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July 9, 2012

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- ADJOURNMENT: The meeting was adjourned at 11:03 P.M.171

MINUTES

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:33 P.M.

Present: Espinosa, Holman, Klein, Price arrived 7:00 P.M., Scharff, Schmid, Shepherd, Yeh

Absent: Burt

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Pamela Antil, Lalo Perez, David Ramberg, Kathryn Shen, Sandra Blanch, Marcie Scott, Darrell Murray)

Employee Organization: Service Employees International Union, (SEIU) Local 521

Authority: Government Code Section 54957.6(a)

The City Council reconvened from the Closed Session at 6:05 P.M. and Mayor Yeh announced no reportable action.

CITY MANAGER COMMENTS

James Keene, City Manager, reported a coliform bacteria detection incident occurred in May 2012; however, there was no emergency. State law required the City to notify all water users regarding the incident and City actions. An Art in the Garden event was scheduled for Saturday, July 21, 2012, at the Gamble Garden Center. A special benefit preview party would be held on July 20, 2012. Public Works Staff would host two community meetings on July 10, 2012 to obtain feedback on the Southgate neighborhood drain improvement and green street project and the Eleanor Pardee Park landscape renovation project. The 31st Annual Chili Cook-Off winners were the Lounge Lizards, Ada's Café, Elmo and the Quakers, and Palo Alto Professional Firefighters Local 1319. The 2012 Public Power Wind Award was presented to the City of Palo Alto Utilities at the American Public Power Association national conference on June 19, 2012. He recognized students from France touring Silicon Valley as part of the European Center for Leadership and Entrepreneurship Education Summer 2012 STEM (Science, Technology, Engineering, and Mathematics) pilot program.

MINUTES

Dr. Mahamouda Salouhou, Director of European Center for Leadership and Entrepreneurship Education, student representative thanked the City on behalf of the group. Visiting the area had changed the students' mind sets. The students now understood the human element of STEM. The program built on the potential of each student.

Mayor Yeh noted Council Members had met the students, and thanked the students for visiting the region.

ORAL COMMUNICATIONS

Wynn Grcich read an article regarding human absorption of chlorine from water. Chlorine was a suspected cause of asthma, bronchitis and heart disease. Chlorine was a pesticide as defined by the Environmental Protection Agency.

Roberta Ahlquist sought Council endorsement of a Resolution to stop funding the war. The City Council of Philadelphia passed a Resolution in June 2012 calling for the U.S. Congress to bring all troops home from Afghanistan, and to redirect funds to social issues. She asked the Council to consider drafting a Resolution.

Lois Salo stated the Council was a member of Mayors for Peace, and it was appropriate for the Council to support the Resolution. Many people supported an end to the war. She urged the Council to emulate the Philadelphia City Council.

CONSENT CALENDAR

Bob Moss spoke regarding Agenda Item Number 3. He appreciated the revisions to the plan. Page 1845 of the report referred to unreinforced masonry buildings. He suggested including a list of buildings and their locations and a notation of actions taken to remedy the problem.

MOTION: Council Member Espinosa moved, seconded by Council Member Shepherd to approve Agenda Item Nos. 2-5.

2. Approval of Utilities Enterprise Fund Contract with Precision Engineering Inc. in the Amount of \$3,987,034 for Sanitary Sewer Rehabilitation Capital Improvement Program Project WC-09001/WC-10002, (Wastewater Rehabilitation and Augmentation Project 22/23 – Crescent Park and Baylands).

MINUTES

3. Resolution 9271 entitled "Resolution of the Council of the City of Palo Alto Approving the 2010 Association of Bay Area Governments Report "Taming Natural Disasters" and Local Annex as the City's Local Hazard Mitigation Plan".
4. Resolution 9272 entitled "Resolution of the Council of the City of Palo Alto Approving Revisions to the City of Palo Alto Energy Risk Management Policy".
5. Approval of Contract with Green Earth Engineering & Construction Inc. in the Amount of \$388,000 for Demolition and Construction Work for the Cowper/ Webster (Lot J) Parking Garage Structure Repair Project (CIP PF-10002).

MOTION PASSED: 8-0 Burt absent

AGENDA CHANGES, ADDITIONS, AND DELETIONS

MOTION: Council Member Shepherd moved, seconded by Vice Mayor Scharff to continue Agenda Item No. 8 to September 17, 2012.

MOTION PASSED: 8-0 Burt absent

ACTION ITEMS

6. Public Hearing - Resolution 9273 entitled "Resolution of the Council of the City of Palo Alto Amending the Transportation Element of the Comprehensive Plan Incorporating the Bicycle and Pedestrian Transportation Plan and Approval of a Negative Declaration" (continued from May 21, 2012).

Mayor Yeh reported the Council would conduct a public hearing on approval of a Negative Declaration and adoption of a Resolution amending the Transportation Element of the Comprehensive Plan to incorporate the Bicycle and Pedestrian Transportation Plan (Plan).

Curtis Williams, Director of Planning & Community Environment advised the Plan was important for implementing the bicycle and pedestrian goals of the City and for qualifying for grant funds.

Jaime Rodriguez, Chief Transportation Official reported Staff held a series of community meetings to refine the Plan. Staff focused on collecting community input from the residents of south Palo Alto.

