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The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:07 P.M.

Present: Berman, Burt, DuBois, Filseth, Holman, Kniss, Scharff, Schmid,

Wolbach

Absent:

Study Session

1. Study Session on Shuttle and Rideshare Program for the Future (Continued from February 2, 2015).

Hillary Gitelman, Planning and Community Environment Director, reported the City had a vision for a multimodal transportation system. The Council had supported significant investment in implementing the Bicycle and Pedestrian Transportation Plan, forming a Transportation Management Association (TMA), implementing advanced traffic signal systems, and implementing parking management programs. The existing shuttle program combined community shuttles and last-mile shuttles. Regional services are provided by the Santa Clara Valley Transportation Authority (VTA) and Stanford University. Based on prior Council direction, Staff had undertaken a number of near-term improvements to the shuttle program. Staff hoped to initiate a new west shuttle route once private-sector or grant funds were obtained. In addition, Staff was working on live tracking of shuttles and a mobile application and was increasing frequency of the Crosstown Route. The contract with the shuttle provider expires in 2017; therefore, the City had approximately 1 1/2 years to test pilot programs.

Gil Friend, Chief Sustainability Officer, invited the Council to provide its thoughts, aspirations, and expectations for future transportation efforts. The question was how to make transportation more convenient such that no one would need to drive. Without that convenience, mode shifts in transportation would not occur. Local government's role in transportation was not necessarily as a service provider. Private-sector transportation was experiencing a flurry of activity.

Local governments needed agility in service delivery and in the governance process. There was interest in exploring single subscription access to all transportation modes.

Council Member Kniss was concerned that the sharing economy was not sharing with cities with respect to taxes. Before committing to a long-term

program that involved ridesharing, the City should consider methods to collect taxes and to ensure the public's safety.

Council Member Burt felt the shuttle system was an important element in achieving the objective of a 30 percent reduction in Single Occupancy Vehicles (SOV). He inquired whether the objective was calculated by a reduction in the percentage of vehicles on the road or the number of SOVs on the road.

Ms. Gitelman would have to review the memorandum. The 30 percent decrease was articulated in a Colleague's Memorandum that informed the effort to establish a TMA.

Jessica Sullivan, Parking Manager, advised that the memo did not specify details for calculating that number.

Council Member Burt indicated core shuttle routes had not been expanded since the inception of the shuttle system. He was concerned whether Staff had identified the routes of highest value in the near-term. The City should engage community partners with expertise and explore collaboration with the Palo Alto Unified School District (PAUSD) and neighboring communities to identify an integrated approach to transportation. Wi-Fi on buses would be attractive to riders. He was unsure whether grants and private-sector funding would create comprehensive and sustainable funding. At a policy level, the Council should raise the issue of partnering with VTA for a regional transit system. The Council should consider a business license tax solely for the purpose of funding Transportation Demand Management (TDM) Programs.

Vice Mayor Schmid believed businesses, Caltrain, and Bay Area Rapid Transit (BART) should provide transportation for commuters, and the City should invest in transportation for the community. Many SOV trips were from households to jobs, schools, healthcare, and shopping. This was an opportunity not to invest in additional shuttles, but to think about alternatives for a low density community to displace car trips with shared vehicles.

Council Member Berman was pleased by the use of technology and proposal of Wi-Fi for shuttles. A robust shuttle system encompassing residential areas of the community could be an asset. The City should improve transportation for commuters and residents, especially if private employers were willing to fund routes to job centers. Staff should analyze the cost for a Citywide network of shuttles stopping every 15 minutes. The City should strive for a robust shuttle system that removed cars from roads and moved residents to destinations faster and easier. Transportation was an important

issue, and the Council should support transportation with more time and more resources.

Council Member Wolbach was excited about improving the shuttle system. Public transit should be a superior alternative to driving. A good transportation system needed good routes, good frequency, useful hours of service, easy access to information, ease of payment, and good branding. VTA did not view its role as removing cars from the road. The City would have to change VTA's view or seek other partners. He prioritized riders in the order of commuters, students, residents who were unable to drive, and residents who preferred not to drive.

Council Member Scharff suggested Staff provide concrete methods to accomplish the goals of alleviating parking issues, reducing congestion, and reducing greenhouse gas emissions. He requested more information about NextBus, DoubleMap, and TransitScreen. Staff should propose concrete transportation alternatives and revenue streams. The City's TMA should work with smaller companies to reach an SOV goal of 40 percent. He asked why the Embarcadero shuttle was not included in live tracking.

Ms. Gitelman explained it was a separate contract.

Council Member Scharff wanted Staff to provide concrete proposals to open contracts in 2017. The Council needed sufficient information about mobility as a service so it could provide Staff with direction.

Council Member DuBois inquired whether Staff planned to meet with Uber.

Ms. Gitelman would be happy to meet with other providers. Businesses had subsidized Lyft to encourage employees' use.

Council Member DuBois asked if any cities or public agencies utilized Lyft.

Ms. Gitelman was not aware of any cities. In the New York area, businesses funded a discount on Uber as a way to bring people to the businesses.

Council Member DuBois inquired whether the \$1 million committed to shuttles could be used to explore ridesharing.

Ms. Gitelman reported much of the \$1 million was utilized for parking programs at Council direction. The Council could determine whether 2016 funds would be used for parking, shuttles, or other solutions.

Council Member DuBois found the Chariot service interesting. It leveraged corporate commuter dollars, pretax dollars, to pay for vans on semi-custom routes.

Mr. Friend added that Chariot was calling itself "Google bus for the rest of us." Many different kinds of funding and many creative ideas were available in the marketplace.

