



# CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Regular Meeting  
May 16, 2016

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:08 P.M.

Present: Berman arrived at 7:33 P.M., Burt, DuBois, Filseth, Holman arrived at 7:49 P.M., Kniss, Scharff arrived at 7:34 P.M., Schmid arrived at 7:35 P.M., Wolbach

Absent:

## Study Session

1. Prescreening of a Proposed District Map Amendment ("Rezone") From Planned Community (PC) Zoning District to Downtown Commercial (CD-C (P)) Zoning District at 550 Hamilton Avenue.

Mayor Burt: Our first Agenda item tonight is a Study Session, a prescreening of a proposed District Map amendment or rezone from Planned Community, which is also known as PC zoning, District to Downtown Commercial, CD-C(P), Zoning District at 550 Hamilton Avenue. First I want to share that we have three of our colleagues who are not participating because they live or own property in moderate proximity to this project. Council Member Schmid has an emergency and won't be able to join us until later. That's why there are only five of us. I also wanted to just share for the public what this particular process is. This is not a meeting to approve or not approve a project. The Council won't even be taking any formal action. It's a Study Session to give individual Council Member feedback. It's come to this point not because the Council in any way implied support for this or encouraged a new application, nor did the Staff. It actually came simply because an applicant proposed that they would like to request this. There's been no action by the City at all to this date, other than to properly process the applicant's request for a Study Session and agendize it. I just wanted to make sure everybody knew that going in. The second thing is in Study Sessions, they're different from our regular Council meetings, and they're really principally for the Council to discuss amongst themselves and the applicant and Staff the preliminary feedback on such a proposal. Unlike our regular Action Items, the input from the public is actually usually at the end of this item. I know that we have a lot of speakers or people who came

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tonight wishing to speak. We have one hour agendized for the item. I just want to make sure everybody can do their own time math. We'll kick it off with the Staff presenting whatever we have before us in the applicant's proposal, and then we'll have some Council discussion, and then figure out how much time we have for the public comment.

Molly Stump, City Attorney: Excuse me, Mayor Burt. City Attorney, Molly Stump. Just a formality, on the recusals we do need to put on the record that the real property interests are in two cases personal residences. The addresses are not disclosed; those are for Council Member Holman and Council Member Berman. The third real property interest is a commercial property at 616 University, Council Member Scharff. Also would just note for the record that Council Member Holman, whose property is somewhat further away, has recused herself this evening. Should the project go forward and a formal application be made, she may seek formal advice as to whether she's able to participate at a future date. Thank you.

Mayor Burt: Thank you. Welcome Director Gitelman.

Hillary Gitelman, Planning and Community Environment Director: Thank you, Mayor Burt, Council Members. Hillary Gitelman, the Planning Director. I'm joined this evening by Jodie Gerhardt on our Staff and Brad Misner who's been serving as our fill-in Contract Planner on this project, and he's done a great job. He's going to give the presentation this evening, and then Jodie and I will be on hand to help answer any questions should you have them.

Brad Misner, Contract Planner: Thank you, Hillary; I appreciate it. Thank you, Mayor. Thank you, fellow City Council Members. Again, my name is Brad Misner, and I am the Contract Planner on this case. Item 1 before you is a presentation for 550 Hamilton Avenue. Again, it's a prescreening application for a requested zone change. The purpose of the Study Session this evening is intended really to facilitate a conceptual review of the request. It's an opportunity to focus in on some of the bigger policy issues versus some of the fine-grained, detailed analysis that you might find with a formal development application before you. Really, it's an opportunity to gather information concerning those policy points to help guide the formation of a formal application if one were to be submitted down the line. As the Mayor pointed out, this is just a Study Session; there would be no formal actions this evening. With that, I'll touch on the location of the site. It's located at 550 Hamilton Avenue at the corner of Hamilton Avenue and Webster Street. The subject property is 57,500 square feet. It's relatively flat. It has parcel dimensions of about 300 feet along Hamilton Avenue, approximately 200 feet along Webster Street. The site, as you can see here from this aerial, has an existing office building, a surface-level parking lot of

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119 parking spaces. Here's a picture as—the picture was taken from the corner of Webster and Hamilton, looking generally to the southwest. This is a picture looking at the rear of the building, and then also here's a picture of the existing parking lot. You can see a number of mature trees throughout the site as well. In terms of the surrounding context, it really is a mix of uses throughout the neighborhood. You have a variety of structures of different heights, of different densities, of different scale. There are office uses off to the west, more towards the Downtown. You have one and two-story residential uses. Specifically across Webster Street, you'll find a number of one-story residential structures. Of course the Marc Building, which is further over to Cowper, is a 12-story, multiunit apartment building. Also, there's the First United Methodist Church there on the corner of Webster and Hamilton. The site itself is on the edge of Downtown; it's an approximate 10-15 minute walk to Caltrain, and it is also along the Safe Routes to School route. This image is intended to illustrate the surrounding zoning. As you can see off to the northwest, you have the CD-C zoning that's prevalent. You have some of the RM-40 and RM-30 to the north and to the east, and then of course the existing site is zoned PC. In terms of the project itself, again the proposal at this point is a proposal to rezone the subject property from its designation of PC to the CD-C(P) zone. If the rezoning were to be supported, then the applicant would likely file formal development application to come forward with a proposal to demolish the existing office building and, in its place, to build a combination of residential units as well as a new office building. They're looking at a net new addition of office space in and around 14,000 square feet. There's a little bit of ambiguity when it comes to what the existing square footage is on the existing plans from 1970. It indicates that the square footage is about 39,000 square feet. The applicant is indicating it's about 43,000. We think that there may have been some amenity space that wasn't subject to being parked, and that may be the reason for the discrepancy. That was something that would have to be analyzed with a formal application. Again, the proposal would be to redevelop the property with an office building of about 48 feet, a residential building with 35-50 units, and that would be approximately 42 feet. One point on the residential component of the project, the Staff Report indicates that they would be condominiums. I did want to clarify that at this point it is undecided from the applicant whether they would be rental and/or condominium units. In terms of the site plan here, you can see on the left would be the footprint of what the office building would be. There would be a central courtyard in between the two buildings with the residential building to the right along Webster Street. There would also be more of a courtyard for the residential building itself. The courtyard would be landscaped with a number of trees. A number of issues for consideration this evening. One is just to take a look at whether or not those proposed land uses seem to make sense at this site, taking a

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look certainly at neighborhood context in terms of mass, scale, the use, pedestrian orientation. Certainly traffic and circulation management would be a very important component of the project if it were to move forward. There are other issues that were identified in the Staff Report like potential construction impacts if the project were to move forward. With that, I'd gladly answer any questions. The applicant is here. I think they have about 30 minutes to give their presentation. Rob Zirkle from Brick Incorporated, who is the architecture team, is here representing C.M. Capital. Of course, we certainly would appreciate any comments from Council and the public. Thank you.

Mayor Burt: Thank you. Shall we go ahead and hear from the applicant first, and then we can go into Council questions and comments? All right. The applicant, according to our rules, has how many minutes to speak? Three.

Rina Bhagwati, C.M. Capital, Applicant: Hello, my name is Rina Bhagwati. I'm from C.M. Capital, the owner of 550 Hamilton building. I'm their managing director of real estate. On behalf of C.M. Capital, I would like to thank Mayor, Staff members and Council Members for consideration and giving us the opportunity for this project. Let me turn to my architect, Rob Zirkle of Brick, to talk more about the project. Rob.

Rob Zirkle, Brick Inc., Architect: Thank you. Rob Zirkle from Brick. It's a pleasure to be here. I've had the good fortune of working in Palo Alto for several years now, and it's a place I really love coming to and doing business in. It's fascinating and interesting the evolution of land use politics over these last several years. There's a very mobilized and concerned constituency here. As somebody that makes their living working in the public realm, I'm a wholehearted believer that the projects that we get to do are better for that process. It's in that spirit we're here to talk to you tonight. This intersection of Hamilton and Webster is really at the intersection of a lot of important issues that are being addressed by this Council. Many of those issues are important to the surrounding neighbors and the community. The site in question here, seeking to vacate an old PC zone, to replace it with something we're drawing from the Code. The CD-C(P) zone is mandated in our Zoning Code here. It's consistent within the neighborhood. What it allows for is a site that's large like this to really talk about the convergence of land use interests here, in this case, particularly commercial development and residential development. A key to a sustainable future in the region that we live in, this City for sure is the balance of housing and of jobs, proximity to transit and walkable streets. This project is trying to move forward and answer some of these questions and pose some of these questions and get your feedback as well. In looking

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at the red outline here, you can see that this is a large parcel. It's unique in that way in Downtown. What's highlighted in blue is an anecdotal survey that myself and my staff, as we've walked these neighborhoods, have kind of recorded in what we see as multifamily development. As an important ingredient in this, we want to understand what that figure (inaudible) looks like and what's in the neighborhood. It points to us that this site is ripe for housing. As Brad showed you before, this is broken up into two portions, so commercial here. The existing outline of that box is the existing footprint. We're diminishing the presence of commercial space on Hamilton and bringing forth the residential edge on Webster. These site sections begin to get at the question of scale and compatibility. You'll see in this packet that we've taken care to be both within the existing zoning limit, but also underneath the existing building that's there as well. Just quickly finishing up here. Replacing two curb cuts on Webster into the surface parking lot with a single entrance and egress into a subterranean parking garage that will allow us to fully park the site. We have ...

Male: (inaudible)

Mr. Zirkle: ... a great interest in preserving the trees to the greatest extent we can.

Male: (inaudible) time restriction or not?

Mayor Burt: First, what we have is recognition by the Chair of parties who wish to speak. I have discretion to allow a speaker to continue and wrap up comments.

Male: Thank you.

Mayor Burt: Just so that people understand, it is our rules to require recognition by the Chair before speaking.

Male: Apologies.

Mayor Burt: Let's return to the Council for questions and comments. Who would like to go first? Council Member Kniss.

Council Member Kniss: I spent some time at the site a couple of days ago. One of the things that—is the applicant close by? Where did you go? Just to ask you a couple of questions about this. It says three stories, 58 feet tall. Is it actually 58 feet?

Mr. Zirkle: Are you talking about the existing structure?

Council Member Kniss: Uh-huh.

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Mr. Zirkle: Yes, it's a three-story office building with a sizeable mechanical area in the roof level for a total approximate building height of 56 feet measured from grade.

Mayor Burt: May I come in there? Maybe Staff can—we don't normally count the mechanical as part of building height. The current building is actually what?

Mr. Misner: I think 56 feet as stated by the architect. It's a mansard roof.

Mayor Burt: He just said that included the mechanical. We don't count mechanical as part of our defined building height.

Mr. Misner: The height is calculated to the top of the roof material.

Mayor Burt: Roof material, but not mechanical. I think he was saying it was 56 feet extended to the top of the mechanical.

Mr. Zirkle: Mayor Burt, just to clarify. The mechanical space is actually enclosed as part of—I think what you're talking about is roof-mounted mechanical units. This is actually a room which has a floor and a ceiling that contains the mechanical units inside. It's concealed in that roof zone, but the actual roof of the building is actually above the mechanical units.

Mayor Burt: We'll have to get a better understanding of how that is counted under our normal Codes and interpretation. Sorry.

Council Member Kniss: That's okay. Thank you. We have a lot of people who are here tonight who are very concerned about this and concerned about the height of the building that would have the residences in it. While we're just musing about what could possibly be there, do you know if you looked at a lower residential site, did you look at any other way to park? Tell us what went on before you actually got to the new suggestion about residences. You certainly have heard us as a Council many times talk about trying to concentrate more of our residences Downtown. I'm sure this is in response to that.

Mr. Zirkle: For sure. Good questions. What's in your packet here is a series of street sections. Again, what's before you tonight is some questions that we're proposing and asking to get feedback on. I don't think any of us are naïve to the discussions, and the concerns will come out of massing and scale. I think that centered around the idea of urban design, the evolution of sustainable cities, you can't disassociate the jobs and housing overlay onto this. I think part of our conversation internally and, I think, what the client is really seeking to try to do here is really kind of put as much housing

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down there as what it seems like the Code supports, it seems like what the conversation about what the composition of Downtown wants to be like gets at, if that makes sense. It didn't seem that minimizing the amount of housing that was allowed under the proposed zoning change from PC to CD-C(P) followed those philosophies, I guess, if that makes sense. It seemed like a better idea to focus energy on housing than to pull housing away.

Council Member Kniss: (inaudible) you probably haven't spent a lot of time sitting here, but we frequently hear about attempting to make the transition between one area and another, where you're crossing Webster Street, less obvious than a building of this height would be. I have no idea what the people will be saying here tonight, but I would not be surprised if that would be one of the areas that they talked about, when you get larger and when you appear to be blocking more of the sun or more of the light. We will probably hear that they're looking for a lower building. Simply to say what we've been hearing over the past couple of years and reflect that back to you; however, it doesn't indicate that you don't have every privilege of applying for what is possible on that piece of land. That's it. Thanks.

Mayor Burt: Seeing no other lights yet, I'll wade in with a couple of questions. First, I was trying to see whether any of the drawings showed—I don't know which drawing it is, but it's a streetscape. I was trying to determine the comparative height of surrounding buildings. On Webster Street, it appears to step down to—is that two story?

Mr. Zirkle: There's a series of one and two-story structures, some of which are single family, some of which are multifamily in each direction along Webster. The structures directly across the street are single-family homes, and there are in both directions, in Webster, a mixture of single-family homes and two-story multifamily apartments.

Mayor Burt: I'll go ahead and direct another question toward you or the applicant. As you hopefully have seen, this Council has been moving in a direction of curtailing office growth, and we've had discussions. We'll have a discussion later tonight around scenarios for the Comprehensive Plan that look at reduced office growth and potentially greater amounts of housing in the Downtown areas. Under that framework, I guess I'm surprised that you would think that there would be receptivity to an increase in the office size for this location as basically a discretionary action over what is permitted under the current PC. Related to that, I guess I'm trying to understand if you were going to propose something, it might not have been retaining the existing building and whatever amount of residential might be allowed to be built on the parking lot side. Was that considered? Without saying one way or another whether I or my colleagues would support that, it just seems like

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something that would have a better chance of support than what's before us.

Mr. Zirkle: The red rectangle here, it's a little tough to see on the screen. The existing office building occupies a little less than half of the upper portion of this site along Hamilton. For practical purposes, going through and adding the kinds of parking that would be required to support any new development logistically and feasibly is pretty challenging just in terms of the end result and the impact on the existing building, but also just the amount of housing we could even get out of it, if that makes sense. I hear what you're saying about the kind of philosophical underpinnings about curtailing office development for sure. I think one of the things we had talked about internally, among many alternatives and ideas, is one way in which we could perceive or have the office building be perceived is that effectively what we're doing is we're cutting it in half in terms of how it's perceived on Hamilton. The site, which is pretty long, one of the longest in Downtown, is no longer a complete office building on Hamilton; it's about half. Just as a quick point of clarification, the office building is actually lower. That's the lower 40s, and the residential is the upper 40s. That's dependent on construction type. The three-story office building, because of the way that it's designed and because of the impact of that 17-foot setback that's called for in a CD-C(P) mindset, pulls it back from the street a fair bit and it also sort of shrinks it in perception. While there is an increase in overall office, a small increase of 13,000, 14,000, something like that, it's not up to me to debate small versus large. I understand that this is an issue for the Council to discuss. This is profoundly on two sides viewed as a residential development as opposed to a fully commercial office development. Then we get into the nitty-gritty of what it looks like and how it's scaled and how it addresses the neighborhood, which (crosstalk).

Mayor Burt: Let me stay focused on some of my questions. I appreciate that there are ways in which the design of a new building might be more favorable in some ways than what we have today. Nevertheless, if we're looking at, say, an increase of 14,000 square feet, if we use our standard assumption of four occupants per 1,000, then that's adding 56 office occupants which comes fairly close to offsetting the additional housing. We don't really gain much in our jobs/housing imbalance; we just add more office and more housing. I also appreciate that under the current zoning and the parking requirements that we have traditionally had, that drives a lot of the economics of the project. We'll see out of our discussion tonight and in the coming weeks—now that we have Residential Permit Parking imposed in the surrounding areas—we have the possibility of not allowing parking overflow from new development and potentially not allowing residential parking permits to be—that new development not being able to



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participate in that, unlike existing Downtown workers. Very aggressive Transportation Demand Management programs that would basically reduce the core use at a site may be something that would be allowed less parking, provided that it can't spill over and impact anyone else. Depending on where the Council progresses in those concepts in the coming months, perhaps we'll see an alternative that would allow the existing building to stay in place and something that might be more economical of having some residential, which frankly would potentially not only address the housing need, but might be able to have something attractive facing the neighborhoods rather than a parking lot. Those are just my initial thoughts, but they're premature because we haven't made those changes at either a high level as programs and policies nor to our Zoning Code. They don't exist today yet, but they may be on the horizon. Council Member DuBois.

Council Member DuBois: Some questions for Staff just to understand the context here. I saw a question from Council Member Wolbach about this property is in the Downtown cap, but I understand it's not in the annual cap. Is that correct?

Ms. Gitelman: Thank you for that question, Council Member DuBois. That's correct. This property is within the area that we've been monitoring since the Downtown cap was created, but it is not within the area that was defined in the interim ordinance establishing a temporary or an interim cap on nonresidential square footage in Downtown, California Avenue (Cal. Ave.), and the El Camino corridor. That's not to say, with a legislative action like this would be, that you couldn't add it to that area.

Council Member DuBois: Where is that boundary for the annual cap? Across the street?

Ms. Gitelman: It's immediately adjacent to this site. It followed the CD zone rather than going outside the CD-C zone.

Council Member DuBois: There's a little bit of a past history. Is there a reason we had different areas, we didn't use the monitoring area?

Ms. Gitelman: I don't recall exactly how we did it. I know that when we did the interim ordinance, we were trying to define an area that was not defined anywhere else. We followed the CD zone; in retrospect, we could have taken a different tack at it, but we didn't.

Council Member DuBois: I think you answered the question, but what would need to be done to adjust the boundary for this annual cap?

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Ms. Gitelman: If the Council were to consider a rezoning on this site, it would be a legislative action. As part of that legislative action, you could amend the interim ordinance to scootch the boundary over.

Council Member DuBois: Just for this one property but not—we could ...

Ms. Gitelman: You could make other changes to the boundary if you wish. Because it's a legislative action, you could really consider that at the same time.

Council Member DuBois: What are the requirements for protection of mature trees? Would that come up as we go through this project?

Mr. Misner: It'd be a process of going through the development process with other departments and divisions, understanding what rules and regulations would have to be put in place in order to preserve them. If they were looked to be removed, then that would have to be evaluated in the context of an environmental documentation.

Council Member DuBois: Do we have anything that would prevent them from being removed? I did walk around the property. There's kind of a nice screening along the back, of larger trees.

Mr. Misner: Just mature redwoods and oak trees would be subject to being preserved.

Council Member DuBois: Is there any requirement for ground-floor retail in this area?

Mr. Misner: Currently there's no existing retail. I think part of the CD-C with the P designation of the proposed zoning would seek to have some level of pedestrian orientation along the ground floor. We'd have to check to see if that would require retail use.

Council Member DuBois: If it was RM-30 would the setback be different, particularly on Webster, versus CD-C?

Mr. Misner: I'm sorry. Can you ask the question again?

Council Member DuBois: If we rezoned it to, say, an RM-30 instead, are the setbacks the same?

Mr. Misner: I'll have to double check that, but I think you'd have more of a traditional front yard setback in a residential zone than you would have in a commercial zone.

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Council Member DuBois: It's kind of interesting. This property is definitely on the edge of our urban core. We didn't consider it Downtown in terms of our annual cap. The Webster side is definitely very residential. There's a large church, but I think it's kind of traditional to have larger churches in residential neighborhoods, but nothing really commercial over there. Looking at the zoning map, even with the PCs it's probably three-quarters surrounded by residential and 25 percent commercial. The thing that I like about the existing building is that commercial is really up on Hamilton, and there's that nice buffer between—that really is a transition to the residential on the back side and on the Webster side. If you were to come forward with a project, I think I'd really like to see a lot more setback and a lot more transition to those residential areas. Again, those mature trees in the back are a very nice screen and transition to residential. There is this question of how big is the existing building. It is in the cap, and I think we're nearing the end of that cap. I think it'd be interesting to know how close we get to using up the cap. Again, I'm looking at the proposed building. I don't think I would find that it's in context in terms of mass and scale and daylight plane, particularly with the residential buildings surrounding it. Thanks.

Mayor Burt: Council Member Wolbach.

Council Member Wolbach: Mayor Burt, I just want to check. Are we doing comments and questions, just questions now?

Mayor Burt: No, questions and comments.

Council Member Wolbach: Then we'll go to the public following the Council comments, correct? Thanks for the clarification. A few thoughts about this. First, this is an existing PC, Planned Community, zoning. I think the mood in the community and certainly my thinking about PCs is they're a tool that has been used for a lot of things, and we aren't always pleased with them. Initially the idea of getting rid of a PC, I'm actually kind of excited about. I'm not sure about all the details of what's proposed to take its place, but just as far as moving past the era of PCs, maybe with the exception of things like affordable housing, that's probably the only area where I'd be open to keeping PCs. I think that's a discussion that Council is going to be picking up. We haven't really closed the door completely on PCs, but I think we're going to be having that coming back so we can finalize that future. I think that's worth noting. I actually think that having housing on the border of a current residential neighborhood and adding more residences on the edge of a residential neighborhood and a commercial neighborhood makes sense. If you're going to add housing somewhere, that's a logical place to do it. If this was a quarter mile within a Caltrain station, it would be even better. We're working with what's been proposed, so I want to consider that

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and give it an honest consideration. Obviously there's a need for housing in the community. We'll talk about this more later today. 76 percent of our community has identified the unaffordability of housing as a very serious or extremely serious problem, far more even than, say, traffic is that level of problem. I'm interested in seeing if we can find a way to be supportive of housing on the site. On housing, it says that the number of dwelling units is to be determined. I didn't check; what's the size of the property? What percentage of an acre is this? Is this an acre site or half-acre? I'm bad at judging that, eyeballing it when I walked over there. I'm sorry if I missed that.

Mr. Misner: The project site is 1.3 acres.

Council Member Wolbach: I'd also be interested in the size of the units, a breakdown in what kind of units we're talking about, and an average unit size and median unit size. I don't think we need a ton of big luxury apartments and condos in Palo Alto. I think we have a dire need for studios, one bedrooms, things like that, things that people who are working Downtown, maybe even working in the building, can afford. I think that's where the focus should be. That's my inclination. As the applicant considers what's most likely to find support, that's something to think about. I think that's true for the community too. What we're looking for is places where people who are the workforce in Palo Alto can afford to live, in or near Palo Alto. On the net new office space, I don't think there's going to be a ton of support for that on the Council or in the community, to be honest. We're not making decisions tonight, but I'd find it very difficult to support additional office development. A lot of us have been talking about for a while in Palo Alto should we slow down on office development, focus on transportation and housing. I appreciate the housing addition and you looking for ways to add housing. Transportation actually takes me to the next point which is parking. I'm actually very impressed and pleased by what looks like pretty much a fully parked site. If we didn't add any additional office space, did add say 50 units of housing, ideally smaller, more affordable ones, and we are still able to add this net 182 spaces, you're talking about adding 182 parking spaces with only 50 units of housing. That's a lot more parking onsite. Alleviate our lack of parking supply Downtown is a big part of our transportation initiatives. I think that's really important to note. I do have some concerns and some questions. The question of trees and mature trees onsite is very important to consider. I just saw the letter from Catherine Martineau, the Executive Director of Canopy. It looks like some of the trees might not be in great shape currently. To whatever degree those trees which are healthy on the site can be preserved, can be incorporated into the design rather just seen as an obstacle but really highlighted, that is something that would be appreciated.

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On height, I appreciate that this is a lower building than what's there right now. On style, style is always subjective. My gut reaction is I'm not very excited about the style. I'm not thrilled with what I'm seeing on the aesthetics that are facing the single-family residences across the street. I'm not sure that's what I'd want to see if I was looking out my window, walking out my front door every day. If there are ways that—it's hard to see because these are still early sketches and proposals. As you start working through the design, if there are ways that step-downs can be incorporated so what's initially facing the street could be lower, even if it steps up toward the back, I'd recommend taking a look at that. If the design de-emphasizes the vertical height—I think the vertical, pillar design kind of emphasizes the height, but I'm not a design expert, I'm not an architect myself. That's my initial reading looking at this. I think that adds to a lot of the concern about what are we in the neighborhood going to be getting, going up on this site. Just as far as the use of the site, regardless of the design, the idea of turning a single-story parking lot into housing, because that's essentially the change, especially if we don't add any additional office space, we'd be talking about taking an office building and a parking lot and turning it into an office building and housing with a lot more parking onsite. That high-level concept I wish more people were proposing. I appreciate that. Again, there are a lot of people here with a lot of legitimate concerns, especially about the aesthetics. I don't want you to leave here tonight without recognizing that and thinking about that very carefully, if you're going to be coming back with something more detailed in the future. That might be a big sticking point for a lot of people. If that can be incorporated into future designs, that would really help. Those are my thoughts right now.

Mayor Burt: Council Member DuBois, did you have something following?

Council Member DuBois: Just real (inaudible). I guess I kind of implied it, but I didn't really say it. I think there's a question of what to rezone to. I would definitely favor more residential rezoning given the surrounding properties. I think it's been mentioned, but these are the emails we got. I don't think any of them were in favor of the project. In my time on Council, I think we've gotten more emails on this. This is not even the standard reaction. There's a pretty extreme reaction against this building, just so the applicant understands. If you do come back, I'd strongly suggest that you have multiple presentations in the neighborhood and talk to the people that live there. The last thing is I'd really like to suggest that we need to reexamine the annual cap boundary. Putting a project like this through the competitive process would be a good thing.

Mayor Burt: I'll just wade back in and be a little more clear. I'd say, unlike Council Member Wolbach, I'm not going to wade into comments on the site

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and design and the mass and scale of the proposal, because I don't get to that point. I don't think I would support a rezone for something akin to what's being proposed. I'd like to keep it at a high level of not supporting demolishing an office to put up a new office that's even larger. I think it's a functional building today. Whether it needs to become more contemporary is another question. That's open to the building owner. We have another question going forward of would we be receptive to residential in the area that is basically today a large parking lot. Under new Downtown zoning requirements that we may be establishing in just the coming months, I think this might make good sense for it, provided that it would be housing that would be transitional to the neighborhood. I would say just in terms of PCs, we've had a number of PCs that were for how to build new office. This one is historic from a different era, but we also have PCs that most of our affordable housing in Palo Alto has been PCs. Many of our neighborhood shopping centers are PCs. A lot of folks haven't really examined the breadth of what PCs have done. We have PCs that we'd agree don't contribute to the community. I don't want to make a blanket statement or imply that I would agree with that. If we do have something that perhaps would retain this office and consider something else, I have an additional concern. As we saw from the members of the public who spoke upon this, many of our tenants who are single practitioners, who reside in this building and have for a long while, the City of course doesn't have the prerogative to control who a landlord leases to. We do have prerogative to control zoning and uses. One of the things that I'm actually very concerned about is the trend that we've had in the Downtown area toward a greater percentage of the Downtown being occupied by large companies that do hardware and principally today software R&D, which when I read the Zoning Code is not a permitted use in the Downtown. We have had an evolution of uses over the last 20 years that followed a slippery slope that allowed large software developers in the Downtown area that appear to be contrary to our existing zoning. I bring that up because I want to look at—if we were to consider additional development on this site, whether it be for residential or otherwise, I would want to look at having ways to help retain the sorts of uses we have today at the site. That would be something that I would look for, both in an overlay perhaps. We have different places where we have medical office overlay and different things. Maybe it's simply a better enforcement of our existing zoning Downtown, so that we basically couldn't have this become just another building that morphs into software startups. That's not all that matters to our community. If we have a community that's nothing but software startups, it basically eliminates really valuable resources from the community that make up the diversity of what Palo Alto has always been. I'm very concerned about that change occurring. That would be part of what I would be interested in looking at. If we were to look at additional residential, how do we also continue the sorts of uses that have been in this

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building for a long while? We have 17—Council Member Filseth, did you want to speak?

Council Member Filseth: (inaudible)

Mayor Burt: That's all right. We have 17 speaker cards. I know that everybody comes really interested in being able to express yourselves. One of the things that hopefully you've heard is the sentiment of the Council in response to this project, which may reassure many of the speakers as to where we're interested in things going. We had one hour; we'll clearly run over. What I'll do is only schedule one minute each for members of the public to speak. Our first speaker is Nancy Ginsburg, to be followed by Jeff Brown. Welcome.

Nancy Ginsburg: Good evening. Can you hear me okay? My name is Dr. Nancy Ginsburg, and I've been a 21-year renter. I've lived in Palo Alto for 41 years. I also am just on the other side of Middlefield, and so our residential area is being impacted by this. I very much appreciate, Mayor Burt, what you just said. It's something that hasn't been mentioned at all tonight, the people and the services that would be displaced if this building were torn down. I do not speak for myself, and I have just something short to say. I hope I might extend it beyond a minute. I'm not speaking for myself. I'd like the other residents of 550 Hamilton who are here tonight to stand. I'm addressing you to strongly oppose the proposed rezoning and construction project at 550 Hamilton. As has been mentioned, there are many size, traffic, zoning, neighborhood and tree removal reasons to oppose this project, but I will focus on one. If this project goes forward in any size or form, it will have a very negative effect on mental health services in Palo Alto and the surrounding area. As is nationally known ...

Mayor Burt: I'm sorry. Ms. Ginsburg, I need to ask you to try to wrap up.

Ms. Ginsburg: There's a local mental health crisis here. Most of us in this office see adolescents, children and adults; that's the population of patients that we see. Approximately 80 of the 100 tenants of 550 Hamilton are psychologists, psychiatrists and other mental health workers who provide care to children, adolescents and adults.

Mayor Burt: Thank you very much.

Ms. Ginsburg: Where will these patients go if this building is destroyed? When Palo Alto citizens oppose office space proliferation, I believe they're referring to the company space, but there's actually a shortage ...

Mayor Burt: Thank you, Ms. Ginsburg.

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Ms. Ginsburg: ... of office space for professionals.

Mayor Burt: Thank you. Jeff Brown to be followed by ... Let me just say that I appreciate—on the one hand, it's expeditious if speakers are able to say, "The last speaker supports me," or "I support the comments of the last speaker." One of the things we want to do is make sure that no one's intimidated to speak by strong outbursts or anything. That was very polite clapping, and I don't mean to suggest otherwise. Just wanted to share those guidelines. Jeff Brown, welcome.

Jeff Brown: Good evening. Jeff Brown. May I make a procedural comment before I start my - minute spiel?

Mayor Burt: No, that's part of your one, Jeff.

