

Special Meeting
March 5, 2012

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:30 P.M.

Present: Burt, Espinosa, Holman, Klein, Price arrived @ 5:38 P.M.,
Scharff, Schmid, Shepherd

Absent: Yeh

CLOSED SESSION

1. CONFERENCE WITH CITY ATTORNEY—POTENTIAL LITIGATION
Significant Exposure to Litigation Pursuant to Subdivision (b) of
Section 54956.9 (One Potential Case, as Defendant).
Communications and Power Industries: Amortization Study
- 1A. CONFERENCE WITH LABOR NEGOTIATORS
City Designated Representatives: City Manager and his designees
pursuant to Merit System Rules and Regulations (James Keene,
Pamela Antil, Dennis Burns, Lalo Perez, Joe Saccio, Sandra Blanch,
Marcie Scott, Darrell Murray)
Employee Organization: Palo Alto Police Officers Association (PAPOA)
Authority: Government Code Section 54957.6(a)
- 1B. CONFERENCE WITH LABOR NEGOTIATORS
City Designated Representatives: City Manager and his designees
pursuant to Merit System Rules and Regulations (James Keene,
Pamela Antil, Dennis Burns, Lalo Perez, Joe Saccio, Sandra Blanch,
Marcie Scott, Darrell Murray, Alison Neufeld)
Employee Organization: International Association of Fire Fighters
(IAFF), Local 1319
Authority: Government Code Section 54957.6(a)

03/05/2012

The City Council reconvened from the Closed Session at 7:00 P.M. and Vice Mayor Scharff advised Agenda Item No. 1 would be continued to a date uncertain, and there was no reportable action for Agenda Item Nos. 1A and 1B.

SPECIAL ORDERS OF THE DAY

2. Adoption of a Resolution 9232 Expressing Appreciation to Kenneth M. Denson Upon His Retirement.

Council Member Espinosa read the Resolution into the record.

MOTION: Council Member Espinosa moved, seconded by Council Member Schmid to adopt the Resolution expressing appreciation to Kenneth M. Denson upon his retirement.

MOTION PASSED: 8-0 Yeh absent

Kenneth M. Denson said in his 31 1/2 years working for the City there had not been one day that he did not enjoy going to work, because he loved his job. He said his career was challenging and rewarding. He was privileged to be part of a team that achieved success that they could all be proud of.

Zack Perron, Palo Alto Police Lt. on behalf of Chief Dennis Burns thanked the Council for recognizing Lt. Denson for his 31 years of service with the City. He stated the Police Department was in a time of evolution and change. There had been a remarkable loss of institutional knowledge and experience within the ranks due to recent retirements. He reported Lt. Denson, as his remarkable professional resume suggested, was a shining example of that loss and the Police Department would greatly miss his experience, his knowledge, his loyalty and most of all his sense of humor. He stated Lt. Denson always represented the Department and the City with the utmost professionalism. On behalf of Chief Dennis Burns, the Department wished him all the best in retirement.

3. Adopt a Village & Free the Children Community Service Project Presentation by Jordan Middle School Leadership Team.

Jordan Middle School 6th grader, Sydney Antil, and teacher Cindy Pappas gave a short overview presentation of the Leadership Team's annual service project – Adopt a Village/Feed the Children. The middle school will be organizing several community events to raise \$5000 by the end of the school year to donate to the Adopt a Village organization to assist a village in Ecuador.

STUDY SESSION

4. Presentation from SAIC Energy, Environment & Infrastructure Regarding Utilities Department Organizational Assessment.

SAIC has been retained by the City to complete an Organizational Assessment of the Utilities Department. The work is being done by SAIC which is a Fortune 500 company with 41,000 employees in 450 offices worldwide generating \$11.1 billion in revenue in FY11. The approach they are taking to the Scope of Work includes:

1. Completing a Current Needs and Services Assessment
2. Completing an External Needs Assessment
3. Doing a Cost Assessment of the Operations
4. Analyzing Alternative Service Delivery Methods
5. Making Recommendations to the City based on this work

Recent projects where they have completed such assessments include: Brownsville Public Utilities, Texas, Lafayette Utilities Systems, Louisiana and Pasadena Water and Power, Pasadena, California. The approach they take is to look at the Utility from a systems view including starting with the current organizational structure and processes, personnel skills and capabilities, cost requirements and structure, looking at the culture and then the strategic planning of the organization. One tool they use to do this work is a cultural assessment tool (CAT) which evaluates the current organizational culture. They also use a Workload Forecasting Tool (WFT) to provide a quantitative assessment of workload and staffing. They are currently doing the Situational Analysis work, next they will do the Alternative Service Delivery Methods work and then the Organizational Options work. The project is expected to be completed in late May early June. There will be future presentations to the City Manager, Utility Advisory Commission (UAC) and City Council.

CITY MANAGER COMMENTS

City Manager, James Keene reported the Council had on its Closed Session Agenda a discussion related to the Communications & Power Industries (CPI) business adjacent to the Barron Park neighborhood, but the Council did not take up that matter and continued it to a date uncertain. He stated the next step as a City would be to schedule a regular Agenda Item for open discussion by the Council on matters related to CPI, rather than a Closed Session. He knew there had been many questions about the Magical Bridge design. He reported there would be a community meeting to review the initial design concepts on Saturday, March 17th, from 11:00 a.m. to 1:00 p.m., at the Cubberley Community Center in Room M2. He stated the community was encouraged to attend.

ORAL COMMUNICATIONS

Catherine Martineau reported the Arbor Day Festival on March 10, 2012 in Palo Alto was an opportunity to learn about and to celebrate trees in the community. She stated this year would mark the 100th anniversary of National Arbor Day.

Arthur Liberman wanted to talk about electroplating. He indicated CPI said it needed to use plating to manufacture vacuum electronic devices. CPI used materials for the electroplating, particularly cyanide and acids, that were nasty. He said they didn't belong anywhere near a residential zone, because the chemicals were corrosive, water reactive, highly poisonous, and vapor could permanently damage the respiratory system and could cause death. He reported the concentration of hydrogen cyanide inside a two-story house at 100 feet would be lethal, and there were houses within 100 feet.

Mark Georgia lived directly across the street from CPI. He noted over the years he had had numerous occasions to contact CPI and the Fire Department regarding noises, odors that smelled toxic and other urgent matters. He stated the lack of onsite capacity of CPI to handle an emergency disturbed him. He said it was time that the City stepped up and remedied the situation that threatened their food, their family and their neighborhood. He stated one of the highest priorities of City government was to provide for citizens' safety and welfare.

Jeff Dean stated he lived next to CPI. He noted CPI operated a plating shop on the second story of a building that overlooked their neighborhood. He stated CPI handled large quantities of hazardous materials in this facility. He reported he and his neighbors had been asking the City for over six years to better protect them from an accident or release of toxic chemicals, but they were still awaiting a solution. He said things changed in 2006 when an accident at CPI released nitric acid fumes over their neighborhood. He stated because of their proximity to CPI, there simply wasn't sufficient time for emergency personnel to respond to an accident. He indicated they had had numerous meetings with the City and with CPI, and some changes had been made. He understood that risk could never be eliminated; however, CPI's changes had not addressed the fundamental issues and had not significantly reduced the risk. He reported they had no evidence that CPI could manage a serious accident, such as a major earthquake. He did not believe that CPI could safely operate a plating shop in this location as the facility was too close to their homes.