Council Member DuBois expressed concern that the City was investing in legacy technology, large buses on fixed routes.

Ms. Gitelman advised that many transit agencies were experimenting with hybrid systems with fixed routes. She did not believe the City could operate without the Crosstown Route because it served a large number of students. Transportation agencies were also experimenting with a door-to-door service as a supplement to fixed routes.

Council Member DuBois felt buses or shuttles could become outmoded systems.

Mr. Friend explained that the City would not be as agile as private providers if it over specified and defined systems and routes and used the normal decision cycle to make changes. The Council could think about defining parameters and metrics for the system, and then allow flexibility for private providers and City Staff to innovate in a more agile way.

Council Member DuBois wanted to offer point-to-point service for seniors. Staff should return with proposals to experiment with a rideshare service so the Council could compare them with the shuttle program. With the City's lower density, a rideshare program could be a better direction than fixed routes.

Mayor Holman stated Google buses seemed to operate as offices, so there could be confidentiality issues. People's habits did not change overnight. She had not heard anybody in transportation refer to a rider as a customer.

Mr. Friend noted the Finnish system was designed around making the system work better for the customer. That would be worthwhile for the City to consider.

Mayor Holman indicated residents, commuters, seniors, and students had different destinations. She wanted to offer better senior services. The Council did not have sufficient information. The Council needed to identify an ongoing and sustainable funding source. One funding source had to be PAUSD. The mapping for the shuttle system was unavailable and not user-friendly.

James Keene, City Manager, advised that Staff's and the Council's thinking had expanded from focusing on shuttles to mobility as a service. The

Council charged Staff with designing different solutions. There was no turnkey operation the City could copy. The idea of tweaking the shuttle system was not viable.

Mr. Friend would return with specific ideas for transportation. These things were central to the Sustainability/Climate Action Plan. The City would not make any significant impact on greenhouse gas emissions without transforming transportation.

Mayor Holman suggested Staff not be limited by current concepts.

City Manager Comments

James Keene, City Manager, asked if he should acknowledge the National Arbor Day Proclamation.

Mayor Holman read the Proclamation into the record.

Mr. Keene announced commercial compostables would be sent to a new, higher-use facility to eventually generate sustainable electric energy and to be converted to a soil amendment. The City launched the online Business Registry which should provide critical insight into the business community. Staff had completed renovations to the Airport terminal building, resulting in a savings of \$140,000.

Oral Communications

Urban Cummings invited the public to a celebration of Arbor Day on March 7, 2015.

Bonnie Packer, Palo Alto Housing Corporation Board President, explained Palo Alto Housing Corporation's rental of a house to its employee and the sale of the Maybell property.

Mila Zelkha, speaking as an individual, was disappointed by attacks from a few individuals on Palo Alto Housing Corporation and its Executive Director.

Sea Reddy spoke about relations between Israel and Iran.

Dan Garber reported in 2014 property and business-related revenues contributed more than half of the funds in the City's General Fund. Commercial property contributed 71 percent of revenues while single-family residences contributed 29 percent. City data showed the contribution from commercial property would increase significantly over the next ten years. Changes to the uses and availability of commercial property could have

advantageous or detrimental impacts that would directly affect residents' quality of life. He provided a report to the Council.

Deb Goldeen believed the City contracted with a company whose employees were not qualified to perform gas line replacements. She expressed concern about the safety of those workers and residents.

Omar Chatty hoped the Council would begin efforts to eliminate Caltrain service. Another person died on Caltrain tracks in San Jose. Bay Area Rapid Transit (BART) was an alternative to Caltrain.

Winter Dellenbach invited the public to a rally in support of Buena Vista Mobile Home Park on March 9, 2015.

Minutes Approval

MOTION: Vice Mayor Schmid moved, seconded by Council Member Kniss to approve the minutes of December 1, 2 and 8, 2014.

MOTION PASSED: 8-0 DuBois not participating

Consent Calendar

Jeff Hoel spoke regarding Agenda Item Number 5. Staff should follow Assembly Bill (AB) 57 as it appeared to have been written for the benefit of AT&T.

Stephanie Munoz spoke regarding Agenda Item Number 4. The concept of Transferable Development Rights (TDR) was outmoded and not well conceived.

MOTION: Council Member Scharff moved, seconded by Vice Mayor Schmid to approve Agenda Item Numbers 2-7.

- 2. Approval of Amendment No. 2 to Contract C12143475 with Alta Planning + Design to Extend the Contract Term to December 31, 2015 for the Safe Routes to School Planning Project.
- 3. Approval and Authorization for the City Manager to Execute an Electric Fund Construction Contract with MP Nexlevel of California, Inc., in the Amount of \$1,697,836.50, for Trenching and Installation of Utility Substructures for Underground Utility District No. 47 (Project: EL-11010) in the Area of Middlefield Road, Homer Avenue, Webster Street, and Addison Avenue; and Approval and Authorization for the City Manager to Execute Addendum No. 2 to the Agreement for Joint Participation in the Installation of the Underground Facilities System

Between the City of Palo Alto, AT&T, and Comcast Corporation of California IX, Inc.