MINUTES

Staff held follow-up meetings with the Planning and Transportation Commission (P&TC), the Parks and Recreation Commission, and the Bicycle Advisory Commission. The Plan was built on the concept of five I's: integration, inclusion, innovation, institutional partnerships, and investment. Staff wanted to focus on east-west connections, recreational uses, education, benefits, and parking opportunities. The main concern for south Palo Alto residents was integration with Los Altos and Mountain View. Staff committed to introduce an element into the Safe Routes to School program regarding travel to schools in Los Altos. Initially, PABAC Palo Alto Bicycle Advisory Committee (PABAC) had concerns about emphasizing innovation too much; however, Staff felt it was important to maintain a strong innovation element within the Plan. Staff did not revise the toolkit. The Parks and Recreation Commission recommended adoption of the Plan, and subsequently considered an expansion of Beta Ridge Trail connections. The Parks and Recreation Commission was also interested in an additional connection to Matadero Creek and in methods to bisect the rail corridor. Community concerns were closing sidewalk gaps and the condition of streets. The Parks and Recreation Commission had a strong interest in establishing trails along levees throughout Palo Alto and a Safe Routes to Parks program. The P&TC had two main interests: 1) ensure projects had performance measurements, and 2) ensure the Plan addressed recommendations in the existing and future Comprehensive Plan. Staff measured each project against the five I's. A key change in the Plan since November 2011 was a connection from the Arastradero Preserve to the Baylands. Many concerns were expressed about the Page Mill Road to Interstate 280 area, because of high recreational use. The Plan would require an investment of \$35-\$40 million. Approximately \$10 million would be needed in the next five to ten years to perform feasibility studies. In the current fiscal year, more than \$1 million would be needed for improvements through the existing capital program and partnerships. Approximately \$1.5 million would be needed in fiscal year 2014 for an aggressive deployment of capital improvements. There were opportunities to transfer funds from previously collected traffic impact fees and to develop partnerships within the community.

Susan Fineberg, Planning & Transportation Commission, Vice Chair reported on March 28, 2012 the P&TC voted unanimously to recommend adoption of the Plan, and inclusion of the Plan in the Transportation Element of the next update of the Comprehensive Plan. The P&TC neither reviewed nor recommended action on the mitigated Negative Declaration as it was not prepared at the time of the P&TC meeting. Recent revisions of the Plan included strengthening southern connections, focusing on east-west connections, identifying sidewalk gap closures, and tightening connections with the Safe Routes to School program.

MINUTES

The Plan introduced a pedestrian element, helped to prioritize projects, qualified for grant funding, and guided decision making to better integrate bicycle and pedestrian accessibility throughout the City. It was consistent with and supported the goals of the other chapters of the Comprehensive Plan.

Deidre Crommie, Parks and Recreation Commissioner indicated the Parks and Recreation Commission was concerned with obtaining non-vehicle routes to parks and open spaces within the City. This Plan provided opportunities for these routes and connections. She asked that a process include updates to the Parks and Recreation Commission by the Transportation Division. The Parks and Recreation Commission strongly supported the Plan, with one member dissenting.

Public Hearing opened at 7:56 P.M.

Bob Moss stated the original proposal was to remove the barrier to the bike path at Matadero. The barrier was constructed on the bike path to prevent cars and motorcycles from using the bike path. If the barrier was removed, cars and motorcycles would again use the bike path and cause accidents. Another proposal was to install lighting along the bike path at Bol Park, which he did not feel was necessary. The Bike Boulevard at Matadero and Marguerite originally was proposed to interfere with traffic to and from Marguerite. The Bike Boulevard could be realigned to allow for both bike and vehicular traffic.

Robert Neff liked the Plan and its emphasis on connectivity. Many residents were not aware of bike paths, because there was no signage. He was enthusiastic about identifying routes and signing them. He encouraged the Council to accept and fund the Plan.

David Coale urged adoption of the Plan. Use of bikes was good for the planet by reducing global warming. He also urged the Council to fund the Plan.

Jeremy Shaw supported the Plan. He hoped the Council would fund the Plan.

Andrew Boone biked everywhere in Palo Alto, because it was the fastest and most convenient mode of transportation. Biking was not an alternative for most residents, because streets were not safe. The Plan did a good job of identifying routes. More people were biking and walking.

MINUTES

The problem was implementing the Plan; only 15 percent of the previous Plan was built. He asked the Council to appropriate at least \$1.5 million per year to implement the Plan, and to direct Staff to provide a status update every six months.

Pam Radin looked forward to implementation of the Plan. She thanked Staff for answering her questions and preparing a good Plan.

William Robinson stated PABAC was pleased to be involved with the project and would remain involved. PABAC provided free services to the City, and wished to continue providing these services. Improvements should be made in areas of use.

Irvin Dawid indicated the most important element was funding. He hoped the Council emphasized infrastructure improvements, and one of the easiest was bicycle parking. He urged the Council to be innovative. Cycling and walking benefited public health.

Penny Ellson agreed with Mr. Neff's comments regarding elements of the Plan. She thanked Staff for their outreach to the City School Traffic Safety Committee and for integrating the values of Safe Routes to School. She asked the Council to approve and fund the Plan.