Douglas Moran spoke for the Board of the Barron Park Association. He urged an accelerated amortization of the hazmat operation at CPI. He noted the Barron Park neighborhood was already an established neighborhood when the Stanford Research Park was created, and two-thirds of the

properties on Chimalus had homes on them in 1950. He noted the major expansion mentioned earlier happened in 2004 which greatly increased the risk. He reported that, even if a simple alarm did sound, there were situations where it was best to shelter in place and other situations where it was best to run. He was aware that CPI had substantially reduced the amount of hazardous materials stored onsite by having more frequent deliveries. He stated transportation and transfer of materials carried their own risk of accidents.

Cedric de La Beaujardiere spoke regarding the value of the compost permit. He wanted to call to the Council's attention some recent corrections made to the feasibility study, in which some missing costs of over \$1 million a year for the export cases were corrected. He indicated there were three alternatives in the feasibility study: alternative 1 had local handling and composting of all organic wastes; and alternatives 2 and 3 would export the yard and food waste. Several months ago he found and informed Staff that there was an error missing in alternatives 2 and 3 in which the cost of dealing with the solid residuals left over from digesting the sewage waste was not accounted for. With the passage of Measure E, the Council had allocated money to study the next steps and a timeline and a process for moving forward, and Staff took the opportunity to correct some of these errors in the study. He noted the cost of the export alternatives increased by about 25 percent, equating to about \$20 million over a 20-year period, net present value. As the studies progress, he thought the Council would find that alternatives which handled all organic wastes locally would help not only the environment, but also save the City money. He reported alternative 1A, which was closest in cost and concept to the proposal that they were currently advocating, would be local digestion of our organic wastes and composting and would save the City approximately \$40 million over 20 years compared to the alternatives of exporting waste. He indicated he also lived in the Barron Park neighborhood and supported the Council's efforts to make these chemical facilities as safe as possible.

Michael Adar stated he lived on Chimalus and was a neighbor of CPI. He wanted to point out that CPI seemed to have been successfully luring the City to convince everybody that the problems were smaller than the community was making them, and that everything was under control. He knew that was not true because it was demonstrated by an accident in 2006. He indicated a new company applying for a permit today to put such a factory so close to houses would be rejected. He reported the permit would be rejected on the basis of incompatibility, and that incompatibility needed to be solved now with a proper amortization of the investment in the shortest time possible to stop the use of dangerous chemicals next to houses.

Kris Deiglmeier, Executive Director of the Center for Social Innovation at Stanford, stated she lived on Chimalus with her family. She indicated her home was right behind CPI. She was also deeply familiar with the role that government played in building a just, sustainable and healthy community, and she wanted to talk about that with the Council. She stated the Council would not allow CPI to build a huge plant with toxic chemicals in their neighborhood, because it cut into daylight, encroached on setbacks and the building was unsightly. She stated the situation was created by CPI and it was made worse by the City. She said the Council must rectify the situation and then maybe they could all sleep at night.

Samir Tuma stated this topic was very important. He indicated he had worked diligently and had many meetings over the last six years, ever since he discovered the existence of these large quantities of chemicals in his backyard. He had met with no less than five Mayors, at least a dozen City Council Members, two City Managers, two Assistant City Managers, two City Attorneys and their Staff, the Planning Director and his Staff, five representatives of CPI, various members of the Stanford staff and a very large number of neighborhoods. He indicated adequate progress had not been made, because he was still living with the same conditions. He reported he and his neighbors simply could not have these significant quantities of toxic chemicals located behind their neighborhood. He noted the City Council Priorities were Land Use, Emergency Preparedness, and the Environment, all wrapped around health and safety. He said these were his priorities. He stated it was time for action and time for leadership—the Council's action, the Council's leadership.

Richard Placone stated in spite of numerous letters, meetings and empty promises by the City and CPI, the 73 families living on Chimalus lived with constant threat of a dangerous operation next door, with some homes as close as 55 feet from the source. He felt it was time for the current Council to inform themselves about this situation and to set an agendaized public hearing to hear from the neighbors and residents and to take action now.

Mark Weiss stated he lived at Oak Creek Drive, but had rented a house on Chimalus. He hoped the City Council was diligent about weighing the concerns of the citizens versus the concerns of the manufacturer.

CONSENT CALENDAR

Bob Moss strongly urged the Council to pull Item 5 and send it back for correction, because it was full of errors and omissions. On page 18-23 discussing hazardous materials, he reported it read that hazardous materials were stored in a number of locations in Palo Alto including the Stanford Research Park. On page 18-50, he reported it said hazardous material spills were not of particular concern to the City of Palo Alto. He reported the list

of organizations on page 18-15 did not include the VA Hospital. On page 18-40, figure 1, he noted three soft-story buildings in Barron Park (on Los Robles, Vista and Military) and over 40 unreinforced masonry buildings were not included.

MOTION: Council Member Burt moved, seconded by Council Member Holman to pull Agenda Item No. 5 (Adoption of a Resolution Approving the City of Palo Alto Annex to the Santa Clara County Annex to the 2010 Association of Bay Area Governments Local Hazard Mitigation Plan "Taming Natural Disasters" to be heard at an undetermined Council date.

Council Member Burt had some concerns with whether the Council had addressed all of the issues in this Item. As Mr. Moss discussed errors, he could see that there were some significant factual and substantive changes that should be considered.

Council Member Holman stated her concerns were very similar to Council Member Burt.

MOTION PASSED: 8-0 Yeh absent

City Manager, James Keene didn't think it needed to be part of the Motion, but asked Council Members to assume a certain timeframe in advance for submitting questions or comments to allow Staff to provide as complete a report as possible.

MOTION: Council Member Espinosa moved, seconded by Council Member Price to approve Agenda Item Nos. 6-15.

5. ~~Adoption of a Resolution Approving the City of Palo Alto Annex to the Santa Clara County Annex to the 2010 Association of Bay Area Governments Local Hazard Mitigation Plan "Taming Natural Disasters".~~
6. Approval of Permanent Retention of North California Avenue Safe Routes to School/Traffic Calming Project.
7. Elimination and Defunding of Capital Improvement Program Project PF-12005 (Council Conference Room Renovation); Approval of Capital Improvement Program Project PE-12017 (City Hall First Floor Renovation); Adoption of a Budget Amendment Ordinance 5143 in the Amount of \$189,000; and Approval of a Contract with WMB Architects, Inc. in the Amount of \$178,717 for Design of the City Hall First Floor Renovation Project.
8. Approval of Agreement with County of Santa Clara to provide Point of Dispensing Equipment to the City of Palo Alto to Assist the City's

Capacity to Deliver Medicines and Medical Supplies During Large Scale Public Health Emergencies.

