



CITY COUNCIL DRAFT SUMMARY MINUTES

Special Meeting
December 5, 2022

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 5:00 P.M.

Present In Person: Burt, Cormack, Filseth, Kou, Stone, Tanaka

Present Remotely: DuBois

Absent: None

Mayor Patrick Burt Announced the public comment section for Closed Session would be ordered due to the high volume of speakers

SPECIAL ORDER OF THE DAY

AA1. Neighbors Abroad Presentation: Sister City Mayor Ando of Tsuchiura, Japan

Jennifer Buenrostro flew to Tsuchiura in October for a discussion of middle school student exchange in the time of COVID. A video highlighting a recent fireworks display and a message from Mayor Ando was played.

Mayor Burt invited public comment for Closed Session Item Number 1 before continuing to the Study Session.

STUDY SESSION

AA2. Study Session to Receive an Update on the Santa Clara County's Effort to Update the Stanford Community Plan.

Council Member Alison Cormack stated a Stanford affiliate was a source of income for her earlier in the year. Consultation with the City Attorney determined it was legally permissible for her to participate in the item but to avoid confusion and the appearance of impropriety, she recused herself.

M-Group Principal Geoff Bradley presented on the updates to the Stanford Community Plan (SCP). The 1985 Land Use Policy Agreement was reviewed.

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Stanford submitted a General Use Permit application in 2016 that included a request to update the 2000 SCP and is referenced as the 2018 General Use Permit (GUP). The application was withdrawn by Stanford in 2019 but due to progress made by Staff, the Board directed Staff to continue updating the SCP, perform analysis regarding Stanford's activities related to the provision of municipal services, and evaluate graduate student housing affordability and childcare. The findings of these studies were presented.

Municipal services were found to be generally equivalent to those provided by the City across all services examined in the study but transparency of service delivery needs improvement.

The Graduate Housing Affordability study found that Stanford provides housing for approximately 75 percent of graduate students and available units meet demand. About 85 percent of graduate housing is available at low or moderate-income levels. Students have difficulty with the cost of living in the area.

The Childcare Study found on-campus childcare centers offer similar levels of service and cost as peer institutions but offer more childcare programs and spots. Cost for on-campus childcare was found to be higher than average. Students, faculty, and staff preferred more substantial childcare subsidies.

Housing and Circulation Chapter Strategies were outlined. Policy and Implementation Measures were explained. Updates to Housing and Circulation Chapters work to increase housing supply while decreasing congestion.

Other policy updates recommended by County Staff were described. The next meeting with the Board is on December 13. No final action will be taken but direction will be given to Staff and the consultant team. The SCP will be brought through formal adoption process in 2023.

Mayor Burt stressed the importance of Palo Alto being included in the three-party agreement.

Vice Mayor Lydia Kou voiced concern over loss of property taxes and grade separation and asked if Stanford water accesses Palo Alto storm drains. Mr. Bradley said he would need to research that. Vice Mayor Kou asked about the No Net New Commute Trip (NNNCT). Morning traffic onto campus and afternoon traffic away from campus constitute commute traffic. Reverse commute is traffic going off campus in the morning and onto campus in the evening. Vice Mayor Kou asked that vehicle miles traveled (VMT) be further explored taking into account additional stops during an outing.

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Council Member DuBois asked how Stanford housing needs and production are considered for Regional Housing Needs Allocation (RHNA) purposes. Mr. Bradley said it was a complicated answer and he would have to research it. Council Member DuBois asked if there were impacts on Palo Alto services that were not accounted for. Mr. Bradley stated the study looked for gaps in services or inadequate service levels. It is possible there is a category of services where the services being provided by the City of Palo Alto, e.g., parks, are being used by Stanford-affiliated people. The study could not tease that out quantitatively. The study found the 3 parties should work together and monetary terms could be negotiated. Council Member DuBois said Staff and Council should think about things like children's library services, parking enforcement, the cost of a residential parking permit program along the boundary with Stanford, and the accounting of wastewater and stormwater runoff. VMT and NNNCT should both be looked at. Council Member DuBois questioned if the Marguerite Shuttle could be expanded into the community. Council Member DuBois suggested Stanford make payments to the community in lieu of a property tax with payments being divided among agencies providing services.