Mr. Brown: No, come on. Come on. It's long been a mystery to me why the City Council calls together its citizenry and asks for public comment on a proposal facing the City, and then seems to crowd all of that public comment to the point where it's reduced to sound bites. I just don't think that's fair. I think you're also—I know you've received emails on this, what we're not calling a project yet; although, the word's been used up there. There are people who have not sent emails—I'm one—and who would appreciate being heard. I think there are a lot of people who have a lot of good input to give that might inform some of the questions the Council Members would want to later ask. Going forward, I hope you will consider that in your procedures. My one minute comments now are—thank you very much. Who's doing that? Who's controlling the ...

Council Member Wolbach: Mayor Burt, may I ask a question of (inaudible)?

Mr. Brown: Can we reset this please?

Mayor Burt: Jeff, in all honesty, you had the prerogative to speak to process or the project and not both. We really need that to be respected.

Mr. Brown: In that case, I have three quick things as I'm walking away. The issues for consideration of this proposal include global climate change. There is no way, there is no amount of housing you can consider that would undo the damage done by the demolition and then the reconstruction, all very carbon-intensive activity, of large buildings.

Mayor Burt: Thank you, Jeff.

Mr. Brown: And traffic circulation and the fact that a capital managing firm has capital at its (inaudible).



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Mayor Burt: Let me also just share for members of the public, if there was a project that went forward, we would have a whole set of public hearings with full public participation of Architectural Review, Planning Commission and potentially City Council. If there was a project, this would be the beginning of the process, hardly the end of the public participation. Not everybody's been part of these kinds of things before, so I understand why people would enter with the assumption that "this is my one crack at being able to participate." Our next speaker is Jake Towery, and I may be misreading it, to be followed by Shawn Maguire. We will not be accepting more speaker cards after this time.

Jacob Towery: Hello. I'm Jacob Towery; I'm a Palo Alto resident and an adolescent psychiatrist, and I work in the 550 Hamilton building. I'll keep this brief. First I want to say I'm excited that the sentiment and gathering seems to be skeptical and people want to hear more information. I'm excited to hear that. I just wanted to say on behalf of the several dozen therapists, psychologists and psychiatrists in the building, I feel very privileged to be in that building among some of the best therapists in the Bay Area. As an adolescent psychiatrist, I see many Palo Alto High School and Gunn High School students with depression, anxiety, obsessive compulsive disorder, post-traumatic stress disorder, a lot of crippling conditions. If the building was demolished, all of the therapists and psychiatrists and counselors, the several dozen of us, would be forced to go elsewhere, perhaps to other cities, perhaps further away. There are a lot of Palo Alto residents that need these services, and they would be forced to drive far away to see us or potentially not be able to get the services they need. I think that would be a significant impact for the City of Palo Alto. Thank you.

Mayor Burt: Thank you. Our next speaker is Shawn Maguire, to be followed by Adam Weiss. Welcome.

Shawn Maguire: Thank you, Mayor and Council. I just wanted to continue along the vein of the Mayor's comments about the slippery slope. I have lived here in Palo Alto and Menlo Park for the last 30 years. At the beginning of that, I was very pleased to see the community's become more vibrant with restaurants and more activity, but it's now just gone too far, the pendulum has gone too far. We see it in all guises. We see it in the amount of traffic the office workers bring, because many of them don't live locally. We see it in the parking issues in Crescent Park and the other surrounding communities. I just think a zoning change to accommodate another large building, incidentally being built by the people who many years ago built the skyscraper on University Avenue. I just don't see it.

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Mayor Burt: Folks, can we ask restraint on clapping. We really want to make sure that everybody's comfortable with speaking. Our next speaker is Adam Weiss, to be followed by Dr. Taleghani. Welcome.

Adam Weiss: Thank you. Good evening. Mr. Mayor, Council Members and to the representatives of the Cha [phonetic] family, nice to see you here. I live in Crescent Park and I work in Downtown Palo Alto. Our schools are full to bursting. The classroom sizes are dramatically higher than they should be if our schools are going to keep up the standard. During commuting hours, the people who work in my firm in Downtown Palo Alto often report 45 minutes to get from University Ave. Downtown to 101. We shouldn't be building anything here, whether it's residential or office, that increases the density of this place until we have solutions to these things. This plan at 550 Hamilton Avenue is a nearly three-fold increase in the built space. It would forever alter the built space of this neighborhood. It's bringing the direction of heights of buildings in the wrong way; buildings should be going down, as some of the Council Members have mentioned, as we head to that residential neighbor, not up. I feel, as a resident of Crescent Park, that you're going to see that neighborhood stand up and defend like a Maginot Line this Webster Avenue. I think people have said how important this corner is. You guys should make sure your bosses understand how important this corner is. I don't think you understand. I have children who are 11 years old, and I have a number of friends who are in the high schools where the mental health issue is rampant. Kicking out all of these therapists is a terrible idea. There's been a number of therapists kicked out of buildings in the California Ave. already. I'd love to see that statistic before anything here were approved. I support the other speakers in their strong opposition to this. I hope everybody understands how strongly the community feels. We have not gotten started yet.

Mayor Burt: Our next speaker is Dr. Taleghani, to be followed by Dan Cole. Welcome.

Dr. Taleghani: Thank you, members of Council. My name is Nounou Taleghani. I'm a lifelong resident of Crescent Park, and I've worked at Stanford for the last 30 years. I support everything all my colleagues have said, especially what Mr. Weiss just said about growth in and around—I live in Crescent Park. I used to not look forward to weekends, because that's when everybody from other area codes came and made Palo Alto busy. Now, I can't wait for the weekends, because I can ride my bike and not have to worry about traffic or noise or construction. I oppose this building altogether. Thank you.

Mayor Burt: Thank you. Dan Cole to be followed by William Cane.

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Dan Cole: Hello. I'll be very brief. I live in the residential space that's adjacent to this property. I oppose the rezoning. I'm concerned about the setback from the streets and, from 524 Hamilton there are some oak trees right along that edge of 524 Hamilton that, I think, would be at risk, and certainly the height and the traffic congestion. Similar to many people, but those are my thoughts.

Mayor Burt: Thank you. William Cane to be followed by Stewart Hindley.

William Cane: William Cane. I've lived here for 52 years. I just wanted to call attention to a few points that have been mentioned. In the information packet, there was a point made that the project abuts the Marc Tower property. I think that's specious; it's ridiculous. It abuts mostly on residential property and small apartment buildings. Second, this project, if it were to go ahead, would establish precedent. The development of future projects both going down south along Webster and west on Hamilton, but these are kind of technical concerns. A bigger concern is whether the character of Palo Alto is beyond saving. These battles against offensive and excessive office developments have been taking place as long as I've lived here. I'd like to see the Council preserve those values of the City that are worth preserving.

Mayor Burt: Thank you. Stewart Hindley to be followed by Alexander Oysgelt, I think.

Stewart Hindley: Hi, I'm Stewart Hindley. I live just two lots down from the proposed site. I'm against it. I think it's just too dense, and it's going to create traffic issues, parking issues and fundamentally just going to destroy the residential feel of that area where we live, and make it feel more like a commercial district, which also will detract from my quality of life. I'm opposed to the project as it's currently proposed.

Mayor Burt: Thank you. Alexander Oysgelt, I don't know if I'm reading it correctly. I'm sorry. Followed by ...

Alexsander Oysgelt: You did it very well. Thank you for letting me speak. To share, I'm a resident, just two houses down the street from the proposed construction. I'm married; my wife and two children, they're sitting in the back row. Wave guys. I want to urge you to reject the rezoning for this proposal. The current parking lot serves as a nice transition between the commercial building and the rest of our street, which is primarily residential. I taught my children how to bike in this parking lot. I see some people skateboard. Sometimes the churchgoers will park there or Downtown residents. The current owner of the site is a holding corporation. The concern is that they'll cause an increase in traffic, there will be difficulty with

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parking, which already can be tight, and don't forget the pollution. I'm very concerned. My son has asthma. Living 50, 100 feet from a major construction site, I don't know how that's going to work out. To reiterate, I urge you to reject the rezoning. Thank you.

Mayor Burt: Thank you. Since we need a quorum, I think we need to wait for Council Member Kniss to return. Sorry. It's unusual that we have such a limited portion of our Council. Is this Walter Bliss? Welcome.

Walter Bliss: Yes, hi. I live next to this project. I just looked into the eyes of this couple, and I saw dollar signs. I looked at their chests, and I saw that they are wearing T-shirts that say "school of greed," and underneath it says their motto is "whatever we can get away with, baby." They've thrown it against the wall; they want to see how much of it sticks. I'm glad that you are kind of taking the attitude you are, because I see you're standing up for the residents here, and I applaud you for that. No one of us who live here are going to benefit from this. These people, somebody off in wherever is going to benefit, but none of us. Thank you.

Mayor Burt: I'll just offer a personal aside. I just don't think it is constructive to make personal attacks on people here. I don't think it reflects well on the audience to support those attacks. Richard Alexander.

Richard Alexander: Good evening, Mayor and Council. I was very happy to hear the comments of Council Member DuBois, and I'm also very pleased to adopt by reference the comments of Mr. Maguire and Mr. Weiss. Matter submitted.

Mayor Burt: Rita Vrhel to be followed by Jeff Levinsky. Welcome.

Rita Vrhel: I'm so glad to hear all of you speaking what I would have said in answering the questions that I would have asked. I think this project does have an interesting value for our residential housing, hopefully subsidized or market value. I think the project is huge, and I would actually really hate to have my little bungalow house across the street from this. I hope, if and when it does come back to you, that you will remember what you all said today and really scale it back and make it something that the neighborhood can be proud of. Thank you.

Mayor Burt: Thank you. Jeff Levinsky to be followed by Herb Borock.

Jeff Levinsky: Good evening, Mayor Burt and Council Members. I'll agree with all the previous speakers, I think. Also, I wanted to point out that you've heard about some of the violations of the proposed project, about the daylight plane and not protecting the trees and the context and compatibility

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rules. Also, the Code does say that when you're in CD-C the ground floor has to be available for retail use, even if you're not ground-floor retail required. I think the residential part of the site would just simply not meet that. It's amazing that they bring in plans that are simply illegal. I'm going to ask why contemplate upzoning at all. Upzoning means that people wake up in the morning and discover that the buildings next to them are going to be bigger or used more intensively. It's not fair. No one in Palo Alto should have to face that. If the owners of 550 Hamilton can't live with a PC that they knew was there when they bought it, they should be willing to change to something more restrictive. I'd ask you to consider only options that are more restrictive than the current zoning, not less. Thank you.

Mayor Burt: Our next speaker is Herb Borock, to be followed by Roberta Ahlquist. Welcome.

Herb Borock: Thank you, Mayor Burt and Council Members. The Staff Report says that you should consider the context of potential development across Webster Street. They were all substandard lots, 50-foot frontage when 70 is required, and 5,500 and 7,500 square feet when 8,500 square feet is required. The potential is very little. I'll provide you a copy of the Assessor's map that shows that. The Staff Report says that an amendment to a PC is different from a Planned Community zone and, therefore, doesn't fall within your decision not to consider PC zones. In fact, it does fall within it, because the Zoning Code is very clear that an amendment to a PC zone requires a new PC Ordinance. For example, in 2000 when Council Member Kniss was Mayor, the Council adopted a new Planned Community zone for 3000 El Camino just to add childcare as a use. The Staff Report says that attached to the report is a copy of the exhibit from the ordinance that was restricting development to 50,000 square foot a year. In fact, that's not attached. The Staff should provide that in the next public letters packet. The proper thing to do is to change the land use of the entire site to residential and rezone it to RM-30. Thank you.

Mayor Burt: Thank you. Roberta Ahlquist to be followed by Robert Moss.

Roberta Ahlquist: I've been here a long time. I stood in front of the bulldozers when 15 families were evicted from the lot that now is the Chris Building. They promised us when they built the building that the parking lot would be a transitional area to our neighborhood. No more office development. This is too dense; it's too massive. Down-zone it. Our neighborhood wants to stay a neighborhood, a residential community. Palo Alto does not need any more massive housing. I hope you hear the community's request. Thank you.

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Mayor Burt: Thank you. Our next speaker is Robert Moss, to be followed by Shani Kleinhaus.

Robert Moss: Thank you, Mayor Burt and Council Members. First of all, this project as proposed will generate between 80 and 90 additional jobs. It's not four jobs per 1,000 square feet; it's between six and seven. That means between 600 and 700 more auto trips. The mass and scale are incompatible with the adjacent residential neighborhood. Almost 30 percent of the allowed 50,000 square feet of office space per year would be eaten up by this one project, but this particular lot is not included in the area Downtown which is part of the 50,000 square feet. You may recall, when you were adopting specific zones, I said that was a bad idea, it should be Citywide, because developers would come in just outside of the areas which were restricted and put in offices. Here we are. It violates Comprehensive Plan Policies L-5, L-6, L-12, H-1.4. It is not appropriate for this site. I hope that you will make it very clear to the developer that something like this will never fly.

Mayor Burt: Thank you. Shani Kleinhaus to be followed by Elaine Meyer. Welcome.

Shani Kleinhaus: Good evening, Mayor Burt, City Council. Shani Kleinhaus, I'm a resident here. I have a few comments since I'm here anyway. I did have many years that I took a child to that building, so I spent a lot of time there. I would save the trees, as always, especially the oaks on the outskirts. I would definitely look at windows in any new building that comes in. There's trees that should be saved, and the birds that are in them should be saved from windows. Generally, I agree with what everybody else here has said. Thank you.

Mayor Burt: Thank you. Elaine Meyer to be followed by our final speaker, Jeff Austin.

Elaine Meyer: Thank you, Mayor Burt. People have made all the very good points. I don't recall if anyone mentioned that there are no setbacks on the Webster Street side, zero. Please do not encourage this developer to return with a modified project. The architects have put a pretty face on a terrible idea, the destruction of a large compatible, functioning building and one that serves hundreds of professionals and their clients, for no good reason. If they return with a few tweaks of the design, will you then feel obligated to approve it? When they say, "We worked so hard doing what you wanted," will you then say okay? That scenario has been played out so often. Please don't do it this time. 550 Hamilton is a good neighbor to the small homes

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next to it and to the church across the street. Please don't encourage its destruction. Thank you.

Mayor Burt: Our final speaker is Jeff Austin. Welcome.

Jeff Austin: My name is Jeff Austin, and I'm a resident of Crescent Park. I do not support the redevelopment of 550 Hamilton. If the owners of 550 want to redevelop, so be it. This being the case, I ask the Council to please not approve the rezoning request. In fact, I ask the Council to instead deny this and all other rezoning requests. If redevelopment must occur, please ensure that it is approved within existing zoning designations. Enough is enough. A project of this scope and scale is not well suited for this parcel. It moves acceptable height and density in the wrong direction. I urge you to reject this proposal. Thank you for your consideration.

Mayor Burt: Thank you. Thank you, members of the public, for speaking out. I want to return to the Council very briefly, because I'm concerned that the Council really hasn't spoken with enough clarity. In a Study Session, we don't take a vote. It's incumbent on us to provide an applicant with guidance or at least sentiment that will allow them to leave and have some sense of direction. I would encourage Council Members to speak up. Let me add just one thing I neglected to mention before. On the one hand, this project as proposed by the applicant would add a great deal of parking, but that 182 spaces is essentially 182 car trips roundtrips each day. It does address the current parking requirements fully, but it's a significant trip generation that would result. That's a concern of mine. Council Member Kniss.

Council Member Kniss: I think if the developer were listening to the neighborhood tonight and also to us, it would be fairly clear that this doesn't have a great deal of legs, as they put it. The other thing I'd like to know about I'll ask Planning. This is a PC. What was the PC benefit? If you don't know now, perhaps you could let us know another time. In the past, there has been some public benefit that was usually pretty tangible that went with a PC.

Ms. Gitelman: We have reviewed the PC Ordinance, and it is not clear what the public benefit was when this PC Ordinance was approved.

Council Member Kniss: I wondered if that was the case. We could ask Bob Moss, but I know he's not being paid tonight. I think one of the things that, when we're doing this kind of prescreening, the developer really needs to know is any appetite for this. I'm not hearing that tonight. I think it's important that we deliver that in a straightforward way. I realize that a lot

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of effort has gone into this, and we appreciate your being here tonight and airing it for us.

Mayor Burt: Council Member Wolbach.

Council Member Wolbach: A couple of additional thoughts, having heard from the community and also the comments that Mayor Burt made after my previous comments and also from my colleague, Council Member Kniss, regarding the uses of the offices right now. This is something I forgot to mention earlier. I appreciate it being emphasized by the public and mentioned by the Mayor. I don't think we can overestimate how important that is. The availability of small office space for individual practitioners, particularly therapists, psychologists, etc., is something I've been hearing since—I remember knocking on doors when I was running, and people were saying, "I work Downtown, and we're running out of space." The specific people working there now, the families that depend upon those services for their mental health services to provide for the health of the community, is extremely important. If there is any change to what's on the site, I think it would be more palatable if either the existing office side is preserved and any additional housing is focused on the adjacent parking lot and a redesign of that component, or if there is any way to ensure that following a hopefully efficient construction process, those who are tenants currently would have priority to return to space which would be provided for them. Those are thoughts that, again, if we're looking for ways—if you're looking for something that would make it more palatable, not guaranteed, I think it's very important to listen to what people are saying here tonight. On the question of whether we need housing in the community, I think this is where I would probably disagree with Council Member Kniss. There would be potentially some appetite for something on the site, the housing side. Again, as we just heard, the parking lot was designed to provide a transition to the neighborhood. If that is going to get changed into something else, that's going to require a lot of discussions with the community. We'd want to hear that the community is comfortable with what's happening there. The suggestion that outreach to the community be done is something I'd wholeheartedly support. Again, that's not a promise that we'd be supportive in the end. If you're looking for your best shot, that would probably be your best shot. Again, as I mentioned before, step downs and a smarter transition and a more natural and aesthetically consistent transition to the neighborhood, I think, would be important.

Mayor Burt: Council Member Filseth.

Council Member Filseth: Thank you very much. I didn't comment in the first round, because basically I concur pretty much with everything that



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Council Member DuBois said, in particular, and then generally everybody else as well. I did want to say that I'm particularly struck by the comments from the professional services tenants that came out. I want to thank you very much for coming out and talking to us tonight. I don't really want to be part of a cooperative design process here, so I don't want to talk about the project in detail. I do want to observe the—one of the risks of putting up oversized, relative to the neighborhood and surroundings, buildings is it makes it easier to add the next one. Although this is a process, in this case it's taken 45 years or something like that. That's how over long periods of time you get significant change in neighborhoods and so forth. I think that's one of the risks of doing these kinds of things. That said, I particularly concur with the last speaker who said that in general (inaudible) try to avoid zoning changes, other things being equal. I agree very much with that. I think we should only do that when there is a clear reason to do it, and I think it's safe to say we haven't seen a compelling reason tonight why we should change the zoning. I do want to observe that, in this case, the original zoning was actually a combination of CS for part of the parcel and R-4 for—and then it was up-zoned to a PC. The discussion tonight is to up-zone it again to a CD-C. I think this is kind of a process that we don't want to be part of. Thanks very much.

Mayor Burt: Thank you. That concludes this item for this evening. I just want to make sure the public knows that Item Number 12 tonight is discussion of the fifth scenario for the Comprehensive Plan Environmental Impact Report. The fifth scenario was one where we're looking at less commercial development and potentially more housing compared to the other scenarios. I know that an individual project in your neighborhood is what resonates the most with folks, but this is the discussion of how we'll treat all these things Citywide for the coming years and decades. I don't want to discourage you from hanging around until midnight with us. On that note, thank you all for participating. Folks, can we encourage you to continue your discussions out in the lobby, so that we can get going on the next item.

## Agenda Changes, Additions and Deletions

Mayor Burt: Our next item is Agenda Changes, Additions and Deletions, of which we have none.

## City Manager Comments

Mayor Burt: We will now proceed to City Manager Comments. Mr. Keene.

James Keene, City Manager: Thank you, Mr. Mayor and Council Members. We do have an item on Consent tonight, Item Number 3. I've gotten some

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sort of information questions related to that item. I did want to clarify that the action requested of the Council on the Consent Calendar is to adopt a resolution to delegate to the City Manager the authority to purchase part of the City's natural gas from identified, prequalified vendors. It is significant in that the figure identifies a \$100 million expense. The reason for this aggregate maximum being so high is it actually relates to the fact that the action could amend existing agreements which date back to 2007. Given that we're getting close to the existing limit of \$65 million already with a couple of suppliers, we're really essentially asking for an additional authority of \$35 million which would allow sufficient capacity for the next five years or so, given our anticipated needs of purchases of \$8-\$12 million a year. I did want to put that in the proper perspective. May 15-21 is Emergency Medical Services Weeks. Every day our citizens rely on the City's Emergency Medical Service (EMS). Since 1974, our City has deployed highly trained professional teams of emergency medical technicians and paramedics to help our community through some of the most frightening moments of individuals' and families' lives. Our Emergency Medical Technicians (EMTs) and paramedics consistently exceed standards in the treatment, transportation of victims and customer service. This is a nationwide celebration, but it does honor public safety professionals who are on the frontline of community protection, obviously including our own. City Clerk's Office. I did want to say thanks to all who attended yesterday's Repair Café at the Museum of American Heritage including that fellow there on the right. Council Member Marc Berman and Peter Skinner of Repair Café joined the City's GreenWaste team who donated a trailer for the equipment and really special thanks to Gunn High School students for painting a great mural on it. For those of you not familiar with Repair Café, it's an opportunity to bring your broken stuff and have volunteers help you fix them. I was unaware of this. You may have noticed it; I did not. We have a new temporary Public Art installation on King Plaza. It's called *Chime*, and it is an interactive sound sculpture by artist Dan Gottwald and Scott Watkins. It will be on display until August. It's between the trees on the Ramona side of the plaza. *Chime* invites the public to create their own musical experience by pushing large, curved panels that make up the outer walls of the sculpture and activating the pendulums hanging outside through which you can create your own melodic sounds. This is part of a series of temporary art installations on King Plaza we'll have on a rotating basis. It might be interesting as we listen to it closely during the aftermath of the Council meeting to hear what kind of lovely music is being made by people as they exit the Council chambers. As it relates to the issue of airport noise, this is a really premature and early advance notice. We did hear from Congresswoman Eshoo's office that the Federal Aviation Administration (FAA) has released its feasibility study in response to the problem of increased noise in Santa Clara, Santa Cruz, San Mateo and San Francisco

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Counties. Our Staff is working with our consultants to analyze the report. Additionally, you may have heard that Joe Simitian was selected to be Chair of the Select Committee addressing the issue. Of course, as we know, our own Vice Mayor Greg Scharff was appointed to be an alternate to that Committee. We will provide some further details as we've had a chance to look at the report. We have posted the study to our website at [cityofpaloalto.org/airplanenoise](http://cityofpaloalto.org/airplanenoise). Lastly, I would say that as a part of sort of continuing adjustments to our Track Watch program the City has interceded and moved and installed five portable toilets at the four crossings we have in the City and at the Cal. Avenue station where we have guards to address the concerns and the rightful concerns about the absence at times of track guards for those needed breaks. I would say that all guards have been instructed to not leave during any period of time when there is a on the train schedule or a train passing. Those are now installed. If you hear about them or get comments about them, that's the reason they're there. That's all I have to report.

Mayor Burt: I'll wait and ask this question when we have Consent Calendar. I have something before me.

## Oral Communications

Mayor Burt: Our next item is Oral Communications. This is for members of the public to speak on items that are not otherwise on the Agenda. We have four speaker cards, and we will be closing speaker card submittals. Our first speaker is Kerry Yarkin, to be followed by Herb Borock. Welcome.

Kerry Yarkin: Good evening, Mayor, City Council Members and James Keene. I'm glad that he brought up the FAA feasibility study. I'm doing kind of like a work session now with you. I just wrote up some comments called "The Unfriendly Skies." I've spoken to you before about the intolerable noise from hundreds of jets converging over my home and neighborhood in Midtown. When did it become acceptable that many of us cannot go outside of our beautiful homes to enjoy the peace and quiet? Many of us cannot work in our homes anymore. When did it become the norm that daily walks through Midtown are now a dumping ground for rumbling jets every 2-3 minutes? Is it acceptable that some of us feel that we are prisoners in our own homes due to the noise levels? The noise corridor has very obviously been shifted from San Mateo County to Palo Alto. I know some people will disagree with that, but the data will prove that. You're going to also, I hope, get involved with the FAA feasibility study when we come forth with our proposal. I've noticed a lot of changes lately with what the Air (inaudible) is doing with the flight patterns over my home and in Midtown in general. Firstly, I wanted you all to see—I ran this off of the three main routes that

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converge over Palo Alto. I highlighted them. There's the Teardrop, Oceanic and Surfer I. I really want you to understand this because it's coming down to a very big, I think, fight over Surfer I, which is all the Southern California planes that are coming up from the south. Then all the Teardrop ones that are coming down from the south and the Asian planes all coming in and the Hawaiian planes coming in from the west. What I wanted to share with you is at the convergence of the three arrival routes. I am now directly under the Teardrop and Oceanic, and I'm about three or four houses away from Surfer I. Two hundred planes a day arrive through Palo Alto going into SFO. Approximately 45 percent are Surfer I, 45 percent are Teardrop, which you can see from—I ran that off for you, and 10 percent are Oceanic. The past week I've noticed there are times with hardly any noise. When I use my flight rater, I can see that Surfer I is being moved, but then Teardrop is just increasing and just keeping a conga line of going down, crossing over into Palo Alto. They're moving Surfer I maybe over Los Altos or over southern Santa Clara County, but they're just increasing the Teardrop, which is just as bad because it's 45 percent of our traffic. I want to get right to this point about at the community group meeting in Los Altos with 150 citizens last week, one of the community groups is advocating just changing Surfer I. I think we really have to look carefully at that. If they get their way, Santa Cruz County and (inaudible) Capitola, that's all they want is to get rid of Surfer I and move it, then we're still stuck with 45 percent of the traffic. I think that's really key to what I came here to speak about. Please don't chip—I'm sorry. I just want to say I hope you can understand the issues. Look at the study and advocate for a system-wide solution, not just the Capitola, Santa Cruz people. Hopefully Palo Alto will become a livable place again for me and my family.

Mayor Burt: Thank you. Esther Nigenda to be followed by Rita Vrhel, our final speaker.

Esther Nigenda: Good evening, Council Members. It has been known since at least the late 1900s that groundwater depletion contributes to sea level rise. In fact, together with melting ice caps and glaciers and the water's thermal expansion due to global warming, groundwater depletion is considered a significant and increasingly important contributor to sea level rise, especially with dewatering, the construction practice of pumping out shallow groundwater and pouring it down our storm drains to enter the Bay. It is easy to visualize how this practice contributes to sea level rise. I have good news tonight. Save Palo Alto's Groundwater and a group of professionals including well-known architect and resident, Dan Garber, Andrew Murray and others from Murray Engineering and California Caissons with the help and support of our City's Department of Public Works have proposed and hope to soon test a different method for basement

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construction. It is expected that this construction method will generate approximately 80 percent less water waste from dewatering. This creative group is brainstorming ways to reduce that remaining 20 percent to zero. All of us who care about our groundwater and sea level rise appreciate the group's collaboration and initiative in tackling this issue and wish them much success. If this alternative method for building basements and other underground structures where there is a high water table proves effective, we hope that the City will revise its Building Codes for dewatering to prescribe basement construction methods that fully protect our groundwater. Thank you.

Mayor Burt: Thank you. Our final speaker is Rita Vrhel. Welcome.

Rita Vrhel: Hi. I wanted to talk about housing, the shortage and the particularly acute shortage of housing for teachers, firefighters, etc. For the last several years, I've been reviewing housing sales in Palo Alto, which are listed in the *Palo Alto Weekly* every couple days. Recently the last couple of years, what I've noticed is three bedroom/one bath, three bedroom/two bath homes built probably up to 1970 have been going for \$2-\$3 million depending on when the sale was made. The last couple of years, particularly in the last six months, what I'm seeing is these same houses being sold for \$7-\$8 million. When you look at the square footage when they built and when they were sold and what it was then, and then you go into the residential real estate ads, what you find is many of these houses have been—there is a basement. While I'm not speaking for [paloaltosgroundwater.org](http://paloaltosgroundwater.org), I am asking that the City Council, when the time becomes right, consider adding any basement construction, the square footage of that basement to the floor area ratio, so that in fact this simple maneuver would hopefully make more affordable housing available to Palo Alto residents. Probably more Palo Alto residents could afford a \$3 million house than can afford a \$7-\$8 million house. I think I saw the most ridiculous ad the other day in Atherton, which had a 10,000-square-foot, Hampton-style house which had two recreation rooms, five en-suite bedrooms, additional bathrooms, a sauna, an exercise room, etc., etc., etc. I think what we really need in Palo Alto is a basic house, three bedroom/two bath, where people can afford and walk Downtown. Thank you.

Mayor Burt: Thank you. We will now move on to Approval of Minutes—I'm sorry?

Stephanie Munoz: (inaudible) speakers?

Mayor Burt: One, I didn't have cards, and we had plenty of opportunity to bring cards before. I think you've been out here for a long while. I'm going

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to let you speak, but I hope our regular speakers in the future will bring their cards forward at the outset so we get to see how many cards there are and determine our time and not have this strategy that seems to exist.

Ms. Munoz: I'm grateful enough that you do what you do, all of you. I'm especially grateful for this consideration. I feel really humble and embarrassed to be telling you here I am, I'm nobody, and you're doing all this work week after week, late nights, meetings, Study Sessions, all this stuff. I feel really embarrassed telling you, you can't let Stanford tear down all those units. You just can't do it. Stanford has the only land in the North County, the only land in Palo Alto that is open to be built on. They can easily build another 3,000 housing units or another 6,000 housing units. They could put it over by the mausoleum; they could put it in the Lake Lagunitas. There's all kinds of space that they can have. They have the Foothills. They have all this space, and they are the only landowners who have any space to build homes for the people who work in the Stanford industrial park and who work in Stanford itself. You can't just give all the money-making powers to one landowner and somebody, some other town. They can take care of the children, they can take care of the workers. Stanford has to house its workers. They have to house the workers from the hospital. Particularly, right now don't let them tear down buildings that are already there. I've been in those buildings; many of you I'm sure have either. Graduate student housing, it's perfectly decent housing. There's nothing wrong with it. It's kind of like Buena Vista. You've got it there, and it's usable and it's nice. Please, please don't tear it down. It'll cost millions to replace it. Thank you.

Mayor Burt: The Clerk has informed me that we also had Sea Reddy who put in a late card. Out of fairness, you can speak as well. He's gone. On that note, we end Oral Communications.

## Minutes Approval

2. Approval of Action Minutes for the May 2, 2016 Council Meeting.

Mayor Burt: We move on to Approval of Minutes from May 2, 2016. Do we have a motion to approve?

Vice Mayor Scharff: So moved.

Council Member Berman: Second.

**MOTION:** Vice Mayor Scharff moved, seconded by Council Member Berman to approve the Action Minutes for the May 2, 2016 Council Meeting.