9. Adoption of a Budget Amendment Ordinance 5144 in the Amount of \$276,083 to Fund the Purchase of a Street Sweeper; and Approval of a Purchase Order with Owen Equipment Sales in an Amount Not to Exceed \$262,936 for the Purchase of a Street Sweeper (Scheduled Vehicle and Equipment Replacement Capital Improvement Program Project VR-11000).
10. Approval of a Contract with SCS Field Services in a Not to Exceed Amount of \$158,394 for the First Year to Provide Landfill Gas and Leachate Control Systems Maintenance, Monitoring and Reporting Services and to Exercise the Option of a Second and Third Year of the Contract.
11. Adoption of a Budget Amendment Ordinance 5145 in the Amount of \$100,000 to Fund the Purchase of Automotive Fuel; and Approval of Change Order No. 1 to Purchase Order #4511000918 with Western States Oil for \$100,000 Each Year for an Amount Not to Exceed \$2,976,675 Over the Three-Year Term for the Provision of Automotive Fuel.
12. Approval of a Five Year Contract With ABM Janitorial Services in a Total Not to Exceed Amount of \$3,447,346 to Provide Custodial Services at City Facilities and Approval of Amendment No. Four to Contract c07116703 with C-Way Custodian Services in the Amount of \$135,000 (Current Contractor) to Extend Their Contract by 2.5 Months to Allow the New Contractor Time to Transition Their New Services Into Place.
13. City of Palo Alto Response Letter to Association of Bay Area Governments (ABAG) Regarding One Bay Area Alternative Land Use Scenarios.
14. Approval of a Wastewater Treatment Enterprise Fund Contract with Southwest Construction & Property Management in the Total Amount of \$740,968 for the Facility Repair & Retrofit Project No. 2 at the Regional Water Quality Control Plant – Capital Improvement Program Project WQ-04011.
15. Adoption of (1) Resolution 9233 of Intent and (2) Ordinance to Amend the Contract Between the Board of Administration of the California Public Employees' Retirement System (CalPERS) and the City of Palo Alto to Implement California Government Code Section 20475: Different level of Benefits Provided for New Employees, Section

21363.1: 3.0% @ 55 Full Formula, Section 20037: Three Year Final Compensation, and Without Section 20692: Employer Paid Member Contributions for Safety Fire Employees.

MOTION PASSED: 8-0 Yeh absent

AGENDA CHANGES, ADDITIONS, AND DELETIONS

None

ACTION ITEMS

16. Adoption of Resolution 9234 Amending Section 1801 of the Merit System Rules and Regulations to Adopt a New Memorandum of Agreement (MOA) With the Palo Alto Fire Chiefs Association.

City Manager, James Keene noted that a new page 4 on the Staff Report had been handed out. He reported the data had not changed in the table; it was a misalignment of some columns.

Human Resources, Acting Assistant Director, Marcie Scott summarized the total savings estimated for Fiscal Year 2012 as \$51,157 and the total savings as \$84,564 for Fiscal Year 2013. She reported for the second-tier pension plan, the asterisks related to the text below regarding the way that the Public Employees' Retirement System (PERS) allocated costs. She indicated the topic before the Council was a new successor Memoranda of Agreement (MOA) with the Fire Chiefs Association (FCA). She reported they had four full-time positions budgeted; three sworn Battalion Chiefs and one non-sworn Emergency Medical Services Coordinator. The City had been seeking short and long-term savings with each bargaining unit, that were structural and permanent, and generally consistent across all bargaining units. She reported the City continued to focus on reaching agreement with employees to make contributions towards their pension and medical costs, and those contributions were recognized in this agreement. She noted Staff recognized these employees in the bargaining unit for their efforts to reach agreement on the successor MOA to meet the City's bargaining objectives.

MOTION: Council Member Shepherd moved, seconded by Council Member Klein to adopt: 1) the Resolution amending Section 1801 of the Merit System Rules and Regulations, and 2) a new Memorandum of Agreement (MOU) With the Palo Alto Fire Chiefs Association effective March 5, 2012 through June 30, 2014.

Council Member Shepherd was grateful to see the consolidation of some fire units, and looked forward to more. She was happy that the Council could

put this behind them and move forward into structural changes for yet another bargaining group.

MOTION PASSED: 8-0 Yeh absent

17. Finance Committee Recommendation to Adopt Two Resolutions Pertaining to the Proposed Palo Alto Clean Local Energy Accessible Now Program, Including the Purchase Prices and Agreements, and to Adopt an Ordinance Amending Two Sections of Chapter 2.30 of the Municipal Code Relating Facilitation of the Clean Local Energy Accessible Now Program.

Resolution No. 9235 of the Council of the City of Palo Alto Approving the Palo Alto Clean Local Energy Accessible Now Program, Including the Policies and Design Guidelines, As Amended, the CLEAN Program Eligibility Requirements, the Power Purchase Agreement and the Interconnection Agreement, and Granting the City Manager The Authority to Sign The Contracts For Local Renewable Resources in an Amount Not To Exceed \$1,180,000 per Year.

Resolution No. 9236 of the Council of the City of Palo Alto Approving Amendments to Utilities Rule and Regulation 27 Pertaining to Generator Interconnection.

City Manager, James Keene reported Staff recommended approval of the proposed Palo Alto CLEAN Program, which was a new way for the City to stimulate solar development in the community. He stated it complemented the existing solar program, the PV Partners Program, under which City Utilities gave rebates to property owners who built solar and used it to offset their energy use. He explained the CLEAN Program, a feed-in tariff program, allowed property owners to install solar panels on rooftops and to sell the power directly to the City Utility. He said the goal for the first year of the Program was 4 megawatts of solar on large commercial rooftops, and future program years could include a range of technologies and open participation to more types of customers. He noted 4 megawatts was enough to power approximately 1,000 homes in the City. He stated the Program was designed to have little or no rate impact compared to existing renewable power purchasing programs. He explained the generation of energy from the Program would be counted toward the City's current goals to procure 33 percent of its electric portfolio from renewable generation. He stated the Palo Alto CLEAN Program price to be paid to project owners was based on what the City would otherwise have to pay for renewable power, plus a very small incentive to encourage response from the industry. He indicated Staff was prepared to begin accepting applications on April 2nd if the Program was approved.

Craig Lewis, Executive Director of Clean Coalition, stated it was a non-profit organization based in Palo Alto, with offices in Palo Alto Square. He reported they designed renewable energy policies and programs around the United States. He congratulated the Palo Alto Utilities Staff for designing the best CLEAN Program they had seen to date, and said there were many programs coming. He stated the example being set in Palo Alto was a beautiful example for the rest of the country to follow. He noted the low ratepayer impact was a new innovation. He thought that feature would be followed around the country, given the economic times. He indicated an important feature was that all of the energy would be located within the Palo Alto City Service Territory. He stated the Program avoided the need for transmission and provided all of that energy generation in Palo Alto.

Council Member Shepherd reported this Program had moved from the Finance Committee (FC) last year and this year and the Utilities Advisory Commission, because Council Members needed to get a final determination of the actual amount to pay for this energy. She stated property owners that had substantial-sized roofs would lease their roof space for solar panels. She felt there were a couple of wins for industry, and a win for the City, because this energy would be generated within City boundaries. She noted this was a groundbreaking piece of acquisition possibility for the City. She stated the maximum output increased to 5 megawatts in the Resolution, while the FC tried to keep it at 4 megawatts for this year. She explained this would be brought back periodically as it timed out at the end of the year, until it was fine tuned. She reported the incentives for having 20-year leases were much more aggressive for industry than for 15-year or 10-year leases. She indicated the FC was proud to use the name Palo Alto CLEAN, and supported that unanimously.