Omar Chatty stated completing the Bay Area Rapid Transit (BART) corridor would complement bike trails. The City could negotiate funding with BART.

Public Hearing closed at 8:16 P.M.

Council Member Price noted many funding options were outlined, and asked if Staff was being aggressive in pursuing grants.

Mr. Rodriguez advised Staff had not been aggressive enough, because they were focused on developing the Plan. Staff was aware of grant opportunities through the Santa Clara Valley Transportation Authority (VTA), Metropolitan Transportation Commission (MTC), and the Federal Government. The Santa Clara County Board of Supervisors scheduled a meeting in August 2012 to consider funds from the Stanford Mitigation Fund.

Council Member Price inquired how Staff could be more aggressive.

Mr. Rodriguez felt Staff resources were limited with regard to writing grants and managing the projects. Staff had written four Requests for Proposals (RFP) for projects in the current fiscal year, but had not released the RFPs because of Staff limitations.

MINUTES

Vice Mayor Scharff noticed the bulk of the funding was for Across Barrier Connections (ABC). He asked for clarification on the location of the ABC Projects.

Mr. Rodriguez reported the main ABC project was the Adobe Creek-Highway 101 project at an estimated cost of \$8-\$10 million. The second ABC project was the Caltrain-Alma Street Project at an estimated cost of \$5 million. Another project at an estimated cost of \$3 million was improving or replacing the ABC at Palo Alto Transit Center at University. Upgrading the Matadero Creek ABC across Highway 101 would cost approximately \$1.1 million. A bridge crossing over San Francisquito Creek was in progress through a partnership with East Palo Alto. A crossing of San Francisquito Creek at Middlefield Road would cost approximately \$1 million. The Page Mill Road at Interstate 280 ABC could cost between \$25-\$30 million.

Vice Mayor Scharff inquired whether Staff planned to present a credible funding plan and timeline.

Mr. Williams expected to develop an implementation plan in the fall.

James Keene, City Manager, reported some funding was available from existing grants. Staff would be more aggressive in pursuing other grant opportunities, and would present recommendations regarding Stanford dollars. There was an opportunity to compete for county funding as part of the Stanford Agreement for the General Use Permit. The larger infrastructure funding discussion would be held in September.

MOTION: Council Member Espinosa moved, seconded by Vice Mayor Scharff to adopt Staff recommendation and adopt the Negative Declaration and the Resolution amending the Transportation Element of the Comprehensive Plan to incorporate the 2012 Bicycle and Pedestrian Transportation Plan. Furthermore, Staff is to provide updates on the incorporation of the plan every three months as an information report, and every six months for Council approval. Staff is to return to Council in the fall with different funding options and a timetable.

Council Member Espinosa said Staff had worked hard to incorporate community feedback into the Plan. He asked for Staff's thoughts regarding regular updates concerning funding and implementation.

MINUTES

Mr. Rodriguez wanted to provide regular updates to the Council and the community. He suggested an informational report every three months with an approval report on the Council Agenda every six months for the first two to three years.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to provide updates on the incorporation of the plan every three months as an information report, and every six months for Council approval.

Council Member Espinosa inquired about obstacles such as funding, staffing, and partnerships to implementing the Plan.

Mr. Rodriguez felt the main barrier was funding, followed by street readiness and safety. The best investment would be to strengthen the process through the CIP street resurfacing program.

Mr. Williams indicated a professional full-time person devoted to managing and advocating for the project was needed to accelerate implementation. Otherwise, Staff time would be diverted to other projects.

Council Member Espinosa inquired whether the Plan would provide regional and national leadership.

Mr. Rodriguez answered yes. If the City implemented the Plan, it would be a leader regionally and nationally in the implementation of bicycle projects. Palo Alto was posed as a leader due to the existing street grid and bicycle programs.

Casey Hildreth, Alta Planning and Design stated the Plan would provide leadership regionally and nationally. The Bike Share program would promote and mainstream bike use. Palo Alto had a high rate of cycling across a broad spectrum of people, which was a key indicator of Palo Alto being a leader.

Vice Mayor Scharff felt implementing the Plan would increase the quality of life in Palo Alto. He asked if Staff could present funding options and timelines when they returned to the Council in the fall.

Mr. Williams felt that was appropriate. Staff could present that information after discussion of infrastructure and Stanford funds. He liked the concept of presenting options.

MINUTES

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to return to Council in the fall with different funding options and a timetable.

Council Member Schmid felt outreach had generated enthusiasm and support from the community. This Plan was different from the 2003 Plan, because it included pedestrians. However, at points it looked to be a bicycle plan. In order to obtain community funding, the Plan should reach diverse groups. Access routes, bridges, and tunnels could sell funding to the public, because they indicated the Plan was designed for more than cyclists. The California Department of Transportation had funds available and waiting for Palo Alto. The Santa Clara Valley Water District had a plethora of funds for pathways along creeks. Projects for the current and following years included designs for critical elements and access points, which would create the possibility for funding and public participation. The Council should focus on funding those projects that could be implemented and develop options to include the widest range of the public.

Council Member Shepherd felt the Plan was viable, because of the relative flatness of the City. She asked for an update regarding signage.