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Mayor Burt: Motion approved by Vice Mayor Scharff, seconded by Council Member Berman. Please vote. That passes unanimously, 9-0.

**MOTION PASSED: 9-0**

## Consent Calendar

Mayor Burt: We next move on to the Consent Calendar. We actually have one speaker who would wish to speak, Herb Borock, speaking on Item Number 4. Welcome.

Herb Borock, speaking regarding Agenda Item Number 4: Thank you, Mayor Burt. This paving contract proposal includes some items related to bicycle and pedestrian improvements. The Staff Report is written to indicate that these are essentially implementing decisions that you've already made; however, this past week I noticed that there was a traffic circle installed at the intersection of Cowper and Coleridge, which is one of the ones that's on this contract. The signage for that traffic circle indicates that it's a pilot project and a test period from April to July of this year. I was wondering what the relationship of that is to the statement in the Staff Report that approving that tonight is implementing a plan that we already have. That got to the question of are these paving projects implementation of decisions the Council has made or is it the voting tonight that's approving that policy and just what the relationship is with that pilot project. If it's a pilot project, then it sounds like maybe there might not be a traffic circle there after the test period. That was the anomaly that I noticed, and I was unable on my own to figure it out. Thank you.

Mayor Burt: Mr. City Manager, I wonder if you might be able to comment briefly on the relationship between this Item 4, the paving project, and some elements of it that are part of the Bike Master Plan that are only as yet approved on a pilot basis.

James Keene, City Manager: Can you help out, Mr. Mayor? I'm not sure I exactly understand the question or the nexus there, and then I'd be happy to weigh in.

Mayor Burt: Vice Mayor Scharff, why don't you go ahead?

Vice Mayor Scharff: City Manager Keene, as Mr. Borock noticed, which I hadn't noticed before this meeting either, when you drive by on the Coleridge/Cowper intersection, there's a traffic circle there. There's big signs that say this is a pilot program through July, which implies that citizen feedback during the pilot program would be warranted. Item Number 4 seems to indicate as part of this that we'll have a new landscaped traffic

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circle at the Cowper/Coleridge intersection, and that's what we're approving tonight. It seems inappropriate, as Mr. Borock suggested, to be approving to build it tonight if we're in the middle of doing a pilot where we're looking for citizen (crosstalk).

Mayor Burt: We ask questions not comments under Consent.

Mr. Keene: Thank you for that. I did not have the Consent Item here in front of me since we hadn't had some questions. What we are asking the Council to approve is the authority for the Staff to be able to proceed with a range of projects, and we identify them. That being said, the fact that this is a pilot project would not mean we would automatically proceed with the project. It would be pending the results of the feedback itself. What we are asking for is the authority to be able to move ahead with the understanding that if we're saying that we've got a pilot project, this is not mandating that the project occur. We are seeking the appropriation authority to be able to spend the contract in this amount. That being said, I would guess that, if we have a range of projects, the authority that is granted to Staff has some fungibility to it. If we were not proceeding with this project or if there was an overage in another project, we could use some of the funding towards that. These are meant to be examples.

Mayor Burt: Thank you. Do we have a Motion on the Consent Calendar?

Council Member DuBois: So moved.

Council Member Kniss: Second.

**MOTION:** Council Member DuBois moved, seconded by Council Member Kniss to approve Agenda Item Numbers 3-10.

3. Resolution 9586 Entitled, "Resolution of the Council of the City of Palo Alto Authorizing the City Manager to Purchase a Portion of the City's Natural Gas Requirements From Certain Prequalified Natural Gas Suppliers Under Specified Terms and Conditions During Calendar Years 2016 Through 2022, Inclusive, With a \$100 Million Maximum Aggregate Transaction Limit;" and Adopt an Ordinance Repealing Ordinance Number 4936, the Council's Prior Authorization for Natural Gas Purchases.
4. Approval of a Contract With O'Grady Paving, Inc. for a Not-to-Exceed Amount of \$3,980,143 for the FY 2016 Asphalt Paving, Capital Improvements Program Project PE-86070.



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5. Resolution 9587 Entitled, "Resolution of the Council of the City of Palo Alto Authorizing the City Manager to File an Application for 2016/2017 Transportation Development Act Funds in the Amount of \$203,463 for Bicycle and Pedestrian Projects."
6. Approval of Advanced Water Purification System Feasibility Contract With MNS Engineers, Inc./GHD, Inc. for a Total Amount Not-to-Exceed \$325,875, for Partner Funding Agreements With the Santa Clara Valley Water District and City of Mountain View, and a Budget Amendment in the Wastewater Treatment Fund.
7. Approval of a Contract Amendment With SoftwareOne, Inc., (Formerly CompuCom Systems, Inc.) in the Amount of \$179,028 for Annual Microsoft Licensing True-Up, \$39,119 for Additional Office 365 Licenses and \$17,903 for a Contract Contingency - Contract Number C12144913.
8. Approval of a Vehicle Lease and Purchase Option With Altec Capital in an Amount Not-to-Exceed \$602,847 for two Model Year 2017 Articulating Aerial Device Bucket Trucks and Approval of Budget Amendments in the Electric Fund and Vehicle Equipment and Replacement Fund.
9. Approve and Authorize the City Manager to Execute Contract Amendment Number 1 to Contract Number C14150694 in the Amount of \$1,019,123 With Mark Thomas & Company for Final Design Services for the Charleston/Arastradero Corridor Project, Capital Improvements Program Project (PE-13011), and Approve Budget Amendments in the Capital Fund and Developer Impact Fee Fund.
10. Preliminary Approval of the Report of the Advisory Board for Fiscal Year 2016 in Connection With the Palo Alto Downtown Business Improvement District and Resolution 9588 Entitled, "Resolution of the Council of the City of Palo Alto Declaring its Intention to Levy an Assessment Against Businesses Within the Downtown Palo Alto Business Improvement District for Fiscal Year 2017 and Setting a Time and Place for a Public Hearing on June 6, 2016 at 6:00 PM or Thereafter, in the City Council Chambers."

Mayor Burt: That Motion by Council Member DuBois, second Council Member Kniss. Please vote. That passes unanimously on a 9-0 vote.

**MOTION PASSED: 9-0**

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## Action Items

11. PUBLIC HEARING: Resolution 9589 Entitled, "Resolution of the Council of the City of Palo Alto Approving the 2015 Urban Water Management Plan and Adopt an Ordinance Amending Municipal Code Sections 12.32.010 (Water Use Restrictions) and 12.32.020 (Enforcement)."

Mayor Burt: Now we can move on to Item Number 11 which is a Public Hearing. Staff and the Utilities Advisory Commission have recommended that the City Council adopt a resolution approving the 2015 Urban Water Management Plan and adopt an ordinance amending the Municipal Code Sections 12.32.010 regarding water use restrictions and 12.32.020 regarding enforcement. Welcome Mr. Shikada.

Ed Shikada, Assistant City Manager: Thank you very much. Mayor, members of the Council, Ed Shikada, Assistant City Manager, wearing a hat as Interim Utilities Director for this item. Karla Dailey will be reporting for Staff and provide you an overview of the item before you. If I could just provide a little bit of context. This is a statutory requirement including a requirement for a public hearing, established under State Water Code. The City of Palo Alto is among over 400 agencies throughout the state that are required to prepare and update every five years an Urban Water Management Plan. This is, as the Council knows, touching on a topic that has been much discussed in terms of the various dimensions of our water supply and water management including supply, issues with the aquifer, issues of the role of recycled water in our drought, a contingency response, any one of which are meaty topics in and of themselves. Really the statutory requirement is simply an opportunity for us to wrap those topics together. The State does provide us fairly prescriptive requirements as to the contents and the structure of the Plan. Simply for the purpose of a prop, I brought along the handbook put out by the State Department of Water Resources in how the Plans are to be prepared. As noted, these are each meaty topics, but we will provide a touch point for the Council to reference opportunities in the future as well for each one of the individual topics to come back. With that, Ms. Dailey.

Karla Dailey, Utilities Senior Resource Planner: Thank you so much. Good evening, Council Members. I'm Karla Dailey, Senior Resource Planner in Utilities. I have a very brief presentation for you tonight. As Interim Director Shikada mentioned, the Urban Water Management Plan is required by the Urban Water Management Planning Act. We are required every five years to update this Plan, and it applies to all water suppliers over a certain size, which we certainly are. A couple of notable events. Actually, let me back up one second. Again as Interim Utilities Director Shikada mentioned,

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what this Plan is not is a Water Integrated Resource Plan, which will be coming to you later this year, where we will look at our supply alternatives and evaluate them on a number of criteria including cost, reliability. There's nothing in the Urban Water Management Plan for this year that includes any projects that Council has not approved to date. While we speak of those alternatives at a high level, the Plan doesn't include anything that isn't Council approved at this point in time. A few notable events since the last Urban Water Management Plan, which was the 2010 Plan. The emergency water supply and storage project was completed as you know. We've had some very valuable experience dealing with the 2015 drought and the State mandated water use reductions. We have a new water demand projection, which I'll show you in just a minute, that includes updated population and employment projections, new conservation numbers and the impact of that drought and the resulting drastic conservation that happened here in our community. The San Francisco Public Utilities Commission is nearly finished with the very significant and very expensive water system improvement program. Council certified the Environmental Impact Report for the recycled water expansion program. We are embarking on a holistic analysis of all of our recycled water and groundwater supplies and the nexus between those things. This is a look at our demand projections. You can see actual purchases in this all black line, where we were projecting our usage to five years ago when we updated the Plan in 2010 and where we see demand today. Clearly we've experienced some very significant water conservation. While we do forecast that there will be some bounce back after the current drought, long term we see flat to declining water use. This is just a list of the alternative water supplies, the significant ones that are mentioned in the report. The deep aquifer groundwater is available for emergency supply since completion of the emergency water supply project. We are collaborating with the Santa Clara Valley Water District to study the hydrogeology and the connectivity with the shallow aquifer in the context mostly of the potential for recharge using purified water. The shallow aquifer groundwater, as you know, Council approved some new basement dewatering requirements last year. The connectivity between the shallow and deep aquifers will be included in the study that we're undertaking with the Valley Water District. Recycled water. The Environmental Impact Report (EIR) was certified by Council in September of 2015 as part of the study that I've spoken about a number of times now. Direct potable reuse will be evaluated in that context. There are a number of demand management measures included in your Water Management Plan. I won't go through all of them, but we have a number of programs under way to continue to encourage conservation in Palo Alto. Another State requirement is Senate Bill X7-7 which requires a 20 percent water use reduction by 2020. There were four compliance methods offered up to water agencies. Palo Alto is using the first method which is a 10-year water use average baseline, and

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an interim reduction target of 10 percent off that with an ultimate 20 percent reduction. Here's a graph of where we are. Certainly the drought and resulting conservation is making it very easy to meet the 20 by 2020 reduction requirements. Another requirement in the Plan is to identify the reliability of our water supply. San Francisco Public Utilities Commission generates these numbers for all of the wholesale agencies including Palo Alto, who we receive our water from, from the San Francisco Public Utilities Commission (SFPUC). You can see using a baseline year of 2013, that three years of drought ignoring any State mandated reductions that may or may not come about. San Francisco anticipates that they would need a 10 percent reduction in the second and third years of three dry years in a row. The Water Shortage Contingency Plan has also been updated as part of the Urban Water Management Plan. Currently in the Municipal Code, there are four permanent water restrictions including no flooding or runoff, shut-off valve required when washing vehicles, etc., non-potable water for construction, should not be used if other water sources are available, and leaks must be repaired as soon as possible. Staff is proposing to add four additional permanent water use restrictions including no landscape irrigation between 10:00 and 6:00, potable water in fountains must be recirculating. We are not aware that there are any fountains in Palo Alto that are not already recirculating. Potable water for street sweepers needs to be used if available, and commercial car washes must use recycled water systems if economically feasible. Again, all of the commercial car washes in Palo Alto are already recirculating their water. I would just add that the State is considering some more permanent water use restrictions that are not included in this list. They'll be voting on those on Wednesday. A lot of what we are proposing overlap with what the State is proposing. What's on the table right now in addition to what you see is application of potable water to driveways and sidewalks prohibited unless there is an immediate health and safety issue. No irrigation within 48 hours of a measurable rainfall. No application of potable water to turf on public medians. Those are all measures that we actually did implement last summer during the drought but have not included as permanent restrictions. Depending on how the State votes on Wednesday, we'll have to reconcile those two lists of permanent restrictions and may need to come back to you. A recommendation from Staff and from the Utilities Advisory Commission (UAC), who heard this item at their last meeting, is to adopt the resolution that adopts the 2015 Urban Water Management Plan and the ordinance that will expand the permanent water use restrictions. Thank you.

Mayor Burt: Thank you. Do I open the public hearing at this time or after Council Member comments? At this time I will open the public hearing. If we have any questions from the Council, we can ask them at this time.

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After hearing from the public, we have discussion and a motion. I see no lights. Now I do. Council Member Filseth.

Council Member Filseth: Can I ask a quick one?

Mayor Burt: Sure.

Council Member Filseth: On the no watering of landscape between the hours of 10:00 A.M. and 6:00 P.M., does that mean I can't go water my rose bushes at 5:30 P.M. in the afternoon? Part of the earth is dark is 6:00 P.M.

Ms. Dailey: That's correct; that's what that means.

Council Member Filseth: That's what I thought.

Ms. Dailey: That was the restriction that was in place—that's in place right now actually and was in place all last summer.

Council Member Filseth: I better not confess to being a miscreant.

Mayor Burt: I hope you're not watering them in the winter, though. That's when it's dark at that time. Council Member Schmid.

Council Member Schmid: A couple of questions on the Water Management Plan. On Page 299, we have the groundwater discussion. You mentioned that the Santa Clara Valley Water District is legally in charge of groundwater and that our policy is based on the 2012 Groundwater Management Plan. My understanding over the last couple of years is we have seen a couple of plans from the south San Mateo area, which includes the alluvial plain of the San Francisquito Creek, which is the main issue area in Palo Alto. They have come to very striking differences on the relationship between the shallow aquifer and the groundwater basin. I note on Page 302 it says a better understanding of the hydrology in north Santa Clara County is imperative. That would seem to be that we should start with the recent studies that have been engaged and, if we are doing a further follow-up study, take into account the learnings from them. They're not mentioned in here. Should we mention that there are, since 2012, several important hydrology studies of the San Francisquito Creek alluvial fan?

Ms. Dailey: We can certainly mention that. BAWSCA was involved in a study that was really looking at the potential for doing brackish desalinization in San Mateo County; that was one study. San Mateo County is actually embarking on a gathering of data and has issued an Request for Proposal (RFP) to do some work to further understand the San Mateo basin.

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The project that we're doing with Santa Clara Valley Water District, everyone's talking to each other and everyone's sharing information.

Council Member Schmid: I guess I would like to have a reference in there to the studies that are being done in San Mateo County since it does include the San Francisquito Creek, which is us.

Ms. Dailey: Okay.

Mayor Burt: We're going to have comment period opportunities coming up.

Council Member Schmid: One other question, technical question. On Page 318, you have our base historical and projected data. This, I assume, we're working with and is given to our Sustainability Plan. It is quite striking that the number of accounts, Table 12, shows virtually zero growth. Yet, on Page 281, where you show Palo Alto population, it is growing from the period between now and 2030 14 percent. Those two numbers don't make sense together. To say we're trying to solve a problem where we assume there will be no new water accounts is a striking statement when later this evening we're talking about scenarios about growth. How do you reconcile your having virtually zero growth in new accounts and the fact the rest of the City in the Comprehensive Plan is talking about 14 percent growth?

Ms. Dailey: I'm going to have to get back to you on that one. Certainly the population numbers are Association of Bay Area Government numbers. The accounts are generated internally.

Council Member Schmid: I know we have the population figures there, but in addition we are talking about millions of square feet of office commercial space. There should be some commercial accounts showing activity here. It's hard to vote this as our Water Plan and then to the Sustainability Plan and say you have different numbers.

Mayor Burt: Council Member Holman.

Council Member Holman: Was Council Member Schmid complete?

Council Member Schmid: If there is a response.

Mayor Burt: I'm sorry. I'm trying to find the question per se, a technical question versus kind of eliciting ...

Council Member Schmid: The technical question says why are water accounts not growing. Is that an assumption we're making in the Water Plan?

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Mayor Burt: I believe they said they needed to look at that and get back on that one. They already responded in that way. Council Member Holman.

Council Member Holman: I have three or four questions. One is in response to Council Member Filseth's question. The response was no, he can't water his roses at 5:30. What's in the Staff Report seems to be different than what's in the presentation. In the Staff Report, it clearly says on Page 264, irrigation of turf or ornamental landscapes, blah, blah, blah, except via hand-watering with a bucket or hose with an operating shut-off valve.

Ms. Dailey: Thank you for pointing that out. If you're watering it by hand, you're good.

Council Member Holman: As long as he has a shut-off valve. There was something also new, at least to me. I didn't read it in the Staff Report. On Slide 13, the third bullet here, use non-potable—it's permanent water use restrictions. Use non-potable water for construction shall not be used if other water source is available. I don't find that in the ordinance, and I didn't find it in the Staff Report. Did I overlook it? I'm not opposed to it, but I think it should be construction and demolition, if that's the case. I just didn't find it, so I'm not clear what we're reviewing and voting on.

Ms. Dailey: It's worded poorly on that slide.

Council Member Holman: The list is on Packet Page 264, but I don't find that one.

Mayor Burt: Does the slide actually mean use ...

Council Member Holman: It is a typo, but I just didn't find any reference to it at all.

Mayor Burt: Can we loop back on that (inaudible)?

Council Member Holman: Okay. I have another one. In the Ordinance, on Packet Page 416 "F", City regulation of the time and manner of water use, rate, design, and the method of application of water of certain uses and establish enforcement procedures in support of water use management and the effect blah, blah, blah. Again, I'm trying to get some clarity on what it is we'd be approving tonight. That's very general. That's the ordinance; it's not the resolution; it's the ordinance.

Mr. Shikada: It's in the recital section as a preface to the actual codification sections.

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Council Member Holman: What follows that is the enforcement. Is it only meaning to refer to the things that are listed below or things that we've already approved or ... While you're looking at that, let me ask another question of City Attorney. The report says that this is—actually the ordinance too, I believe—this ordinance is exempt from California Environmental Quality Act (CEQA). Can you explain how that is? There could be some issues here that I would think might trigger CEQA impacts or analysis at least.

Molly Stump, City Attorney: My thought as well when I reviewed this report. It's another member of my staff who's done the close legal work. I'm going to ask the Staff to weigh in. I suspect that there's a specific statutory exemption.

Ms. Dailey: I'm looking back trying to just answer the first question. The slide is incorrect. The restriction is the potable water and street sweepers and washers is prohibited unless non-potable water is available. The slide is incorrect. The ordinance and the Plan are consistent with each other, on your first question.

Council Member Holman: You're referring to Slide 13 ...

Ms. Dailey: Correct.

Council Member Holman: ... use non-potable. What I'm saying is I don't find that particular item listed in ...

Ms. Dailey: Right. That was an incorrect item that was put on that slide. That's (crosstalk).

Council Member Holman: This item shouldn't be in here at all?

Ms. Dailey: No. It's the potable water for street sweepers.

Mr. Shikada: Sweepers and washers.

Council Member Holman: Could we add potable for construction and demolition ...

Ms. Dailey: Certainly could.

Council Member Holman: ... to the ordinance? All right.

Ms. Dailey: The second question was about ...



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Ms. Stump: Are you familiar with the specific CEQA exemption? If not, I can look it up and answer the Council Member's question on it. Give me a few minutes as the item goes on.

Council Member Holman: The other question was about application of water for certain uses. Certain uses is very general. I know it's used sometimes, but it seems to me that's pretty vague in its reference. That's "F" in the ordinance.

Mr. Shikada: I would certainly defer to the City Attorney, but I do read this, because it's in the recital section, as providing a general overview of the requirements which are then specified and itemized, such as the item just referenced on restricting the use of potable water for street sweepers and washers. That's one of the certain uses.

Council Member Holman: I'll stop there for now.

Mayor Burt: Council Member DuBois.

Council Member DuBois: First of all, thank you for the work on the report. There's a lot of individual issues, and it's a pretty complex report. I'm really interested in a higher level, like how do we think of worst case scenarios. It seems like a lot of things are actually likely to happen at the same time. Do we go through an exercise; we say what happens 10 years from now with sea level rise and we're in year five of a drought and an earthquake hits, what is our water situation? It seems like a lot of the issues were looked at independently but not in combination.

Ms. Dailey: In this particular report, they're looked at more independently. The climate change section is actually a new requirement in this 2000—it's not even a requirement; it's still an optional section. It's relatively new for the Urban Water Management Plan. The reliability numbers are generated by the San Francisco Public Utilities Commission for all of their wholesale customers. Since that's our only water supply, those are the numbers we rely on for that. It is not that level of a look at worst case scenario now.

Council Member DuBois: Again, it's kind of complex. It appears that if we get in year three or four of a drought and we're under restrictions, our demand and our supply could get quite close to each other. Is that correct? Is there a chance that we won't be able to get enough water?

Ms. Dailey: Our demand is way below our contractual number that we're ...

Council Member DuBois: That number gets restricted under (crosstalk) of drought (crosstalk).

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Ms. Dailey: Yes, under drought conditions, it is possible that our supplier would declare a water supply shortage. In the case of 2015, which was an unprecedented event, the State declared a statewide water shortage and imposed mandatory cutbacks on all water agencies regardless of what the individual agency's supply source was. In that case, I might just throw out that if we were pumping groundwater, that groundwater would have also been subject to the 24 percent mandated reduction by the State. When we do the Water Integrated Resource Plan, we'll look at those risks in a different way than we might have looked at them five years ago. Again, this is a regulatory requirement. It's not an all encompassing, City of Palo Alto plan for the future.

Council Member DuBois: That's a good perspective. In terms of the groundwater, how do we test these wells that we're not actively using? Particularly with neighboring cities using groundwater, do we monitor the wells?

Ms. Dailey: The wells are monitored. Keep in mind that the groundwater is managed by the Santa Clara Valley Water District, not the City of Palo Alto. They're also monitoring the wells and would have ultimate responsibility for management of the groundwater should Palo Alto or any other city in the county choose to use that groundwater.

Council Member DuBois: Again, I guess there's some question. Is part of that aquifer actually San Mateo County or being pumped by San Mateo County?

Ms. Dailey: There's very little groundwater being pumped by San Mateo County right now. That certainly could change some time in the future. San Mateo County is looking at ways to understand that aquifer more and potentially come up with some sort of groundwater management governance strategy, but that doesn't exist in San Mateo County right now. Santa Clara County would be responsible for maintaining the groundwater level here in Palo Alto.

Council Member DuBois: Thank you.

Mayor Burt: At this time, we have two cards from members of the public. Our first speaker is Bill Ross, to be followed by Shani Kleinhaus. Welcome.

Public Hearing opened at 8:24 P.M.

Bill Ross: Good evening. I'm a ratepayer and a taxpayer and a resident. I have the following comments. I think you need to evaluate whether the demand management measures based on the 2010 approach, especially for

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development, is a valid way to assess the basic figures that are set forth in the document. Would it not be more reasonable using other portions of the DWR handbook to assess it based on actual development and projected quantification from those projects that were required to accomplish WSAs? It's not clear from the Staff Report that there has been adequate notice, especially with respect to the public. You'll note that the designations for adequate public notice, Appendix B, are blank on the proposed draft Urban Water Management Plan. I would join in the comments of Council Member Schmid. They relate to the lack of the requirement for a regional approach which is a requirement for the Urban Water Management Plan. I think that data needs to be added. As far as projections, I think that also needs to be based on information as are customarily retained in water supply assessments. On specific issues, there are inconsistencies within the Plan. I would suggest that the lack of public notice merits a continuation along with the questions that have been raised not only by Council. With respect to groundwater wells, there's no analysis in the analysis section in the printout portions in 23 to 26 of the currently advancing, well-documented groundwater plume or the recently concluded DTSC proceeding in the upper Stanford housing project which is above the drinking area identified in the Plan. Whether it's a DMM or water contingency analysis, I would suggest very respectfully there should be at least consideration for zero water footprint or, as it's designated in the DWR handbook at Page 8-14, zero water demand increase. That way everybody pays for what they're going to use when they commence, not unlike the concept of parking. If you're generating four parking spaces, you've got to have those spaces. The same thing would be true here. I think there are some inconsistencies that need to be corrected; there are several. One I would just point out is the water loss amount text on Page 44 says it's seven percent; whereas, the water loss report, Appendix C, says it's 8.4 percent. I would encourage continuation so that there could be the opportunity for more public comment and correction of internal inconsistencies and addressing the matter on a regional basis as suggested by Council Member Schmid. Thank you.

Mayor Burt: Thank you. Our final speaker is Shani Kleinhaus. Welcome.

Shani Kleinhaus: Thank you. I have a question, and maybe one of you will forward it. I was wondering if we have any issues of saltwater intrusion into our groundwater basin. Thank you.

Public Hearing closed at 8:28 P.M.

Mayor Burt: Thank you. We will now close the public hearing and return to the Council for discussion and a motion.

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Ms. Stump: Mayor Burt?

Mayor Burt: Yes, sorry.

Ms. Stump: May I respond briefly to Council Member Holman's question?

Mayor Burt: Please.

Ms. Stump: Council Member Holman, yes, indeed while there may be without an exemption some issue that needs review under the environmental laws, the CEQA Guidelines—there are two of them—provide an exception for actions taken by regulatory agencies under State law or local ordinance to protect the environment or natural resources. This planning process qualifies for both of those. The exemption does not include construction-type activities, and any project that would be implemented under this Plan would need further environmental review.

Mayor Burt: Go ahead.

Council Member Holman: Appreciate the explanation. To follow up on that, I know like—it's an enabling ordinance, though, so there are a lot of water restrictions being put in place here. Construction projects, yes, get that. There's a lot of enabling here that happens in terms of restrictions of water use. It seems to me that cumulatively that could have a significant effect on the environment. I'm still trying to make that connection. Bear with me; I'm sorry.

Ms. Stump: The State Legislature has provided a statutory exemption under both of these sections of the CEQA Guidelines. Maybe the Staff can clarify. I believe this is a planning document that aggregates and describes other programs and does not create new programs itself. Those types of activities would have to be analyzed separately under the environmental laws.

Mayor Burt: Was there any follow-up to Council Member Schmid's question?

Mr. Shikada: We'll look more closely at the methodology. I would say that the methodology for the accounts is consistent with what's specified in the handbook. Again, we did not reconcile the different methodologies involved.

Mayor Burt: Thank you. Vice Mayor Scharff.

Vice Mayor Scharff: Thank you. First of all, I'd like to thank the Staff for all the hard work that goes into actually putting something together like this—I know how much time it takes—and to the UAC for going through and reviewing it. I also wanted to say that I think you did a fairly comprehensive and good job in updating it. I thought the Staff Report was really clear, at

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least it was to me. I thought you guys did a good job on this. With that, I'll move the Staff recommendation, that the Council adopt a resolution, Attachment B, approving the 2015 Urban Water Management Plan, Attachment A, and (2) an ordinance, Attachment C, amending Municipal Code Sections 12.32.010, water use restrictions, and 12.32.020, enforcement.

Council Member Kniss: Second.

**MOTION:** Vice Mayor Scharff moved, seconded by Council Member Kniss to adopt:

- A. A Resolution approving the 2015 Urban Water Management Plan; and
- B. An Ordinance amending Municipal Code Sections 12.32.010, Water Use Restrictions, and 12.32.020, Enforcement.

Mayor Burt: Would you like to speak further to your motion.

Vice Mayor Scharff: No.

Mayor Burt: Council Member Kniss.

Council Member Kniss: The only thing I would add to that—again thanks, Staff, for the work you have done on this. We didn't really talk about the recycling of water a great deal. It is in here; it is on your Packet Page 310. I think it's really important, and I would call that out to anyone who reads this and hope, as we go forward, that we're looking at even more recycled water and other ways to do it. Thinking of Council Member Filseth, he could certainly be watering with recycled water, and you don't care what time he does it. Right?

Ms. Dailey: That's correct. Water use restrictions only apply to potable water.

Council Member Kniss: I think we should be emphasizing that even more as we go forward. This past year was a great year for looking at how it was recycled. I know people started businesses by recycling it and so forth. I'm afraid we're going to forget about it if we get back into a more normal year or two or three, and we will forget what happened this past year. With that, that ends my comments, but I do want us to be very sure that we haven't forgotten that particular issue.

Mayor Burt: Council Member Holman.

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Council Member Holman: I'd like to offer an amendment which is actually what was introduced on Slide 13, use of potable water for construction/demolition activity should not be—it's not very well worded here; I agree with you. The use of potable water for construction and demolition activities shall not be allowed if other water source is available.

Vice Mayor Scharff: I would be happy to do that except if you look at Slide 13, that's already in the Municipal Code.

Council Member Holman: Slide 13?

Vice Mayor Scharff: Yes.

Ms. Dailey: That's why I was so confused. You're right that is already in the Muni Code.

Vice Mayor Scharff: Those are the permanent water restrictions that we already have in there.

Ms. Dailey: These are the new ones. I didn't make a mistake.

Council Member Holman: Then how come we don't do it? If it's already in the Muni Code, then how come we don't do it?

Vice Mayor Scharff: You're just confused.

Council Member Holman: Like I said, if it's already in the Muni Code, then why don't we do it. You go by a demolition site right now, and they're using water out of a hose.

Vice Mayor Scharff: It's already in the Muni Code; I'm not going to change it.

Council Member Holman: If that's in the Muni Code, are these other things too? What's the difference?

Ms. Dailey: The four items on Slide 13 are already in the Municipal Code other than the fact that the third one is worded strangely and incorrectly. The four on Slide 14 are the four that we're proposing to add to the Muni Code. I would just say that non-potable water being available is—there's a little bit of a gray area there. Staff has worked really hard to get non-potable water to construction sites as often as possible, but sometimes it's not reasonable. Sometimes there's no place for the water truck to pull up and park. Sometimes the noise caused by the trucks aggravates the residents nearby the site more than using non-potable water, so there is some (crosstalk).

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Mayor Burt: I actually see that what's germane is "if other water sources are available." You're saying that they aren't always available.

Council Member Holman: I'm just going to comment that Phil Bobel sat right there and said that Staff's working on getting recycled water trucks to demolition sites. I just hear different things here and there. I'm just trying to put them all together.

Mayor Burt: I think we need to distinguish from what we have before us tonight, which is the Plan versus whatever enforcement mechanisms and implementation we may have of the Plan. Those are two different things.

Phil Bobel, Public Works Assistant Director: Phil Bobel, Public Works. Just to add on to that. What the ordinance currently says is potable water for consolidation of backfill and other nondomestic uses in construction shall be used if reclaimed water is available basically. The only exceptions we've—certainly dust suppression at demolition sites is one of those where we've really insisted that they use reclaimed water, recycled water. The only exception we've sort of had last year was, like Karla was saying, in the very rare case where they couldn't get it there or if they were making a product out of and they contacted the supplier, and they were unwilling to hold their warranty in place if they used recycled water. A product would be like stucco. That's a very small water use. The big water use really is dust suppression at construction sites, either due to demolition or just general dust suppression while they're digging. We've definitely insisted on recycled water for that.