MOTION: Council Member Burt moved, seconded by Council Member Shepherd to adopt: 1) the Resolution:

- a. Approving a standard form power purchase agreement for purchase of local renewable energy;
- b. Approving an Interconnection Agreement for the interconnection of non-net-metered generators;
- c. Approving the program eligibility rules and program prices;
- d. Authorizing the City Manager or designee to pay an additional 0.45 cents per kilowatt-hour (¢/kWh) incentive for solar generators participating in the program;
- e. Authorizing the City Manager or designee to sign one or more contracts for a maximum output of 5 megawatts (MW) of solar energy; and
- f. Adopting changes to the previously approved Policies and Design Guidelines;

2. Resolution approving changes to Utilities Rule and Regulation 27 (Generator Interconnection); and
3. Ordinance amending Sections 2.30.340 and 2.30.360 of Chapter 2.30 of Title 2 the Palo Alto Municipal Code (Contracts and Purchasing Procedures) to incorporate provisions that would facilitate a “feed-in tariff” program.

Council Member Burt stated this was a significant program. He reported this had been the primary method for renewable energy to be adopted in Europe and elsewhere. He explained the U.S. had other methods and mechanisms, but this program really complemented the ones that existed in California, Palo Alto and nationally. He indicated this rate structure had probably the lowest rate impact on ratepayers of any feed-in tariff program anywhere, because of this other layer of programs. He stated the program fulfilled several objectives. First, it would build a foundation of locally generated clean electricity that would be available in the event of prolonged power loss. Second, one of the real issues in Silicon Valley was the lack of blue-collar, middle-income jobs occurring in the Valley. He stated solar installation was a growing portion of that, but felt the Program would generate local green energy jobs for construction work. He noted there had been a debate that clean energy, low-costs of electricity and a thriving dynamic economy were incompatible. He said Palo Alto had all three. He indicated Palo Alto had among the lowest electricity rates in the State, and would continue to do so with a minimal impact of this Program on electricity rates. He explained the City had a strong foundation in renewables due to this Program, the 50 percent of energy received from hydroelectric power, and the 6 percent or 7 percent of energy received from the Palo Alto Green Program. He thought this initiative was a fulfillment of an overwhelming desire in the community to have very clean and competitive electricity, and a model for others to strive to achieve comparable outcomes.

Council Member Shepherd thought there were multiple wins for the City of Palo Alto, not only to generate energy and use it within City boundaries, but also to continue the process of developing this. She was particularly interested in seeing how this would come back the following year, when the City received some applications. She understood this could be done on top of a parking garage, and thought the City of Palo Alto itself might be approached.

Council Member Price looked forward to seeing this Program roll out and the review in the fall. She noted the Staff Report suggested that this could be handled by one full-time employee (FTE) managing the applications. She asked if the work needed to make this successful would be absorbed with the current staffing.

Utilities Resource Planner, Jon Abendshein stated the work would be absorbed with current staffing; although, it was not a single FTE. He explained it was a single FTE's worth of work spread across Engineering, the Building Division, Administrative and Resource Management Departments.

Council Member Price stated additional staffing resources might be needed in the future, if this was wildly successful. She thought it met many of the Council's goals, and she concurred with all the points made earlier.

Council Member Klein saw this as just one step to the electric utility becoming carbon neutral, but felt that was an issue for later in the year. He stated he had yet to find one person, not an energy policy insider, who understood the term feed-in tariff. He said the acronym was not perfect, but it was much easier to explain. He hoped this would abolish references to the term feed-in tariff, because nobody understood what it meant.

Council Member Schmid thought this was a great program for reaching green energy goals in an effective and efficient way at very reasonable costs, and created real incentives to get the commercial sector involved. He knew the Utilities Advisory Commission (UAC) did not like the name CLEAN; he had trouble with that as well. He explained the Palo Alto Green Program did not contribute to the goals and targets of clean energy, while the CLEAN Program did not have a descriptive and was for commercial customers. He stated the City was branding names with some community cache, and yet people would have a hard time understanding who was in it and who was not. He suggested that Staff choose names or brands that would be obvious and clear to householders in Palo Alto.

Vice Mayor Scharff asked Commissioner Foster to speak on behalf of UAC.

Jonathan Foster, Utilities Advisory Commission Chairman stated the UAC did unanimously recommend that the City Council adopt this Program. He indicated the UAC was as enthusiastic about it as the Council, and thought it was the right thing at the right time for Palo Alto.

Mr. Keene responded to a comment from Council Member Schmid. He didn't want to leave anybody with the impression that this Program could not potentially be extended to residential users in the future. He noted there was a lot of discussion at FC about that. He thought the main point was to build up the experience on the commercial side and the ability of Staff to support it and understand what it took to put a project together and bring it to fruition. He noted there was a lot of interest in ultimately seeing this extended to residential, and he expected the CLEAN name would extend to residential projects in the future.

Vice Mayor Scharff explained the CLEAN name was a nationally recognized brand. He asked Mr. Lewis to discuss how the name was nationally recognized and why that made some sense in terms of Palo Alto CLEAN as opposed to Palo Alto Green.

Mr. Lewis stated the term feed-in tariff was universally unappealing, and it was a carryover from the German translation. He indicated the Rockefeller family had a foundation that supported CLEAN Programs and wanted to see them proliferate throughout the United States. He noted they funded a nationwide focus group effort to find a better name. He reported across every demographic, whether geographic, socioeconomic, or gender, the name CLEAN percolated to the top of every focus group conducted throughout the country. He stated CLEAN Programs were under development in dozens of locations throughout the country at the local and state levels. He said it was an incredible opportunity for the City of Palo Alto to be the first program of many that would take the official CLEAN name. He explained CLEAN stood for Clean Local Energy Accessible Now. He reported that name was chosen because every single word was very important; it's clean, the energy is local, and it is accessible now. He indicated bringing energy generation close to the location of use required constructing projects on a built environment or on disturbed land; however, it did not require waiting for transmission to be built or for environmental permitting reviews.

MOTION PASSED: 8-0 Yeh absent

18. Public Hearing: To Consider An Appeal Of An Architectural Review Approval And A Record Of Land Use Action (1) Approving A Mitigated Negative Declaration, And (2) Upholding The Director's Architectural Review Approval Of A Three Story Development Consisting Of 84 Rental Residential Units In 104,971 Square Feet Within The Upper Floors, 50,467 S.F. Ground Floor Research And Development Area, Subterranean And Surface Parking Facilities, And Offsite Improvements, With Two Concessions Under State Housing Density Bonus Law (SB1818) On A 2.5 Acre Parcel At 195 Page Mill Road And 2865 Park Boulevard. Note: Tentative Map application for condominiums has been withdrawn. * Quasi Judicial (PLNG) Applicant requests this item be continued.

Vice Mayor Scharff understood there was a request for a continuance on this Item.

Steve Emslie, Deputy City Manager reported the applicant for the Project at 2865 Park Boulevard had requested this Item be continued. He stated Staff was supportive of that request, but would need a Council Motion to take that action.