- 4. Resolution 9497 entitled "Resolution of the Council of the City of Palo Alto Designating 300 Homer Street Known as the Roth Building as a "Sender Site" in the Transfer of Development Rights (TDR) Program and Direction to Staff to Advertise Request for Proposal to Market the TDRs."
- 5. Utilities Advisory Commission Recommendation that the City Council Adopt a <u>Resolution 9498</u> entitled "Resolution of the Council of the City of Palo Alto Approving the City of Palo Alto Utilities Legislative Guidelines."
- 6. Appeal of Director of Planning and Community Environment's Architectural and Historic Review Approval of a Rehabilitation of a Category 3 Historic Resource located at 261 Hamilton Request for Continuance to April 6, 2015.
- 7. Approval of Amendment Number 3 to Contract C08125506 with The Planning Center | DCE, now Known as Placeworks, to Increase the Contract by \$157,525 to an Amount Not to Exceed \$1,894,731 and Adoption of a <u>Budget Amendment Ordinance (BAO) 5306</u> entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto to Increase the Fiscal Year 2015 Appropriation to the Planning and Community Environment Department for Preparation of a Fiscal Study in Conjunction with the Comprehensive Plan Update."

MOTION PASSED: 9-0

Action Items

8. Public Hearing: Objections to Weed Abatement and Adoption of Resolution 9499 entitled "Resolution of the Council of the City of Palo Alto #9489 Ordering Weed Nuisance Abated."

Mayor Holman noted an at-places communication had been provided.

Molly Stump, City Attorney, advised that the correct year was 2014 rather than 2013.

Public Hearing opened and closed at 7:50 P.M. without public comment.

MOTION: Council Member Kniss moved, seconded by Council Member Filseth to adopt the Resolution ordering the abatement of weed nuisances in the City of Palo Alto.

MOTION PASSED: 9-0

9. Public Hearing: Adoption of a <u>Resolution 9500</u> entitled "Resolution of the Council of the City of Palo Alto Amending Water, Gas and Wastewater Connection and Capacity Fees and Miscellaneous Utility Charges (Utility Rate Schedules S-5, G-5, W-5 and C-1)"

Public Hearing opened and closed at 7:51 P.M. without public comment.

MOTION: Council Member Kniss moved, seconded by Vice Mayor Schmid to adopt the Resolution amending the following Utility Rate Schedules: W-5 (Water Service Connection Fees), G-5 (Gas Service Connection Fees), S-5 (Wastewater Service Connection Fees), and C-1 (Utility Miscellaneous Charges), effective May 1, 2015.

Council Member Scharff requested an explanation for placing the Utilities Legislative Guidelines on the Consent Calendar and the rate amendments as an Action Item.

Molly Stump, City Attorney, reported the rate item needed to be approved by the Council as an Action Item under rate setting procedures. The Utilities Legislative Guidelines were placed on the Consent Calendar consistent with Council direction. A Council Member could request the item be removed from the Consent Calendar. Staff felt Council time should be reserved for items requiring a great deal of discussion.

Mayor Holman added that the rate item was placed as an Action Item to allow public comment.

MOTION PASSED: 8-0 DuBois absent

10. Discussion and Direction to Staff Regarding Establishment of an Office/R&D Annual Growth Limit (Continued from February 9, 2015).

Mayor Holman advised that Item Number 10 was a continuation of the discussion started on February 9, 2015.

Hillary Gitelman, Planning and Community Environment Director, recalled issues and possible remedies raised in the February 9 discussion. Possible remedies were grouped as either long-term ideas that could be analyzed in the Comprehensive Plan Update or short-term ideas that could be implemented on a temporary basis. Strategies discussed on February 9 included an annual limit of Office/Research and Development (R&D) square footage; programs and performance measures that would directly address the impacts of development; and slowing the pace of development by

increasing development costs and imposing fees. The Council had discussed other zoning changes or modifications to existing regulations that could affect the amount or pace of development. The question was whether the City needed to change its development standards or moderate the pace of new development while the Comprehensive Plan was being updated and, if so, how. Possible remedies discussed on February 9 included requiring a Conditional Use Permit for new Office/R&D and imposing conditions on development; instituting a district-specific moratorium; suspending the use of exceptions; and instituting temporary reductions in allowable densities. An issue with short-term strategies was their effect on projects in the Staff believed the Congestion Management Plan (CMP) data set was more useful because it utilized Citywide data and segregated uses. Using that data set of December 2014, the pipeline contained 16 projects totaling approximately 185,000 square feet. Of those 16 projects, five contained less than 5,000 square feet, and none contained more than 30,000 square feet.

Mayor Holman noted Council Members asked questions at the prior meeting. She requested Council Member Kniss, who was absent on February 9, submit her questions.

Council Member Kniss asked if Staff included the Stanford areas in the nine planning areas.

Ms. Gitelman indicated Stanford Research Park and Stanford University Medical Center were included.

Council Member Kniss asked if they were separate.

Ms. Gitelman could not recall. The data set of nine planning areas was not Citywide.

Council Member Kniss inquired about the number of pipeline projects located in the Downtown area.

Ms. Gitelman could return with details of the pipeline projects. The at-places memorandum included a breakdown of Office/R&D square footage by several districts. It was an overview of data presented in the Staff Report broken down by district.

Council Member Kniss asked if the total number was spread out over nine planning areas.

Ms. Gitelman explained that the total amount on packet page 359 pertained to the nine planning areas, dating to 1989. Data presented on packet page 357 pertained to the City as a whole, dating to 2001.

Herb Borock felt information regarding the nine planning areas would be useful should the Council wish to take action in relation to particular areas of the City. Information in the at-places memorandum counted Stanford campus employment as employment in the City of Palo Alto. If the Council wished to include Stanford University employment, then it had to consider secondary effects.

Dan Garber indicated real estate consultants were recommending office space rental rates increase because of Council discussions. An office cap would increase rental rates, make attracting employees more difficult, and increase the cost of working in Palo Alto.