**AMENDMENT:** Council Member Holman moved, seconded by Council Member XX to add to the Motion, "use of potable water for construction/demolition should not be used if other water sources are available."

## **AMENDMENT FAILED DUE TO THE LACK OF A SECOND**

Mayor Burt: Council Member Schmid.

Council Member Schmid: I wonder if I could just add a sentence to the resolution, maybe a "C," that says when Staff comes back with an assessment of how they have—what assumptions they would make on growth and accounts, that that material be available to future Council discussions on Sustainability and Climate Action Plan (S/CAP) and the Comprehensive Plan DEIR. The reason this is important is because both the S/CAP and the Comp Plan are talking about growth rates of something like 14 percent in the future. Right now, the Water Management Plan says that in 2015 we were running somewhere between—there are two different

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numbers in there—153 gallons per capita per day or 142 gallons per capita per day. If those have to fall 14 percent to adjust for population and job growth, is that a sustainable number?

Vice Mayor Scharff: Greg, I think it's fine to have Staff come back with it. I don't think it belongs in the resolution. I think it should be just a direction to Staff that Staff return with assessment assumptions as opposed to changing the resolution itself. I'm fine if you want to just have Staff come back with it and direct Staff to do that. I just don't think it should be in the resolution.

Council Member Schmid: I would be happy to have Staff come back and make available ...

**AMENDMENT:** Council Member Schmid moved, seconded by Council Member XX to add to the Motion, "add to the Resolution that Staff return with an assessment of assumptions that are made regarding growth of accounts and that this information be made available during future discussions of the Sustainability and Climate Action Plan (S/CAP) and the Comprehensive Plan."

Vice Mayor Scharff: Why don't we just say, "direct Staff to return ...

Council Member Schmid: ... during the discussions of those things.

**AMENDMENT RESTATED AND INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "direct Staff to return with an assessment of assumptions that are made regarding growth of accounts and that this information be made available during future discussions of the Sustainability and Climate Action Plan (S/CAP) and the Comprehensive Plan." (New Part C)

Mayor Burt: I just have one follow-up question. I don't know if Staff has this information readily available. We have the reductions in our water use. If we look at Slide 11, going back we have different drought and non-drought years. We see in 1996 we had a peak. We actually have different increments or measurement methods that we use. I was trying to find—Slide 4 is the other one that has it in acre feet per year. I didn't see anything on a per capita basis. We have significant reductions that we've had Citywide despite a moderately significant growth in population over the last—I guess, 20 years now is when we had a period of growth that, I think, was close to 14 percent or something like that. We had a reduction in water use Citywide. It's hard to make the right comparison. I see that even from the 1999 level, which was not a peak, down to the 2013 pre-drought, and then our projected we have—I'm trying to do the math quickly in my head.



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It looks something like maybe in the neighborhood of 25-30 percent reduction Citywide with a 12 or 14 percent increase in population. Per capita, it looks like we're in the neighborhood of a 40 percent reduction.

Ms. Dailey: Right. If you look at Slide 11, the red line is the gallons per capita per day (GPCD).

Mayor Burt: I see. GPCD, got it.

Ms. Dailey: Some numbers in the Urban Water Management Plan include both potable water and recycled water; and some are only potable water, just in case you see two different numbers. Sometimes that can be the difference.

Mayor Burt: I'm looking at 1996; it hit a peak of 70—wait a minute. I see. It's the 250 gallons per capita per day, and then we dropped all the way down this year to—it looks like about 130.

Ms. Dailey: That's correct.

Mayor Burt: Almost a 50 percent reduction in gallons per capita per day with a long-term trend downward. It'll be interesting what our trends are. You've been pretty conservative of showing that we'd actually trend back upward moderately as we leave the drought. We'll see what happens there. That's a pretty drastic drop per capita. We continue to have long-term trends of reduction per capita. We don't know what rate we'll continue to have. If we look at, for instance, a 15-year period outside of this most recent drought, we had maybe about 20-25 percent drop per capita over a 15-year period. That gives us some reference points on what we may expect going forward per capita. Council Member DuBois.

Council Member DuBois: When I was asking you about worst case scenarios, you said that there was another document that was maybe more appropriate.

Ms. Dailey: We'll be bringing to you a Water Integrated Resources Plan later this year, which will do a more comprehensive, head-to-head evaluation of water supply alternatives. We'll assess all of those alternatives on a number of criteria including reliability, regulatory sensitivity, cost, quality, etc.

Council Member DuBois: Does that also include the demand forecasts?

Ms. Dailey: Mm-hmm.

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Council Member DuBois: I look forward to seeing that. Again, I'd just like to see us look at these worst case scenarios with potentially several factors coming together.

Mayor Burt: I neglected to point out that it appears that these, whether they be total use or per capita projections, don't appear to include any significant expansion of our recycled water, either our current recycled or potential future potable, high-purity recycled.

Ms. Dailey: That's correct. This Plan does not include any projects that are not approved by Council, so the recycled water projections are flat over the planning period for this particular document.

Mayor Burt: Thanks. Council Member Berman.

Council Member Berman: Just a quick question. I don't think it applies specifically to this Plan. Have we ever looked at—they recently looked at this and, I think, might have passed it in San Francisco, requiring individual water meters for future multiunit residential developments. I live in a multiunit development. I have no way to gauge how much water I'm saving, because it's all aggregated amongst the entire building. That takes away the incentive, I think, really to achieve maximum savings.

Ms. Dailey: I'm not super familiar with what is in the building requirements with respect to that. I could get an answer back to you.

Council Member Berman: That'd be great. Thank you.

**MOTION RESTATED:** Vice Mayor Scharff moved, seconded by Council Member Kniss to:

- A. Adopt a Resolution approving the 2015 Urban Water Management Plan; and
- B. Adopt an Ordinance amending Municipal Code Sections 12.32.010, Water Use Restrictions, and 12.32.020, Enforcement; and
- C. Direct Staff to return with an assessment of assumptions that are made regarding growth of accounts and that this information be made available during future discussions of the Sustainability and Climate Action Plan (S/CAP) and the Comprehensive Plan.

Mayor Burt: Please vote. That passes 9-0, but I saw that Council Member Filseth had a late light. Did you ...

Council Member Filseth: (inaudible)

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## **MOTION AS AMENDED PASSED: 9-0**

Mr. Shikada: Just for the purpose of clarification, I wanted to be sure we're clear on what we're coming back with. It's effectively to reconcile the figures in our number of accounts versus the overall demand. We'll respond separately to Council with that.

Mayor Burt: Thank you. That concludes this item.

12. Direction on the Fifth Scenario Proposed for Analysis in the Comprehensive Plan Update Environmental Impact Report (EIR), Approval of Amendment Number 5 to PlaceWorks Contract Number C08125506 for the Analysis, and Approval of a Related Budget Appropriation.

Mayor Burt: Our next item is direction on the fifth scenario proposed for analysis in the Comprehensive Plan Update Environmental Impact Report, or EIR, and approval of Amendment Number 5 to PlaceWorks Contract Number C08125506 for the analysis and approval of a related budget—I'm not sure this is worded right. Is it Contract Number for the analysis and approval of a related budget appropriation? So be it.

Hillary Gitelman, Planning and Community Environment Director: Thank you, Mayor Burt. Council Members, Hillary Gitelman, the Planning Director. I am joined this evening by Elena Lee on our Staff and Elaine Costello, who has joined our Comp Plan team as a contractor to help us take this project over the finish line. Also, in the audience this evening is Joanna Jansen from the consulting firm, PlaceWorks, that we've been working with on this Comp Plan Update for some time now. I thought we should maybe just step back before we start and talk about why we're doing this and just the fact that this is a momentous task. It's an opportunity, really a kind of a once in a generation undertaking to update the policy guidance that will inform decision-making in the City for some time to come. It's an opportunity to develop updated policies on a host of important issues including land use, transportation, natural resources and those other ones you see on this list. As with any similar planning effort, community engagement has been key to the effort. I wanted to thank the Citizens Advisory Committee (CAC) who have been meeting monthly as well as the subcommittees which have entailed much more frequent meetings. They have all been working extremely hard, and we're grateful for their efforts. We can't forget that we're working on a Plan for the future. I like to include this picture of a baby who attended our Comp Plan Summit, because we're really doing this Plan for people of around that age group. It's important that we remember that. There are three strands to this planning process. These are parallel

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and intersecting strands that we hope will get us to the finish line—will all get to the finish line at the same time. One strand is, of course, the City Council's work and direction to us on the vision, goals and the critical issues that will be developed and expressed through the planning process. The other strand is the community process led now by the Citizens Advisory Committee. There's a strand that's really in the Staff's domain, to prepare the CEQA document and the behind-the-scenes work that it takes to get a planning process like this to the end. A little more detail on each of those strands. As you know, the City Council to date has received the recommendations of the Planning and Transportation Commission. After years of work, the Commission provided you with their recommendations in early 2014. The Council then restarted this effort to engage the community in a wider process. Over the last year, you've provided us with your guidance on vision and goals for each of the elements. Next up for the City Council will be the review of the Citizens Advisory Committee's initial work products. I know you've already looked at the Community Services Element. You'll have an opportunity in the coming months to look next at transportation and then at land use. We're getting to some of the big, hairy issues of this planning process. At the same time that the Council is providing that leadership and direction, the Citizens Advisory Committee has been meeting on a monthly basis with subcommittees meeting more frequently. They are forming recommendations for policies and programs to implement the vision and goals that the Council has articulated. Where there is not consensus on the CAC, they are developing options for the Council's consideration when the elements come back to them. That's something the subcommittees are working hard to do. The subcommittees will then bring their work to the full CAC, and the full CAC will send them to the Council with some idea of the level of support of the various options. On the Staff side, a big part of our work, of course, is the CEQA process. This is a process that is really intended in California to inform good decision-making. I think we're using it in a way that it was probably originally intended to be used. It's gotten a little expansive over the years, but I think it was intended to inform planning efforts in a real and tangible way. We're trying to use it that way by analyzing several different planning—actually four scenarios originally at an equal level of detail and, at the end of the process, use those scenarios to inform ultimately the Council's decision on the Comp Plan Update that you wish to enact and use in the future. Where we are in this process. We've issued a Draft EIR; that was in early February. We also made a draft Fiscal Study available for review, and it's on our website. We have scheduled a hearing on the Draft EIR for June 6th. Any comments or thoughts you have on aspects of the EIR that we don't cover this evening, we'll look forward to getting your comments and those of the public on that evening. The end of the public comment period is currently June 8th. Just to talk about this EIR a little bit more. We are looking at the

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potential impacts of growth projecting forward to the year 2030, which is the horizon year of the Plan. As I said, we're looking at a number of planning scenarios to inform this process. At a preview we held in January, the City Council specifically asked us to develop a fifth scenario to address the issue of the City's jobs/housing balance. We got subsequent direction from the Council on February 22nd; we actually included a copy of that motion in the Staff Report. We're really focusing this evening on this fifth scenario. Once we have a fifth scenario—our hope is we'll develop the fifth scenario this evening, then it will have to be subject to the same level of analysis as the other scenarios. We'll produce a public document which we're considering a supplement to the Draft EIR. That document will have to be circulated for public review similar to the Draft EIR. We'll have to conclude that public comment period, and then the comments we receive on the Draft EIR and the supplement will be included in the Final EIR. That Final EIR has to be completed before the Council can make a final decision on the Comp Plan Update. Just a quick overview of the original four scenarios that are analyzed in the Draft EIR. Again, we'd be happy to take any additional comments you have on this at the hearing on June 6th. The first scenario is really business as usual. This was our effort to look forward to 2030 and say, "What would the world look like if we didn't update the Comp Plan, if we just stuck with what we had, the policy framework didn't change and growth continued along the path that it has been?" It's based on the City's past rate of housing growth and Association of Bay Area Government's (ABAG's) projection of job growth in the City. In these slides, I'm providing both the City and the City plus the sphere of influence. Later in the discussion, I'm going to focus solely on the City just for clarity. It's easier to talk about many of these issues that way. The second scenario was one designed to look at more aggressive slowing of job growth, so it has a lower projection of job growth than ABAG, and then business as usual. It has the same projection of housing growth as business as usual, because it's based on just the historic rate that we've added housing units in Palo Alto. The third scenario tests this idea of eliminating housing sites along San Antonio. The Council has talked about not being ideal, pretty distant from transit and services, and in place of that increasing housing densities in other parts of the City. I know we've discussed this in the past. It also tests the idea of moderating job growth through the kind of annual limit on office/R&D space that the Council has adopted in an interim ordinance. The fourth scenario really has the most jobs and housing of all the scenarios. It's consistent with the ABAG projections in both categories. It does not moderate the pace of growth, but instead tries to limit the impacts of that growth or that was the concept behind the development of Scenario 4. Here's a quick chart—this is included in the Staff Report as well—showing the four scenarios as they compare in their basic characteristics, which is population and housing, nonresidential square footage, job growth, and then the ratio of jobs to

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employed residents, which is usually how we talk about the jobs/housing balance. If you look at that last column, the ratio of jobs to employed residents, you're seeing that each of the four scenarios we analyzed in the EIR are very similar. This is really what the Council noted back in January when they said, "We want to come up with a fifth scenario that starts to move the needle a little bit on the jobs/housing balance." I've included a copy here of the Council's motion. You suggested in January that we move forward with the various scenarios and that we seek to shift the jobs/housing balance by limiting office expansion and replacing some commercial use with housing. On February 22nd, you developed that theme further, and we got your direction to develop a scenario that included sustainability options from Scenario 4; included mitigation measures that we've developed as part of the EIR process; used Palo Alto-specific data where we have it; integrates the Sustainability and Climate Action Plan; evaluates regulating employment densities; evaluates lower office growth than Scenario 2; and evaluates a kind of performance-based strategy where we have triggers if mitigation measures fail or exceed expectations. What we're asking for this evening. We're looking forward to your direction on development of the fifth scenario. We think of that as being in these six categories. Jobs and square footage obviously is a key characteristic for this scenario. Population and housing is another key characteristic. The zoning changes that might help accomplish those housing and jobs numbers. Infrastructure investments that you'd like to see analyzed as part of this scenario. Sustainability measures and performance or mitigation measures that you think are appropriate. As the Mayor indicated, we're also seeking your approval of the contract amendment we need to conduct the analysis of the fifth scenario and the associated budget appropriation. In the Staff Report, we put forward a few options. I'm not saying that these are the only options for consideration when you're looking at how to define the fifth scenario. We thought this was at least sufficient to start the conversation. They go from Option A, which is 10 percent fewer jobs than Scenario 2 and housing equal to Scenario 3, to "B" which is 10 percent fewer jobs again but housing equal to Scenario 4, and then Option C, which is 10 percent fewer jobs than Scenario 2 and 20 percent more than Scenario 4. It starts to kind of broaden the difference between the scenarios. You see in the last column there the jobs/housing balance or the ratio of jobs to employed residents that would result from each of these options. Of course, we're happy to consider additional routes or additional combinations to achieve other results as long as we can articulate a rational basis in the zoning policy suggestions to achieve those results. I'm just going to keep—a little more detail on some of these factors. Jobs and square footage. We are suggesting in all of these options that we put forward a job number of about 8,800 jobs over a 15-year period. I just wanted to highlight in the Staff Report, we talk about the fact that that just might be a little low. The square footage here might

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be fine, but the jobs numbers might be low just based on the amount of land we have zoned for commercial use and the amount of commercial building space we have. Remember, there's not a directly proportional relationship between new building space and new employment, because some employment happens in existing building space. That's just something to keep in mind. Also, our thought articulated in the Staff Report is that this square footage amount seems reasonable based on the 50,000-square-foot cap that the Council has already indicated at least its interim support for and the amount of square footage that we have already approved at the Medical Center. When it comes to population and housing, our highest option that we provided you is 20 percent over the ABAG or Scenario 4. Some have suggested going even higher than that. I know you've gotten a lot of emails from the public on that. I'll just say that going higher with housing would provide a greater spread between the scenarios, and thus provide more data at the end of the day. I think you can look at this Scenario 5 in two different ways. You can look at it as "I think Scenario 5 is where we're headed with this Comp Plan Update. That's going to be my preferred alternative." You can also look at Scenario 5 as a way to get more data to make an informed decision. You might not end up with Scenario 5, but by analyzing a high housing number, you can inform a discussion and then potentially the preferred alternative is something other than that. In terms of zoning changes, the big ideas for Scenario 5. We're talking about potential replacement of some commercial Floor to Area Ratio (FAR) with residential FAR. We're talking about this idea of a performance-based zoning regime incorporating mitigation measures, enforcement mechanisms, and then penalties or changes in the regime that happen if those measures aren't being met. We've included in the Staff Report a measure related to net new trips, limiting net new trips from new development as a sample of what direction we could go in. This is a big idea that I think would take some additional development during the planning process, but we're excited to pursue that with you. We also mention in the Staff Report our investigation so far into this idea of regulating employment densities, which is honestly quite a significant challenge to think of a way that we could do that effectively. Other characteristics of the fifth scenario. I think we're looking for any input you have on the infrastructure investments that should be included. At this point, we're thinking that you probably want to include those included in Scenario 4. Obviously we're thinking that this scenario would be consistent with the S/CAP goal that the Council has adopted or indicated its support for, which is an 80 percent reduction in greenhouse gas emissions below 1990 levels by the horizon year of 2030. We would want to include in this scenario Comp Plan policies and programs that are supportive of S/CAP strategies. We mention in the Staff Report that we now have a subcommittee of the CAC that's working specifically to identify where those crosswalks happen and how we can make sure both documents are

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supportive of each other. Just a few words on the contract amendment. If you dug into that attachment, what we're proposing to fund as a part of this amendment is a hypothetical analysis that will really serve as a baseline for the other analysis. It's a hypothetical that says no one in Palo Alto has any babies between now and 2030, no job growth occurs, no housing growth occurs, what does the world look like if all we have to deal with is the regional growth surrounding us. It's totally hypothetical, but it gives us important information about what that baseline looks like. In addition to analyzing that hypothetical scenario, we would analyze the fifth scenario that you help us define this evening, consistent with the analysis we've done of all the other scenarios. Then, we would analyze a mitigated scenario, applying the performance-based zoning measures and other mitigation measures that you indicate your support for. All of this would be combined into a supplement to the Draft EIR; that's covered in the contract amendment. The contract amendment also assumes that we'll do revisions to the Fiscal Study to address the comments of the Finance Committee and any comments we get on June 6th and to incorporate the fifth scenario into that analysis as well. Just to review requested actions. We're looking for your direction on the fifth scenario in these six categories if possible; approval of the contract amendment and the related budget appropriation. After tonight, we have the Draft EIR hearing on June 6th, the end of the comment period on June 8th, and then we will continue meeting with the CAC and be back to the Council with the CAC's work products as soon as we can. Meanwhile, the Staff and consultants will get to work on the analysis of the fifth scenario. Happy to answer your questions. I know I've gone on long, but it's a little complicated as well as being totally interesting.

James Keene, City Manager: Mr. Mayor, could I just repeat and amplify two things. Something that we talked about this morning is I was trying to reconcile the potential for the fifth scenario and then the subsequent schedules that would have to be met. Even as we sit here right now with this plan schedule for the fifth scenario, I think the Staff Report anticipated maybe getting something done by November, at the end of this year, on this additional EIR piece, getting a draft of the Plan really out at the end of the year to go through the Planning and Transportation Commission (PTC), ultimately the Council process. We're looking at a year from where we are right now roughly, as I understood the schedule getting to a Comp Plan. I would just repeat again, particularly for folks who may be not as familiar with it. As Hillary was saying, the informing process that the EIR will provide requires that you look at really the bookends of the low and the high ends. I'm oversimplifying this. On the number of jobs, let's say the low end of the number of jobs on the one hand, the high end of the number of housing on the other end. Within that, the existing ranges in the scenarios provide a lot of options for you to ultimately settle on something. Outside of



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that, however, outside of whatever limits you establish, to go beyond that, if you were to do that subsequent to this, this could require a subsequent EIR. You really want to think about setting that right now. Secondly, what Hillary was saying, which will probably need more discussion tonight and grappling with, it's not just a simple matter of saying here's the number we want and that's it. It's got to ultimately be referenced back and grounded in a series of actual possibilities, whether it's zoning the density, height limits, number of units if we're talking about housing, the location, all of those sorts of things. Again, I'd just say keep those things in mind as you do your thing and we hear from the public.

Mayor Burt: Thank you. Before proceeding to hearing from the public, we'll have an opportunity for Council Members to ask succinct questions. I emphasize that so that we try to avoid rhetorical questions that are long statements with a question of Staff, "Don't you agree with me," at the end or something to that effect. After hearing from the public, we'll return to the Council for discussion. I think it may be helpful for us to give an opportunity for the Council to have a good go-around of real interchange and discussion before entertaining a specific motion, so we get to hear from each other. On this particular topic, I really think we want dialog. Within that discussion, it seems that we have a couple of things we'll want to consider. One is what Director Gitelman and City Manager Keene just emphasized. When we look at whatever ranges of jobs and housing within the scenarios that we have, that we request Staff to study, we won't be able to go outside of those subsequently for what we might consider for the Plan itself. We have to make sure that the scenarios are at least as broad as anything that we may want to consider. Second, we could be looking tonight at not merely the guidance on the EIR, but do we begin to give some tentative feedback on narrowing which scenarios we want to focus on. We've had the process that has expanded—I think rightfully so—but this may be an opportunity for us to bring focus back to where we're headed, not by any means that we would be making decisions tonight on which scenario we would be supporting, but do we give some guidance that helps narrow that focus. Council Member Wolbach.

Council Member Wolbach: Three questions for right now for Staff. First, I just want to check if I was incorrect. I think that there's a mistake on Slide 14, where it says that the motion on January 19th was replacing Scenario 4 with the scenario which shifts the jobs/housing imbalance. Looking at the Action Minutes from January 19th, I believe that that was replaced by a motion that was incorporated with the consent of the maker and the second to be the fifth scenario. The focus on moving the jobs/housing imbalance was not in the end, after the amendments, in a change of Scenario 4 but the addition of Scenario 5. Sorry for contradicting what the Mayor just asked,

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but I just wanted to get clarity. Am I missing this or was that maybe a minor—something that was missed in Slide 14?

Ms. Gitelman: Thank you, Council Member Wolbach. I'm going to have to go back and look at the Motion that the Clerk—I thought I grabbed that from the summarized motion, but if I grabbed it from an earlier part of the discussion that evening, I apologize. I'll go back and check.

Council Member Wolbach: Thanks. Secondly, Scenarios 1-3 and also Options 1 and 2 of the Staff recommendations for Scenario 5, which of those or do all of them or do none of them hit our RHNA requirements?

Ms. Gitelman: Thank you for that question. It gives me an opportunity to talk a little bit about RHNA as it relates to projections. What we're trying to develop for the EIR analysis is a reasonable projection of what we think might happen by the year 2030. ABAG develops projections for 2030 and other years. ABAG also develops RHNA numbers. They're different. They have different functions and different purposes. I think it's a good question to ask yourself; are these projections large enough to accommodate our RHNA numbers and/or how much housing we typically build of our RHNA numbers? I think the answer is yes. We don't typically build out our RHNA numbers. We build housing at a lower rate than our RHNA numbers. That's been our practice. We've tried to identify projections that are big enough that they would get us a reasonable amount towards our RHNA projections and are a good approximation of what we think with aggressive housing policies we could accomplish in the 15-year period.

Council Member Wolbach: My last question for now. I've gotten email—I think we all did—from Bob Wenzlau regarding process. Basically he's suggesting that we hold off and slow down the EIR process and focus more on collaborative discussions between Council and the Comp Plan CAC on developing the policies and the vision separate from the EIR and slow down the EIR. I wanted to hear if Staff had any response to that before we moved forward with the discussion tonight.

Ms. Gitelman: Obviously this is something that the Council could consider. We have proposed a process where we're working on those three strands simultaneously, Council, CAC and the CEQA Staff process, hoping that they will each inform each other and we'll get to the endpoint by doing all three simultaneously. You could decide you want to do them sequentially instead. I'll tell you that will elongate the process significantly. CEQA is always or almost always the most time consuming part of a planning effort like this. If we wanted to do it sequentially, I think we'd be pushing out this effort at least by another year or two.

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Mr. Keene: May I just add something to that? I'm being presumptuous here. It seems to me that it might be easier, even in the nearer term, tonight or soon thereafter, where the Council would identify within the fifth scenario what the boundaries are on the jobs and the housing number. That being said, the study of those and the development of the mitigations, as they relate to the performance standards and those sorts of things, are things that could unfold, if managed carefully, appropriately with the conversations that are taking place at the CAC. My own sense is I don't know if we—I would think if we maintain good communication, those things could inform each other. Again, I think the boundaries are one thing. I think then as it gets to applying the performance standards, if you go down that route, and the mitigations and things are things that, I think, the sustainability committee at the CAC and others will be talking about also.

Mayor Burt: Council Member DuBois.

Council Member DuBois: Thank you for the presentation. I want to talk a little bit about what was meant by performance-based approach as outlined in the latest Staff Report. Would that apply everywhere? Would it replace the zoning we have in place now? Could you describe what's envisioned?

Ms. Gitelman: Sure, I'd be happy to comment on that a little bit. I'll admit this is something that still needs further development. I think we used the Council's direction back in January and February as a jumping off place. I think the Council envisioned that we would develop a scenario that had built into it kind of mitigation requirements and then penalties or changes if those requirements were not met. Fremont has done something that they've called performance-based zoning. It's very different than our situation, because it's kind of a green field site. It was development of vacant land. It's a term that has great appeal. The idea being that we establish performance measures that new projects have to meet. If they themselves can't mitigate their impacts onsite, then they're responsible for offsetting those impacts somehow. We've included in the Staff Report our idea, for example, for how new trips would be mitigated in that way. I invite you to look at that. I'd be happy to answer questions about that measure. Our thought is if the Council continues to be interested in this idea, we would pursue similar policy framework to address other potential impacts of growth that might occur over this period.

Council Member DuBois: We talked about performance things in different ways in our past meetings. I guess Point G of the previous motion about triggers. I didn't really see in the report the idea of triggers, at least the way I understood it, which was we would actually trigger different policies or programs if mitigations weren't working. I saw a description of potential

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mitigations but not this idea of actually changing. I just wondered if that's coming later or we're not in sync on that.

Ms. Gitelman: I guess we haven't gotten to the point where we talk about what happens if these measures are not complied with. We didn't put the penalty trigger phase in here. I think that's something we would have to develop. If we set what we think of as an aggressive but achievable way for people to address their impacts, the impacts of new development, we also have to come up with, as the Council indicated, the what if the impacts aren't sufficiently addressed, what would happen either to that development or to the next development. That's to be developed.

Council Member DuBois: We were talking about 40 percent reduction in single occupancy vehicles if the Comp Plan's built on that, but we don't see it happening, how do we adjust. I think that was the context.

Ms. Gitelman: That is still to be developed. I think this whole area of performance-based zoning is one that's evolving. We have a significant amount of research to do on our part to come back to you with some ideas that we think are not only captivating, as the concept is, but are pragmatic in the sense that they can be implemented and we can achieve our goals.

Council Member DuBois: I did go back and read a lot of transcripts, because it's been a little while. We recently passed the motion in April about the S/CAP. I thought we were pretty clear we asked for it to come back in two months, which would be June, about how the Comp Plan would relate to the S/CAP. I thought we were pretty clear that we wanted the Comp Plan to drive the S/CAP, not the other way around. Do you feel like that's happening?

Ms. Gitelman: I think the subcommittee of the CAC that met on sustainability agrees with you. I think the first discussion that they had since the Council's meeting was really along those lines, that the Comp Plan sets the goals and the policy framework. We now have this additional goal of greenhouse gas reductions to incorporate in here. This Comp Plan is the overarching policy framework, and the S/CAP should be consistent and supportive of the policy framework that we build in the Comp Plan.

Council Member DuBois: I just want to be clear, because it almost sounded the reverse sometimes. The other thing we had in that motion was we asked for Palo Alto-specific data to be used. It still looks like we're using ABAG forecasts. Again, when would we—we're talking about tonight what are reasonable assumptions on growth, but we're still using different data when we asked to use the Palo Alto-specific data.

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Ms. Gitelman: Just to be clear, what we're really talking about when it comes to jobs and housing here is what we think here in Palo Alto would be a reasonable projection of growth to the year 2030, knowing what we know about the policy framework we're likely to enact in the Comp Plan and the zoning changes we're likely to enact to implement that policy framework. You can't get more local than that. We're really trying to start to drive this planning process towards what we think Palo Alto wants to see in terms of its policy framework for 2030.

Council Member DuBois: The population numbers, those are based on Palo Alto specifically or are those ABAG population forecasts?

Ms. Gitelman: All of the options we've provided for Scenario 5, those population numbers are based on a projection of housing growth that varies from ABAG. It's really based on a modification of our local track record in producing housing numbers.

Council Member DuBois: That's really helpful. I think that's my questions for now. Thank you.

Mr. Keene: Mr. Mayor, if I might just jump in. I don't want to go off on a tangent, but we probably can talk about this at the Committee of the Whole, but I doubt that we'll be on target to be back in the middle June with that detailed discussion on the Comp Plan, S/CAP interface. That being said, I would say we're very clear at the Staff level that the Comp Plan discussion is leading the S/CAP in this regard, not the other way around. The sooner, of course, you all set some of these parameters on the fifth scenario, that will also help focus discussion on both sustainability or the other performance measures. Thanks.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Thank you. I'm confused about a few things. I'm hoping you can change it. Cory touched on the first of them, which is Slide 14 does not match at all Page 8 or Packet Page 428 of what the Motion is. I guess my first question would be should I just ignore that slide or is that slide—what's the basis for that? I don't recall anything about replacing Scenario 4.

Ms. Gitelman: I apologize, Vice Mayor Scharff. Elena has just confirmed that I did get that wrong. I pulled it from the wrong part of the Council's discussion. We did get direction to develop a fifth scenario which shifts jobs/housing balance by limiting office expansion. We didn't get the direction about eliminating Scenario 4. You can ignore that slide. I pulled the motion wrong.

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Vice Mayor Scharff: I actually don't believe you did. I believe it said evaluate lower general office and R&D (inaudible). I don't see anything about the jobs/housing imbalance in the motion. Was it a different meeting?

Mr. Keene: Yeah. You met on the 22nd of February.

Ms. Gitelman: That's from January 19th.

Vice Mayor Scharff: You got that in the previous meeting. I should ignore this. It was previous Council direct.

Mr. Keene: No, but even the case—the first piece was not about replacing the fourth scenario. That is a misstatement. If we were (inaudible) the fourth scenario, we wouldn't have a fifth scenario obviously. We'd just have four.