MOTION: Council Member Shepherd moved, seconded by Council Member Holman to continue this item to April 16, 2012, at the applicant's request.

Council Member Burt noted this Item had been scheduled at least three times, with the applicant asking it be continued each time. He asked if there was any way the Council could not go through this again.

Molly Stump, City Attorney stated Staff tried to work with applicants to ensure that folks who came forward with an application were given the time they felt they needed to present materials. At the same time, she thought Staff had made clear to this applicant that there was an investment of City time and certainly Council Member time as well to take these issues up. She indicated it was not a small matter to reserve a place on the Agenda, and then ask for the matter to be shifted to another spot on an already busy Agenda.

Council Member Burt inquired whether this Item had been continued three times.

Curtis Williams, Director of Planning and Community Environment reported this was the third time.

Council Member Burt asked if the Council could require the applicant to provide a letter that validated they had all the materials they needed and would not be seeking an additional continuance before Staff agendized it.

Mr. Williams stated Staff would be happy to do that. He did not see why Staff could not do that.

Ms. Stump reported Staff reserved a place on the Agenda because Agendas filled very quickly far in advance. She stated there should not be a problem with, given the number of times this had been continued, letting the applicant know that by a certain point the applicant needed to let Staff know whether more time was needed.

Council Member Burt said he meant it the other way around: that the Council required this applicant to supply a letter clearly stating they had all materials they needed, and they would not seek any more continuances before Staff scheduled it.

SUBSTITUTE MOTION: Council Member Burt moved, seconded by Council Member Schmid to request the applicant to state in writing that they are prepared to move forward and not seek a further continuance for a public hearing. Staff will agendize the item after receiving written statement.

Mr. Keene wanted to make sure there was not any conflict with the existing request to continue it to a date certain.

Council Member Burt indicated there would be. He reported this would supersede that and it would not be a date certain; it would be a date to be determined and that date would be determined after the applicant had supplied a letter assuring the City they had all materials they needed and they would not have a subsequent request for continuance.

Council Member Schmid reiterated continuances did take Staff and Council time, it bumped other things off the calendar, and it had happened three times. He thought it was a reasonable request.

Council Member Holman noted there were costs associated with notice for Items. She inquired if that was recovered from the applicant.

Mr. Williams replied it was. He reported it was several hundred dollars each time Staff had to do it, as far as the notice in the paper and Staff time associated with putting that together. He indicated the applicant had been paying their bills. He stated Staff time spent on the project was billed to the applicant as well as the notice in the paper.

Council Member Price didn't think she'd ever been at a public hearing where that kind of restriction or requirement had been placed on an applicant. She asked Staff what had been their experience, if the Council had done this in the past.

Mr. Williams was not aware of a specific incidence where the Council had required something in writing. He said other cities he had worked for had been very explicit as far as not putting someone on an agenda after some continuances, until they were ready to proceed. He did not recall ever having a letter saying that, but did recall verbally telling an applicant the Council or Planning Commission didn't want them scheduled until they were ready to proceed, and there had to be a good reason for them not to proceed.

Council Member Price had experience with the verbal discussion. She just wanted to hear from Staff if that particular tactic had been utilized.

Council Member Espinosa thought this was an unusual circumstance as pointed out by Council Member Price, but the Council had been put in an unusual circumstance by this applicant with these repeated delays. He thought ignoring it set a bad precedent, and Staff needed to be clear that the time necessitated to do this preliminary work by Staff and the Council should be respected.

Council Member Shepherd asked what happened if there was a continuance then; if the applicant received one chance to do this and then the Council would not see it again.

Ms. Stump wouldn't interpret it in absolutist terms. She thought the intent of the Motion was to indicate to the applicant that the Council was very serious that this Item be agendized one more time and be heard at that time. She stated in an extraordinary situation, some natural disaster, some hospitalization of the applicant, Staff might come before the Council with some reason to believe it would be appropriate to make an exception. She felt it would take an emergency situation at that point to make a change.

Council Member Shepherd was concerned that it was locked in.

Vice Mayor Scharff shared Council Member Shepherd's concerns. He thought that a reason to continue didn't have to be a natural disaster. He believed their current reason for a continuance was they needed more information, while the Council felt they had had plenty of time to get the information. He asked Council Member Burt if he intended for a continuance to be granted if there was a reasonable explanation based on someone's unavailability because they were ill or there was some disaster.

Council Member Burt stated the Motion didn't speak to that. He reported the Motion merely stated that the applicant would state in writing that the applicant was prepared.

Vice Mayor Scharff indicated that meant the Council was not going to refuse them, that the applicant would just state in writing they were prepared.

Council Member Burt stated Staff was not going to agendize it until the Council got that letter.

Ms. Stump suggested if there was substantial good cause, the Council consider making an exception to agendize it. She thought Staff would have to take a serious look at that and the Council would want them to do that.

SUBSTITUTE MOTION PASSED: 8-0 Yeh absent

19. Request for City Council Authorization to Fund Preliminary Design Review and Environmental Studies of 27 University Avenue.

Council Member Klein advised he would not participate in this Item due to his wife being on staff at Stanford University.

Deputy City Manager, Steve Emslie reported Staff was coming to the Council to confirm the use of Stanford Medical Center Public Benefit money,

designated in the recent Development Agreement between the City and Stanford University for their Medical Center expansion. He explained there were a number of public benefits identified in the Development Agreement, some of which had broad discretion allotted to the City Council for use in the community and some were specifically earmarked for special purposes. He noted Staff's request for the allocation of money for the project at 27 University fell under the special purpose category. He stated there was \$2.25 million allocated in the Development Agreement for the City to develop a better pedestrian and bike connection between Downtown and University Avenue through the Palo Alto Transit Center, El Camino Park to El Camino to the Stanford Shopping Center. He indicated this money was divided into two parts: \$2 million for the actual construction of the bike and pedestrian improvements through this area, and \$250,000 for design expenses. He reported the City had become aware of interest to redevelop this area by developer John Arrillaga, since the Development Agreement was approved by the City Council in June 2011. He stated the area was roughly bordered on the east by the Palo Alto Transit Center, on the south by University Avenue, on the west by El Camino, and on the north by El Camino Park. He noted the area contained the MacArthur Park Building which, under the current program discussed by the developer, would be relocated to a site at the City's choosing at the developer's expense. As this would open the site for redevelopment, he said Staff was asking the Council for approval to allocate the Stanford money designated for design expenses to public areas, plazas and connections that would be incorporated into the development. He explained this was an opportunity for the City to coordinate with potential redevelopment as its plans under the Development Agreement were currently tentative and fluid. He thought this was a fortunate situation in that the redevelopment proposal was made prior to the City developing plans for the connections. He noted the proposal was tentative and still taking shape. He stated the basic program was the relocation of the historic MacArthur Park Building, which had been relocated once before from the City of Menlo Park, to a site of the City's selection with the expense to be incurred by the developer. He reported there would be an office component, one or two office buildings, and ground-floor retail, with combined square footage totaling as much as 250,000 square feet. He indicated there was an opportunity to develop a theater on the site as TheatreWorks had expressed interest in occupying a building that the developer was proposing to build on the public's behalf. He said parking would be below grade or subterranean. He noted a study of the area for this purpose was performed in 2000 and had been shared with the Council even though it was never finalized. He thought this study could provide good background for the Council. He stated Staff had indicated in the Staff Report that there could be some dedicated parkland involved, and reminded the Council that diminution of dedicated parkland required a vote of the people. He reported a vote on the project as a whole would be necessary as it could result in major land use changes. He said Staff did not have a specific timeframe for that, but were looking at

completing much of the work in the next two to three months before returning to the Council for discussion on a conceptual level. He repeated Staff's intent was to seek Council's approval for the use of the funds that had been earmarked for this purpose rather than to discuss project details. He explained should the project not move forward, the work that Staff anticipated performing for the public bike and pedestrian connections would be transferrable to the site. He stated should the project not move forward, the City would have the resources through the \$2 million in reserve and the Stanford money to complete the project on its own, which was a possibility.