Hamilton Hitchings suggested the Council reduce the estimated square feet per worker to 100 square feet per worker; adopt Palo Alto Forward's suggestion of a Transportation Demand Management (TDM) Program; implement an annual cap of 20,000 square feet for office space; and implement an office space selection process.

Frank Ingle endorsed imposition of a cap in combination with an application selection process. The Business Registry should be useful in determining the source of the Downtown parking problem. Perhaps the Council could apply parking fees per employee to mitigate parking problems.

Jerry Schwarz supported Palo Alto Forward's suggestions to address traffic and parking problems. The main problem for Downtown residents was the type of retail.

David Bena, Watercourse Way, felt a development cap would increase rents and cause businesses to leave Palo Alto.

Ben Lerner supported a cap on new office development, but preferred a moratorium. Unrestricted office growth threatened the quality of life in Palo Alto. The jobs/housing imbalance pressured the City to approve higher density housing.

Stephen Levy stated the fiscal study was critical to understanding the impacts of development. In considering a cap, the Council should think about pipeline projects, when a cap would end, and the legality of a cap.

Judy Kleinberg, Chamber of Commerce, urged the City to engage in a strategic examination of facts and surveys before imposing an annual or

interim office development cap. An annual cap would create problems without solving traffic and parking problems.

Peter Stone advised that a hastily imposed cap would discourage the innovative elements of the business community. The existing business climate reflected the vitality of the local community, which supported a healthy General Fund.

Terry McCarthy, Survey Monkey, did not believe parking and traffic problems were caused by office workers or office space. Employees of Survey Monkey, Palantir, and RelateIQ spent on average \$210 per week per employee in Downtown Palo Alto. Survey Monkey looked forward to working with the City to develop solutions that would benefit everyone.

Susan Graf stated the vibrant Downtown environment would die without growth. She suggested the Council review results from the new TDM Program and Residential Parking Permit (RPP) Programs before considering more zoning rules.

Olya Kransnykh advised that imposing an office cap would ensure the office environment remained static. Limiting growth would result in energy inefficient buildings and reduced worker productivity. Limiting growth would not solve parking and traffic problems.

Robert McGrew, Palantir, expressed concern about the imposition of an annual office cap as a solution to parking and traffic problems. The Council should understand root causes of parking and traffic problems before imposing measures that would add collateral damage to Palo Alto businesses. He reviewed findings from a survey of Palantir, Survey Monkey, and RelateIQ's 1,186 local staff and contractors.

Tara Nussbaum, Palo Alto Forward Steering Committee, believed an Office/R&D cap would not solve problems of parking, traffic, housing, and retail climate. A development cap would cause businesses to intensify their usage of existing buildings with a corresponding increase in traffic and parking issues.

Bob Moss felt limiting office space would have no impact on jobs, growth, or rent increases. A temporary cap of 25,000 to 35,000 square feet would allow some growth while studies were conducted.

Stephanie Munoz suggested Stanford University house its workers within walking distance of their jobs. An interim cap was necessary.

Margaret Heath suggested the Council impose a moratorium on office development applications until pipeline projects were completed, perform an accurate traffic study, implement a Business Registry including employee counts, and cease exceptions and incentives.

Fred Balin reported office space had increased by more than 500,000 square feet while retail space had shrunk significantly in the past seven years. The Council should also prohibit conversion of retail space to office space and reject any project that required Council discretion.

Randy Popp, speaking as an individual, agreed with comments published by the Chamber of Commerce, Palo Alto Forward, and Stephen Levy. Capping growth would be a tragic misstep. Incentivizing people to behave better would have little effect in the short term. Replacing inefficient and obsolete structures with new building stock, if done thoughtfully, would improve traffic and parking problems.

Ian Irwin advised that sidewalks were not wide enough for the number of pedestrians and bicyclists occupying them. A moratorium was appropriate while issues were resolved.

Lee Lippert reported carbon neutrality could not be achieved by slowing development. Building efficiency could only be achieved through building replacement.

Terry Holzemer believed the growth in office space was changing the environment. It was time to stop development exceptions and impose a limit, cap, or moratorium on office development.

John Kelley felt a moratorium was a horrible idea. Even worse was the Council deciding an issue when it had instituted a process in which the community could participate.

William Ross favored a moratorium and a temporary cap. The Council needed a cumulative traffic study and should consider a zero water footprint requirement for new development.

Stephen Ehikian, RelateIQ, reported the company subsidized Lyft and Uber services for employees commuting into Palo Alto via Caltrain. If the Council could focus office development near arteries of transportation hubs, then business owners could develop methods to reduce congestion.

Richard Brand encouraged the Council to act on a six to nine-month development moratorium. The Council should act now rather than waiting for additional data.

Neilson Buchanan was convinced that 800 nonresidents parked in the Downtown North neighborhood daily. The private sector would have to cooperate with the public sector in order to resolve parking and traffic issues.

Doria Summa supported a short-term moratorium in order to evaluate and resolve problems.

Adina Levin, Friends of Caltrain, indicated the City had collected a great deal of data. Existing buildings were responsible for a larger share of traffic and parking problems than new buildings. The number of employees that could result from intensification of use was higher than the number from new buildings. The Council could impose a strict trip limit on new development and require new development to contribute funding to reduce trips.

Ruth Lowy supported a cap on growth of office space. She hoped the updated Comprehensive Plan would not contain loopholes that allowed more growth.

Stuart Hansen indicated the City was now obligated to build 2,000 new housing units, which would further burden traffic and parking. He requested the Council consider a near-term cap or moratorium on continued development.