Vice Mayor Schmid: That's what I thought. That's why I'm confused.

Mr. Keene: That part is inaccurate.

Vice Mayor Scharff: For purposes of tonight, should I just ignore what's on that slide and focus on what's on Page 8?

Ms. Gitelman: I think the important point—this is something that Council Member Wolbach raised in his questions to Staff in advance of the meeting, that the Council's already had two discussions on the fifth scenario. One was on January 19th, where there was this focus on the jobs/housing balance. The second one was on February 22nd, and I think I did get that motion right. That's shown on a subsequent slide.

Vice Mayor Scharff: In the January 19th, we didn't discuss a fifth scenario, did we?

Ms. Gitelman: Yes, we did discuss the fifth scenario.

Vice Mayor Scharff: Got it. That was my first confusion. The second part where I'm a little confused here. My recollection on the 22nd is we talked about creating a quality of life scenario that we would move forward on and look at. There's another strain of this—that's where all those mitigations come in and all of that. There's another strain that you talk about, creating a bookend. I'm not sure if you've said it or members of the audience say it, but a lot of people have said the bigger the bookends, the better the data we will have to make a decision from. Is that correct?

Ms. Gitelman: That is correct.

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Vice Mayor Scharff: The problem I'm having is it can't be true in the extreme cases. If I said to you, "Let's have 20,000 housing units in it," I'm assuming that damages your data and not gives you better data. If that's not true, tell me. Does it matter where that data goes?

Ms. Gitelman: This gets back to the point that City Manager Keene was making. We can't just pull a number out of a hat for numbers.

Vice Mayor Scharff: That's what you're asking us to do tonight, pull a number out of a hat.

Ms. Gitelman: It has to be a reasonable number in the sense that we have to articulate or understand that there are policy changes that would get us to that number.

Vice Mayor Scharff: This goes to the core of my confusion. It seems to me that you're asking me or us as a Council to choose a number tonight. In fact, I think I have 100 emails from people that say go big, choose a large number. I have a Staff Report that has a number of 5,300 as the thing. As a Council tonight, are you asking us to say, "I feel like 6,000" or "I feel like 6,500"? You say it goes back to we have to choose something that makes sense. This is my confusion. How would Council know what is a possibility other than the 5,300, which you have in the Staff Report? Does that mean I cannot choose a number that's higher than 5,300, because I don't know if that makes any sense in terms of you said it has to be practical? That's the core of my confusion tonight.

Ms. Gitelman: Let me see if I can help. Let me explain a little bit how we got those three options. The housing numbers in Scenario 3, which is Option A, we got that by assuming some of the housing sites that are not as attractive as we hoped they would be are eliminated in favor of higher densities on better sites. In fact, five out of the nine Council Members supported that in concept. We think that if you get rid of some bad sites and increase density on some good sites, you're actually going to start to see a little more housing than you would see under the no action scenario. That's where that housing number came from. In Option B, we're showing the same housing numbers as Scenario 4. In that scenario, we assumed that we would get rid of those housing sites we don't think are very good, we would raise densities on some housing sites that we think are good, and we would add some more sites along the El Camino corridor. For that reason, we thought the housing numbers would go up a little bit, because we're taking all of those actions. To get to the Option B number, which is a little bit above Scenario 4, we're saying that we would do all those things and we would double down a little on those and start to convert some

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commercial FAR to residential FAR in parts of the City where that makes sense, so we get slightly higher numbers. If the Council's interested in going to a higher housing number, I would ask that we collectively put our thinking caps on this evening and think about what policy steps we could take, in no more detail than I've just articulated, a real broad brush. What would we do to drive those numbers even higher? It could be that the members of the public who are saying go big have some ideas or the Council may have some, if that's your desire.

Mr. Keene: May I add to this? I asked Hillary this question a little while ago when we were just sitting here at the Staff table, exactly your question, Mr. Vice Mayor. It may be that the Council is able to make a lot of progress at identifying some of those additional factors tonight. It may be that you're not, and you're still interested in this number. You may assign us to go back and do some reality checks on what it would take to actually begin to pencil out. What are some of those issues? If you're going to say we're going to stay at a 50-foot height limit, for example, as a factor or we want a limitation on very small units, which could actually get you more units in the same amount of space, those would all have limiting factors on where the numbers could go. What the Staff has done to date is work within, I think, the reasonable boundaries of the geography, the zoning and the existing guiding policies we have as a City to reach that—I'd call it an initial stretch goal of the 20 percent beyond Scenario 4. If you want to go a lot further, you all would have to maybe start staking out some territory from a policy point of view, saying "We'd be willing to entertain some of these considerations," at least for the purposes of an EIR, to see what those things mean. It very well may be that we're not able to nail every aspect of that down, and so your outside number could end up being a tentative number for right now, that we'd have to put some more definition to it before it would be worthwhile data as opposed to whimsical.

Vice Mayor Scharff: That was actually very helpful. I appreciate that. My other question goes on the other end of this. This was a quality of life scenario as well. On the other end of that, one of the things in that quality of life is we're not supposed to make things worse. That means that if there's a scenario here—the other limitation, you could say we could increase housing if we said we're going to raise the height limit, for instance. You could clearly do that, build more housing. The question is also on this where's the testing that we don't want to make traffic worse. How does that play into that in an EIR? If I say let's go with 5,300 units and your numbers come back and show that traffic is worse, but if I'd gone with 3,800 units it shows that there's no increase in traffic, will the EIR tell me that or not? If I tell you 6,000 units but 5,300 would have been fine with no increase. When you say do the bookends, if I choose a number that's too big, doesn't it tell



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the community—the extreme cases are helpful in thinking about it. Let's say I chose 10,000 units. I would guess if we built 10,000 units, we would have worse traffic. That's just my guess. Everyone in the community would say, "Look at all this traffic. Look at all the terrible EIR ramifications of this. We don't want to do this." My concern is if I go too big, doesn't that undermine the whole idea of showing the community of a quality of life or not? We can mix and match; how do you mix and match between numbers that aren't tested exactly in the EIR?

Ms. Gitelman: Thank you. I'm not sure I'm exactly answering the question. One of the things we want to do with the analysis of the fifth scenario is test this idea of performance-based zoning and the mitigation measures that we would apply. We would actually run a scary analysis of the impacts, assuming no mitigation, and then we would apply all the mitigation and performance-based practices and see if we couldn't drive the impacts down to certainly less than significant but see what we would do to address the impacts. We're going to try and test that idea and be able, I hope, in this supplement to the Draft EIR to inform that discussion.

Vice Mayor Scharff: When you test it—that's the nub of my question—are you going to test it if we say 5,300 units? If we give that to you as the number, you try and drive it down using performance-based zoning on that 5,300 units, but does that mean, if you can't drive it down, the analysis will come back and say, "It would be driven down to zero if we were at 4,875" or something like that or is that information not going to be available?

Ms. Gitelman: I'm not sure that that's going to be—I'm not sure it's going to come out exactly that way. I think what we're going to do is evaluate the effectiveness of these measures that would be applied. The effectiveness would be relatively the same whether it's a big number or a slightly smaller number. Do you see what I mean?

Vice Mayor Scharff: Got it. Thank you.

Mayor Burt: Council Member Kniss.

Council Member Kniss: Let me pick up where Greg just left off. I think what I'm hearing clearly is none of this could happen with an enlarged number on housing if we weren't willing to look at some zoning changes, particularly from commercial to residential, perhaps a moderate change in height limit, and especially some alternative forms of transportation. This is where our TDMs and so forth would come into play. If there's some other way that could happen, and then think about that for a minute. At the same time, one of the issues that you have brought up tonight that actually hadn't hit me in the same way is both Stanford Medical Center hasn't opened, nor has

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Lucile Packard. I don't know what that exact impact is going to be on this community, but there is no question that this new hospital with its 12 stories, something like that, which is very high, but also means a great deal more as far as employee traffic going back and forth. We in some way are going to feel the impact of that unless we respond with a better look at where housing is going and what kind of housing we have. Am I headed in the right direction?

Ms. Gitelman: Yes. I think all of those issues that you raised are on the table this evening as questions. To the extent that we can collectively hash through it, we're doing planning right here. We're deciding what we're going to analyze and how we're going to tackle this.

Council Member Kniss: I understand what Greg Scharff is saying regarding how this plays out as a scenario. As you do the performance-based scenario, you're feeding numbers, I'm going to presume, into some kind of mechanism that can interpret this for you in such a way that you're going to get a far clearer picture of what would happen if. We're doing a lot of what-ifs, correct? Good. Those are my questions for now.

Mayor Burt: Council Member Filseth.

Council Member Filseth: Thanks very much. I'm going to follow on a thread from Council Member Scharff as well here. Greg, you've stimulated a lot of discussion here. I want to understand the question that I think Greg asked. What is the function of what you're asking us to do tonight? Is it—I'll explain what I mean. Is it to try to do a numerical test exercise of something or is it to try to get us closer to converging on a scenario? Is it we want to test and see the impact of performance-based zoning and how effective that would be and what is the impact of adding a lot more housing with and without performance-based zoning or is it to try to converge—or should we be pushing for converging towards a scenario? The reason I ask this "for example" is I look out here and I see a lot of the folks who sent us "go big" letters. If we went back three hours to the first discussion, you had a lot of people going, "Wait a second. There's too much development. There's too much growth in town. No, we don't need all this stuff." Those are distinctly different perspectives. I am just going to guess here that if you asked both groups, they would gravitate toward radically different scenarios here. What are we trying to do today? Are we trying to flush out some of the levers or are we trying to reduce the count of scenarios?

Mr. Gitelman: We're not trying to reduce the count of scenarios. As you can see from the three options that we put on the table for consideration, our initial instinct was to put on the table things that we thought were different

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than the original four scenarios but kind of built from them. They were conceivable as a result of a planning process that's already considering these issues, a direction that we'd already been receiving from the Council. In that sense, initially we were thinking, "Maybe we're starting here to build what will ultimately be the preferred alternative." I think those who have challenged us to analyze higher housing numbers are making a good point. The higher we go in terms of our analysis, the more we analyze that potential decision point, not that we have to go there at the end of the day, but we have a data point that we can use to inform our decision. I'm dodging your question a little bit, because both are possible courses of action this evening. We're interested in the Council's take on which of those two directions you see as most important or useful at this juncture in the planning process.

Mr. Keene: May I add something to that? Your question is a really good one. On the one hand, what the Staff is asking the Council to do is to establish a vision of sorts, even though these measures might be more intuitive visions. Like a number on job growth and a number on housing growth, different people have different even feelings about what that symbolizes. By having a broader boundary, you in one sense are being more inclusive of the fact that there are different points of view. Once again, none of that in the EIR means that's what the Council will ultimately choose as far as the vision and the scale of what the community will look like over the next 15 years. As we look at the second cut of this, again going back to Vice Mayor Scharff's question, the number in and of itself won't be the whole litmus test. The implications of what has to happen to reach those numbers will be other values-based decisions that you would have to say, "We can support that. We can't support that." At least, potentially if you can work through that process, you will have in many ways said to the public, "This is what we're going to look at and these are the boundaries and these are the reasons why we can do it and these are the reasons why we can't do it," as opposed to potentially "We reject that point of view" or "We reject this point of view right now." There actually is kind of a silver lining to the fact that there is a disagreement right now, that the EIR process could help clarify to everybody what it really takes to make or maintain the Palo Alto people want in 15 years from now.

Mayor Burt: Council Member Holman.

Council Member Holman: Sort of along the same lines, in response to a question or comment that Council Member Filseth made. One of the reasons that we had a lot of people, not the only reason, write to us about 550—I'm conflicted on that, so I'm not talking about them. I'm just using it as example—is because there's a visual. There's a visual and there's a specific

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building and a specific neighborhood that's being impacted. This EIR process and these scenario processes have been very word focused. People don't have something to respond to. My concern has been that we aren't employing visuals to say, "If we were going to do this, here's what it would look like." People don't really have anything to respond to but words. When is that going to be a part of what we're looking at, literally looking at?

Ms. Gitelman: We've tried in the Draft EIR that you have to include some figures that illustrate the scenarios, but we're looking at a Citywide scale here. We're not looking at a single site or even a single neighborhood. If you look at those figures, you'll see they're basically diagrams that take the map of the City and show the areas where we would presume that job growth or housing growth would occur under the various scenarios. It's not the same or as visceral as when a developer comes in and there's a building and it's right next door and you see what it looks like. That's one of the challenges of a programmatic EIR. We're trying to do something at a Citywide scale. We can double down in this supplement to the Draft and try and illustrate the fifth scenario in other, more creative ways, but there's no getting away from the fact that we're doing something—we can't do it at the same level of detail as you would for a single site or a single neighborhood.

Council Member Holman: Comments later. Has the Staff done any looking into how many units of housing we'd actually have if we intervened in the loss of housing units, if we limited the number of Airbnb listings that we had? Right now just under single family and apartments, I see 300 listings for Palo Alto. Not shared rooms or any of that, just single-family homes and apartments. If we put some kind of—as other communities are thinking about at least—taxation on ghost houses, that could raise money for a housing fund. Are we looking at building stuff that we already have, but just not having access to or utilizing?

Ms. Gitelman: You're raising a series of issues that would take certainly more conversation, particularly the idea of taxing ghost houses. I don't think that we have yet found a way that we could do that. On the larger issue, we have not assumed the loss of existing housing stock. We're talking about in each of these scenarios the idea that over the next 15 years our housing stock would grow. Our assumption is that's all new units; it's not like we lose some and then we add more. Again, that's just an assumption. The larger issue of how we regulate and control or think about vacation rentals and these issues is a discussion probably for another day.

Council Member Holman: I guess everything else I have pretty much is comments rather than questions.

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Mayor Burt: I'll try and be succinct. First, I have a question on this issue of the S/CAP and how it relates to the Comp Plan. I wonder if perhaps the Clerk can try to find the motion or the Council guidance on this issue. Maybe my concern will be addressed by colleagues' clarification on what their understanding is. My recollection is that we were talking about the S/CAP being driven by the Comp Plan on growth issues, but there's a lot to the S/CAP outside of the growth, and there's a lot to the Comp Plan outside of growth. In many of those other areas, I would think that it's the two really intertwining with each other as opposed to the following, but I'd like to see that clarification. The second, as we go into the policy steps, what I'm going to be open to considering in the range of housing is determined to a great degree by what sort of performance requirements we can put in place. One of the biggest possibilities that I see is if we can restrict new development from being able to use Residential Permit Parking. I brought this question up to the City Attorney. My understanding is that there's some ambiguity in the law in some regards. If we had additional allowances for housing, say additional floor area ratio, elimination of the density, or other aspects related to essentially a development agreement, so a conditional increase, could we then have a restriction on being able to have those projects not be eligible for RPP and, thereby, being able to reduce the parking requirement without having potential impact on neighborhoods? Under development agreements, could we do that?

Molly Stump, City Attorney: Thank you. We did have a chance to discuss this. I know it's an item of considerable interest to the whole Council. If Council moves forward with this type of exploration, we will do some additional analysis to look at a range of different options for potentially putting in place these types of mitigation measures. We do need to look at the State law and the question of State preemption. There have been some interpretative documents issued; one just a few weeks ago by the State Attorney General and a couple by the courts but not right on this question. We will need to look at that as a potential risk item. We'll probably advise the Council in a confidential forum.

Mayor Burt: It makes it difficult for me to move forward with which of these variations of Scenario 5. I would support without any more guidance as to whether if we have conditional approvals we could implement this. It makes it hard. I think we're now ready to hear from members of the public.

Council Member Wolbach: (inaudible) follow-up question.

Mayor Burt: We're not doing second rounds, but very quickly if you can.

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Council Member Wolbach: Just a quick clarification, following up on what Council Member Scharff was asking. Just to narrow the question down, I want to ask it like this. With the mitigation measures, I think the question is do they scale, are they scalable. If you have a mitigation measure in place that works to reduce, say, car trips by 20 percent with 5,000 units, would it work to reduce car trips by 20 percent with 10,000 units or 20,000 units or 250 units? I think that's kind of the question that we're looking for. It sounded like that was a yes, but it might be contingent on what the measure is.

Ms. Gitelman: Our hope is that we can design performance measures and mitigation measures that we can basically project or measure their effectiveness with the fifth scenario, and that that would be scalable to other scenarios. Until we get into this, we're not going to know with certainty, but that is our intention and our hope.

Mr. Keene: Mr. Mayor, just almost exactly word for word. The one portion of the March motion from the Council was actually pretty simple. It just said direct the Staff to come back in two months with a process for integration of the Sustainability and Climate Action Plan with the Comprehensive Plan Update.

Mayor Burt: That's different from what I had heard from colleagues.

Council Member Wolbach: (inaudible)

Mayor Burt: We're going to have a comment period; you can comment during comment. I take it that members of the public have had the opportunity to submit speaker cards, if they're going to do so. We'll close off additional submittals. We actually have 18 cards, so each member will have two minutes to speak. Our first speaker is Jessica Clark, to be followed by Jeff Rensch. Welcome.

Jessica Clark: A few months ago, I stood here and shared my family's struggle to stay in Palo Alto and urged you to create more low-income, affordable housing. I am truly moved by all the people who have come up to me, thanking me for speaking out. I asked them to share their own stories; however, most of them shy away from coming here for two main reasons. They are afraid, and they are ashamed to say publicly that they are struggling. Therefore, I speak for these families who are housing unstable, because I am not afraid and I sure as hell am not ashamed. Shame doesn't lie with families like mine, families who work hard and contribute to our community, both new arrivals and multigenerational Palo Altans like mine. The housing crisis has spiraled into this situation and forced many into a place of need. The shame lies with accepting the status

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quo, sitting idly by year after year allowing this nightmare to present itself. We cannot allow greed of the familiar to take precedence over people, families in our community. My family's quality of life has drastically plummeted in just a few short months. Nearly 80 percent of our income goes to rent now. After bills, there's just nothing left in the bank. We can't afford afterschool sports for our children. We do not sleep well due to the constant financial stress and worry. I have cried more in the last few months than I have in my entire life, not just for my family but for all the wonderful families struggling with this elusive quality of life. This City is in desperate need of housing and a bold fifth scenario could start to address the heart of quality of life. Instead of wasting precious time drumming up scenarios that resemble each other, I beg Council to put people first. We cannot thrive as a community without economic diversity and simple human kindness. Listen to us and think of those who can't come forth. Please study a fifth scenario that thinks big for the future of us all. Thank you.

Mayor Burt: I'd just like to encourage members of the public—we want to make sure we have a safe environment for everybody to be able to speak, whether they have opposing viewpoints or not. We try to discourage boisterous support or opposition. Jeff Rensch to be followed by Diane Morin. Welcome.

Jeff Rensch: Hi. I would like to read a letter from the League of Women Voters of Palo Alto. Dear Mayor Burt and Council Members, the League of Women Voters of Palo Alto supports the concept of a fifth scenario to be studied in the Comprehensive Plan EIR. We agree that the fifth scenario should encompass Points A to G in the City Council motion restated on Page 8 of the May 16th Staff Report. However, we strongly urge the City Council to use the fifth scenario to study the impacts of both significantly increasing the supply of housing and analyzing the effects of the Sustainability and Climate Action Plan proposals. LWVPA has adopted housing policies and encouraged housing opportunities for all economic levels, ages and ethnicities as well as housing that is open to everyone. Our policies also promote a balance of jobs and housing and support regional planning. A fifth scenario that explores the jobs/housing imbalance is needed for you as decision-makers to understand the full impacts of increasing the housing supply. Option C for the fifth scenario, which calls for 20 percent housing, is a step in the right direction; however, we believe it does not go far enough to make a real difference in addressing the housing shortfalls in Palo Alto. More and more you are hearing from residents who are asking the City to be more proactive in this area. In order to enable fully informed decisions about the future of Palo Alto, the EIR should analyze the impacts of a scenario far greater than the Staff suggestion of a 20 percent increase in housing units. I don't think I have time to read all the rest of it, but we say

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the fifth scenario should also incorporate the recommendations of the S/CAP. The S/CAP goals and principles will significantly reduce greenhouse gases and other environmental impacts. Analysis of the goals and policies to meet the 80/30 goal is most desirable at this time. Please adopt for study a fifth scenario which includes an increase in housing units far greater than 20 percent. Thank you. Sincerely, Ellen Forbes, President. Thank you.

Mayor Burt: Our next speaker is Diane Morin, to be followed by Mary Jane Marcus. Welcome.

Diane Morin: Dear Mayor Burt, thank you for pronouncing my name correctly. Vice Mayor Scharff and Council Members, my name is Diane Morin, and I'm speaking on behalf of the Palo Alto Forward steering committee. However, I was also, you'll recall, a Commissioner on the Human Relations Commission at one point. I think that's relevant. In case I wasn't motivated enough, tonight I spoke to an employee of Palo Alto who told me she's been sleeping in her car now for months because she can't afford to pay the rent. I'm here to ask you that as you review tonight's fifth scenario, we encourage you to go big on housing, to explore a scenario that doubles the amount of housing and that in Scenario 4 and also specifically looking at net zero housing and zero impact housing. At this point, Scenario 5 is the last chance to review environmental and fiscal impacts of adding a lot of housing. Without studying a greater housing number, we won't know what the impacts are. We hope you continue your support for housing as you did during the November 2nd land use discussion, supporting housing for diverse family sizes, ages, ability levels and income levels. This brings me to what City Manager Keene was speaking about before, Vice Mayor Greg Scharff was talking about in terms of actually expanding the vision of what you're looking at, so that we can have some choices as Palo Altans. Over the past six months, you've heard from many members of the public about the housing crisis. Retirees have come to share their challenge of staying in this community. Public employees have highlighted their inability to live in the community. Public employees. The disabled adults and their families have shared their struggle to find affordable options. Young families and longtime Palo Altans have highlighted their struggles to stay. As you review tonight's fifth scenario, again we encourage you to be big on housing. Many members of the public have also stayed tonight to show support. I invite them all to stand now. For those who could not stay or come, we're going to leave you this gift. That's letters and a petition. The petition from the voices and letters from 125 Palo Altans who support the exploration of go big on housing in our Comp Plan.

Mayor Burt: Thank you.



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Ms. Morin: One thousand two hundred and fifty citizens who have signed a petition urging you to fix Palo Alto's housing crisis. Again, this is go big on housing.

Mayor Burt: Thank you.

Ms. Morin: Thank you for listening. Go big on housing. These I will leave with (inaudible).

Mayor Burt: Thank you. Our next speaker is Mary Jane Marcus, to be followed by Leofa Tan—I should look up here. Tanjuatco, excuse me.

Mary Jane Marcus: Thanks. My name's Mary Jane. I live in College Terrace. I grew up here, went to Nixon and Gunn. Anyway, I just want to urge you to support really expanding housing options. I wouldn't say housing in general; I mean small housing. I think that's one way to make at least expensive housing possible for people rather than just exorbitant. I just want to urge you to consider that it doesn't have to be new developments. Those of us who want more housing don't necessarily want big developments. If you look at College Terrace as an example, we have all these—right now our whole Code is incentivizing massive single-family homes, huge lot coverage. We need to incentivize smaller housing, maybe two housing units where there's one massive home right now. Young families are willing to—they can live in 1,500 square feet, 1,200 square feet. They don't need 5,000 square feet. That also contributes to wealth and equality, because you've got only very wealthy people who can live here at this point, when you have a housing stock that so favors massive housing. I just want to urge you, when you look at this fifth option, hopefully you'll support it, to look at zoning and how to add more density. This is a lot of small units throughout the City rather than just consider new developments. Thanks. The last thing just to mention, there are eight men on the Council and two women, none of whom—there are not anyone who's got young children. I've got a two year old. Just to really take our voices seriously because it's hard for us to get here. We're not able to be on the City Council. To really emphasize our voices because we're not in the room when you guys are meeting. Thanks.

Mayor Burt: Thank you. Leora Tanjuatco to be followed by Daniel Camp. Welcome.

Leora Tanjuatco: Hi. I lived and worked in Palo Alto from 2010 to 2012. I had to leave because I felt like I was taking my entire paycheck and just giving it to my landlord. The cost of housing has impacted the lives of people my age in a lot of different ways. Mary Jane talked about it a little bit. You guys showed a picture of a baby. I'm about 30, and half of my

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friends are having children, but zero of my friends in the Bay Area feel financially stable enough to have children at this point. It's not because they don't have jobs. They all have really good jobs. It is the cost of housing that is requiring that they change their timelines of their life, because it's such a big crisis. The fact that Palo Alto hasn't reached their RHNA numbers in the past few decades suggests a willful ignorance of the problem. You guys talked about your track record a couple of times. I think that this is a very good opportunity to step away from that track record, give a little distance from it and start a new record of building housing and taking this problem seriously. The issue that we have in the Bay Area is one that many cities would kill to have. We have so many jobs. This is just a such desirable place. Everyone wants to be here. We've screwed it up for decades, because we have not built enough places for people to live. I also urge you to move quickly on this matter, because right now it's easy to get banks and developers to invest in building here. That's not going to last forever. I distinctly remember the dot com bubble bursting and remember that no one wanted to build here for a couple of years. Thank you for listening and please build more housing.

Mayor Burt: Thank you. Our next speaker is Daniel Camp, to be followed by William Macrae.

Daniel Camp: Good evening. My name's Daniel Camp. I'm a renter in the area. I want to say that right now I'm getting completely screwed by the shortage of housing here. I want you to focus on Scenario 5, and I want it to include as much housing as we can humanly accommodate. You really should be doing at least double the amount of housing that's indicated in Scenario 4, which I think was the RHNA requirements. I'm not a huge fan of the RHNA requirements honestly, because I think they're rounded down by political pressure by a lot of cities up and down the Peninsula who think that someone else should take care of all the population growth, not us. Also, the RHNA numbers do not account for the existing housing deficit that Palo Alto and the cities near it have. To give you an idea of what your housing deficit is, I did some googling before I came up here. The median home price in Palo Alto is \$2.5 million. The median income is \$122,000. You divide those numbers and you get 20. It's supposed to be three. You're not supposed to mortgage yourself more than three times your annual income; it's 20 here. That's a problem; that's criminal. That needs to stop. I also want to see as much housing as possible because I care about the environment. We're seeing a lot of population growth, a lot of job growth here. We haven't been doing anything to accommodate the new workers, so they either come here and then they move somewhere that's far away, so they have to drive in to get to their jobs here or they drive the rents up here and existing residents get priced out, and they have to drive in from far

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away. This uses a lot of energy, and it's terrible for the environment, and it's also a big part of the reason why there's so much traffic both in the City and in between the cities down 101 every day. Speaking of which, I've heard that there's concerns around traffic. If we add housing and population, that's only going to increase the amount of traffic, but that doesn't have to necessarily be true. Adding population only increases traffic here because this City is extremely car dependent. Last year I visited Osaka, Japan. You can walk to everything there. They put city services like grocery stores and post office and people's daily needs everywhere, near houses. You can just walk; you don't have to live downtown. You can live anywhere and walk to what you need. There's almost no traffic on most of the roads. In short, I think the first four options here don't really do anything to solve Palo Alto's imbalance of jobs to housing other than trying to curb job growth, which should be a self-evident dumb idea. I don't think they're even worth considering, to be honest. Please just remember that the young and the renters and the non-millionaires living in Palo Alto, they are your constituents too. The City has not been meeting their needs at all. It needs to stop. Please build as much housing as possible. Thank you.

Mayor Burt: Thank you. Our next speaker is William Macrae, to be followed by Kate Downing.

William Macrae: Hi there. I live by Greer Park, and I work Downtown. Sometimes while I'm working Downtown, I read way too many anonymous comments on the internet, and some of them are about the future of Palo Alto. You hear sentiments like, "Sure, housing is expensive, but building more just won't affect the price." "We're in such a severe crisis, that there's just nothing we can do." Here's another. "We're in a drought amidst a changing climate, and it would be environmentally irresponsible to develop more." One more is that Palo Alto is plagued by traffic and parking problems, that building more housing will certainly worsen those, and that current residents' quality of life and convenience trump even the basic needs of outsiders and those who soon won't be able to afford to stay. There are many more arguments; maybe you'll hear some tonight. I happen to disagree with all of them. Some for multiple reasons. The beauty of the decision you make tonight is it's just an option that we'll study. No matter how these concerns pan out in the studies, we could have a more informed discourse with the results in hand. I urge you to take a careful look at what more housing near Palo Alto transit would look like. The first four options don't come near addressing the obvious needs of our town and region. Let's not study five options with such a narrow range of housing; let's look at one plan where we do our share of housing for residents of the town and region and employees of this town too. Even if the points I read with names like M2GRS or resident or, of course, curmudgeon were true, studying these

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changes would prove their case. I suspect they fear their predictions aren't sound, though. Given the severity of our situation, an outcry for some resolution, I can't believe we would study five options, none of which bring us anywhere near the housing so many need and ask for. This is a fairly simple case of haves and have nots. It makes me nauseous to hear the haves chuckle, literally chuckle, at the misfortune and the struggle of the have nots and the (inaudible) that would draw them to beg us to care just a little. It's more visceral than a building on Hamilton; it's people commuting 5 hours or living in a car or a garage, some struggling to support themselves or their family.

Mayor Burt: Thank you.

Mr. Macrae: Thanks.

Mayor Burt: Our next speaker is Kate Downing, to be followed by Judy Kleinberg.

Kate Downing: Hi everybody. As you know, I am a Commissioner on the Planning and Transportation Commission. I've already emailed the Council with some of my thoughts with regard to the options. I want to express another one that I have recently become increasingly more concerned with.

Mayor Burt: I'm sorry. Kate, can you, because it's really part of our protocol, clarify whether your comments are on behalf of the Planning and Transportation Commission or yourself.

Ms. Downing: My comments are on behalf of myself. The comment that I wish to make is that I'm increasingly concerned that as we come closer to making a decision with respect to the Comp Plan and we have a better idea of what our RHNA numbers are actually going to be towards 2030, my concern is that we're going—of the four options that you have now, maybe one of them will actually match the RHNA numbers. I've heard Staff kind of sort of address this issue, but I'm afraid that it's necessarily an adequate addressing. I think it needs to be more thoroughly studied. Here's the reason for my concern. I'm going to read you a passage from the *California Land Use and Planning* law book. This is basically the land use bible for every attorney who practices land use in California. It says the data assumptions and projections, example: population, housing, jobs, used in various parts of the plan must be consistent with one another. Government Code 65300.5. It cites several pieces of case law to that effect. This book continues to say that our Comp Plan must also be consistent with State policy, particularly State law regarding housing. I really am concerned that if we don't pick an option on the fifth option to go big on housing, you're only really left with one option in your scenarios that is legally going to be

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consistent with your Housing Element for 2030. I don't think Council wants to end up with only one option that they can pick from. Thank you.

Mayor Burt: Thank you. Our next speaker is Judy Kleinberg, to be followed by Annie Ashton. Welcome.

Judy Kleinberg: Thank you.

Mayor Burt: Former Mayor Kleinberg.