Council Member DuBois asked about the impact of a lack of a GUP and how much remaining build-out is permitted under the old GUP. Mr. Bradley said the GUP is used to measure out the allowable amount of academic development, e.g., the new buildings on campus. The GUP does not have an expiration date. When Stanford runs out of new development square footage, the Use Permit will still function. Development activity on campus could still occur if an existing building is taken down and replaced.

Council Member Greer Stone asked if the County could enforce the implementation measure regarding not approving additional development permits until Stanford fully offsets any exceedance for new housing development under state law. Mr. Bradley said he would come back to the Council with an answer.

Council Member Stone asked if the low on-campus demand for housing would be addressed in the implementation measures. Mr. Bradley said the focus is on net new development, academic space, and housing and not much can be done about past or existing deficiencies. If Stanford builds new academic space under a new GUP, that could be mitigated according to programs and policies.

Council Member Stone noted Palo Alto houses the majority of Stanford faculty and postdocs and highlighted the impact Stanford has now and in the future on the City's housing supply. He asked if the RHNA units to be placed on Stanford lands are for anticipated growth in the student and faculty

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population. Mr. Bradley said no, that those units are coming from the ABAG designated housing targets. Stanford is not allowed to provide community housing on the academic campus core. There could be a provision for community housing on the nonacademic property if there is an excess of housing.

Mayor Burt said the City is concerned that Stanford not be allowed to use trip reductions in the Stanford Research Park as a mitigation for on-campus trips. Concern was raised over the housing of Stanford service workers. Extending the Marguerite service into East Palo Alto would provide public transportation from East Palo Alto to campus as well as benefit Palo Alto traffic mitigations and address Stanford's NNNCT requirement. A potential continuous bike route could run parallel to El Camino from the edge of Menlo Park to the south edge of Palo Alto and serve middle and high school students traveling from the Stanford campus. The City has identified the Stanford Research Park area as a critical opportunity for housing growth to meet Palo Alto housing needs. It would be a real loss to Palo Alto if Stanford used that for company housing. Mayor Burt urged the need for a comprehensive plan between the City and Stanford on housing and biotech development in the Research Park.

Mayor Burt asked if Stanford was in compliance with state accessory dwelling unit (ADU) law. Mr. Bradley replied yes, but added he could come back to the Council with a proper legal analysis. Mr. Bradley said Stanford has amended their policy to allow ADUs.

Vice Mayor Kou commented on people parking in Menlo Park and then transiting to campus. She emphasized MacArthur Park is a historical site. She agreed Marguerite services need to be expanded. Reasons for not living on campus according to the survey included housing priority being given to the degree program and off-campus housing being cheaper. Housing should be built before academic space. Stanford should work with the Safe Route to School team to ensure safe routes for school children. Stanford should pay for crossing guards to ensure safety.

Mayor Burt said a grade separation report on July 14, 2022, included that Stanford must contribute to major regional transportation improvements like separating Caltrain at grade separation locations. Mr. Bradley said he would research that.

Mayor Burt asked if flood protection was perceived as a municipal service in the SCP, specifically flooding from San Francisquito Creek where impacts are primarily downstream of university property. The Stanford watershed feeds into San Francisquito Creek and includes increased runoff. Mayor Burt asked if the upstream detention is part of Stanford's obligation under municipal

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services. Mr. Bradley said the county has adopted a lot of what the San Francisquito Creek Joint Powers Authority (JPA) told them within the legal framework the county is operating in to try to address the serious flooding issues.

Public Comment

1. Peter Drekmeier wanted special consideration to be paid to funding for the Palo Alto Unified School District. Stanford's reservoirs in the San Francisquito Creek watershed are used for landscape irrigation and do not impact the creek but water from impervious surfaces runs into the creek. Upstream detention is important.
2. Rebecca Eisenberg wished to have seen a response to the letter written by the mayor. She supported expansion of the Marguerite Shuttle. Palo Alto cut electric-powered shuttles at the beginning of the pandemic which resulted in community hardship and increased single-occupancy car usage and carbon output. She agreed with Stanford paying for bike and pedestrian bridges. She agreed Stanford should pay mitigations in lieu of property tax.