Jeff Brown suggested the Council review the carrying capacity of the City. The construction of buildings emitted more carbon than the operation of buildings.

Rainier Pitthan supported better transportation and housing. Council Member Scharff was a member of the Council that attempted to reverse the Ordinance which did allowed conversion of retail to office. That should be reversed.

Council Member Scharff reported that action was taken before he joined the Council.

Mr. Pitthan clarified that Council Member Scharff attempted to reverse that Ordinance. Good regulation was mandatory for a vibrant community.

Mayor Holman recalled the prior discussion ended before Council Members Burt, Scharff, and Berman could speak.

Council Member Scharff clarified that the prior discussion ended with the Council agreeing to a round of comments and questions without offering

Motions. He wanted to hear comments from all Council Members prior to offering Motions.

Mayor Holman agreed. She proposed Council Members limit their comments and questions to 7 minutes each.

James Keene, City Manager, asked if Mayor Holman was planning to end the discussion at a particular time.

Mayor Holman noted the item was scheduled to end at 11:15 with another date scheduled for a follow-up discussion. The item could extend past 11:15 in order to accomplish as much as possible. She requested Council Members speak for 7 minutes and not offer Motions during the first round of comments.

Council Member Wolbach proposed the three remaining speakers be allowed 10 minutes as he spoke for that length of time at the prior meeting.

Mayor Holman would limit all speakers to 7 minutes.

Council Member Burt summarized problems, issues, and alternatives mentioned by the community, colleagues, and others in order to frame the discussion. Many issues were interrelated. He was not prepared to institute a solution immediately. He was interested in a cap because it would not be an onerous tool. A carefully crafted cap could add quality of life and control the future.

Council Member Scharff advised that the Council needed good data in order to understand the ramifications of a cap. He was not comfortable with his understanding of the consequences. The Council needed to address the negative impacts identified by community members. A cap would not make a difference in any of those negative impacts. The Council needed to eliminate congestion, to solve the parking issue, and to protect retail. Protecting retail should have an easy solution.

There should be no issue with expanding ground-floor retail throughout the City. Office development did not increase the number of mandated housing units. An office cap could increase rents to the point that professional service providers could not afford them. The Council should dedicate more resources to implementing RPP and TDM Programs than to implementing a cap. He questioned whether the Council would arbitrate an application selection process, as people were not happy with Architectural Review Board (ARB) decisions. The Council needed to approach this carefully and thoughtfully. Perhaps the Council and community could explore a cap through the Comprehensive Plan. If the community was concerned about

sustainability and trips, the Santa Monica model would probably be a better approach. The question was how to minimize congestion and increase mobility.

Council Member Berman reported the Council had heard concerns about and initiated programs in relation to traffic, parking, and retail space. Those programs remained in the 2015 work plan and would require a considerable amount of Council and Staff time. Implementing an office cap on development would not preserve local retail, would not address rising rental rates, and would not reduce greenhouse gas emissions from new construction. A low cap or a moratorium would likely eliminate a few dozen trips into Palo Alto and the need for a few dozen parking spaces, but would require massive amounts of Staff and Council time to plan and initiate. Staff and Council time would be better spent on other initiatives. He would not support the implementation of a moratorium or a cap. The Council had an opportunity to begin studying programs and performance measures that would directly address problems and impacts of development. interested in requiring new construction to meet target Single Occupancy Vehicle (SOV) rates and identifying revenue-generating options from new and existing buildings.

Vice Mayor Schmid felt the Staff Report asked the Council to frame a discussion, to begin a debate. The current ratio of 3 employees to 1 employed resident would increase over the next 20 years; therefore, parking, congestion, and density would worsen. The 1988 Citywide Land Use and Transportation Study Final Report listed TDM as a solution to Palo Alto's problems. TDM did not appear to be the solution by itself. Agenda Item Number 7 authorized a consultant to assist Staff with answering questions of who paid and who benefited. That was part of the debate.

Council Member Kniss believed Council Member Burt's list indicated the complexity of the issues. Retail was one of the most difficult issues. Office workers were the best retail customers. Businesses in adjacent communities were expanding which would affect Palo Alto.

She was surprised by Palo Alto's lack of a parking app. A parking app would reduce the number of cars driving around looking for a parking space. She preferred to implement other initiatives prior to a cap on development.

Council Member DuBois stated the status quo was creating an environment dominated by office space and decreasing diversity. Traffic, parking, noise and air pollution, and bike safety were symptoms of the underlying issue. The discussion was an opportunity for the Council to focus on root causes and have a clear discussion regarding a fundamental vision for Palo Alto.

The Council had to discuss rate and type of growth for the future. The issue concerned creating space in zoning for residential and retail at the expense of Office/R&D. It was time for a new kind of mixed use such as retail/residential. The Council should ensure impacts were considered in the Comprehensive Plan Update. Staff asked the Council to consider two scenarios in the Comprehensive Plan Environmental Impact Report (EIR) process. Evaluating those scenarios was both wise and prudent. The transit hub and the Transportation Management Association (TMA) would be located Downtown; therefore, an annual cap would be logical. The Council should agree on the need for a cap prior to discussing its creation. The Council should consider immediate protection of ground-floor uses and conversion from retail to office, density assumption changes, and exceptions. He was interested in directing Staff to explore an annual cap as part of the Comprehensive Plan Update.