Martin Sommer, of 427 Alma, stated for the last year he had been on the Palo Alto Rail Corridor Task Force, which had been covering this area in question. He wanted to make it perfectly clear he was speaking for himself and not for the Task Force. He reported the Task Force agreed that it was a keystone area. He indicated the area was slated for future development and improvement as discussed here. He noted one concept was to take this keystone area and divide it with University Avenue with the north being community use and the south being hotel and office space development. He understood that was in direct conflict with the proposal being discussed. He suggested a new town square, farmers' market, outdoor restaurants and music, and a public theater/recreational area could be located north of University. He requested the Council keep north of University Avenue in the keystone area for community use and not rented office space. He felt the area was too valuable to be sliced into private use. He asked the Council to honor and enforce the height restrictions currently in the area. He said they were meant to retain quality of life and were not meant to be bargaining chips for future developers. He suggested the theater could be kept within height requirements by digging into the ground.

Lawrence Yegge was curious about the address of MacArthur Park. He understood from California Historical Landmarks the address was 27 Mitchell Avenue. He noted the only people who had been promoting it as 27 University Avenue were the restaurant management for 30 years. He stated there was a matter of heritage for Council Members, because the park was named after Pearce Mitchell, a Council Member for 31 years.

Bob Moss could not recall anything like this ever happening before, because there had never been money from Stanford to do studies of anything and the Council was being asked to review a project which did not exist yet. He suggested anything that went on the MacArthur Park site should be consistent with the playing fields, and the height limit for whatever went in there should be consistent with existing zoning. He stated MacArthur Park and the office building next to it were important historic structures, had been there for more than 90 years, and the Red Cross depended on it. He said anything that moved that building should be very carefully reviewed. He suggested the Building could be moved to one of two vacant lots in El

Camino near Matadero and Marguerite. Finally, he suggested the Council retain the driveway and use it as a bike or pedestrian path rather than having to undedicate it as parkland. That should be one of the first things the consultant reviews. He further suggested that the Council require the consultant meet with either Staff or the Planning & Transportation Commission early on to get a better concept of what he was asked to do.

Herb Borock had learned in previous correspondence related to the Ronald McDonald House that Mr. Arrillaga had talked to the Council, or at least invited Council Members to discuss the project, which led him to believe a decision had been made. He thought it was strange to be asking to spend money on a project that might not occur. Normally a developer of a project such as an office building would have an environmental review in which there would be mitigations. He was surprised that the Staff Report didn't include a diagram showing not only the area covered by this potential project, but also the area covered by the proposed theater. He was concerned that the project was described as fronting on El Camino Real, because neither of these buildings fronted on El Camino Real. He indicated there was dedicated parkland between the rear of those buildings and El Camino Real. He stated the address for the Red Cross Building was 400 Mitchell Lane, and it was not part of 27 University Avenue. He reported it was not even a separate assessor's parcel, but part of a larger parcel. He believed that the lease between Stanford and the Red Cross ended on June 30, 2013.

Council Member Shepherd inquired how this whole concept plan figured into intermodal transit.

Mr. Emslie reported this had been discussed numerous times as part of the Dream Team concept, and the theater and intermodal center were parts of that. He noted that was incorporated, in a broad sense, into the Comprehensive Plan. He stated it did not anticipate the office component. He understood that was broad enough and, if it wasn't, the Council had the ability to modify the Comprehensive Plan if it chose.

Curtis Williams, Director of Planning and Community Environment stated part of that whole concept was a public component. He thought Staff wanted to be sure that, as development moved forward, there was a strong public component, whether a theater or public access through the site. He noted the whole site layout provided for public use in terms of plaza area. He explained that did not mean it had to exclude private uses as well. He thought that was embodied in the concept of the intermodal center and the Dream Team vision.

Council Member Shepherd felt the vision in the Comprehensive Plan was magnificent, but very expensive. She was glad the vision for this area would

interconnect both the Downtown University Avenue area more broadly than these narrow, subway-type tunnels. She understood the theater could be quite tall, and asked what were the challenges with the concept of a theater.

Mr. Emslie explained TheatreWorks wanted to develop a Broadway-level theater, because their productions appeared on Broadway. He stated theaters had a large component called fly towers, which were large buildings that the sets retracted into. He indicated the fly towers had to be double the height of the stage, or as high as 85 feet to 90 feet, in order to meet the minimum standards.

Council Member Shepherd stated this was a performing arts center, not a theater like Varsity Theater. She inquired if it would be larger than the Lucie Stern Theatre, more of a professional Broadway-format performing arts center.

Mr. Emslie indicated many parallels had been drawn between this and the Bing Center being built on the Stanford campus. He explained that was a concert hall; it did not have a fly tower and it couldn't support dramatic arts. He stated the proposed theater was a dramatic arts theater, where stage plays and musicals could be performed in the dramatic setting. He said concerts could be held in the performing arts center, but its dedicated purpose would be for dramatic arts.

Mr. Emslie reported the question had come up about compatibility with the new theater at Palo Alto High School. He explained TheatreWorks held over 200 performances a year, so there would not be any opportunity to share that facility because of the dominance of the program.

MOTION: Council Member Shepherd moved, seconded by Council Member Price to authorize \$250,000 from the Intermodal Transit Funds (set aside in the Stanford Medical Center Development Agreement) for the preliminary design review and initial environment review of 27 University Avenue.

Council Member Shepherd stated the Council had asked for this as it was in the Comprehensive Plan. She was very excited about the whole concept of having TheatreWorks come back to Palo Alto and have a premiere auditorium for them. She was also quite fascinated with the opportunity of this more integrated segue from this area of University to the other side of University on the other side of the railroad tracks and underneath Alma. She thought this could open things up for the Downtown area. She thought it would be really good for Palo Alto, and would complement the other aspects of Palo Alto.

Council Member Price thought some of the concepts outlined made sense. She said the location of this particular property was a key gateway location

for the City of Palo Alto. She felt it was a creative opportunity not only to support the cultural and arts element, but also to have offices and retail. She was a proponent of design solutions that work, and was excited about this opportunity because the buildings themselves, the designs, the placement, the profile were visible. She thought this could be a tremendously exciting visual experience. She stated the concept of a community benefit element and a community use element being a beautiful community plaza complemented the pedestrian and bike linkage. She thought this was an appropriate use of these funds for purposes of design, and it met many of the Council's transportation goals. She looked forward to seeing this return to Council with more definition and more concepts the Council could explore. She stated it also addressed some economic development goals. She thought there were a lot of elements of the Comprehensive Plan that could be implemented by a creative design and utilization of this property.