Mr. Rodriguez reported signs were currently being made, and installation should be complete in July 2012. That was funded through a grant. If the Council was interested, Staff could accelerate the signage projects.

Council Member Shepherd inquired about communication of bicycle, pedestrian, and vehicular etiquette.

Mr. Rodriguez indicated that was addressed through the Safe Routes to School program. The Safe Routes to School program was being utilized to establish an adult program to educate parents. Marketing was needed to develop materials, brand elements in Palo Alto, and build the message of rules of the road.

Council Member Shepherd suggested working with institutional partners to share the message.

Mr. Rodriguez indicated Staff was working on a City-wide transportation survey to determine baseline information. Staff would receive more information to understand how to market to the community.

Council Member Shepherd believed residents could travel many places in Palo Alto, because the land was flat.

MINUTES

Council Member Holman was pleased the Parks and Recreation Commission had participated in the process. Biking and walking would benefit the health of community. She inquired whether the Santa Clara Valley Water District would now fund connecting trails.

Mr. Rodriguez replied yes. If the City performed the initial feasibility work and developed a Memoranda of Understanding, then it could compete for Water District funding. That explained Staff's recommendation to fund the Adobe Creek Reach Trail Phase 1 in the current year and the Matadero Creek Trail in the following year.

Council Member Holman asked if the Adobe Trail was along Sterling Canal.

Mr. Rodriguez indicated the Adobe Trail traveled along Barron Creek and extended to Greer Park.

Council Member Holman inquired whether Staff had considered incorporating the spine road to Research Park.

Mr. Rodriguez reported Staff had discussed that with residents of the College Terrace community, and had committed to developing some preliminary concepts of a spine road. It was not appropriate to include that in this Plan, because no feasibility studies had been performed. He hoped to include that in a minor update to the Plan in three to five years.

Mr. Williams stated Staff would have more discussions with residents and Research Park companies over the next three to six months. Staff wanted to present a program before the Housing Proposal occurred.

Council Member Holman asked whether the funding options presentation would include necessary resources for Staff.

Mr. Williams answered yes.

Council Member Holman noted Map 6-2 had errors, and asked if she should follow up with Staff.

Mr. Williams suggested Council Member Holman provide that information to him, and he would make the necessary corrections in the final version.

Mr. Rodriguez indicated Staff would not prepare the final draft for a few weeks to provide Council Members time to make corrections.

MINUTES

Mayor Yeh felt the presentation reflected Staff's responsiveness to Council comments. The Plan integrated many different perspectives. He asked PABAC, Silicon Valley Bike Coalition, P&TC, and Parks and Recreation Commission to designate one person dedicated to the creation of a Friends of Palo Alto Bikes. Expediting funding of the Plan would be driven by public-private partnerships. The City would focus on funding feasibility studies, and the private partner would fund construction. Having a private partner willing to raise funds for bike projects would facilitate the prioritization of funding for bike projects.

MOTION PASSED: 8-0 Burt absent

7. Public Hearing: Review of Draft 2007-2014 Housing Element and Authorization to Submit to the State Department of Housing and Community Development (HCD).

Curtis Williams, Director of Planning & Community Environment reported the draft Housing Element covered the time period 2007-2014. Staff expected to begin preparing the next cycle Housing Element in a year or so. It was important to move forward with the Housing Element to achieve State Department of Housing and Community Development (HCD) certification. State law required each city to update its Housing Element every five years. In reality the Housing Element generally was updated every seven years. It was the only element of a Comprehensive Plan requiring the State to review and approve that element. The objective of the Housing Element law was to ensure each city provided its "fair share" of housing, including affordable housing, and had zoning laws to accommodate the fair share allocation. The law did not require the City to produce units; that was a market factor not under the City's control. The One Bay Area Grant Transportation program required Housing Element certification to obtain transportation funding. A number of housing grants also required certification. Some legal vulnerability was associated with not having a certified Housing Element. The State could require a city to carry over units from one cycle to another, if a city did not provide adequate sites and zoning to accommodate the fair share housing. In instances of litigation, the State could impose certain conditions until the Housing Element was certified. These conditions included suspension of issuance of building permits, suspension of authority to grant approvals, and mandating approval of specific housing projects. Staff believed the draft Housing Element met the Council's goals, worked from existing zoning and approvals, and minimized the need to rezone sites for housing while achieving the desired numbers.