Mayor Holman indicated rental rates had been increasing without an office cap. An interim moratorium or office cap could exacerbate that. With respect to the lack of energy efficiency of older buildings, a 50-year old building received the highest Green Business Award the prior week. Office space was a component of the problem. An office cap or moratorium could affect retail space and services. The Council should initiate an Interim Ordinance as well as a cap in order to eliminate the Citywide conversion of retail and service to office until the Council could determine zoning parameters to protect retail and services. If the Council did not act, more changes would occur that could not be reversed. If the Council did not act with respect to office development, data would be collected in a mercurial environment. Rather than implementing a cap or moratorium, the Council could require full impact fees. Obtaining data from new initiatives would take a long time.

Council Member Filseth noted the City had fixed limits similar to a cap. An office space limit was surgical compared to a Floor Area Ratio (FAR) limit. The advantage of a development cap was it provided a level of predictability for the amount of office space to be developed.

Combined with Business Registry data, the City might be able to predict job growth accurately over an extended period of years. An infinitely increasing jobs/housing ratio was unsustainable. It was not complicated to slow office growth while implementing TDM and other measures and zoning relief for retail. If the Council directed Staff to consider limitations on office growth as part of the Comprehensive Plan Update, nothing would happen for another 18 to 24 months. The Council should direct Staff to include an office development cap within the Comprehensive Plan Update.

Council Member Berman clarified that an RPP Program was delayed because the Council continued to add initiatives to Staff's work plan. The Council should attend to and provide resources for a TDM Program so that it could be successful. Palo Alto should consider a cap for no net trips. A cap did not address existing buildings, existing employers, and existing tenants. Council Member Burt listed the many issues the Council would need to address in implementing a development cap. Addressing those issues would require thousands of man hours. The Council had identified many programs that addressed the problems of parking and traffic.

MOTION: Council Member Berman moved, seconded by Council Member Wolbach to direct Staff to study and bring back to Council:

- 1. Methods for requiring new construction to meet target Single Occupancy Vehicle (SOV) rates;
- Different revenue generating options from new building construction including development fees that can be spent on trip reduction efforts; and
- 3. Different revenue generating options from existing buildings potentially including fees on commute trips or square footage that can be spent on trip reduction efforts.

Council Member Berman believed the City had finite monetary and time resources and major issues to be addressed. The Council should dedicate resources to the programs and policies that would accomplish the most good. Methods contained in the Motion addressed concerns of the community.

Council Member Wolbach remarked that precluding opportunities to negotiate was nonsensical. The Motion focused Staff time on challenges caused by development, excessive car trips, and intensification of use. He favored slowing but not capping office development unless it was accompanied by significant efforts to control transportation and housing costs.

The City needed the business community as a partner in solving transportation and housing problems. The Council should direct Staff to return with options for retail protection.

SUBSTITUTE MOTION: Vice Mayor Schmid moved, seconded by Council Member Filseth to direct Staff to analyze the impacts of an annual development limit on Office/R&D of 10,000 sq. ft. and 40,000 sq. ft. for the draft Environmental Impact Report.

Vice Mayor Schmid advised that numbers effectively demonstrated that office development and job creation continued to grow faster than residential housing. The Substitute Motion was an attempt to initiate a debate regarding a limit on development.

Council Member Filseth explained that an annual limit would slow but not stop office development in order to allow housing to grow. The high concentration of jobs relative to housing increased housing rates. Adding new office space near mass transit did not reduce car trips. The difficulty with the Motion was measuring outcomes. The Substitute Motion addressed the heart of the problem.

Council Member Kniss noted the Downtown Cap reported office space grew by approximately 10,000 square feet per year. Office space in Downtown had not grown at an incredible rate. She questioned whether the cap contained in the Substitute Motion would apply to all nine areas or only certain areas.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to analyze and report back to the Council within 45 days the impact implemented (on a temporary basis as the Comprehensive Plan is developed) of immediate zoning changes to include:

- A. Chapter 18.52 change the parking requirements only for general business administrative office, professional and general business offices and R&D space to 1 parking space per 125 sq. ft. until sufficient data is available from the Business Registry to modify;
- B. Expand ground-floor retail protections Citywide and prevent conversion of retail to office; and
- C. End exceptions in Zoning Ordinances. Staff to provide a complete list of current exceptions and suggestions on which to modify.

Mr. Keene interpreted the Amendment as asking Staff to analyze and return with the impact of listed changes. If passed, the Council would not be directing to Staff to make those changes. He was unclear whether the Substitute Motion directed Staff to analyze the impact of the stated caps.

Council Member DuBois suggested the intent of the Substitute Motion was for Staff to analyze the impact for the Comprehensive Plan Update. The Amendment directed Staff to analyze potential immediate changes to the Ordinance.

Mr. Keene clarified that Staff would return with information within 45 days under the Amendment. Including the draft EIR language seemed to take the Motion further than simply directing Staff to return with an analysis.

Vice Mayor Schmid noted the Council approved Agenda Item Number 7, to hire a consultant to evaluate results from each of the Comprehensive Plan options. He wanted to ensure that was included in those options. He inquired whether "draft EIR" was the wrong terminology.

Ms. Gitelman indicated the draft EIR associated with the Comprehensive Plan Update was correct. The Substitute Motion directed study as part of the Comprehensive Plan Update, and the Amendment directed study of interim measures to be considered prior to the Comprehensive Plan Update. She asked if that was intentional.

Council Member DuBois replied yes. He asked if there was an issue.

Council Member Filseth inquired whether items b) and c) of the Amendment contained sufficient detail for Staff to perform the work.