Ms. Kleinberg: Thank you. I'm here on behalf of the Chamber of Commerce. Thank you for letting us talk to you about how you're going to do the Comp Plan and how you're going to do the EIR. I want to talk about the people who aren't here tonight. You've been addressed by residents, young people, some seniors I'm sure, people who live here and are struggling to stay here. I want to talk to you about the people who aren't here tonight, because it's 10:10 and business has gone home. If you could have a meeting during the day when business is here, you would have an awful lot of people asking you for more housing, who are the ones cleaning the dishes after you have lunch, the people cleaning the hotel rooms after people who are visiting stay here, the people who are taking care of children while their parents go to work. An awful lot of people who are here, the backbone of this community, who can't afford to live here. You talk a lot about retail preservation; every window Downtown is covered with a sign that says help wanted. It's because they can't have people work here who can live here. These are the people who aren't here tonight. I want to thank Palo Alto Forward and all the other people who have spoken and who will speak after me. I'm here to speak for the people—not the silent majority but the silent minority who are critical to the vitality of this community, who are critical to the business community and support the business community, the hospitality workers, the janitors, the people who come into this community and work for the City. I want to encourage you to be bold. This is your chance. Gil Friend talks about the moon shot for S/CAP; I'm talking about a moon shot for housing. You just had a City poll that said that 76 percent of the people who vote in this community said that housing costs are the top priority, the most severe problem we face, not anything else. That's the problem the residents who vote want you to change. Be bold, go for as much housing as you can possibly do, and then have policies that enable it. Thank you.

Mayor Burt: Thank you. Annie Ashton to be followed by Bob Wenzlau. Welcome.

Annie Ashton: Good evening. I'll make it quick. I live Downtown. I don't care about traffic; I don't care about parking. I care about having an

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exciting retail community, a thriving, resilient population Downtown where I live. That's why I pay so much to live here, and I love it. I worry if we don't build housing, we're going to lose it. I see our retail being frayed at the edges, and it worries me, and it makes me sad. I support housing Downtown. I'll leave it at that. Thank you.

Mayor Burt: Thank you. Bob Wenzlau to be followed by Rita Vrhel.

Bob Wenzlau: Hi. It's a pleasure to be here tonight. I am on the Citizen Advisory Committee, but I am not speaking as a Citizen Advisor, rather just as a citizen. I sent you a note. I've been inspired by the topics that people have brought up tonight, the pain of young people trying to move into homes. I feel that somehow the EIR and Scenario 5 is a false question this evening. I'm on the Citizen Advisory Committee, and I wrote you speaking to how complicated personally it is to be part of the CAC, because we're trying to generate policy and program for you as Council to consider. The relevancy of the EIR is distant and not important. If you're in a politic right now to determine a Scenario 5, I worry that the CAC and even you as Council are not going to be able to apply it. Rather, it would be better to—where Hillary spoke about the delay, I actually think sequencing this a little bit and allowing a delay could basically bring more discourse and a better policy that's formed rather than trying to jam a decision down your Agenda tonight. The CAC and you as Council are wise, and I actually think that the spirit—what the Comp Plan brings is basically a document that you as Council go to as you make decisions. If it were late one year, I actually think you could make still reasonable decisions, and we would have an EIR that would probably be better formed if this choice tonight were kicked down the field by another nine months, let's say. Thank you.

Mayor Burt: Thank you. Rita Vrhel to be followed by Shani Kleinhaus.

Rita Vrhel: Thank you. I am one of the lucky haves in Palo Alto. I actually own my own home. I have to say that I'm not laughing at anyone in the audience here, and I feel very sad if they actually feel that there are people like me in Palo Alto who own a modest bungalow who are laughing at them. I do think, however, that the issue of housing is a very real crisis. I would distinguish, though, between housing. If you're only going to allow housing units to be built and they are not either below market or what's the other one? Rent subsidized. You're probably going to end up with more ghost houses and more luxury condominiums that, again sell for \$2 million. I'm not sure how, in a capitalistic society, with so many people wanting the same object, you control the price of the unit unless you institute rent control, which I don't think is really going to happen. When you're looking at the numbers of housing units that you're going to ask the Planning

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Department to investigate, it needs to be clearly stated what kind of units these are going to be. I agree that a 2,500-square-foot unit can be divided into smaller units. Perhaps it would be good to have meetings with the people who feel like they are disenfranchised by the expensive housing to see what type of units they actually would appreciate building. This would provide you additional information as to how many units and what size and where they should be, etc. The other thing is I wonder if there's any data as to how these traffic mitigation plans or TDMs with business are actually working, because traffic seems to be a lot worse. Thank you.

Mayor Burt: Thank you. Shani Kleinhaus to be followed by Randy Popp.

Shani Kleinhaus: Good evening again. I'm Shani Kleinhaus, and I'm on the CAC. I do not speak for the CAC. I think the best solution right now is to stop the EIR process, to consider continuing the studies you're looking for as a planning study, not an EIR. A planning study would be better to provide the information with visuals, statistics, all the things that the public needs to be able to understand and you need to understand. It's not as legalese as an EIR, and it doesn't require that the public comment or it doesn't ask the public to comment. An EIR is a legal document. You're starting one now; comments are due in June, and then another one is going to be released, and then again we have to, if we want to have anything to say about the EIR, go through that whole process again. It's unfair. It takes a lot of time to work on an EIR. Sometimes it costs money if you want to employ somebody to help you. It's unfair to us people to do it twice within about 6 months or a year, and especially people who care about the community to be on the CAC. I don't know anyone on the CAC that's had time to read the EIR at this point. That's the main thing I wanted to say. The studies that we're talking about here should be in a planning study. That nice book should be changed, the name on it. That's very easy, and then you add another scenario and an EIR comes later when its ready, when you have the input in front of you from the CAC. You're discussing here things that the CAC is struggling with. You're going to make decisions potentially tonight that we—we're working on them for so long, and we have things that we would like you to consider when you make the decisions, whether it's height limit or whatever, there are several things here. Don't you want to listen to what the CAC has to say about it before you direct the EIR to study that? I think there is something very wrong in the process at this point. Thank you.

Mayor Burt: Thank you. Randy Popp to be followed by John Kelley.

Randy Popp: Good evening, Council. I often wish I could join you at these meetings in order to add my voice to the community discussion. I have a busy family with three children between the ages of 17 and 12. My wife and

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I both work, so family time is precious to us. I'm not yet at a point where I can regularly attend when Agenda items directly address topics I am passionate about. Like a sports fanatic, my family makes fun of me for talking to the TV late into the evening on Monday nights. I made time tonight because I want you to focus carefully on the fact that more than 125 people, who were not able to physically attend tonight, have provided you with direction regarding their hopeful expectations in the most efficient and perhaps the only way they're able. Each one of those letters sent to you represents an individual who, under different circumstances, would have taken the time to stand at this microphone to let you know how important it is for the Environmental Impact Report to include an additional study element. They are not looking for you to take a public stance regarding the pros or cons, but merely to create a body of information which will help us to understand what it might look like if we go big on housing. You want public participation, you want clarity about what our community seeks, it doesn't get much better than this. Please hear these passionate and unified voices, including my own, imploring you to include in the upcoming EIR what might be possible if we go big on housing.

Mayor Burt: Thank you. Our next speaker is John Kelley, to be followed by Annette Isaacson.

John Kelley: Mayor Burt, Vice Mayor Scharff, Council Members, I'm very happy and I'm very proud to say I'm a citizen of Palo Alto. That's a word I choose with care, because I've heard the City Manager use it. I think it's important for me as a citizen to say to you as my elected officials, as our elected officials, I would really like you to approach this issue with a sense of responsibility, which I'm sure you all share, but more importantly with a sense of reasonableness and, frankly, intellectual integrity, which I think you all possess. What you have before you right now in terms of Scenarios 1-4 is something that effectively prejudices an outcome. If I could name every person here who's already spoken tonight with his views I'm in accord and that I share, I'd use up the rest of my time, and I'm just waiting for the light to go out. I think the biggest reason to go big on housing—I'll give you a number, 10,000 units. That's my number. Somebody wanted a number. I think that's the right order of magnitude. I think you should study what it would look like to add 10,000 units in Palo Alto through the term of the Comprehensive Plan and figure out how to do it, not just as a matter of intellectual integrity to ensure that all views in the community. The two cities that you were talking about, Council Member Filseth and City Manager Keene, the two different groups, you have to hear from both sides. The only way to do that is really to magnify your vision. I'll leave you with four specific ways to think about that. I've talked about these before. Number 1, think boldly about ADUs. Number 2, think boldly about relaxing the 50-



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foot limit for high-density housing. Point 3, think boldly about minimal and zero impact housing. We can do it. Point 4, think boldly about experimenting with zero parking units. We can live with that. The best thing that we can do is acknowledge that we are here in Silicon Valley, we pride ourselves on being the capital of it, and we know how to solve problems. I think each of you has not only the intellectual integrity, but the creativity and the responsibility of the community to do just that. Thank you.

Mayor Burt: Thank you. Annette Isaacson to be followed by Justine Burt.

Annette Isaacson: Hi. I want to recommend more housing, but it has to be affordable housing. When I bought my house in 1991—I am a teacher—teachers could buy houses, nurses could buy houses, firemen could buy houses, engineers could buy houses. It's not possible now. When we see the young people, we see people that work in our community. They deserve to be able to live here. When you live here you can ride your bike. I rode my bike to school. I didn't have to drive to work. I didn't have to come in from far away. I know it's really difficult to do, but I think we have to find some ways to make affordable housing so that our community doesn't just turn into housing for the very, very rich. Thank you very much.

Mayor Burt: Justine Burt to be followed by our final speaker, Bob Moss.

Justine Burt: Good evening, Mayor Burt and City Council Members. I live in Crescent Park; I rent an apartment on University. There's a house down the street that was just sold, and I looked it up—it's a beautiful house. They renovated it; it looks really nice. In 2012, it sold for \$2.8 million. They added 1,500 square feet, and it just sold for \$8.3 million. That's a 300 percent increase. Why is that going up so much? Is it because of the lack of housing in Palo Alto perhaps? Part of the problem is most of the City is zoned for R-1, which makes it impossible to add densification. By not adding Palo Alto's share of new housing, we're creating an externality on other cities in the Bay Area, nasty traffic jams for those other cities. Not fair to them. We need more density along the transit corridor. That won't mean more traffic if we expand mass transit, how often it runs and how extensive it is. This morning, did anyone hear Michael Krasnevsky's [phonetic] forum? It was on housing. Someone specifically said all cities in the Bay Area need to add more housing, including Palo Alto and Mountain View, specifically calling out Palo Alto. I understand North Bayshore, the City of Mountain View, just approved 9,000 units. I challenge Palo Alto to take a look at this as well. If you're trying to figure out the number of units to add, look at the projected population growth for the Bay area and divide it by what portion Palo Alto should provide of that. It's not just Palo Alto here; we're in the

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nine county Bay Area. We should make a decision based on that. Just to finish up, I'd like the Bay Area Renters Federation's agenda. Bay Area Renters Federation, not just a great acronym, a catchy agenda. More low-income housing, more middle-income housing, more luxury condos. Thank you.

Mayor Burt: Thank you. Our final speaker is Bob Moss.

Robert Moss: Thank you, Mayor Burt and Council Members. Let me give you a little different perspective. Zoning by itself doesn't build a thing. The City doesn't build housing or anything else; that's not what you're in the business of. When people say the City should build housing, you don't do that. Zoning for something doesn't necessarily mean it gets built. I'll give you a couple of examples. Years ago, a development was put in, multifamily units and ground-floor retail which turned out to be offices for medical, on El Camino Way. It was built at about half the density which was allowed. About a year later, a housing development was built on San Antonio at about half the density which was allowed. The developers were asked, "Why are you building large units on half the density?" The answer was, "That's what the market wants." People complain about the high cost of housing in Palo Alto. I'm not wild about it myself, but that's what the market wants. The market drives it, and we can't stop it. Every housing unit that's built in Palo Alto costs the City at least \$2,700 a year more for services that it pays in taxes and generates 8-10 traffic trips a day. Traffic, as you know, is a problem. Just saying you can build more housing doesn't build it. As an example, when the development standards were changed for El Camino, housing was encouraged on the upper floors. The area on El Camino between Adobe Creek and California Avenue, the last time I counted they had only five developments which had housing on the upper floors. They're not building it. Not because anybody tells them there's a problem or you can't do it or there's no profit; that's not what the developers want. Unfortunately, we're screwed by what the developers are willing to do and what they want to charge for housing. I wish I could tell you how to get around that; I don't know how to avoid having the developers create the problem and create the costs.

Mayor Burt: Thank you. That concludes our public comments. Thank you, everyone. We will now return to the Council for discussion. After we've had discussion, then we'll entertain a motion. Let's hold off on motions until we have a chance to have some real dialog. Council Member Wolbach.

Council Member Wolbach: First, I want to say thank you to all the members of the public who have come and spoken tonight, both those who are Palo Alto residents and those who were priced out and are former Palo Alto

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residents. A few things to discuss. One, just to go back to this confusion about what was in the motion on January 19th, what was in the motion on February 22nd. I think this is important to clarify, and I appreciate that Staff provided this for each of the Council Members, responding to that. Just want to make sure we're all on the same page. Basically, we asked in January for a fifth scenario to the Comprehensive Plan, recognizing that none of the four scenarios outlined up to that point really explored improving jobs/housing balance in a substantial enough way for us to make a decision. We wanted a broader range of discussion, focusing on that in particular. In February, on February 22nd, we provided some nuance to that. As Staff mentions in their response to my questions, it was additive not contradictory. We were providing nuance, saying we want to explore improving the jobs/housing imbalance, but we want to do that in a way that mitigates problems, that focuses on doing it while protecting and improving quality of life, so that we can focus on two halves of the quality of life. One is the affordability, so that people aren't spending 80 percent of their income on rent, and we also make sure that for everybody in Palo Alto we don't exacerbate or hopefully actually improve things like traffic and parking which are major indicators of that sort of quality of life. I think it's important that we just frame this discussion, recognizing that, that the February 22nd meeting was really an extension of what we talked about, not a contradiction of what we talked about in January. I know there's been some turnover in the Staff, so I'm not going to give Staff a hard time about it. I appreciate the clarification and that we are now correcting the confusion from the Staff Report where January was omitted, and the minor mistake. On Slide 14, what it really should say is that Staff was directed to move forward with a fifth scenario, and then the rest of it which shifts the jobs/housing imbalance by limiting office expansion and replacing some commercial use with housing. We've heard from the audience tonight, the League of Women Voters, Palo Alto Forward, a number of people just speaking for themselves, that we should study something actually much stronger than even Option C. Staff's given us three options, A, B and C, or left open the possibility for something different from those for Scenario 5. That's what we're supposed to give direction on tonight. Options A and B are no more housing than the prior scenarios. I would just frankly dismiss them out of hand, because they're not pursuing what we're really trying to get at. Option C—they do, by the way, all reduce the jobs below any of the prior scenarios, Scenarios 1-4. I appreciate that, because we can't address an imbalance by only dealing with one side. Option C starts, as the League of Women Voters letter said, to move us in the right direction. I don't think it goes far enough for a couple of reasons. One, the jobs proposed there—this is the lowest the Staff was able to even conceptualize—lower than the previous scenarios. The jobs in Option C are still 8,868, so almost 9,000 jobs in growth of jobs, but only 5,300 new housing units. We got a stack of letters by email and

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they've presented them in hard copy, people calling for doubling what was in Scenario 4, which would be actually matching our jobs suggestion from Staff in Scenario 5. If you had about 8,800 housing units—remember this is all just for study. We're not voting to do it. If we studied 8,800 housing units, that would match the 8,800 jobs projected for growth in the Scenario 5 options. If we look at some of the research about how do we move the needle on housing affordability, I understand that some people think there is nothing you can do to address affordability. Frankly, that's in the same category as people who think there's nothing you can do to address climate change and sea level rise. We're just screwed and that's it. It is a problem, and it has root causes. The root cause is our lack of thoughtful planning for decades, and we can address it. What we need to do in order to address this as a region, Palo Alto playing our part, we don't have to add 20,000 or 50,000 housing units. What we need to add is about 580 units a year. We need to add what's been statistically shown to be the turning point, which is—it's to prevent further escalation of your housing cost, which is about, if I have the numbers right, 20 per existing 1,000 units per year. That would come to actually about 7,540 units over the course of our Comprehensive Plan. I understand that a lot of people came here tonight hoping that we would study 8,800. Again, it would match what we're proposing for jobs, but politics are the possible. When it does come time for motions, I'm probably going to be leaning more in the direction of the 7,500 range, because that's what the science shows that's what you need to build to prevent the cost from getting worse. I wasn't really clear with the Staff response to my earlier question about whether our RHNA numbers are hit by the scenarios as proposed. I'll move on from that one unless Staff has any more thoughts on that. I do want to point out a couple of other things that we heard tonight, that I think are important. We did a study, we did a survey that we paid for to find out what are the top concerns to residents, because we're thinking about maybe doing some kind of ballot measure. 30 percent of Palo Alto residents said that too much growth and development is either a very or an extremely serious problem, about a third, just under a third. 53 percent of Palo Alto residents said traffic and congestion is a very or extremely serious problem. 76 percent of Palo Alto residents say that housing cost is a very serious problem. We're talking another 50 percent above the number who think that traffic and parking is a problem. That actually surprised me. I figured those numbers would have been inverted, but this is the top concern for Palo Alto residents according to our own survey, not according to Palo Alto Forward's survey, not according to the TMA. This was what we paid for as a City. I don't want to see us forget that. I also think it's worth noting that Palo Alto is not entirely rich yet. We're getting there, but we're not there yet. There are people who are hurting. We heard from some of them tonight; there are many more who aren't here tonight. We're not entirely rich yet. If you look at the studies

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out of Berkeley on displacement and the risk of displacement and gentrification happening around the Bay Area, they break down neighborhood by neighborhood, not just city by city, around the entire Bay Area. You can look at their maps, and you see places like Ventura, some of the less highly affluent neighborhoods in Palo Alto. People there are at risk for serious displacement. When I attended a Project Sentinel event recently talking about displacement and gentrification, talking to the people who organized that, what they're seeing with communities of color in Palo Alto, what it means for their future and the loss of what few African-American and Latino families we have in Palo Alto, it's getting worse. If we don't do something substantial over the next decade, decade and a half, we're going to lose what little diversity we have in those regards. Again, when it comes back to motions, I think what we should really start focusing around is around that 7,500 range, which would be more than is suggested in Option C but—sorry for those who had their hopes even higher. I think the 8,800 is probably a little bit more than what we could stomach.

Mayor Burt: Council Member Filseth.

Council Member Filseth: I'm usually pretty terse, so I hope I can beg for some forbearance if I ramble a little bit here. When I get to the end of this, I think I'm going to actually come out very close to where John Kelley was a few minutes ago. We've had a lot of discussion about process and what it is that we're going to try to do tonight. I'm still grappling with that; I think Staff's still grappling with how do we get our arms around it. One of the things that I think we need to have on the table is a scenario that combines slow growth with high sustainability and doesn't necessarily add large amounts of new housing. That doesn't have to be the only scenario. In fact, it probably shouldn't be. I think it's a major one that needs to be on the table. I want to lay out the case for that. Bear with me. I think there are three issues, one of which is housing, which I'm going to come back to last. The first issue is timeframe. I think it's really important we understand what we're talking about here is much longer timeframes than 2030. The world doesn't end in 2030, 15 years from now. That's just the next scheduled check-in point for the Comp Plan where we see if we need to update anything. Even the Plan itself isn't likely to change much then. We're tweaking it now; we'll tweak it then. What we put in motion now is mostly going to keep going much longer than 2030. Land use decisions last for ages. Earlier tonight, we reviewed a zoning change made in 1971, 45 years ago. Looks likely that one's going to keep going. Decisions we make in 2016, other Councils in the future will still be using 45 years from now. We need to be looking at impacts not just in 2030 but in 40, 50, maybe even 100 years from now. Over those kinds of timeframes, small changes can have big impacts. That points to the second issue here. Give me some

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latitude; I'm going to get to housing. The second issue is what kind of community do we want to be. This is big stuff, but that's what we are talking about here. For example, we've got four scenarios under review with average population growth projections ranging from two-thirds of a percent per year to about twice that. A number of folks tonight have asked for double that, which is 2.6, 2.7 percent. In 40 years, 2/3 percent population growth will increase the size of our community by 30 percent. At 2 1/2 percent per year, in 40 years Palo Alto's population will be more than double, almost triple what it is today. Yet, there is no more land, no more water, unlikely to be much more park space. Our schools are nearly full, and building new ones will be prohibitively expensive. Our streets are already filled with traffic, and all four scenarios so far make this worse, even the slow growth ones. Imagine that with twice as many people here or three times as many people. Will we even survive? Of course we will, but our community will look very different depending on which growth scenario we pick. I'm not saying we're going to pick one or a different one, but I think people just need to understand the numerics here. We need to look beyond the 15-year figures in the Staff Report. These are long-term decisions, and that's why the question of what kind of community do we want to be matters. Palo Alto has been a suburb known for its parks and greenery, great schools and services. Do we want to continue that even as we figure out what, in fact, does it mean to be a suburb in the 21st century? I don't think we even know that yet. Have we outgrown that and we want to be something different? It's a legitimate question. Somebody mentioned Osaka tonight, which is quite a different vision. I like Osaka, but it's quite a different vision. We're not going to answer these questions tonight. For purposes of tonight, I think one of the scenarios we need to have on the table is a 21st century suburb scenario. We may consider other scenarios as well, but we need to make sure this is one of them. Scenario 2 is not quite this scenario. It gets the slower growth part right, but it doesn't include sustainability. A 21st century suburb must deal with transportation and sustainability like everywhere else. It must reduce reliance on automobiles; it must reduce carbon footprint; and it must deal with sea level rise and water limits. That's why we asked Staff for the scenario that we did, that combines the slow growth of Scenario 2 with most of the traffic and sustainability measures of Scenario 4. Now, I want to come back and talk about housing. We talk about housing—I'm going to try to frame the problem here. We talk about a housing crisis, but there's more than one kind of housing crisis. For example, Detroit has a housing crisis that's at least as severe as ours. Ours is really a housing affordability crisis. It costs too much to live here. That's what the transportation survey and that's what most of you have said tonight. What that means is that people whom we'd like to have living in our community are priced out, and not just traditional low-income people, but middle-income people too. One in ten teachers in

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our schools actually lives here in Palo Alto. If you commute back to Gilroy, it's hard to stay after school and interact with kids. The residency figure for City Staff including emergency responders is even lower. This is nuts. Because of affordability, as various people have pointed out, we risk becoming a monoculture enclave of affluent professionals in the 1 percent. That scenario should not be part of our 21st century suburb. I think there's universal agreement on that. The question is what to do about it. The challenge, the reality is demand. Demand is so high here in Palo Alto that in practice no amount of market rate housing is likely to bring prices down so that even middle income can afford them, let alone low-income people. Even Cory's 580 units per year will not make it possible for the first lady who spoke here tonight to live here. The funny thing is there is supply. I've been watching Palo Alto rentals on Craig's List for actually some months now. At any given time, there are 250-300 listings for standalone apartments in town. Last night, I went through the entire list, scrubbed out all the duplicates and the room shares in houses and so forth. What's left are about 230 real listings, of which 80 percent cost more than \$2,500 a month. That's a lot of money. The lowest cost rental unit in town was \$1,795 a month, a 270-square-foot studio in Ventura. The problem here is price. The reason Palo Alto rentals cost so much is there are so many people in the area who are able to pay that. The very strong implication is that any amount of market rate housing we build will just get snapped up by the affluent professionals if we don't take further measures. We have to understand that just building more of what we have now will not bring us inexpensive housing. It will just bring us more of the same expensive housing. The point is we will not build our way out of the affordability problem unless we do really radical measures, City-changing, culture-changing measures. If we try to do that, then we are making significant decisions about the long-term nature of our community. Instead of just building stuff, we need to really get serious about affordability, how to do it and how to fund it. I thought Bill Johnson in *The Weekly* had a terrific editorial on this topic last month. If you don't mind, I want to quote a line from it. He said there is no easy fix to our housing problem, but let's at least be clear that the goal is not to just create more housing units. It is to devise a way to make sure the units we do allow address the most critical need, affordability by non-highly paid workers whose presence enriches our community. Exactly. The most critical need. The innovation to address that need is part of what needs to be in a 21st century suburb scenario. It is the only way out of the box. None of us has the exact formula, but other communities are trying things. When it comes time for a motion, I think part of what we should direct Staff to do should be to spend some focus on this. Look at what other communities are doing, and come up with some ideas and options. Let's get started. That's the case for the suburb scenario. If we want to do high growth, I think that should be a separate

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scenario. I actually think we're going to need and converge to two scenarios, a suburb one and another one that's—call it what you want. I think the elements that go into the 21st century suburb scenario are Scenario 2 housing growth, Scenario 2 jobs growth possibly minus 10 percent, most of the traffic and sustainability measures from Scenario 4, and to direct Staff to investigate options for prioritizing new housing towards low and middle-income residents especially those employed by the City and the School District. Finally, let me make a comment on performance-based zoning on traffic and sustainability measures. I think I said most of them, but not all. PBZ seems pretty radical. I think we ought to see it work before we standardize it and put it in the Comp Plan. I think we should consider trying a couple of things. I think we should see it actually work and not just computer models before we actually write it into our Zoning Codes. Thank you.

Mayor Burt: Council Member Kniss.

Council Member Kniss: Eric, you're usually not a hard act to follow, so I congratulate you. Tonight you are. You did your homework, and that was almost a keynote. Let me make a couple of comments, in particular, that deal with—they'll kind of go down in that same line even though I may come out some place different. If any of you went to the Eichler presentation on Sunday—did you? I know Karen did. It was fascinating. What's the last time you saw big pieces of land spread out before you and houses just springing up on them? They were absolutely meant for the middle class, were meant for all the guys—they were mostly guys who moved out here to work for the electronics companies. They were the HPs, they were the Varians, they were so forth. A lot of them are still living here. A lot of them we saw here a couple of weeks ago when we did the overlay. It was absolutely intriguing, but I was so taken by that presentation of thinking, "There is land spread before you, just to take it and develop it." They discussed just one of the things that we've talked about tonight. They talked initially about 1,200 square-foot-houses; that went up to 15. Then by the end of the '60s, going into the '70s, they began to talk about homes then that were over 2,000 square feet, that were luxurious. When they got luxurious, they went up into Los Altos Hills. It was really fascinating to see it. What that says to me tonight—I think, Eric, you've also dealt with some of this—is we can't create more land. There is no way that we can do that; we've got the land we've got. There's a famous saying, buy land; they're not making any more of it. They're not. The only way that I can see that we come through this includes a couple of things that actually John Kelley did say tonight. How do you get more land? That's really what we're talking about. You have to either change the zoning; you change the height limit; you change the FAR. You change something that is so dramatic that that is



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how you get more land. Within that, you can weave affordable housing. The person who mentioned tonight they heard KQED this morning—have they left? It was intriguing. One of the ways they're doing this in the city is for any builder who puts up something—I don't want to misquote it. I think it was 25 percent had to be affordable. As they said, they've crawled up from a single digit up into now where they're—on the ballot is 25 percent. That is a way that you get—you're talking about more affordable housing, Eric. That's how you get more affordable housing. You have to require it. That is what they're doing in San Francisco. I don't see another way that we can add more of that land out there than to make these rather dramatic changes. I also don't see how you tell people that they just can't come to California anymore; they can't come to your city any longer. That's really touch, especially when we're saying—as you said, Eric, there are people who simply cannot live here. It is just out of their range. Looking, as we have said, at brand new ways, is this the time we really look at ADUs? ADUs have been looked at before. I have a feeling that if we went around Palo Alto and actually went in a lot of backyards—maybe we could get a drone—you would actually see there are a lot of ADUs that are functional right now. The problem with ADUs almost always is parking. We dealt with this once before on the Council. Parking is really tough. I think we really have to talk about what our current Mayor has talked about so often, which is how do you handle traffic differently. Do you have a TDM? Do you try putting up an apartment unit with small units and no parking? There actually is a sample of this right on Alma right now. It is essentially single occupancy and very small units. How many of you are familiar with those? They're well used, and they have literally 250-300 square feet, very little parking, very few cars. There really are ways we can do this, but we have to be willing to change some of the rules. That's what I think is probably the most significant. We will have to change some of the rules so that we accommodate those who not only want to live here, but need to live here; our public servants, our public employees, our school teachers. As you said, especially the first responders. Those are my comments until we get into a motion. Thank you.

Mayor Burt: Council Member Holman.