MINUTES

Council goals were to locate potential housing sites within a half mile of transit stations; to exclude R-1, R-2, and RMD housing sites; to focus on existing sites zoned for housing or mixed use located within a half mile of transit and services; and, to focus on smaller units including senior housing. The first section of the Housing Element discussed housing needs and demographic data. Other sections discussed policies and programs related to housing. The Housing Inventory Sites required the City to indicate sites zoned appropriately to accommodate allocated housing units. The Housing Inventory Sites list was consistent with the Council criteria not to rezone; however, some incentives allowed smaller units to achieve somewhat higher densities. Staff considered sites not redeveloped or significantly remodeled within the last 20 years and located on lots of 10,000 square feet or larger. Staff modified the list based on input from the Regional Housing Mandate Committee (RHMC). The allocation from the Association of Bay Area Governments (ABAG) for the 2007-2014 time period was 2,860 units. The City was in the process of entitling, 1,192 units and identified sites with a potential for 1,800 units. That would provide slightly less than 3,000 housing units, but somewhat more than the 2,860 units required. Staff began with 959 units that had been built or were under construction; 233 units that were in the entitlement process; 331 units that were zoned for multi-family housing (not including zoning for single-family or duplex housing); and, 1,340 units that were zoned generally for commercial use but allowed some residential use. At the suggestion of the RHMC, Staff added hotel condominium units which were allowed under zoning laws. Approximately 80 percent of the policies and programs in the Housing Element were carried over from the previous Housing Element. Another 20 percent were deemed to be obsolete in some way. The changes focused on providing incentives for housing production under existing zoning laws and emphasizing higher density and smaller units near public transportation. One program developed by the Planning and Transportation Commission (P&TC) prior to RHMC review, would provide an incentive of expedited site and design review for projects of nine or fewer units on a mixed use project. This program applied only to lots less than half an acre and units smaller than 900 square feet. The P&TC recommended a program for 185 potential housing units located on parking lots in the Downtown and California Avenue areas, provided there was no loss of parking. That program was deleted by the RHMC. Language was revised concerning the height limit. A few programs originated in prior Council deliberations regarding below market rate (BMR) housing and some changes as to how and when to apply that. The P&TC conducted two meetings on the draft Housing Element and provided comments on technical sections and input to the programs. The P&TC recommended that the Council forward the draft Housing Element to the HCD.

MINUTES

On June 14, 2012 and June 26, 2012, the RHMC discussed the draft document and made several changes and recommendations for changes. Some of the main changes were to encourage production of affordable housing and conversion of multi-family units to affordable units. Staff added a policy statement relative to strengthening the protection and transitions to R-1 and other low density neighborhoods. There was a desire to ensure full site and design review by the Architectural Review Board (ARB), P&TC, and the Council for smaller sites proposed to exceed the 50 foot height requirement. The RHMC recommended removing the City parking lots from the Housing Inventory Sites list; Staff had removed them. The parking lot site next to the Creekside Inn was on the list, and the RHMC recommended deleting those units. Staff found a few other sites that could meet the criteria and added the hotel condominiums as potential housing locations. The last RHMC recommendation was not to allow mixed use at grocery store locations, unless the grocery store was retained at that same size. The RHMC requested Staff develop an overlay assuring that grocery stores would be protected and housing not allowed on those sites unless a grocery store at that size was retained. There were other language changes to the text, which were included in Attachment A to the Staff Report. If the Council directed, Staff would submit the draft to the HCD. The State had 90 days to review the draft and provide comments. At some point, Staff would initiate an environmental review process while responding to HCD. Staff would return to the P&TC, RHMC, and the Council with the Housing Element for adoption, hopefully prior to year end. Staff recommended the Council authorize submittal of the document to HCD for review. Staff would return at a future date with a document for adoption.

Susan Fineberg, Planning & Transportation Commission, Vice Chair reported the P&TC reviewed the various components of the Housing Element. The final review of the completed draft was divided into two public hearings. On April 11, 2012 the P&TC focused on the goals, policies, and programs. The P&TC recognized that it was important for the Housing Element to be reviewed and adopted with due speed. The P&TC identified four programs that were problematic, and asked Staff to work with the P&TC Housing Element Subcommittee to address comments and return with revised language on May 8, 2012. On May 9, 2012, the P&TC focused on technical Chapters 1-4 and reviewed the revised program language for the four programs. After review and discussion, the P&TC recommended that the Council forward the draft Housing Element to the HCD for compliance review. The P&TC voted 5-0-1, with Commissioner Michael abstaining.

Council Member Schmid advised that RHMC goals were to identify units that qualified as affordable housing units and to encourage the conversion of multi-family units to affordable housing where appropriate.

MINUTES

The RHMC wanted to strengthen the protection for existing R-1 and low density neighborhoods, because of the density implied by some developments. It was premature to turn City parking lots into multi-unit housing; therefore, the RHMC removed parking lot totals from the list. The Creekside Inn threatened the viability of a small hotel located in Palo Alto, so the RHMC removed that as well. To compensate for the loss of housing units, the RHMC included new hotels on the list for the Housing Element. The RHMC initiated a grocery overlay that mixed use was possible on the properties of grocery stores, but that the existing square footage of the grocery site had to remain. There were some changes in language specifically around senior housing that was in Appendix A. There was a further addition to the introduction regarding ABAG's over-projection of population in the Bay area. That was an important statement to ensure review of demographic assumptions for the next housing allocation. The RHMC recommended review and approval of the Housing Element for submission to HCD.

Public Hearing opened at 9:36 P.M.

Jeff Rensch read a portion of a letter from the League of Women Voters of Palo Alto. He asked the Council to read the full letter provided in the Packet.

Bob Moss found some inconsistencies in the Housing Element. Property located at 3972 El Camino Real and 3707 El Camino Real contained less than 10,000 square feet. Access to 587 Maybell Avenue was along congested streets, and would create more congestion. Removing 587 Maybell Avenue and 3972 El Camino Real from the list would result in a total of more than 2,900 units, still more than the number of units needed. He was unsure what Policy H1.4 meant by an appropriate transition between new developments and R-1. The City Council had made it clear they wanted to protect the R-1 zone.