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS City Designated Representatives: City Manager and his Designees Pursuant to Merit System Rules and Regulations (Ed Shikada, Kiely Nose, Sandra Blanch, Nicholas Raisch, Molly Stump, and Terence Howzell) Employee Organization: Service Employees International Union, (SEIU) Local 521, Utilities Management and Professional Association of Palo Alto (UMPAPA), Palo Alto Peace Officer's Association (PAPOA), Palo Alto Police Management Association (PMA), International Association of Fire Fighters (IAFF) local 1319, Palo Alto Fire Chiefs Association (FCA), ; Authority: Government Code Section 54957.6 (a)

Public Comment

1. Nate McClure, a park ranger for the City of Palo Alto, was happy with the progress thus far but stated changes need to be made to make everything more equal.
2. Chris Brickner, a substation technician lead for the City of Palo Alto, said the workload has increased as the work force shrinks. The loss of work force needs to be stopped.

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3. David Sigua, who works for the library, expressed his love for Palo Alto. He voiced concern about attracting and retaining employees. Competitive compensation, cost-of-living adjustments, and continued healthcare coverage should be offered comparable to other cities in the area.
4. Ratu Serumalani declined to speak and offered his time to Lynn Krug.
5. Lynn Krug, chapter chair of the SEUI employees and Utilities water, gas, & wastewater inspector of 22 years, said there are too many employee vacancies and professionals are needed across the City. Competitive wages should be provided along with a cost-of-living adjustment (COLA) to retain employees as well as attract qualified and experienced employees to provide the level of services the City demands.

MOTION: Council Member Eric Filseth moved, seconded by Mayor Burt to go into Closed Session.

MOTION PASSED: 7-0

Council went into Closed Session at 6:42 P.M.

Council returned from Closed Session at 9:00 P.M.

Mayor Burt announced there were no reportable items.

AGENDA CHANGES, ADDITIONS AND DELETIONS

Item Number 10 was continued to a future date.

PUBLIC COMMENT

1. Rani Fischer, the environmental advocacy assistant for the Santa Clara Valley Audubon Society, urged the Council to uphold the Parks and Recreation Commission recommendations to prohibit all electric bicycles on unpaved trails in Palo Alto's nature preserves.
2. Antonia Minion, a junior at Gunn and member of the Palo Alto Student Climate Coalition, said a lot needs to be accomplished to meet the 80 by '30 goal and urged continuation of electrifying appliances and

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vehicles with renters being included. Residents should be made aware of opportunities and incentives.

CONSENT CALENDAR

Council Members Cormack and DuBois registered a no vote on Item Number 2.

Council Member Tanaka registered a no vote on Agenda Item Numbers 3, 5.

Mayor Burt invited the public to speak on the consent calendar. There were no requests to speak.

MOTION: Council Member Cormack moved, seconded by Council Member Burt to approve Agenda Item Numbers 2-6.

MOTION SPLIT FOR PURPOSE OF VOTING:

ITEMS 2 OF MOTION PASSED: 5-2, Cormack, DuBois

ITEMS 3, 5 OF MOTION PASSED: 6-1 Tanaka No

ITEMS 4,6 OF MOTION PASSED: 7-0

2. Adoption of **Resolution 10085** Authorizing Use of Teleconferencing for Council Meetings During Covid-19 State of Emergency
3. Approval of a Professional Services Agreement with CLEAResult, Inc., for Residential Energy Efficiency and Electrification Advising, Rebate Processing and Optional Heat Pump Water Heater Pilot Program Administration for a Total Not-to-Exceed Amount of \$2,940,400 for a 4-Year Term Through December 2026
4. Approve Contract C23185850 With Thomas Sarsfield for a Not-To-Exceed Amount of \$395,000 for a Term of Three Years to Provide a Tennis Recreation Program
5. Approval of the Acceptance of State of California Citizens Options for Public Safety (COPS) Funds of \$172,000 and a Budget Amendment in the Supplemental Law Enforcement Services Fund (2/3 vote required)
6. Approval of the Office of the City Auditor's Fiscal Year (FY) 2023 Task Orders

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7. Adoption of a Resolution Declaring Weeds to be a Public Nuisance and Setting February 27, 2023 for a Public Hearing for Objections to the Proposed Weed Abatement **Action: Continued to 12/19/22**

Council Member Greg Tanaka spoke on Item Number 5. He was okay with accepting state funds but there should be more discussion regarding tasers.

