the construction phase. Staff would work closely with the California Avenue Area Development Association and the Palo Alto Chamber of Commerce on outreach efforts.

Mayor Espinosa inquired whether Staff was prepared to mitigate and address the individual concerns of business owners.

Mr. Williams stated yes.

Mayor Espinosa requested that Staff work closely with business owners, and that phasing be changed if needed to address the needs of merchants.

Mr. Williams stated he would personally commit himself to this process.

Mayor Espinosa felt the proposed streetscape improvements had a lot of potential.

Council Member Price stated the issues of livability and economic vitality was critical. As a member of the Policy Advisory Committee, she stated the Project was fully vetted by the VTA and the Board of Directors.

Vice Mayor Yeh commended Staff's resourcefulness in pursuing VTA grant funding. He spoke on the possibility of back-in parking, loading zones, and a mixed-use design. He stated there may be long term impacts from parking and traffic.

Council Member Holman stated the Motion referenced specific dollar amounts. She inquired whether the Amendment changed the dollar amount in the Motion.

Mr. Williams stated no. He stated as options were developed, Staff would return and amendments could be made.

MOTION AS AMENDED PASSED: 9-0

COUNCIL MEMBERS QUESTIONS, COMMENTS AND ANNOUNCEMENTS

Council Member Shepherd reported on her attendance at the Santa Clara Valley Transportation Agency Policy Advisory Committee. They approved the \$75,000 grant the City applied for regarding the Comprehensive Plan. She spoke on a report on Caltrain funding.

Council Member Klein attended the Santa Clara County Cities Association meeting last week. The County Assessor, Larry Stone, spoke about finances as they related to properties in the county, and vacancy rates.

Vice Mayor Yeh spoke about attending the Asian Law Alliance meeting who is conducting research on redistricting Senate and Assembly Districts based on the 2010 Census.

ADJOURNMENT: The meeting was adjourned at 11:36 p.m.