Council Member Burt asked whether reviewing the urban design, public space and connectivity of bicycle, pedestrian and transit elements was consistent with the initial targeting of these funds through the Stanford Development Agreement.

Mr. Emslie answered yes. He stated the public areas under the tentative proposal were being contemplated. He indicated the architecture of the buildings, the public's use and enjoyment of the space, and the public's interaction with the private areas were very important. He noted there was a design and architectural element that would advise the pre-applicant's architect to make sure the building face contributed to the overall usage of the space.

Mr. Keene stated spillover of the connectivity issues to the buildings themselves can inform such things as the placement of ground-floor retail to make the public space come alive.

Council Member Burt stated those were the urban design and public space elements of this. He understood that, because the Council would be setting parameters and general guidelines for that space, the use of those funds for these purposes would be applicable whether this project moved forward or not.

Mr. Emslie agreed with that.

Council Member Burt indicated the Staff recommendation that was part of the Motion didn't address those elements.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to insert after the parenthesis in the original

Motion "to be used to develop pedestrian, bicycle and transit connections, as well as public space design and preliminary design review and initial environmental review of 27 University Avenue and surrounding areas."

Council Member Burt thought it was very important that the purpose of this be that the City was taking a lead role in the design of this area and not a reactionary role, although it would be a collaborative one.

Council Member Price reported there was no mention of site design, urban design, architectural design, and yet the Staff Report indicated the expertise of individuals in those areas would be part of this. She noted under preliminary design review there was no mention of environment other than the concept of pedestrian and bicycle connections. She inquired if that was sufficient given the understanding of the original purpose of these funds.

Mr. Emslie did not believe the Council needed to be more explicit. He stated Staff proposed the language to be as broad as possible so it would include urban design and site planning, because they would have a great deal of bearing on the effectiveness of this space. He indicated Staff interpreted that to have a broader meaning. He thought if the language was limited, the Council ran the risk of making it too narrow and causing some confusion on Staff's part.

Mr. Keene suggested changing environment to environmental review as a minor issue on the last thing. He heard Council Member Price's comment not as limiting, but as adding language to expand the fact that that level of review would have connections and interface with the actual urban design and building designs themselves; to make sure that the Council didn't focus just on the preliminary design review. He thought that was assumed, but he didn't think it was harmed by expanding it.

Council Member Price noted the community's questions about the precise address, and questioned the exact address.

Mr. Emslie stated Staff would verify the address, but Staff's records indicated the address for the site was 27 University.

Council Member Burt asked if it would be better to have a description of that space rather than an address. He thought it was a number of parcels.

Mr. Emslie agreed.

Council Member Burt inquired what was the best description of the space.

Mr. Emslie stated some site parameters, "area bordered by."

Council Member Burt suggested 27 University and surrounding areas.

Mr. Emslie indicated Staff would determine a shorthand for referring to this in the future.

Council Member Espinosa asked if Staff needed any sort of guidance about changing 27 University if Staff determined that was the wrong address.

Mr. Emslie answered no. He stated it was just a matter of verifying the records.

Council Member Espinosa supported the Motion, and was cautiously excited even though there wasn't a full project yet. He thought TheatreWorks was a world-class organization. He stated their needs for space were not conducive to using existing theaters. He explained the Council developed the much broader plan about connectedness from Downtown to Stanford over to the Stanford Mall, because of many discussions over many years. He wanted to make sure the Council built a process that reached out to the neighbors and businesses and built a partnership with Stanford and Stanford Mall. He felt an arts district was developing in that corridor, and the Council had the potential to build upon that.

Mr. Keene suggested revising the fourth line from the bottom, "connections as well as public space design," by striking "for the" and inserting "and." He read the new language: "as well as public space design and preliminary design review and initial environmental review of 27 University Avenue." He thought that decoupled it from just the public space design. He suggested the following statement could be parenthetical to the Motion, "this review may influence design factors of the buildings themselves and overall urban design for the site." He explained Staff would understand that the interface was there and would pay attention to that as well.

Council Member Shepherd inquired if that was necessary, because she thought that was an assumption.

Council Member Holman felt it was a unique opportunity. She appreciated that this project was in a state of flux, but was concerned that it was an ethereal project with the public. She stated until tonight there hadn't been a conversation about the theater not being a performing arts center, which had a different impact and function. She indicated she had read a comment about a hotel being proposed for the site, and didn't know where that came from. She thought the Council had a challenge in working in a proactive fashion, while providing the public enough information to determine adequate direction. She inquired how soon this could come back to the Council to review which areas this covered, because the Council didn't have any maps or aerial plans. She reported the Staff Report mentioned studies,

particularly the 2000 performing arts initiative and intermodal transit issue. She would virtually guarantee that only two of the Council Members had any knowledge of that at all, but it was being used as a backdrop for what might be considered. She asked that those studies be provided. She asked when would the environmental analysis come to the Council for scoping. She inquired where and how did the Council determine who paid for which services. She felt that would come up in the public realm.

Mr. Emslie explained a number of studies were performed prior to the Environmental Impact Report (EIR), and Staff was suggesting those studies be done and not the formal EIR process. He indicated Staff would return to the Council fairly soon with proposed contracts, even though Staff would not be ready to discuss specific site planning issues at that point. He didn't think that would be a good time to talk about that; however, Staff suggested a Study Session to discuss background and site parameters be held while the design work was being prepared. He said Staff didn't anticipate the design work being completed even at a conceptual level for approximately 10 to 12 weeks. He suggested Staff could prepare the background, policies and documents relating to this prior to the Study Session.

Mr. Keene stated in general this was a distinctive enough process that Staff had a responsibility to report to the Council periodically as this started to unfold. He indicated Staff would determine a method to do that. He thought this action accelerated the timeframe for Mr. Arrillaga to present a formal application, and he expected to receive a proposal that would provide preliminary guidance.

Council Member Holman asked whether periodic reports meant monthly. She wanted a level of expectation regarding the reports. She thought it would be helpful for the Council and the public to understand if funding for the connectivity was the driver for how site planning might be.

Mr. Emslie stated that was why Staff was coming to the Council at this early stage to prevent the project from treating connectivity as an afterthought. He said the public space was the driver.

Council Member Holman hypothesized that there wasn't a project and the MacArthur Park Building remained at its current location. She inquired whether Staff anticipated this connectivity process might have options or alternatives.

Mr. Emslie thought contingencies, if certain things didn't happen, would be analyzed, but there was certain base information that would carry over no matter what, in terms of connectivity. He indicated there were discussions with Santa Clara Valley Transit Authority (VTA), who was as much a stakeholder as the developer in this. He stated their bus facility was just as

critical in the design of this as any other building. He said it wasn't just this project, but the surrounding area, and that's why Staff agreed with the Amendment. He indicated Staff would plan for the need to transfer this and the MacArthur Park Building might not move.