Irvin Dawid felt RHMC suggestions added more qualifications for sites. The Council should be more open to things the community may not like. Affordable housing was not popular with the community. The Council was considering a planning document, not considering proposed buildings at those sites. If and when a developer proposed a building project, then the Council could discuss it.

Adam Montgomery represented the Silicon Valley Association of Realtors. Policy H3.1.2.1 would associate the inclusionary zoning mandate to zoning, not the number of units built. That was a major policy change. The inclusionary zoning mandates under current case law could not apply to rental housing.

MINUTES

Over a long period of time, there would be less incentive to construct ownership housing compared to rental housing. It should be considered as part of the Housing Element constraints.

Public Hearing closed at 9:47 P.M.

Council Member Klein noted a general statement criticizing ABAG's numbers and methodology, and suggested a paragraph stating the City did not agree with the ABAG process. He asked if the City Attorney agreed with that.

Cara Silver, Senior Assistant City Attorney indicated Staff could add some language either in the Housing Element or in the cover letter to HCD.

Mr. Williams offered the language that the City had concerns.

Council Member Klein wanted the language to be stronger than merely concerns. The City had firmly opposed the process through the years. The language should indicate the City was using the process only because it was a requirement.

Mr. Williams indicated Staff would do that at the Council's direction.

Council Member Klein felt the last paragraph on page 283 regarding vacant parcels was not true.

Mr. Williams reported the statement was certainly not true when the Foothills and Baylands were included, and Staff would clarify that. The intent was not to include dedicated parklands.

Council Member Klein believed development costs had not continued to increase as indicated on page 284. Contracts reviewed by the City had shown a decrease over the last several years.

Mr. Williams suggested rewording the statement to indicate costs were high; therefore, it was difficult to provide affordable housing.

Council Member Klein noted the RHMC rejected the idea of using parking lots, and asked whether that should be studied for the next cycle of the Housing Element.

Vice Mayor Scharff believed the City should not consider parking lots at any time. The Housing Element probably contained more inaccuracies. The goal was to receive HCD certification, and then to review the document in depth.

MINUTES

The RHMC recommended eliminating parking lots without a discussion of whether or not it was premature. If that was an issue, it could be discussed at a later time.

Council Member Klein inquired whether use of parking lots was premature or not to be considered at any time.

Council Member Schmid indicated the vote was to eliminate it from this Housing Element.

Council Member Klein asked if Staff had tested the revised BMR calculation on actual projects.

Mr. Williams answered no. That was a Council directed change to the BMR policy. Staff had not prepared a new analysis. Changing the threshold from five to three units also came from Council discussions.

Council Member Klein expressed concern that it would have unintended consequences.

Mr. Williams felt it was a complex issue that constrained Staff and the Council. The RHMC touched on the issue briefly, but did not make a change.

Council Member Klein referenced page 294 regarding resource impacts, and inquired about the amount of State funding provided to the City in recent years.

Mr. Williams reported one housing developer was denied a \$1 million grant, because the City did not have a certified Housing Element. The developer managed to fund the project, most likely because the City made up that difference. Staff was beginning to see the potential impacts of transportation grants, and estimated impacts could be \$500,000 annually on average without a certified Housing Element.

Council Member Klein inquired where the units in paragraph B on page 280 were located.

Mr. Williams indicated 82 units for the 195 Page Mill Road Project were recently approved. The 801 Alma Street Project may have been in process at that point as opposed to entitled.

Council Member Klein advised the 271 housing units in process was inconsistent with the 233 housing units in process indicated in Attachment B. He asked whether they should be the same number.

MINUTES

Mr. Williams suggested the difference probably resulted from units for the Tree House project shifting from one category to another, but he would research that.

Council Member Klein asked Staff to explain carry-over of units from this cycle to the next.

Mr. Williams explained having a certified Housing Element meant the City had accommodated zoning for housing and, whether or not the units were built, units did not carry over. If the City did not have a certified Housing Element, units that were in the very low, low, and moderate categories and that were not zoned or built were carried over.

Council Member Klein assumed the City would have a certified Housing Element.

Mr. Williams indicated if the City had a certified Housing Element, then units were not carried over.

Mr. Keene stated they would be included in the new base.

Council Member Klein posed the scenario of a certified Housing Element for the City, an allocation of 2,976 for the current cycle, only 1,500 units of the required 2,976 constructed during the cycle, and an allocation of 3,000 housing units for the next cycle. He asked whether the City would need to find 1,500 units (3,000 units allocated less 1,500 units carried over) rather than 3,000 units for the next cycle.

Mr. Williams answered yes.

Council Member Schmid reported the RHMC voted to deliver a new Housing Element to the Council within two years.

Council Member Klein inquired how Staff determined the facts presented on page 296 in the last sentence regarding overcrowding.

Mr. Williams reported the paragraphs above that contained an analysis based on census information. Based on that analysis, the City's rate for overcrowding was lower than the State's, County's, Menlo Park's, and Mountain View's rates.

Council Member Klein suggested the sentence beginning paragraph 4 on page 297 should be rewritten.