Ms. Gitelman could return with information responsive to items b) and c). If adopted, the Council would direct Staff to study the impact of items b) and c). She was unsure whether Staff would know the fiscal or environmental impacts of significant changes in Zoning Regulations within 45 days. Staff could provide their judgment of methods to implement them and possible impacts.

Council Member Filseth asked if that information met Council Member DuBois' goals.

Council Member DuBois answered yes.

Mr. Keene added that Staff would more likely provide advantages and disadvantages in Staff's judgment. The Amendment was a separate step from the Substitute Motion and could stand on its own regardless of whether the Council adopted the Motion or the Substitute Motion.

Council Member Filseth felt 125 square feet per employee was extremely low as a Citywide average.

Council Member DuBois explained that the categories in item a) were a subset of other categories. He was suggesting Staff evaluate the square footage at half the existing rate until data was available from the Business Registry. The rate of 250 square feet was out of date.

Council Member Filseth reiterated that 125 square feet was aggressive as a Citywide average.

Council Member DuBois asked if Council Member Filseth could propose a different number.

Council Member Filseth replied 175 square feet.

Ms. Gitelman wanted to ensure the Amendment distinguished between parking requirements and employment densities. More parking spaces generated more traffic.

Council Member DuBois referred specifically to Chapter 18.52 because it was the base parking requirement. The remainder of Chapter 18 discussed TMA and other ways to mitigate that requirement. Chapter 18.52 set the base usage assumption, which could be adjusted below that.

Ms. Gitelman clarified that the adjustments available in the Code were limited. By changing the base requirement dramatically, more parking space would result.

Mayor Holman had been told that the parking requirement determined whether development occurred and the size of the building. Requiring more parking would limit the size of the building rather than creating more traffic.

Council Member Burt stated Council Members were debating a nuance. Only the maker and seconder could speak to their Motion.

Mr. Keene was interested in whether the Council wanted to direct Staff to return with additional information prior to deciding which direction it wanted to take.

Council Member DuBois advised that the Substitute Motion was directing Staff to analyze the impact of a Citywide cap. At 20,000 to 40,000 square feet, the cap covered the average growth rate over the last few years.

He proposed the Amendment because the Substitute Motion was part of the Comprehensive Plan Update. The Amendment was meant to address concerns regarding a rush to file development applications.

Council Member Burt did not feel the Council had adequately discussed issues in order to make thoughtful recommendations. The Motion and Substitute Motion were premature. A 20,000 square foot cap was a near moratorium that would expire in 15 years when the Comprehensive Plan was again scheduled for update. He was interested in reducing development peaks significantly and increasing quality of projects. An alternative to a cap

would motivate the community to review better solutions. If traffic and parking issues improved through other initiatives, the Council could be willing to institute a moderately higher cap. He wanted a tool that would allow the Council to differentiate among detrimental projects. Some exceptions in Zoning Ordinances were good, and some should be reconsidered. He would not support the Motion or Substitute Motion. If neither passed, then the Council should schedule a follow-up meeting after framing the issues.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change "10,000 sq. ft." to "20,000 sq. ft."

Council Member Scharff agreed with Council Member Burt for the most part. Allowing 175 square feet would provide a third more parking. The cost of the additional parking was the equivalent of a moratorium. The proposed development cap was also the equivalent of a moratorium. The Council needed to think through the issues. The City needed to work on congestion and target SOV rates. The Council was focused on implementing initiatives to improve traffic and parking problems. The City needed new revenues to focus on initiatives.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change in Section A "125 sq. ft." to "175 sq. ft."

Council Member Wolbach would not support the Substitute Motion. The Substitute Motion as amended was intended to be a moratorium. Office development should be slowed because of its negative impacts. If a development project could mitigate all its negative impacts, it should be approved.

Council Member Berman would not support the Substitute Motion.

Mayor Holman believed the Substitute Motion attempted to accomplish too many objectives. Some exceptions in the Zoning Ordinance were beneficial and should not be abolished. She favored preservation of retail space. The Council did not have sufficient data to propose a number for item a).

SUBSTITUTE MOTION AS AMENDED FAILED: 3-6 DuBois, Filseth, Schmid yes

SUBSTITUTE MOTION: Council Member Scharff moved, seconded by Council Member Berman to direct Staff to return with:

- 1) An Interim Ordinance prohibiting the conversion of retail to any other use; and
- 2) Options to strengthen and expand ground-floor retail protections

Mr. Keene suggested Staff could return with information for Item 1) prior to Item 2).

Council Member Scharff asked when Staff could return with an Interim Ordinance prohibiting conversion of retail.

Molly Stump, City Attorney, reported Staff would need to review some details and refinements with respect to an Ordinance prohibiting the conversion of retail to other uses. Staff could need to return for more specific direction prior to presenting an Ordinance.

Council Member Scharff requested a timeline.

Mr. Keene indicated Staff would return as quickly as possible.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add at the end of Number 1 in the Motion-as quickly as possible.

Mayor Holman bifurcated the Amendment and Motion for voting purposes.

Cara Silver, Senior Assistant City Attorney, advised that was allowed. Mayor Holman asked if the Amendment applied Citywide or in commercial areas.

Council Member Scharff reiterated that the Amendment stated in commercial areas. He wanted an Interim Ordinance to prevent further loss of retail while Staff developed options.

Mayor Holman asked if Council Member Scharff meant retail only or retail and services.

Council Member Scharff felt services destroyed retail in many places.

Council Member Burt inquired whether the Council should consider expanding ground-floor retail locations and refining the definitions of retail and services.

Council Member Scharff responded yes.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change in Number 1 of the Motion- "retail" to "retail and services".