Council Member Holman: What we're faced with, not just tonight but for the last good while and that we're hearing about, is an issue that's grown for the last several decades. I agree with much of what Council Member Filseth said. Part of that is what's in the Comprehensive Plan and what the zoning has been is going to be in place for a very long time. That's what we're faced with tonight. It's why we're faced with what we're faced with tonight. I do hope and would hope that no one in our community is feeling that they are less than or not welcome here. That's certainly not the intention of, to

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speak for colleagues if I might, anyone here. I really don't know anyone that has that attitude, quite frankly. I've said this before. One of the things that I find really disheartening about this discussion—I'll just be frank—by Staff, the Council, members of the public who come and say, "We need housing. We need housing. We need housing," is that we don't do a darned thing to retain the existing housing units that we have. Not a darned thing. Policy H-29 is in the existing Comprehensive Plan, and it talks about if there are three or more units on a parcel, that if they are proposed to be removed, it just doesn't happen. That was challenged. Staff said way back in my mid-term on the Planning Commission, which has been like 10 years ago now, that Staff would come forward with a replacement to address that very issue. The City Staff to my knowledge—I'm not trying to beat on City Staff; I'm just trying to point out some things that don't happen. We don't even count how many units we lose in the community every year. All the time, you see in real estate ads, single-family home with second unit. Guess what happens? So much of the time, I see it. Both of those units get demolished, and one much larger gets built. Why are we not exploring what we can do to retain our existing housing units. I mentioned earlier—what we can legally do, of course. The problem with ADUs—I have one. I live in R-2, and I have a cottage. Thank God I do, for both my tenants and myself. The problem with ADUs is it's very time intensive to try to get them to expand where they're allowed, but also once built they're built, and the City has no capability of requiring that they're used for housing. No capability. If there's any means to do that, I'd like to know what it is. I've never known of any. If there is any, then who's going to do the Code enforcement? We have Code enforcement issues as it is. I'm not trying to be a negative person here; I'm just trying to be a realist of what we can and can't do. I did mention Airbnb earlier. If it's even reasonably accurate that we have 300 units at any given time that are being rented out for Airbnb, those are units that are rented out that not only take money away from our hotels, but it's rental units that aren't available for our general population. I thought when we started out with this fifth scenario, that we were looking at a quality of life scenario. It's a quality of life that certainly would include some additional housing. I don't know what that number is, and I have a serious concern about starting with a number and trying to drive to that number without having some notion of what it looks like. I absolutely agree with both Bob Wenzlau's comments about delaying the EIR so we can sequence, and I absolutely agree with the comments of Shani Kleinhaus because I think we should be looking to hear what the CAC has to say and what the PTC has to say. We haven't had that discussion yet. It is iterative, so I think it is premature to at this moment direct a next scenario for EIR evaluation. It's also a little—I've always had some kind of reservations about this process for the EIR. I think in this case it really is. If we let a number drive where we're going, not only what does that look like, but what

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kind of impacts does that have on water. Council Member Schmid brought up earlier, the prior item, what our water usage actually is. Is our EIR really addressing what our water usage is going to be with an increased housing population? I do think that whatever housing we build should be focused on BMR. I agree with—Judy Kleinberg is gone now. I agree with what she said about we do need a workforce that can support our businesses. We do need that. I think our housing priority should be for truly BMR and for lower-income housing. Parking requirements and reducing those may be some way to get some smaller units without a negative impact on the community. For that to happen, we also have to have, in my opinion, a much broader and successful RPP program, because people will just park that much further away if they can't get an RPP permit. How far away are they going to park in a neighborhood where they don't have to get an RPP permit? Development agreements I've also heard mentioned; I don't remember who said that. Development agreements typically expire in 25 years; that doesn't mean we can't make them for longer. They do expire; whereas, zoning does not. I have some reservations about going there. Performance-based zoning, I agree with Council Member Filseth. We need to look at and test a couple of projects. I would not want to see that at this juncture incorporated into the Comprehensive Plan. Building types, again this goes to the visual, but it's also just a practicality of how projects can be integrated into the community, provide affordable housing and a housing that I think the community would not push against. I've said this before from the dais. When we did SOFA 1, South of Forest Avenue 1, there were a number of houses there that were just houses, two-story, 2,500-square-foot houses that had four units in them. They just looked like houses; from the outside you almost wouldn't even know they were multifamily. They were very affordable units, and they were always rented out, always. I think the housing type is really important too. We don't have any visuals to look at. I understand that this is a comprehensive EIR that we're looking at. It isn't like we're doing a defined area, which would be easier to provide visuals perhaps. I think we do need to pick some parts of town where we would get visuals and see visuals of what something would look like. If we're going to have small units as a part of mixed use, what's it going to look like to try to achieve some kind of advancement in affordable housing units? The Staff Report does talk about zoning. I agree with the mixed use. I think these small reductions in general office are too small. I think they just further exacerbate our jobs/housing imbalance by not making it worse than where it is now, but the improvement is so slight that it's not going to improve our quality of life here or reduce the housing costs here. The mixed-use scenarios in terms of zoning considerations, I would like to see any new office that's created create as many housing units as the jobs would create demand for. I think that may be my comments at this point in time.

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Mayor Burt: Council Member Berman.

Council Member Berman: Thank you. We've had over 100 residents email us for this meeting. We had 17, 18 speakers; I think 14 of 15 of which encouraged us to go big. This is our third meeting talking about this issue, and we had more speakers at the earlier meetings and maybe less emails, but clearly a large expression of the community that they care about housing. 76 percent, as it's been stated, said that housing was their biggest issue in a poll that the City conducted about a month ago. I've heard a lot of colleagues express their support for John Kelley's statements earlier, which got me excited because John suggested 10,000 new units of housing. That's even more than, I think, I was going to go for. I've had other colleagues express a desire to understand what would this look like, what would this mean if we were to really take bold steps. ADUs, I support them. That's not a bold step. Preserving existing housing, incredible important. That doesn't move the needle forward. What a project would look like is the project that I heard about at the Palo Alto Housing Corporation, about a month ago at their annual board meeting. A project that the Palo Alto Housing is doing in the City of Mountain View. Palo Alto Housing bought a half-acre site on El Camino; they proposed 60 units of affordable housing on this half-acre site, five stories. That's it; 60 feet I'm guessing; I don't know all the specifics of the project. They proposed 60 units; the City Council pushed them to, I think, 75 units of housing on this half-acre site. They proposed, I think, 0.5 parking spaces per unit. The City Council tried to drive them down further, and staff actually said, "Hold on guys. Chill out. There needs to be some parking there." That's leadership. If you want to know what a project looks like that moves the needle, it's 75 units of affordable housing mainly meant, my understanding is, for veterans which I know a lot of my colleagues have talked about as important on the City Council. Seventy-five units on a half-acre with just five stories. That's doable. The town just south of us is doing it. The question is are we serious about trying to actually move the needle on affordable housing for veterans or whatever demographic we choose, because that's what it looks like. We'd have to pierce the 50-foot height limit just a little bit. We'd have to focus on FAR and not so much units per acre, because that's 150 units per acre. We'd have to believe people when they come to us and say certain types of housing don't need as much parking as you think they do, and that studies across other communities show that time and time again. I wasn't even going to talk about this, but everybody said they wanted an example of what it would look like. There's an example that just got approved, I think, earlier this year. I've actually asked—I'm the liaison to Palo Alto Housing—Staff to organize a Study Session with them, so that we can hear about some of the stuff they're doing in other communities now and some possibilities of things they might do in Palo Alto. They have a plot of land similar to this in Palo

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Alto. They're afraid to even talk about it with us. This is the possibility of what could happen if we really mean what we say when we say that we need affordable housing. I agree 100 percent that we need it. We talk a lot about quality of life. We use different things to define what quality of life means, parking, traffic, the size of our schools. To me quality of life is the ability to afford to live in the community that you've lived in for decades. 40-45 percent of housing units in Palo Alto are renter occupied, and rents have gone up 63 percent in Palo Alto in the last four years. This is dramatically impacting the quality of life of Palo Alto residents. When we use this term, we need to think broader than how we've used it in the past. This is a quality of life. The inability of people—I've been talking with a lot of residents from all over the area over the past couple of months. I had some nurses come up to me last week. Some of them had just retired, and one was about to retire. They'd never bought a home in—I think they actually live in Menlo Park. The same thing happens in Palo Alto. They'd never bought homes while they were working, and their rents have gone up so much that the ones that have recently retired and are on fixed incomes are going to have to move far away. The one who's about to retire knows that that fate is going to be hers real soon as well. We need to get serious about whether or not we're going to tonight just study an amount of housing that might actually move the needle. Cory mentioned earlier this 580 units per year. What it is, is two percent per year. Studies show—I still need to look at these studies more—that if you add two percent of housing units per year, that kind of maintains the affordability of your community. Other people like to say we can't build our way out of this; there's no way. I'd take just decreasing the increases that have been—let's slow the pace of the increases that have occurred. Using this, we can't build our way out of it as an excuse not to do anything. That just doesn't sit well with me. We're not at the point of making motions now, but I'm going to be looking for something a whole lot more than Scenario 2 on the housing front. I'm very open to further slowing down office growth, but let's get real. Maybe we really aren't serious about trying to increase the socioeconomic diversity or claw back some of the socioeconomic diversity that we had in Palo Alto when I was growing up. That's a quality of life issue to me. When we talk about quality of life, that's what I'm talking about.

Mayor Burt: Council Member Schmid.

Council Member Schmid: We've had a lot of discussion of affordability and housing. I guess I go back to one public comment that was made; cities don't build houses. They can zone, but they can't build. We try. If you look at our experience over the last 6 years on helping build affordable housing, there are probably two or three examples around town. It took a lot of our money to do that. What's the issue we're talking about tonight? What's a

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fifth scenario that would make a difference? Why is housing so expensive in Palo Alto? Prices. Prices are attached to land. Land, property, is what's going up in Palo Alto. If you look clearly at that differential, the one driving up, the actor, pushing up the prices is commercial, nonresidential property. There's not a smart developer in town who won't first say, "How can I maximize the value of my property? If I can build nonresidential, I will do that." I am astounded in our scenarios. We have four scenarios we've been looking at. We have three others now. The number that jumps off the page is the lowest number of jobs we're creating, our 8.9 thousand. The most are 15.5 thousand. At the basis of everything we're looking at is let's increase those jobs, make land more expensive, and then let's build affordable housing. We just raised the price, not just of affordable housing but of middle-class housing and upper-middle-class housing. It seems to me if we want a real alternative scenario, we've got to start with that jobs number. That's the critical issue. If we increase jobs and then say, "Let's increase affordable housing," we're sort of going back to a 19th century model. Density, let's build upward. Let's have mass transit bringing people to us. That's a 19th century concept, worked very well in the 19th century. It was destroyed a little bit by the suburban revolution, where people found the car gave them much more freedom. One of the creations of that suburban revolution was Palo Alto. Palo Alto has a job market where workers, mature, experienced workers, change jobs twice the rate of other communities. Palo Alto's been a seed bed rather than a central city, and it's worked very well. That's one of the reasons we've pushed up our property values so high. How do you look at changing the relationship between commercial development and housing development? I think there's one clear way of doing that, lower the number of new jobs created, of commercial square feet that is being built. Just look at the last 18 months on the Council. Tonight we heard a lot about affordability of housing. People can't afford to live here anymore. What other issues have really filled the Council chambers? Residential parking issues, Downtown North, Downtown South, Crescent Park, Evergreen Park, Southgate, College Terrace, Ventura, reductions in car traffic on roads, single-story overlays, retaining neighborhood grocery stores. There are at least eight intersections around town that have been declared will be "F" within a couple of years. Water availability we talked about earlier tonight. All these issues of density that we're building up. The driver behind this is commercial growth. It's creating these problems including the affordable housing issue. Let's talk about goals. What do you want from the Comprehensive Plan? We want to be able to deal with the escalating issues of traffic, parking, delay and density. That's a clear message that people have given us. We want to protect the quality of life of the residential community. I think a third thing is we want to maintain Palo Alto's role as the seed bed of Silicon Valley innovation rather than make ourselves into the home of dominant, big companies. Where would I start

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with numbers? I would look for a commercial growth rate that would create 6,200 jobs. We've already created 2,400 of those with the Stanford Medical Center, so that means we're really talking about from now on the Council creating 3,800 jobs. That's in line with our long-term historical growth rate. Why don't we have a scenario that starts with history, say let's maintain both the growth rate and Palo Alto's role as a seed bed of Silicon Valley. Let's use the fifth scenario to explore an alternate future that would keep Palo Alto as a city of mature, experienced and talented workers who move between jobs at twice the rate of workers in other communities, instead of evolve, trying to evolve into a 19th century commuter city.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Thank you. This is actually a fairly complicated and difficult path forward here. First of all, I think we should acknowledge Palo Alto is the most successful city in the world. I think more people want to live here than anywhere else. I think we've created the most interesting, innovative companies that have changed the world; I don't think any other city can say that the way we can. You can go anywhere in the world, and you can actually say you're from Palo Alto, and people have heard of it. I don't think we're a suburb. I don't think there's any suburb in the world where you can say, "I'm from this suburb," and people will say. The traffic commutes in to Palo Alto. The train drops people off in Palo Alto. We are a city; we're not a suburb. I think that's the first thing we need to acknowledge. We've been that for a really long time. I think that this notion that we're a pastoral, college town in the middle of nowhere is just not true. I like Palo Alto the way it is. For me, it's changing it at the margins; it's not changing it dramatically in any way. When I talk to my friends who are renting, when they look for an apartment here, it's not just a matter of being able to find an affordable one. It's about being able to actually get the apartment. People show up to get the apartment; there's 30 other people showing up for the exact same apartment. I've known people who have actually given their landlords the equivalent of what you heard in New York, like key money. Here's \$5,000, \$6,000 for a deposit instead of a one-month deposit or 10,000 for a deposit, because they want to get the apartment over the other 30 people that have showed up for it. That doesn't mean that happens all the time. I've met other people. I met someone the other day on the street who just moved here. I said, "Did you find a place to live?" "Yeah. I saw a sign, and I knocked on the door, and it said for rent, and I rented the house." I'm like, "Okay." I hear enough of this anecdotal stuff, that it's not just the number of rentals out there; it's actually hard to rent a place. That's important to me. For a functioning market, which I don't think we have in Palo Alto because we've constrained supply too much. I don't think we can build—I've got to say. When people

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stand before me and say they want to have more economic diversity because that's the way it was, because their teachers lived here, their firefighters, their responders, I think we might be able to address that. We've talked about that as a Council. That's not by saying you want affordable housing. When we say affordable housing, it has a particular legal definition. That's not your firefighters, and that's not your teachers, and that's not your middle class. What you're having in Palo Alto, in fact throughout the Silicon Valley, is actually really interesting. A lot of the middle class are becoming upper-middle class, which is driving the affordability. The middle class are having trouble affording the rents and affording that. They're being driven out of the Silicon Valley and especially Palo Alto. If we want to do that, we're going to have to focus on how we solve that problem. I don't know how we solve that problem. The other thing I think we need to do is we do need to build more housing. What does that mean? Is that John Kelley's 10,000 units? Ten thousand units, as Eric Filseth just pointed out, will change the character of this community dramatically. If that's what the voters want, that's one thing. I don't know what the voters want. I don't believe it. I believe in 2009, when I ran, people were having a strong backlash against housing. There had been a huge growth of housing and people were up in arms about it. One of the things about office development is now we've had this huge backlash against office development. Council Member Schmid is talking about let's have no office development, roughly. I'm putting a few words in your mouth, but it's basically down to that. I don't think we want to have a strong backlash against building a lot of housing either. I think you need a sustainable path forward so you have a functioning market, so people can rent. You have modest rent increases; you hopefully don't have 30 percent rent increases. That's really bad for a community, because then you get the big displacement. It's change. For me, it's how do we restore balance here. That means it's not just building affordable housing; that means it's building housing of all housing types and a reasonable amount of it. That's why I asked those questions when we started. What is a reasonable amount of housing that will make sense to move forward on in terms of what the community could tolerate at a pace of change? Let's just think about it a little bit. We've traditionally built for the last—if I'm looking at this roughly—25, 30 years, it looks to me like 1,100 housing units per 7-year period. That means when we get to a 15-year period, if we were in a historical, we'd be at 2,000 units. If we double that, we're at 4,000 units. Three times that is 6,000 units. What do we want this to look like? Clearly we're not building enough housing. We need to build more, but how much more? I'm still not sure on this bookend concept. What I think I heard Eric suggest is we have two scenarios, not five but five and six. I'm sure, Hillary, you'd love that idea. I'm sure Staff would love that idea. There are really two contradictory things that we've been talking about as a Council and holding in our heads



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here. One has been what I would call the sustainability/quality of life scenario in which we go to the public and we say, "Here's a scenario that doesn't make traffic worse, at least on paper. All the other scenarios make traffic worse right now." The conditions of life get better. What does that look like? That's one scenario. The other scenario I've been hearing people talk about is let's test and see what it really looks like if we build a lot of housing. I actually would caution you that 10,000 units—if you build too much, you're going to make it look really bad, and the community won't go with you. If you go back with a slightly smaller number, it might give really good information, and it may not have such a huge impact the community would look at. The question is do we want to break the scenarios into two scenarios, do a really large one. We could do 10,000 units; we could see what it looks like. I'd be up for that. I also want to have a scenario that says what makes quality of life at least maintained in Palo Alto, where things don't get worse over the next 15 years. I think that's looking at a performance-based Zoning Code. I think that's all of the strategies to mitigate stuff. I listened to the City Attorney, and I listened to the exchange with the Mayor on that. I don't think we're going to know the answer to that. I, for one, am willing to take some legal risk. I would be willing to say you don't get a parking permit on some of this stuff, unless I got a letter from the City Attorney says, "No, we're probably going to lose," as opposed to that doesn't—maybe that one we lose, but maybe there are other ones. The question is how do we go forward on some sort of sustainability approach that makes Palo Alto a better place. That's what I want to do. I want to have as much housing, frankly, which doesn't impact the quality of life in Palo Alto in a really negative way. For me, that's building housing in certain spots. That's what's difficult for me about this. I say to myself, "I think we could have a bunch of housing Downtown. People could take the train. They could walk to things. They could have a walkable, livable." Then, I ask myself, "How many units can we build Downtown in the next 15 years?" If we built 2,000 units Downtown, that would be a lot. That would completely change the character of Downtown. I don't think negatively; I think it would actually be a positive to have that many units. I think we could have a bunch of units on California Avenue. I think you could probably have 2,000 units on California Avenue. I think you could take the Fry's site have a really large number of units on that site. I'm less wild about El Camino, frankly. I don't see it as walkable. I know we have the bus maybe. I think people continually complain about the Rickey's Hyatt site; I still hear about that. I wonder about what that looks like on El Camino and how that feels to the community, but we could clearly have some units on El Camino. How many units do we get if we start looking in those places? The other place I'd like to think about housing is out by the hospital. If Stanford would build housing units right around there, that would be a real positive. Since they already have 12-story hospital buildings out there, do we really have to

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have a 50-foot height limit out by the hospital? Do we really care? The other thought I had on this that I wanted to just briefly say. I really think a 50-foot height limit is the wrong way to go. I think we should have a story limit. It should be a four-story limit if you roughly want to keep a 50-foot height limit. If you wanted to go a little higher, it could be a five-story limit. You shouldn't say 50 feet. You'll get better architecture if you do a four-story limit. You'll have a better feel to the buildings; they won't all look the same. That's really what we should think about, how do we get better architecture. We've done this at Council before. You show things on the screen and you say, "This is really dense. This is 80 units an acre." It looks great; it doesn't look bad because the architecture's really good. On the other hand, you could have a much lower density, and it looks boxy and squat and has very little articulation, and it doesn't look good. I think all that plays into how we go ahead and do this. I could go either way on this. I'm very concerned, however, that we get good information. I don't feel necessarily that I—I'm not saying you can do it, Hillary. My concern is that if we say too many units with the sustainability stuff, we don't get good numbers. I also don't know where we put these units if we're not going to go above 50 feet. I was doing some rough math for us. Once we get above 5,000 units, I don't know where we put this without—unless all of you are going to stand up here today and say, "Let's not worry about the height limit." If you get rid of the height limit, we can have 10,000 units easily. I don't think that's a problem, but I don't think we're going to do that. I don't think the community wants that. The other thing I really was thinking about is we're going out for the transportation polling. We've been sort of hinting around arguing about what that 77 percent number means. I think we should poll for it. I know we're polling for a transportation measure. Since we're polling anyway, let's ask real community questions. Do you support more housing? Do you support more housing if that means that are schools are going to be impacted? Do you support more housing if that means that traffic is going to get worse, that there's going to be less park space? Do you support more housing if we can break the 50-foot height limit? I'm not sure what the questions are, but there should be some polling questions about what people really want in this community. Otherwise, what you'll have is what we really had at Maybell. Who here would oppose an affordable senior housing project? You're not going to say that on the dais. It's all about where it is, what it looks like, the impact on the people, and how upset the neighbors are. That's what that comes down to. Anyway, I think when we go forward on this, if we're going to go big, we need to think about where the location of that is and how that would look and how we practically move forward on it. Frankly, for me, I'm not convinced above the 5,300 if we stick with a scenario. I don't see a 10,000 scenario on this, unless you want to have a separate Number 6. Thanks.

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Mayor Burt: Council Member DuBois.

Council Member DuBois: You kind of ended up where my thinking started. I think we first need to decide what we talked about. Are we trying to hone in on a likely preferred scenario or are we still data collecting and trying to test the bounds? I was hoping we were getting to the point where we're starting to hone in. This has been a long conversation on this Comp Plan. I think we've heard from the public tonight. We've heard another (inaudible), so it's really hard for the public to respond to multiple DEIRs and multiple scenarios. I think we're making it very hard on the public. The other thing is that I can see us starting to use shorthand, and we refer to Scenario 2 or Scenario 4, but we also add this thing of mixing and matching. What people mean by those things varies, and it gets very confusing. I think we like a component of Scenario 2 and a component of Scenario 4. I get the feeling, listening to my colleagues, that we're really leaning towards testing boundaries. If that's where we are, then we really need to separate into these two distinct scenarios and really have a five and a six. I'm hearing very different things, and I think we should just do that. I think we need the legitimate slow-growth scenario as was originally described when the idea of a fifth scenario was introduced, which is Scenario 2 housing, some less amount of jobs, but applying all the sustainability things and traffic things that are really orthogonal to all the scenarios. There's a lot in the S/CAP Plan that we're going to do regardless of scenario. We should treat the scenarios that way. I would see that as Scenario 5. On the performance-based approaches, I actually went, like I said, and reread the transcripts of the past meetings. I don't think Council signed up for that before. I think it was beyond what we talked about. I agree we should maybe have some pilots and talk about it in regards maybe to smaller housing units Downtown with performance-based measures around those units. I'm not ready to sign up for that across the whole City as part of the Comp Plan. If we had Scenario 6, kind of the go big scenario, again I'd be willing to evaluate it as a data collection exercise. We could have the 10,000 units; we could have lots of ADUs; we could have no height limit, little parking; see what comes out. Again, I would also want to have the 21st century suburban model as well. I agree with a lot of what Council Member Filseth said. We can argue about what Palo Alto is. I think it's an exurb that grew up around a train station originally, and then we went through a period of suburban growth. A lot of our neighborhoods are very suburban, and we have a downtown area. We're also a small city among a lot of other cities that interconnect. We haven't really had much discussion about what the amount of job growth could be that we would test in an EIR. Staff is suggesting 10 percent less. I'd like to understand, particularly with the idea of regulating employment that's (inaudible) in existing buildings. I know there was a discussion about that, could we go lower. It wasn't only looking at new commercial

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development, but also managing our existing buildings for density. I think Mayor Burt brought it up earlier, looking at where our employment centers are and really do we have large companies Downtown or do we move to have large companies out in our research and business parks. Where I would come down is if we really want to test a lot of housing and some of these other ideas, let's put them into separate scenarios and get the data.

Mayor Burt: I think these are actually a lot of really good, thoughtful comments. Not everybody is seeing everything exactly the same way but getting a lot of things out on the table. Let me toss out a few thoughts. We can talk all we want about what we'd like to see as outcomes. Unless we put a formula in place or, I should say, continue to put a formula in place that enables those things to actually be built as we're hoping, we really aren't being realistic. When I said that continue to put things in place, we've done some things over the last year and a half that actually have set the groundwork for what we're being able to discuss tonight. Interestingly, a lot of the folks who, not all but a lot, have been strong housing advocates have also been real critics of some of the measures that the Council has taken on restraining commercial office growth and the RPP program and different things like that. Actually I think those have had a huge impact at enabling where we want to go. Council Member Schmid had spoken about how a developer is going to look at highest return on an investment. If that highest return is office, then that's what they're going to build. We could further incentivize residential, but if it's still available to them to build office at a higher return, they're not going to build the residential. We've actually really curtailed the advantages of being able to—the availability and advantages of being able to build office. It's not very available for a developer in the community today. I should just step back a moment. There's kind of some misconceptions even by Staff about our development of housing in our last RHNA allocation. Actually in the 2000-2007 RHNA period, we had one of the speakers say we didn't have any in the dot bomb period. That's not true at all. What we had actually was a boom in housing in Palo Alto, in South Palo Alto, after the dot com crash. It was because there was no value at all to commercial real estate investment. None was going on in the whole region. There was almost no value to residential anywhere. One of the few places that developers saw they could make money was by converting what had been low-profile, older commercial property in South Palo Alto to residential, and we had a boom in that. We didn't expect it. We hadn't figured out whether it wasn't at the locations that were transit-oriented or accessible to retail. The housing virtually all was types that put a big impact on our South Palo Alto schools. It had a whole bunch of unintended consequences. Nevertheless, we actually were the only city in the region that exceeded our RHNA allocation in that period. It's just not true that we've had nothing but not meeting it. In that period, we were the

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only city in the region that exceeded it. That doesn't solve any of our problems today. One of the notions that was tossed about was—evidently a couple of my colleagues received an assertion that somehow two percent more per year of residential growth is the magic number that means you wouldn't have a price escalation in residential rental rates. I don't get how you can talk about that outside of whatever job growth exists. If you're Detroit, for example, you don't need to add two percent per year to keep rental rates from going up. If you basically don't have job growth, you don't need that. If you have five percent per year job growth, two percent won't keep up. I don't get where that number comes from. There probably is a correct number for Palo Alto; it's just there's no simple formulaic number that applies out of some general theory. One of the things that we've talked about is the interest in piloting some of the performance-based development. I actually think that's really important, because some of my colleagues have said, "I don't want to incorporate it in the Comp Plan without piloting it," but we have a Comp Plan that's moving forward. I'm not quite sure how you'd be able to inform the Comp Plan on whether this is the right thing to do or not without moving forward on doing some of this before we've completed the Comp Plan, or at least at a minimum we have to see whether it would get built. What are the parameters for this performance-based development, which I think is actually a really positive model? First, we said we want affordable housing. That's, once again, another thing that we can say, "I want whatever I want." It just doesn't make it happen. Unless we have a real huge, unspent pot of money to subsidize affordable housing, our tool for doing that is with zoning. We can do it that way. For instance, in our two Downtowns, we have a certain limited amount of floor area ratio that's permitted for residential. Rather than simply raise that across the board, if we raise it with certain conditions that X percent of—say we have a 1.0 FAR right now for residential in our Downtowns. If we raise it to 2.0 or something like that, we can put conservative on it. Now, we have to bear in mind that we actually have a State Housing Density Bonus Law that already does some of this and says you can build even more if you have affordable to it. We have to think through to make sure that what we set as the new zoning is actually what would get built, not that plus X amount more when that might not be what we want. I think we want to set in place some pilot models of this and allow a certain number of developments in the Downtown area with the new models in short order. That would accomplish two things. It would begin to have a dent and actually get some of the housing built, rather than just theorized. It would inform us about whether this is a model that works and the community will accept on a more scaled basis. We're not going to get ten of these projects built right away either way, so setting it up as a pilot seems like the right thing to do. In order to get them built, a key is parking. Parking drives the cost of commercial development and residential development. This is why I've been talking

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about one of the real, somewhat unintended benefits of the Residential Permit Parking program. In the past, we had a lot of discussions in the community about reducing parking requirements. The only place that we've really done it significantly was what Council Member Kniss spoke about, which is Alma Place, which is single-room occupancy. We're talking all now about these micro units, and we have a real great project built by Palo Alto Housing Corp. right on Alma. It is reduced parking. I went in there a month or two ago. The reduced parking was not quite full, but the bike rack was overflowed. They didn't have enough bike rack parking for the bike demand. Isn't that crazy? Anyway, that kind of model is one that we can have going forward. If we either don't allow commercial or residential to purchase those RPP permits or if we find out that we in the long term can't do that, we have to remember we've already got a program for cutting back the number of RPP permits to be sold each year. It wouldn't be quite as good, but I think we can manage this either way. We basically always had the community pushback that said if you reduce the parking requirement onsite, it's just going to externalize the impact, and it's going to spill over into my neighborhood. This is why we could never do it, and it wasn't an unreasonable concern. If a developer has to own the consequences of the parking that they provide and for that matter in order to get this bonus, we say they actually have to have a full suite of Transportation Demand Management programs; they have to decouple parking meeting; you rent your apartment and, if you're one of the one in three tenants who also wants to rent a parking spot, then you do that separately. I think we'll have a lot of today's demographic who says, "Wait a minute. If I have a Zipcar and I have a shared electric bike there and I have a rail pass that's already provided to me and I live Downtown, I don't want a car. If I ever want to go somewhere other than a Zipcar, I get Uber. Why do I want a car and why do I want to pay for that?" We have a big portion of an emerging population who's already functioning that way. I had a discussion with a residential developer about this model and asked, even within our 50-foot height limit, under these conditions, would this be attractive to develop. His answer was yes. I was glad to hear it. Frankly I didn't know whether it would or wouldn't be attractive. We have this final issue of what scenarios do we study. I think that we actually want—Scenario 5 has less job growth, and then it has a range of amounts of housing growth. I think that we definitely want to study the less job growth for a whole variety of reasons. We don't solve this problem by continuing to have jobs grow at the rate we grow housing, even if we increase our rate of growth of housing. Anybody who keeps claiming that we can do both is not being realistic. We've got to slow down the job growth. We hear all these moans and groans from folks that somehow it'll harm this economy by not being the highest jobs/housing imbalance in the country, which is what we are. Council Member Schmid reminds us of that. That's a really striking statistic. You think about in *The*

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*Bible*, God says, "Go forth and multiply." Is there a certain point at which you say, "We've achieved success. We've multiplied." We've got a ton of jobs. We can slow down a little bit, especially if we want to try to reduce our housing problem. I'd be supportive of a motion that would look at two different iterations of five, one with less housing and the other with more housing, but both with the restrained job growth that's in it. In parallel, to direct Staff to come back with pilot programs for performance-based development of residential in the Downtown areas on a limited scale and to come back with that zoning formula on a pilot basis as soon as we can, and that that pilot would have components of additional floor area ratio for residential, elimination of the density cap, implementation of a minimum density. Basically we're talking small units. We do the opposite right now. We allow the floor area ratio, and we don't allow above a certain number of units. We basically prohibit any developer from building small units. That's the way our Code works right now. Additional floor area ratio for affordable units, and comprehensive, enforceable Transportation Demand Management measures the project with reduced parking. It is now 10 minutes to 12:00. I guess we have a question of whether we can try to move forward toward a motion and move the ball forward tonight. That may be a little optimistic. It seems like it's an important issue. We certainly are zeroed on it over the last three hours. It might be easier than trying to start fresh later.

Mr. Keene: Mr. Mayor, may I just say one thing here? Not preempting where the Council would go. I think if you were somehow able to arrive at a simple motion, that would be easier for us to walk away from and know what we're supposed to do. If there's a tendency to cobble together a whole bunch of different directives, even if you can get through that tonight, we very well may want to have a break anyway, be able to go back and look at that and revisit with the Council. There's a really wide range of things you've spoken about. You might be able to get to something unified but if not, we would just also say that—I think that could be very likely that we would want to say this is what we heard, particularly when we start talking about the choices that could be inherent in either changing some of your standards, whatever those are. We still have to have locations. A lot of these ideas around the performance-based zoning, we'd probably want to come back sooner than later on that just to be sure we were clear before we really go down a road with a lot of work.

Mayor Burt: It seems that out of what I was just talking about, we really have two parts to it. One is the thing that's really directive before us tonight, which is what scenarios we want to give Staff the go ahead to study. The sooner we give them the go ahead, the sooner they can get it complete. I don't think we want to wait very long. If we're able tonight to give them that guidance, that's probably the most important thing. The

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second part is more meat on the bone as to the type of housing that we would be—type and amount, kind of what Council Member DuBois was talking about, is not only a preferred scenario but putting some guidance on what we think that would look like and whether we want to pilot it. Maybe those other two things are the things we need to wait and have returned to us and try to grapple with just the specific request of Staff tonight, which is the scenarios. If we could do both and everybody is in good enough agreement and can get that done fairly quickly, that'd be fine. It may not be realistic to try and do both.

Council Member Kniss: (crosstalk) good start on a motion.

Mayor Burt: I'm seeing a little head nodding.