MINUTES

Mr. Williams indicated Staff would clarify the information.

Council Member Klein felt the last sentence in that paragraph stated the obvious.

Mr. Williams advised Staff would revisit that sentence.

Council Member Klein asked for the status of the vacant property between Palo Alto Square and McDonald's.

Mr. Williams asked if it was the triangular parcel that fronted on El Camino Real

Council Member Klein answered yes.

Mr. Williams stated Staff had included a parcel there zoned RM-15. Staff would confirm they were the same parcels and, if not, review the parcel.

Mayor Yeh suggested a potential Motion including proposed edits should be written.

Vice Mayor Scharff reported the RHMC discussed the need to submit the Housing Element in a timely manner in order to receive certification. The RHMC discussed submitting the Housing Element without raising issues and without revising the entire document. In preparing the Housing Element for the following cycle, Staff and the RHMC would review the document in depth. He agreed with Council Member Klein's sentiments regarding ABAG's process, but expressed concern that including such language would create delays in certifying the Housing Element.

Ms. Silver stated Staff could insert language that would preserve the argument without raising issues.

Vice Mayor Scharff assumed a Motion would not need to propose specific language but simply direct Staff to include language to that effect.

MINUTES

MOTION: Vice Mayor Scharff moved, seconded by Council Member Shepherd to: 1) authorize Staff to submit the draft 2007-2014 Housing Element to the State Department of Housing and Community Development for review; 2) include that the City of Palo Alto does not agree with the ABAG process, and 3) remove Program H3.1.2 paragraph; "Evaluate revising the BMR calculation to base the required number of BMR units on maximum density allowable on the site rather than the total number of proposed units in the development."

Vice Mayor Scharff noted the RHMC could have spent more time on this document, but time was limited. He wanted to see the RHMC and the Council receive regular updates,, and have it completed within two years.

Council Member Shepherd felt residents were opposed to the Housing Element concept; however, regulations required it. The Council had objected to the Housing Element over many years. She asked the City Attorney to provide more details regarding the Menlo Park litigation.

Ms. Silver reported the Menlo Park situation was a serious lawsuit for cities throughout California. It had been heavily reported and served as an example of one of the worst case scenarios. Three housing advocacy groups sued the City of Menlo Park, and used the Facebook development project as leverage for a settlement. As part of the settlement, Menlo Park had to pay \$1 million in outside consulting fees to develop a Housing Element in a short timeframe and pay attorneys' fees to the law firms that brought the lawsuit. The most serious ramification in the settlement outcome was a carry-over impact. Menlo Park had to provide sites for the current cycle of 2007-2014 as well as sites for one or possibly two cycles.

Council Member Shepherd felt the RHMC's attention to detail resulted in significant changes to the proposed document. With regard to the site and design review for projects exceeding 50 feet, she suggested including a standard process of presenting these projects to the Council in a Study Session.

Mr. Williams explained the Council would need to amend zoning to allow heights above 50 feet, which would require Council review. A planned community project required a design review as well. Neither of those scenarios necessarily required a preliminary review, but that was outside the Housing Element process.

Council Member Holman agreed with Vice Mayor Scharff that the RHMC could have spent a great deal of time reviewing the Housing Element.

MINUTES

She referenced Program H2.1.1 on page 285, and inquired whether increased heights would occur due to height exceptions and the density bonus law.

Mr. Williams noted the P&TC modified language that incentives needed to be developed in concert with a Density Bonus Ordinance. Staff was developing an Ordinance to address the density bonus provisions of State law and indicate where construction could occur. It would be considered one package, and would not double the effects of an increase in density.

Council Member Holman looked forward to reviewing the density bonus regulations.

Mr. Williams indicated Staff added language from Program H3.1.6 in a few policies and programs, so that construction was consistent with the Ordinance.

Council Member Holman noted the RHMC recommended encouraging the conversion of existing multi-family units to affordable units, because up to 25 percent of the housing allocation could be accomplished through existing units.

Council Member Price inquired whether Staff had performed any analysis of the feasibility of converting multi-family units to affordable housing.

Mr. Williams did not know the feasibility with respect to number of units. The Palo Alto Housing Corporation received funding to purchase a site and convert six units on Alma Street. The Palo Alto Housing Corporation also purchased property on El Camino Real and was considering a similar project. Apparently conversion could be feasible for a non-profit housing developer in limited circumstances.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to revise the verbiage in Program H3.5.1 paragraph to change "church" to "religious institutions".

Council Member Price felt the program related to public facilities zoning districts should be retained in the Housing Element. The PF zone and the City parking lots were located near transportation corridors, retail services, and support services and often adjacent to Downtown areas. They were perfect sites for residential development. The original program made a clear statement that the City was retaining existing parking while maintaining the potential for additional housing capacity.

MINUTES

These kinds of sites fit the opportunities of public-private partnership and transfer of development rights. The Council would be unwise to delete that language and that program from the draft Housing Element. The Council would constrain opportunity when a variety of housing types at different costs was needed to have a diverse community. She would not support the original Motion that deleted that particular program.

Council Member Espinosa recalled the ARB planned to review the 50-foot height limit, and asked for a status update.