Mr. Keene asked that Council not try to get Staff to state a specific report-back time right now. He explained Staff had to negotiate contracts and present those to the Council, unless they were small dollar amounts that didn't require Council approval. He stated that work would allow Staff to get a sense of the scope of work and a schedule, then it would be easier for Staff to inform the Council on the right reporting times, whether in Study Session or sending informational reports. He didn't think that was any different than if this project wasn't here and Staff decided to plan the site. He stated the whole point was to start planning the site, and Staff couldn't tell the Council when that would be until they started work.

Council Member Holman stated she didn't want to lock Staff into a reporting schedule, but wanted an expectation of when the Council might receive reports. She explained if the Council was being proactive and having a major hand in designing this site, it needed to know what the potential applicant's goals for the site were, and then the Council needed to have a discussion about its goals for the site. She thought that needed to happen pretty quickly, perhaps after presenting the contracts. She asked if Staff thought that discussion should happen fairly quickly after the contracts, because of schedules.

Mr. Keene stated it would be easier for Staff to report specifically on her comments when they had contracts. He felt it would be a mistake for Staff to bring the Council a concept that might shift and take a different form from when it would be formally submitted. He said it was difficult to provide specifics because of conjecture. He thought the best thing was to direct Staff to return with a contract schedule and the scope, then Staff could lay out the reporting process and schedule.

Council Member Holman inquired when Staff might provide the public and the Council with the 2000 study, and site maps for the site being discussed and the surrounding sites.

Mr. Keene thought Staff expected to have that in approximately the next month.

Mr. Emslie stated less than that.

Council Member Schmid supported Council Member Espinosa's comments. He thought one of the most exciting notions and ideas to come from the whole Stanford project was the understanding that the University campus

was moving northward and eastward. He stated eventually the connection between the City and the University would not be a mile of empty space along University, but a much more dynamic corridor to the Downtown. He felt a key element was making connections that created a bond of the two communities. He didn't understand why this was the first step, why it wasn't done at the same time as the Council had plans for the site. He thought it was 10 or 12 weeks early. He inquired whether it should come at the same time that the Council had preliminary notions and ideas of the site.

Mr. Keene never saw that the schedule on this would be completely linear or sequential with a plan submittal. He stated there was some preliminary work that helped Staff synergistically interact with the applicant. He indicated Staff could be in the position of being part of the way through this if the application had been submitted and Staff could continue to work.

Council Member Schmid thought interaction was the key, that whoever was hired to do this work had to interact with where they were going and what was around them.

Mr. Emslie said that was absolutely right. He indicated Staff viewed this as a collaborative design process between public and private interests. He stated it was best that they happened concurrently.

Mr. Keene explained there was always a point of questioning whether Staff had placed too much public investment in something when there wasn't a return. He stated that was one of the reasons for keeping the Council informed in managing this. He repeated that doing this accelerated the timeframe, that when Staff received an application it was easier for the Council to consider.

Council Member Schmid agreed that was an important point. He referenced the last phrase of the Motion concerning design review and initial environmental review. He asked if any of this money would be spent on whatever took place at 27 University; where was the boundary between environmental review of a pathway and the structures.

Mr. Emslie reported there was not a clear line, because design had to interact as a whole. He noted there was some overlap. He felt that would be the wrong design to pursue.

Council Member Schmid wanted some assurance that, as the Council voted to authorize \$250,000, there was something there to interact with.

Mr. Keene explained a theater and an office building were placed on a site and they had a particular footprint; and working in an integrated way with Staff's concepts could reorient buildings.

Council Member Burt noted this site had two other considerations at least. One was a community asset in the MacArthur Park Building. He said it was an historic building, a Julia Morgan building, and was clearly going to be preserved. He indicated the Council had the opportunity for reusing it potentially on or adjacent to this site. He reported the Council had at least one community asset in a function, the Red Cross. He explained one Council Priority was Emergency Preparedness, and the Red Cross had been one of the cornerstones of Emergency Preparedness. He felt retaining Red Cross in Palo Alto was valuable and important for the community. He wanted the Council to look for opportunities to reuse the MacArthur Park Building and to accommodate Red Cross, and suggested that could possibly be done as one and the same. He requested Staff provide the Council with documents concerning the Youth Collaborative and the Teen Center Downtown, what had been the case, what had been the plan and where that went. He felt this would give the Council context, because it might have an opportunity to address a variety of things without significant City expenditure, if any, and really serve some needs. He indicated if there was support for pursuing that concept, it might be helpful to Staff to know that the Council was interested, not predetermining outcomes.

Council Member Espinosa was very interested in those exact points.

Council Member Holman referenced page 3 of the Staff Report in the final paragraph regarding the lack of a formal application for the project. She asked Staff to explain what was meant by that.

Mr. Emslie explained this had not been to any kind of preliminary review. He stated the language was intended to mean Staff had become aware of the design and begun to work with the applicant. He noted it didn't imply that there was any formal process or had been any discussion from a formal body of the City. He said it was meant to be indicative of preliminary review and discussion of the design concepts involved.

Council Member Holman anticipated that this could be a PC or strictly a zone change for a different district, but she anticipated that the public would expect public benefits. She inquired when the Council and the public would have an opportunity to provide input on the public benefits. She asked why TheatreWorks was chosen and what was their opinion.

Mr. Emslie thought that kind of discussion could happen when Staff had a better idea of the design layout and parameters, and there was more shape to the projects as envisioned. He repeated Staff thought that was in the three-month timeframe. He indicated that would be a good time to talk about the benefits, because TheatreWorks would need to know that they had a space that functioned for their needs. He thought that discussion could be

held when Staff provided specific details of the project in the June-July timeframe.

Vice Mayor Scharff was also excited about the possibility of this project. He thought this project could act as a bridge between Downtown, Stanford, and the Stanford Shopping Center. He thought it could provide a critical mass to create a vibrant street life in that area, and could bring TheatreWorks back to Palo Alto full-time. He felt there was an opportunity to open up Lucie Stern for other performances and other groups. He knew that the Dragon Theatre's lease expired at the end of the year, and noted it was difficult to find space. He thought the Council should also recognize that Mr. Arrillaga was offering to do these projects as philanthropy.

MOTION PASSED: 8-0 Yeh absent

COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Council Member Price reported on attending the Santa Clara Valley Transportation Agency Board Meeting on March 1, 2012, where the discussion focused on the BART extension.

Council Member Holman asked the status of the parking working group and when it is coming to Council.

City Manager, James Keene stated the parking working group is meeting regularly and working with the Professorville neighborhood and the downtown representatives are also meeting regularly. Staff had set June as the deadline for recommendations to come to Council.

Council Member Price asked Staff to bring additional updates on Caltrain and High Speed Rail issues particularly regarding legislation.

Mr. Keene advised Staff would follow-up on this.

Council Member Shepherd asked if Downtown North is part of the Parking Working Group.

Vice Mayor Scharff stated Downtown North is not part of the group.

Mr. Keene stated there is clear acknowledgement that any solution to one area could bleed over into other areas. All areas have to be considered in the solution.

Council Member Holman asked why Downtown North was not included.

Mr. Keene stated he would discuss this with Staff.

ADJOURNMENT: The meeting was adjourned at 10:27 P.M.