Ms. Stump reported Staff would need to return to the Council to discuss detailed issues and to notice a discussion focused on retail preservation. The current Agenda Item was focused on growth management.

Mayor Holman asked if Council Member Scharff intended for Staff to return with an Interim Ordinance after Staff conducted the analysis of retail locations.

Council Member Scharff intended Staff to return with an Interim Ordinance as soon as possible.

Ms. Stump asked if Council Member Scharff was seeking an Ordinance applicable to specific properties outside an area that required retail but where retail was present.

Council Member Scharff wanted an Interim Ordinance to be in effect while the Council clarified the ground-floor retail requirement.

Ms. Stump inquired whether the Interim Ordinance should pertain to retail property regardless of where those properties were located in the City.

Council Member Scharff replied yes. The Ordinance could expire in six months or a year.

Ms. Stump would need to review a variety of issues and return with a properly agendized item for public participation. That type of focused direction in asking for a specific Ordinance was not a current Agenda Item.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the end of Number 2 in the Motion-: "and reconsider: a) definitions of retail and services; and b) locations throughout commercial areas.

Council Member Kniss inquired whether the City Attorney would return to the Council prior to presenting or when presenting an Interim Ordinance.

Ms. Stump understood Council Member Scharff wanted Staff to address the issue with all possible speed. Staff would review different ways to do that and present them to the Council as choices.

Council Member Kniss asked if that would be publicized.

Ms. Stump replied absolutely. The Council was not taking action at the current time.

Vice Mayor Schmid asked if the Council was voting on an Amended Motion.

Mayor Holman explained that the Council was voting on the Amendment independent of the Motion.

Ms. Stump indicated the Amendment could be characterized as a separate Motion and would survive if the underlying Motion failed.

SUBSTITUTE MOTION AS AMENDED PASSED: 9-0

Mr. Keene reported Staff would return to the Council with issues involved with Item 2. The Council wished to make a public statement of its intentions in the area of ground-floor retail. Staff would return as quickly as possible with an Interim Ordinance and a detailed report of the work needed to accomplish other things.

Council Member Burt believed the Motion was intended to be inclusive of measures the Council might take outside of the Comprehensive Plan to address development issues and other issues relating to traffic impacts. That was not all he wanted to do. In the fall of 2014, the Council was considering either changing the Zoning Code prior to the Comprehensive Plan or a cap. Neither of which were included in the Motion. Within zoning changes, he wanted to include review of exceptions. He would not support the Motion. He preferred to hold an additional discussion of all measures.

Council Member Berman inquired whether Council Member Bert was requesting clarification of the Motion.

Council Member Burt was not willing to support the Motion unless it returned for further discussion of either a cap or zoning on an interim basis or within the Comprehensive Plan.

Council Member Berman intended the Motion to be an alternative to a cap, but did not intend for it to include potential zoning changes.

Council Member Burt had not ruled out a moderate, reasonable cap.

Vice Mayor Schmid concurred with Council Member Burt that the Motion did not effectively deal with the range of issues discussed. He would not support the Motion.

Mr. Keene suggested the Council hold the Motion as a draft so that Staff could provide additional information.

Mayor Holman asked if the continuation date for the discussion was March 23, 2015.

Beth Minor, Acting City Clerk, indicated possible dates were March 23 or March 30.

Mayor Holman requested objections to carrying the Motion forward to March 23

Council Member Burt preferred the Motion be withdrawn and the Council begin a discussion of alternatives on March 23.

Council Member Wolbach believed the Motion was clear and targeted the core concerns around development. It seemed to support and encourage further work on TDM and tying that to development. The Motion did not preclude the Council from holding additional discussions. The Council should support the Motion unless Staff indicated it was superfluous or would create excessive work for Staff.

Mayor Holman clarified that the Motion needed clarification or an amendment.

Council Member Scharff suggested a Motion to Continue was needed.

Mayor Holman concurred.

MOTION TO CONTINUE: Council Member Scharff moved, seconded by Council Member Berman to continue this Agenda Item and Motion until March 23, 2015.

Council Member Scharff stated the hour was late and Council was not at its best. The Motion should remain on the table for amendments or a vote.

Council Member Wolbach inquired whether Staff could provide some feedback regarding the amount of work required for the Motion prior to March 23.

Mr. Keene advised that a direction for Staff to perform work was out of order with a Motion to Continue on the floor.

Council Member Burt believed supporters of the Motion would want to continue it to the next meeting.

MOTION TO CONTINUE FAILED: 4-5, Berman, Kniss, Scharff, Wolbach yes

MOTION TO CONTINUE: Council Member DuBois moved, seconded by Council Member Burt to withdraw the Motion and to continue the Agenda Item to March 23, 2015.

Council Member Scharff stated a Motion to Withdraw should be made separately from a Motion to Continue.

Ms. Stump reported the Council could vote once on both issues unless a Council Member requested the Motions be bifurcated.

Council Member Wolbach wanted to vote on the Motion and then discuss a Motion to Continue.

Mayor Holman explained a Substitute Motion was on the floor.

MOTION TO CONTINUE PASSED: 6-3 Berman, Kniss, Wolbach no

Council Member Questions, Comments and Announcements

Council Member Wolbach attended the Library Advisory Commission meeting the prior week. The Palo Alto Library Foundation would dissolve in June 2015.

Council Member Kniss was elected Vice President of the Peninsula Division of the League of California Cities.

Adjournment: The meeting was adjourned at 12:00 A.M.

ATTEST:	APPROVED:	
City Clerk	Mayor	

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