Mr. Williams reported the ARB discussed it briefly at a retreat, but had no action. A joint session with the P&TC and the ARB was scheduled for late August 2012, and the height limit was an item on the Agenda.

Council Member Espinosa inquired whether Staff had any indication of action the ARB might take and how it would impact the Housing Element.

Mr. Williams speculated that the ARB would support moving in that direction and the P&TC would discuss narrowing site locations.

Council Member Espinosa asked if Staff was implementing mechanisms to ensure future Housing Elements were drafted without delay.

Mr. Williams reported Staff would draft future Housing Elements more quickly, because the data analysis had been performed, the Regional Housing Needs Assessment (RHNA) number would be lower, and the City had potential sites for increased housing density that were not incorporated in the current Housing Element. Staff had a base of data and housing sites to work with and Comprehensive Plan exercises that would allow them to move quickly.

Council Member Espinosa was interested in reviewing the timeline for drafting the next Housing Element. Establishing permanent emergency shelters in each church within a year was not possible. He suggested that should be a goal rather an expectation.

Council Member Schmid felt many sites identified in the Housing Element had the words existing commercial use. Mixed use meant the goal was to supplement the existing use with housing. Retail uses were difficult to include in mixed use projects. His concern was in transforming the houses there might be mixed use with office but retail mixed with housing would be difficult to sell. He asked if there was a protection that could guarantee the amount of existing retail would be protected.

MINUTES

Mr. Williams noted this was discussed in the Zoning Ordinance update regarding establishing commercial zones with mixed use. A certain amount of ground floor retail was required to have mixed use.

Council Member Schmid asked whether it was retail or commercial use.

Mr. Williams stated it generally was not office. It was generally retail, personal services, restaurant, and that type of establishment in most zoning.

Council Member Schmid inquired if most of these properties would have a guarantee.

Mr. Williams indicated a guarantee of 0.15 to 0.25 floor area ratio (FAR). It was difficult to move beyond the City's minimum requirement.

Council Member Schmid noted concern that neighborhood serving retail in the South of Forest Avenue Phase II (SOFA 2) area was being replaced by office space.

Mr. Williams reported some areas of SOFA 2 had a retail requirement on the ground floor. Those areas without a retail requirement had been transformed. Having the potential for residential above would help financially to provide retail on the ground floor.

Council Member Schmid advised economically the incentives were weak. He asked if Staff could estimate the share of neighborhood serving retail in mixed use.

Mr. Williams did not have that information available.

Council Member Schmid expressed concern that people were moving into neighborhoods where the amount of retail space was declining.

Mr. Williams indicated retail was not effective in all locations. Many factors had to be considered when determining where retail space should be located as opposed to requiring a minimum amount of retail space.

Council Member Schmid did not want to create neighborhoods that were car dependent for services. He asked if Staff felt the amount of retail in these neighborhoods was guaranteed.

Mr. Williams did not believe it was guaranteed, but the Housing Element would not change it. Office conversion rather than housing was driving out retail.

MINUTES

Council Member Klein did not agree with comments regarding submitting the Housing Element with errors; that undermined the City's credibility. He agreed that parking lots should not be omitted from future Housing Elements. The Council should carefully consider the need for a grocery overlay.

Council Member Holman understood from Palo Alto Housing Corporation that often times converting existing housing was less expensive than building new housing. Affordable housing developers could sometimes buy at advantageous prices compared to market prices. She supported Council Member Schmid's comments regarding the loss of retail space. Many sites had 100 percent ground floor retail. When implementing the Housing Element and Zoning Ordinance, the City could lose a substantial amount of retail space to office space.

Mayor Yeh suggested including a sub-regional approach in the background areas of the Housing Element, because the current model was a regional consideration of housing. He asked whether there was value in considering a sub-regional approach, and asked for Staff's opinion of including language in the current Housing Element.

Mr. Williams indicated Staff could include language regarding the City's interest in a sub-regional approach. It would not make a difference in the current Housing Element, because the numbers had been generated for the next Housing Element.

Mayor Yeh was interested in Palo Alto being a leader of a sub-regional discussion. Having language referring to a sub-regional approach in two consecutive Housing Elements would help the City's cause. He suggested including the language in Program H2.2, page 13 of the Housing Element.

James Keene, City Manager, advised having an affirmative statement regarding the sub-regional strategy would be positive concept.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that the City of Palo Alto is interested in participating in a sub-regional approach.

Mr. Keene understood this would be a general policy statement. The enumerated modifications to the Amendment addressed policy, except for the substitution of religious institution for church. Staff would make the remaining corrections.

MINUTES

Vice Mayor Scharff assumed Staff would review the document in detail and make corrections prior to submitting the document.

Council Member Price recalled San Mateo County had a different process that was county wide. She supported a sub-regional approach.

MOTION PASSED: 7-1 Price no, Burt absent

~~8. Public Hearing: Adoption of a Resolution of the Council of the City of Palo Alto Approving the 2012 Rail Corridor Study Report and Amending the Transportation Element of the Palo Alto Comprehensive Plan to Incorporate Certain Findings of the Report (continued from June 15, 2012) (Staff requests to continue this to September 17, 2012).~~

ADJOURNMENT: The meeting was adjourned at 11:03 P.M.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.