Mr. Keene: (inaudible)

Mayor Burt: That one too. I'm game to go either way. I tend to think we ought to break it into two parts. The first part, I will move that we direct Staff to evaluate two variations of Scenario Number 5, one with essentially Scenario B on Page 3 of the Staff Report and the other some variation of Scenario C. I would be open to, for environmental analysis purposes, modifying "C" to a 6,000 housing units evaluation.

Council Member Kniss: I would second ...

Vice Mayor Scharff: Second.

Council Member Kniss: ... that. Greg, I think you beat me.

**MOTION:** Mayor Burt moved, seconded by Vice Mayor Scharff to direct Staff to evaluate two variations of Scenario Number 5:

- A. Option B from the Staff Report; and
- B. Option C from the Staff Report, incorporating 6,000 housing units.

Mayor Burt: Let me just let that go. If we want to try and tackle what we do on the other, either tonight or another night, we'll do that. I think I've spoken enough about my intentions there. Vice Mayor Scharff.

Vice Mayor Scharff: I think this is really a good approach. I actually do think that on "C" we should go to 6,000, if you're acceptable to that.

Mayor Burt: Yeah.



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Vice Mayor Scharff: I heard you were. However, on "B," I actually think that we should probably go with "A" rather than "B." I think "B" is very similar and will give us better information. It's a slower ...

Mayor Burt: Right. It's a range (crosstalk).

Vice Mayor Scharff: It's a range, that's what I'm thinking.

Mayor Burt: It's not guidance on intention. It's a range. I find that acceptable as well.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to replace in the Motion Part A, "Option B" with "Option A."

Vice Mayor Scharff: I think this is a good start. I think we're doing that bracket, but as long as we add in the sustainability stuff that we talked about—I want to pilot the performance-based stuff, but that's going to be the second part of that. You're not planning on putting that in here or you are?

Mayor Burt: We can include it in principal, and the sustainability was a given. I guess I would go ahead and add that both iterations of Scenario 5 would include performance-based development and the S/CAP—how do we want to describe it—elements.

Vice Mayor Scharff: That's what I would say. I actually thought these (inaudible) performance-based approach would be adopted with the policies and performance standards related to traffic and other quality of life issues. That's sort of what they have in the Staff Report.

Mayor Burt: That's the language. Let's go ahead and ...

Vice Mayor Scharff: On Page 2 at the bottom.

Mayor Burt: Here's the wording on that. On the performance-based, it says a performance-based approach which would include ...

Vice Mayor Scharff: You can actually use the top language too. Policies and mitigation strategies to address the (crosstalk).

Mayor Burt: Why don't you offer proposed language?

Vice Mayor Scharff: I'll say it. You could say a performance-based approach with policies and mitigation strategies to address the impacts of growth and other quality of life issues.

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Mayor Burt: And then the sustainability language? Why don't we just say—put a period after what Vice Mayor Scharff said, and then say that both scenarios would include the Staff recommended Sustainability and Climate Action elements. Does that capture it well enough?

Vice Mayor Scharff: That works for me.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion after “two variations of Scenario Number 5,” “including a performance based approach with policies and mitigation measures to limit the impacts of growth and other quality of life issues. Both Scenarios would include Staff recommended Sustainability and Climate Action Plan (S/CAP) elements.”

Mayor Burt: Did you want to speak?

Vice Mayor Scharff: Yeah. I think this basically addresses the concerns that the public raised without going so high that we actually couldn't get decent information from it. I think it's a mistake to go above 6,000 units. I think Staff would have a hard time doing it without Council direction that we're actually going to really change things, *i.e.*, the height cap and things like that. I think 6,000 units is the right number. To put it in perspective, as I said, we have traditionally over the last 25, 30 years built 1,000 units every 7 years, so that's—in 15 years that's 2,000. This would be three times what we have built over the last 30 years. I think that's a significant increase. To think it's not a significant increase is really untrue. I think this is a good approach, and I hope we move forward on it.

Mayor Burt: I'm sorry; I just caught something. I don't think this is the language we meant. It says with policies and mitigation measures to limit the amount of growth. It's limit the impacts of growth.

Vice Mayor Scharff: To address the impacts of growth.

Mayor Burt: I think it's limit. One of the other things I realized we don't have anything in here is driving this to the smaller units. We have alluded to it. It was part of the performance-based development requirements. Let me ...

Council Member DuBois: I actually like your idea of having a second ...

Mayor Burt: Pardon me?

Council Member DuBois: I actually liked your original idea of splitting it into a separate motion.

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Mayor Burt: Okay. Let's see how that goes. Council Member Wolbach.

Council Member Wolbach: A couple of things. First actually let me address this question of micro units. I think it was March 21st, around then; I can't remember the exact date, but I think it was March 21st. We had a direction to Staff when we talking about housing sites and programs. I just want to make sure we're clear that we've already given Staff direction to return. It was moved by Scharff, seconded by DuBois, to have Staff return with the feasibility of studying in the near term modern income, government employee housing that was discussed earlier, micro units for Downtown including decoupled parking, all of the specific things, minimum impacts, etc., as Council Member Holman was referring to earlier, the concern about losing existing housing, we've already given Staff—that was also part of that motion.

Mayor Burt: The point sounds like we may not need the second motion.

Council Member Wolbach: My first point is I don't think we need the second motion unless we just wanted to issue a reminder to Staff that we are still waiting for that feasibility, but I believe Staff is already aware, and so it's unnecessary.

Mayor Burt: Or if we just want to state (crosstalk).

Council Member Wolbach: I do think it's unnecessary, but I just want to remind Staff about that. I do think it's important. I raise that also because, again, several of the points that have been raised by my colleagues we have already recognized and given direction to Staff, fully appreciating that those are important. Specifically again, Council Member Filseth's point about government employees and Council Member Holman's concern about losing existing properties, we're already starting to move that. We've already done that. When it comes to—there was actually another question that was discussed earlier, which is the question of locations. I don't know if we want to get into that in this or if it's inappropriate. I think that does belong somewhere else, and we really shouldn't get into it. There was some interesting ideas that were discussed tonight that I'd be interested in exploring, and some others that we didn't get into, but I won't right now. If I'm not mistaken, each of these iterations costs about half a million dollars. If I'm wrong, I hope Staff will correct me. I just want to ...

Mayor Burt: I would not assume when you're talking about, for instance, one jobs iteration and a housing one that we've already looked at basically on the low end. I would not assume that.

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Council Member Wolbach: Before I get into (crosstalk) I'm not assuming. I'm opening it up to Staff. Before I offer a friendly amendment, I would like to hear from Staff what they think the cost would be of having two different numbers studied here for housing.

Ms. Gitelman: Thank you for that question. It gives me an opportunity to clarify that the cost will go up. I can't tell you by how much until we have our consultants look at the motion in its final form and give us their assessment. There's no doubt—I think the Council should still move forward with the contract as we placed it on your Agenda. If you agree that we're going to analyze at least one scenario, then we'll have to get them to do a cost estimate for the second scenario.

Council Member Wolbach: I guess it's okay. If we do a sixth, it does create more work, it does cost more money. I just think we should—even if we are deciding to move forward with having essentially two new scenarios, a Scenario 5 and essentially a Scenario 6, I just want to make sure we're thoughtful and at least recognizing that that is a cost. I think we have fiduciary responsibility to acknowledge that. I'm looking at the Chair of Finance Committee as I'm saying that. I know he'll appreciate that. When it comes to the numbers to look at, the—what are we looking at here? We're looking at "A" and also "C." If we're looking at Scenario A—if I might offer a small correction. Where it says Scenario A and Scenario C, it should actually say Option A and Option B. Just so we don't cross the axis there. If we're looking at the housing from Option A, that's 3,546. That's only one off from what's already looked at in housing for Scenario 3.

Mr. Keene: It's not one off; it is the same number.

Vice Mayor Scharff: It's the same number, Cory.

Council Member Wolbach: It's 3,545 or 3,546. My point is it's essentially the same number now. You do have the job reduction. If we're looking at "C" and bumping it to 6,000 units, then that gives us something new to study beyond what's currently being studied. It's around 1,600 more than the housing in Scenario 4, which we've already studied. I appreciate that bump up. You get that lower job number, that you'd get either with "A" or with "C." I would actually suggest that I don't think "A" is necessary to study. If we're going to do two, I would suggest that the two we study would be 6,000 units and also the 8,800 units that people asked for tonight. If we're going to study two—I'm not talking about—sorry John Kelly. Not 10,000 units, but I would suggest the 8,800 units that people suggested that would match the jobs. As Council Member Schmid said earlier and I think a couple of other people mentioned, maybe Council Member Holman, our jobs

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and our housing should be aligned. That's what 8,800 housing units would be, and then the 6,000 units that's presented here. If we are going to have one that goes really higher for the purposes of study, of 8,800, then maybe as the second one just go with the 5,300 that's proposed in the Staff Report. Again, I don't think that "A" is really necessary, because I think we're already going to get that. It seems like a waste of money.

Mayor Burt: We've got to move this forward. Either ...

Council Member Wolbach: I'm going to make a friendly amendment or offer a friendly amendment. It would actually be Option A would change to Option C from the Staff Report and then "B" would become Option ...

Mayor Burt: I guess I want to decline. If you've got a motion you want to try and see if you get a second on. I do need to add—before you go forward, I neglected to include Staff Recommendations B and C, which is the approval of the contract. I assume that that's not going to be contentious with anyone. We'll just get that on whatever we have going forward.

Council Member Wolbach: Thank you. I was going to mention that too.

Mayor Burt: The seconder, you agree?

Vice Mayor Scharff: (inaudible)

Mayor Burt: Of course.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion;

- C. Approve Amendment Number 5 to Contract Number C08125506 with PlaceWorks to add \$423,814 for a total not to exceed \$2,801,157 for completion of the Comprehensive Plan Update and associated EIR; and
- D. Amend the Fiscal Year 2016 Budget Appropriation Ordinance for the General Fund by:
  - i. Increasing the Planning and Community Environment Department appropriation by \$356,140; and
  - ii. Decreasing the Budget Stabilization Reserve by \$423,814.

Council Member Wolbach: I'll offer an amendment and hopefully have a second for it. We would change "A" to Option C from the Staff Report. "B" would become Option C but with housing units of 8,800.

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Mayor Burt: That fails for lack of a second.

**AMENDMENT:** Council Member Wolbach moved, seconded by Council Member XX to replace in the Motion Part A, "Option A" with "Option C" and replace in the Motion Part B, "6,000" with "8,800."

## **AMENDMENT FAILED DUE TO THE LACK OF A SECOND**

Mayor Burt: Council Member Schmid.

Council Member Schmid: I like the idea of having two, breaking this scenario into two. I like the suggestion that has been made, that these do not have to be full EIR analysis, but maybe a planning document that could come back to Council quickly and allow the Council to assess them, not focusing on all steps of the EIR but those which have the biggest impacts on the City, on performance base, and maybe have the Council make a decision in the (crosstalk).

Mayor Burt: Shall we ask Staff to comment on whether that is proper legally?

Mr. Keene: That's not the thrust of the motion. However, what I spoke to was we may come back to the Council, since you're not going to vote on this before 12:15 A.M. at least, with again just an expression of what our understanding of what the motion says and the implications on schedule, timeline, those kinds of things. We might be able to do it as part of the item on the 6th when we're bringing the other EIR items back to the Council. The intent here would be to ultimately do an EIR analysis on these alternatives.

Council Member Schmid: Option C is the same—"B", I mean, is Option C from the Staff Report raising the housing units. I think Option A should be from the Staff Report, but lowering the jobs number to 6,200, which is the long-term growth rate of jobs over the last 15-20 years. Will the maker accept that?

Mayor Burt: First, you've asserted that that is the long-term growth rate over the last 15-20 years. We haven't seen this basis. Does Staff have any comment on whether that's the correct number?

Council Member Schmid: I'm using the nine monitored numbers from the ...

Ms. Gitelman: I don't. I'd have to look that up. I would remind you that we've already approved the hospital project, which predicted 2,400 jobs.

Mayor Burt: We know that.

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Ms. Gitelman: We already think the 8,000 and change that we included in these options is pretty aggressive in terms of reducing the rate of job growth. Remember jobs are in existing building space as well as new building space.

Council Member Schmid: I was using the monitored six areas of the City from 2000 to 2015.

Mayor Burt: This is all areas, monitored and non-monitored. You're comparing the rate in the monitored areas to what we would do in all areas.

Council Member Schmid: The number for just the monitored areas came to around 50, and I am suggesting this ...

Mayor Burt: This job growth in the monitored areas ...

Council Member Schmid: ... is 65. It's well above the monitored growth rate.

Mayor Burt: Within this proposal, in just the monitored areas, how much job growth do we have?

Council Member Schmid: About 50 per year.

Mayor Burt: In "A" here? In the monitored areas.

Council Member Schmid: That's what the historical growth has been.

Mayor Burt: That's not what I'm asking. In this proposal ...

Council Member Schmid: This proposal ...

Mayor Burt: Just a sec. We have 2.7 million square feet total.

Council Member Schmid: Of which 1.3 is standard, which is already approved.

Mayor Burt: Just a second. What portion of that is in the monitored area out of the 2.7?

Council Member Schmid: Except for the Stanford, I assume it's a substantial (crosstalk).

Mayor Burt: Stanford's not in the monitored area.

Council Member Schmid: No, the Stanford Medical.

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Mayor Burt: That's what I'm saying. It's not in the monitored area, right?

Council Member Schmid: Right.

Mayor Burt: That leaves 1.4 million square feet as all that we're talking about doing in the non-monitored areas. That's actually less job growth in the monitored areas than what has occurred in the last 20 years. Not more, less. You can't compare apples to oranges on that. You can't say that you want to propose 6,000-whatever jobs in the monitored and non-monitored areas combined going forward, and you say that we should only have that because that's all we've done over the last 20 years, but that was only in the monitored areas. That's a false comparison.

Council Member Schmid: I've said that the monitored areas have a 15-year growth rate of about 52,000, and this 6,200 includes about 65. It is 30 percent higher than the monitored areas.

Mayor Burt: You're saying going forward in the monitored?

Council Member Schmid: In the City, yes. It's a historical number that is fairly generous. Check the history.

Mayor Burt: You're saying your proposal is comparing monitored area to monitored area?

Council Member Schmid: No. This is for the future of the City.

Mayor Burt: I won't accept it.

Council Member Schmid: Anyone else interested in seconding it?

Council Member DuBois: Can I ask a question? What I heard you say was you took the monitored area and then you inflated it by an additional 30 percent.

Council Member Schmid: Yes.

Council Member DuBois: If we're just testing bounds, I don't know.

Council Member Schmid: That actually goes from 1989 to 2014.

Council Member DuBois: On housing we're doing three times what we've ever done, which seems pretty aggressive as well. I would second it just to see what colleagues think.



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**AMENDMENT:** Council Member Schmid moved, seconded by Council Member DuBois to add to the Motion Part A, "incorporating 6,200 jobs."

Mayor Burt: Do we have that motion, substitute, clear? Amendment, it's not a substitute motion. Council Member Schmid, you need to make sure that the Clerk has your amendment clear.

Council Member Berman: Instead of 8,800, you want 6,200?

Council Member Schmid: Yes. Sixty-eight is the existing. I would just make the case that historically and if you go back before 1989, there was a period of about six or seven years where there was a moratorium on growth in the City. That's actually a 20-year period where the numbers are beneath that. We're trying to talk about being consistent with our history. Palo Alto has been very successful partially because it has limited the expansion of commercial square footage over time. That's one of the keys to the success. Option A would continue one of the traditions of Palo Alto that has made it a seed bed rather than a capital city.

Council Member DuBois: I'd actually just want to add two points, and I brought them up earlier. Again, this is only in new development. It would be doing some of the things that you've talked about, Mayor Burt, which is looking at density in existing office buildings as well as looking at use of the Downtown as a large office park for a large company versus smaller companies.

Council Member Schmid: I think my proposal is only for Option A. I'm not suggesting it for "B."

Council Member DuBois: The other point of this is just testing the ranges. Separating "A" from "B" makes sense to me.

Mayor Burt: Let me clear this. This is just speaking to the amendment. Council Member Filseth.

Council Member Filseth: Sorry. I know it's late. I wanted to ask a question. I didn't completely follow the arithmetic here between the monitored and the non-monitored area and so forth. Is this the same 6,600 that's in original Scenarios 1 and 2 or is that a different one?

Council Member Berman: (crosstalk) compilation.

Council Member Filseth: Sorry.

Council Member Schmid: This is a substitute for the jobs number.

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Council Member Filseth: Jobs, got it. You're going from 9,850 to 6,600?

Council Member Schmid: To 6,200, yes.

Council Member Filseth: What's Staff's opinion? Can we get to 6,200 jobs?

Ms. Gitelman: Thank you for that question. I'm afraid that it is really unrealistic. We have 2,400 jobs right off the top for the Medical Center. That would mean for the 15 years we'd only be adding 250 jobs a year. If we permit even close to the 50,000-square-foot office annual limit in part of the City and only a fraction of the development potential in the Research Park, we will be in excess of that number quite quickly. We really put some thought into saying 10 percent below Scenario 2 is aggressive in terms of job productions.

Council Member Filseth: Guys, you got any response?

Mayor Burt: Pardon me?

Council Member Filseth: I was asking the maker of the motion if he's got any comments on that. Staff says we can't get there, so it's an academic scenario.

Council Member Kniss: In the amendment?

Council Member Filseth: Yeah.

Council Member Schmid: We are coming out of a period of 6 or 7 years where we've had very rapid growth. Compared to history, we've been growing at twice the level we had over the previous 20-25 years. The question is as the future of Palo Alto is that a good thing. We are seeing the escalation in both commercial and property prices beyond what we expect (crosstalk).

Mayor Burt: He had a specific question.

Council Member Filseth: I get that. I'm not espousing rapid job growth, but I don't want to support a scenario that's not ever possibly going to happen. That's my question.

Council Member Schmid: We have an annual limit of 50,000. This is an annual limit ...

Mayor Burt: No, only in certain areas.

Council Member Filseth: I got what I needed. Thanks.

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Mayor Burt: This applies Citywide. Once again, I have to say you're comparing apples to oranges in this. You've gone back and said we have an annual limit of 50,000, this is only such and such, but the annual limit isn't Citywide. Council Member Holman.

Council Member Holman: Just quickly. I'm having a hard time with any of this being a direction I think we should be going at this point in time. Just for clarification on this, whether one agrees with this or not. It says including 6,200 jobs. I think you probably mean replacing the current number with 6,200 jobs, just so that you're making your point.

Mayor Burt: We have no more lights. Let's vote just on the amendment. Everybody see the amendment, whether you support it or do not. That fails on a 7-2 vote with Council Members Schmid and DuBois voting yes.

**AMENDMENT FAILED:** 2-7 DuBois, Schmid yes

Mayor Burt: Now, we're back to the original motion. Council Member Berman.

Council Member Berman: I like 95 percent of the original motion. Given a lot of the conversation that we've had about the fact that this really is just to study possible options and what impacts those would have on the community and the clear voice that we've heard from the community on the need for additional housing, I'll just ask for a quick amendment to have Option C be 6,500 units of housing instead of 6,000.

Mayor Burt: I would say it's a fairly arbitrary one, but I think I'd like to stay with what's in the motion.

Council Member Wolbach: I'll second it.

**AMENDMENT:** Council Member Berman moved, seconded by Council Member Wolbach to replace in the Motion Part B, "6,000" with "6,500."

Mayor Burt: We can go through a whole series of amendments 'til 2:00 in the morning.

Council Member Berman: That's why I made it very quick. I won't speak to it more than I already have.

Mayor Burt: I'm going to clear the board again.

Council Member Berman: We don't get these opportunities often, so it's just an opportunity to push the envelope a little bit more and see what's possible.

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Mayor Burt: Council Member Wolbach, did you need to comment on it?

Council Member Wolbach: This is substantially lower than what I'd proposed earlier, which was not supported by my colleagues, which was 8,800 as an alternative scenario for study. This is only—what is it? This is only 1,200 more than what we're already going to be studying. I think it gives us more data, but is still within a range which is reasonable. If things don't scale perfectly, this isn't so far out of the box that it radically changes or diminishes the effect of (inaudible) utility of the information gathered.

Mayor Burt: Council Member DuBois, you are speaking just to the amendment, correct?

Council Member DuBois: Yeah. Just like the last motion, we had a number. We said is that reasonable. The same thing to Staff. Why is this a reasonable number? Is it achievable?

Ms. Gitelman: Thank you for the question. I think with any of these housing numbers, you can put them out there. Our subsequent question, as the City Manager suggested we'll come back to you with some options, would be how would you get there. With Option C, we anticipated all of the things that we included in Scenario 4 plus an additional conversion of commercial FAR to residential FAR. To get beyond Option C, we just need to know kind of what additional strategies the Council would employ. We could bring some suggestions back when we come back as the City Manager indicated.

Council Member DuBois: Just so I understand, though, why is this different than, say, the reduction of the jobs? Could we have come back with more ideas or you just felt that beyond the limits?

Ms. Gitelman: I guess I was operating under the presumption that the Council hadn't indicated a desire to deviate substantially from the growth limit, dramatically downzone or change the amount of permitted square footage. I mean 250 new employees a year in a City the size of Palo Alto, even in existing building space, is really low. Particularly if we want to do things. We want retail; we want art galleries; we want ..

Mayor Burt: We already voted on that one. Let's go ahead and vote on this amendment. That fails on a 5-4 vote with Council Members Wolbach, DuBois, Berman and Kniss voting yes.

**AMENDMENT FAILED:** 4-5 Berman, DuBois, Kniss, Wolbach yes

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Mayor Burt: Now we're again back to the motion. Anybody else want to throw a dart?

Council Member Kniss: We're ready to vote.

Mayor Burt: Let's try to keep them narrow. Council Member DuBois.

Council Member DuBois: When you made the motion, I heard you talk about a pilot test, but that's not really in the motion anymore. We are saying it's—can you just explain?

Mayor Burt: Council Member Wolbach clarified that we had really previously given Staff that direction. They're already coming back with ...

Council Member DuBois: You're including the performance-based approach regardless of a pilot test or anything.

Mayor Burt: We're including that that would be evaluated in the Environmental Impact Report. It's not what you were looking at earlier of a preferred alternative. It is what's going to be studied.

Council Member DuBois: Thanks for clarifying that. I know it's late, but Staff—we had this discussion about Scenario 5 before. We weren't specific enough; we came back tonight. On Pages 9 and 10, Staff asked for some specific direction about what would we include in these scenarios. I would like to offer an amendment and see if you guys would accept it in terms of specific additions and deletions from these tables.

Mayor Burt: Let me just say I'm really interested in those tables. I think that is something that would take us 'til 2:00 A.M. tonight. Just from the hour, I wouldn't accept it, not because I don't think they're worth discussing. It's just that's part of what the decision went in to keeping this a focused motion.

Council Member DuBois: I'm going to have a hard time supporting the motion if the implication is that these tables are taken as is. Is that what you are proposing?

Mr. Keene: Can I just say—even with the motion the way it is, I feel we're going to bring a follow-up report back to the Council very quickly that starts to deal with these things. Otherwise, we'll be flying blind too as to what we would be doing with the Council.

Mayor Burt: It does raise a good question. Without us giving specific input on the tables on Page 10 and 11 of the performance-based zoning, can Staff

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actually proceed with the EIR as we have here or will you need to come back and get the clarification that Council Member DuBois is asking for?

Ms. Gitelman: I think the City Manager's suggestion that we use the Draft EIR public hearing on June 6th as an opportunity to make sure we've heard you correctly ...

Mayor Burt: That's not the question.

Ms. Gitelman: ... and give you an opportunity to clarify anything that you would change about this.

Mayor Burt: What I'm asking is, absent those clarifications, would you be able to proceed on the EIR or are you going to need those clarifications to be able to proceed. That's my question.

Ms. Gitelman: I think the City Manager is correct. We're going to need confirmation and clarification. We're going to need to come back.

Mr. Keene: Those and I think we'll have to revisit the directives from the housing report which, as indicated, we do owe the Council. It was one of the things we were going to talk about at the ...

Mayor Burt: The City Manager actually said that we were going to be coming back. He didn't say that it would be necessary in order to proceed on the EIR. Two different things. That's what I wanted to get the clarification on.

Council Member DuBois: If I could offer a suggestion and I'd ask my colleagues to consider this. If we look at Option A and Option C as these two scenarios—maybe I'm being naïve—I actually think maybe we could agree to some changes in these tables consistent with the scenarios, like allow Scenario A to do things like maintain the 50-foot height limit and some of these other changes and let Scenario C get rid of the 50-foot height limit. We would have two opposing ...

Mayor Burt: Those are big discussions. I think you're being overly optimistic that all that could be ...

Council Member DuBois: If we view this as an exercise in testing the bounds—it's late.

Mayor Burt: I look forward to that discussion when it comes back to us.

Council Member DuBois: We're saying we're going to do the EIR without the specificity ...

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Mayor Burt: No. Didn't you hear? The Staff said that they won't be able to proceed on the EIR without these clarifications. All we're doing tonight, with what they just said, is giving this direction. They're going to have to come back to us for the next leg of this discussion in order for them to proceed on the EIR. Is that correct, Mr. Keene?

Mr. Keene: This is obviously one of the central decisions that you want to make as a Council as it relates to one of your four Priorities. I think actually the thought that you can wrap this all up in one night anyway is a mistake. You've had a lot of discussion; you've heard from the public; you've zeroed in on a direction you want to go. It's not very fair to put us in a position of being able to think about the implications and how all these things relate without sitting back and regrouping now that you've said this is where you want to go. We're just doing this on the fly. The further you go down in this, the worse it is than letting us come back and reframe (crosstalk).

Mayor Burt: Remind us again when did you say this would tentatively come back?

Mr. Keene: The latest would be at the meeting on the 6th. We were thinking about talking at the Committee of the Whole a little bit on the housing directives that you've given. That would (inaudible).

Mayor Burt: Three weeks, great.

Council Member DuBois: Last question. On the budget numbers, why is there a difference in "i" and "2"? Why is it increasing and decreasing by different amounts?

Mayor Burt: I don't know, but I'm trusting their math at this hour. Let them come back if you really need to know that. Council Member Holman.

Council Member Holman: Two things. There are a number of reasons that I can't support this motion, and I won't go through all of them right now. There are a number of reasons why I don't and can't. Listening to City Manager, I think he's correct. Looking at the clock, it is 12:30 A.M.. We don't do our best work at this point in time. I move that we defer this motion until the June 6th meeting.

Council Member DuBois; Second that.

**SUBSTITUTE MOTION:** Council Member Holman moved, seconded by Council Member DuBois to continue this Motion to the June 6, 2016 City Council meeting.

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Mayor Burt: Can we vote on that without further discussion? That fails on a 5-4 vote with Council Member Schmid and DuBois and Holman and Filseth voting yes.

**SUBSTITUTE MOTION FAILED:** 4-5 DuBois, Filseth, Holman, Schmid yes

Council Member Holman: Can I say why I will oppose this motion?

Mayor Burt: Yeah, be brief if you can.

Council Member Holman: Maybe the prior motion failed because I was trying to be brief and didn't go into the reasons. I think we would be much more prudent to direct Staff to return with a planning study with visuals to demonstrate in just very specific locations what a scenario that we can identify, that we really want to investigate, would look like. We, I believe, have not addressed previously or directed Staff on coming back with options on how to address the loss of housing units including demolition and Airbnb. I think it would be prudent to delay the DEIR for Scenario 5 until the Council and the CAC have had a chance to have an exchange with each other to hear where the CAC is coming from, what ideas they have. This is after all what their charge is. I agree that the performance-based policies and mitigation measures that are in Table—whatever page it is—4 need to have Council discussion. To continue with a Motion this evening is to segment our consideration and lose direction. I will be opposing the motion.

Mayor Burt: Got it. Council Member Filseth.

Council Member Filseth: I have one here that I hope is going to be constructive. On Scenario A, let me ...

Mayor Burt: Option A?

Council Member Filseth: Option A, sorry. Let me try three reasons why I think it might be a good idea to move the housing number actually to the Scenario 2 number of 2,720. The first is a big part of the value I see in here—I like this—is that it isolates the housing number. That means the range on it is going to tell us about the impacts of housing, because most of the other stuff is the same. That's a good thing. It extends the range a little bit if we do that. Second, Stanford is going to build 2,000 graduate students units, and that's going to suck several hundred ...

Mayor Burt: Sorry. Go ahead.

Council Member Filseth: Stanford is building 2,000 graduate student units, and that's going to suck several hundred units out of this area. If you put



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that on top of the—couple that with the 2,720, we're probably at 3,500 there. Third and maybe most important, if we put the housing number the same as Scenario 2, I actually don't see any more value in Scenario 2. I don't see a lot of value in Scenario 2 without sustainability and transportation. It could almost replace Scenario 2, and we wouldn't have to consider that anymore.

Mayor Burt: I won't accept it principally because the housing in Scenarios 1 and 2 are below what our RHNA numbers are going to be. I'm just not sure what the point is even in looking at that. Frankly, I don't think it meets the needs of the community.

Council Member Filseth: One and two are sort of the extrapolation of existing trends as opposed to the RHNA numbers? I will not ...

**AMENDMENT:** Council Member Filseth moved, seconded by Council Member XX to add to the Motion Part A, "including 7,220 housing units."

## **AMENDMENT WITHDRAWN BY THE MAKER**

**MOTION RESTATED:** Mayor Burt moved, seconded by Vice Mayor Scharff to direct Staff to evaluate two variations of Scenario Number 5 including a performance based approach with policies and mitigation measures to limit the impacts of growth and other quality of life issues. Both Scenarios would include Staff recommended Sustainability and Climate Action Plan (S/CAP) elements:

- A. Option A from the Staff Report; and
- B. Option C from the Staff Report, incorporating 6,000 housing units; and
- C. Approve Amendment Number 5 to Contract Number C08125506 with PlaceWorks to add \$423,814 for a total not to exceed \$2,801,157 for completion of the Comprehensive Plan Update and associated EIR; and
- D. Amend the Fiscal Year 2016 Budget Appropriation Ordinance for the General Fund by:
  - i. Increasing the Planning and Community Environment Department appropriation by \$356,140; and
  - ii. Decreasing the Budget Stabilization Reserve by \$423,814.

Mayor Burt: Please vote on the board. That passes 7-2 with Council Members Schmid and Holman voting no. We have concluded this item.

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Thank you everyone. Thank you to all the stragglers. That wasn't meant in a derogatory way.

**MOTION AS AMENDED PASSED:** 7-2 Holman, Schmid no

Inter-Governmental Legislative Affairs

None.

Council Member Questions, Comments and Announcements

Mayor Burt: We now go to Council Member Comments and Questions. Council Member Holman.

Council Member Holman: Just one quick comment, and it was a question that was raised earlier. It was a question raised earlier about PCs and public benefits. There was a time that PCs did not have public benefits associated with them. It came up during a prior discussion this evening. Some of the PCs did not have public benefits. They were introduced at a later period in time.

Adjournment: The meeting was adjourned at 12:41 A.M.

Mayor Burt: On that note, we're adjourned.