CITY MANAGER COMMENTS

Wastewater collection data indicated a spike in COVID presence. The County Health Department recommended vaccination. Only 25 percent of the county population have received the bivalent booster.

Residents were encouraged to shop in person at town shopping districts. There will be increased visibility of the Palo Alto Police Department. Avoid being an attractive target of crime by not leaving purchases in vehicles. Enter a nearby store and ask them to call the police if feeling uncomfortable while shopping.

House fires in the winter account for 30 percent of all fire deaths and 23 percent of fire injuries. Holiday fire safety tips from The Palo Alto Fire Department can be found at bit.ly/PAFDholidayfiresafety.

The Children's Theater will present The Nutcracker through December 18. Details on the holiday decorating contest and toy drive can be found on the calendar on the City homepage.

Repair work will be occurring in the upcoming days at the Caltrain railroad bridge over Oregon Expressway as well as electrification work at the Alma Avenue train crossing. Closures of several minutes can be expected related to electrification testing. The Caltrain website has been updated with specific contacts should issues arise.

City Council will be discussing the Palo Alto fiber project in the next 2 weeks. Information is available on the City homepage.

In the next week, City Council will be discussing some changes to the ordinance related to ADUs and JADUs, the response to the Grand Jury Report related to ballot measures, and a colleagues memo related to short-term rentals. On December 19, the Council will discuss Fiber to the Premises follow-up report and pending review and recommendation from the Policy and Services Committee and updates to the Procedures and Protocols Handbook. There will be no meeting on January 2 or 16. On January 9, the

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City Council will have a reorganization meeting with selection of mayor and vice mayor. There will be a business meeting on January 23 where the long-range financial forecast will be discussed. January 28 is the date of the City Council Retreat and priority-setting session.

ACTION ITEMS

8. Approval of a Construction Contract With Anderson Pacific Engineering Construction (APEC) in the Total Amount of \$161,846,500; Approval of Three Amendments to Existing Agreements with: 1) Stanford University, 2) East Palo Alto Sanitary District, and 3) Mountain View and Los Altos; Approval of Amendment #2 to Contract Number C19171565 with Brown & Caldwell to Add Services, to Increase Compensation by \$1,484,689 for a New Maximum Compensation Not-to-Exceed \$5,908,791, and to Extend the Contract Term through March 31, 2028; Approval of Amendment #2 to Contract Number C21176592C with Carollo Engineers to Add Construction Management Services, to Increase Compensation by \$8,237,021; approval of a resolution to increase Clean Water State Revolving Fund financing to \$193,000,000; approval of a budget appropriation increasing revenue and expenses; and approval of an exception to Debt Policy 1-65 for the Secondary Treatment Upgrades Project (WQ-19001) at the Regional Water Quality Control Plant.

Water Quality Control Plant Manager James Allen presented an overview of the project. The Finance Committee unanimously recommended approval. Upon City Council approval, construction would begin in early 2023 with completion 58 months later. The first debt payment would be in November 2028. Anderson Pacific provided the lowest bid. Total project costs and financing were outlined. Cash flow may be an issue during construction, and the City Council and the Finance Committee may be approached with options needing approval.

Public Comment

1. Lynn Chiapella asked if the contracts were limited to the amount being discussed or if there was a percentage where they may exceed the contract. She also asked if the rate increase to the public has been worked out.

Council Member Cormack asked if the 58-month construction timeline was realistic or optimistic. Plant Manager Allen said it was a realistic timeline. Council Member Cormack asked for a ballpark figure on rates and if payments would begin in FY 2029. Plant Manager Allen said the Utilities Department

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presented different rate scenarios to the Finance Committee. There would be a \$2 to \$4 per month increase in the coming years for single-family residential. Council Member Cormack asked how much Staff time it would take to oversee the project. Director Eggleston said Woodard & Curran helps to augment staff but he admitted it is difficult to keep up with these projects along with the smaller-scale capital maintenance at the plant. Discussions are being had about additional staff resources that may be needed.

Council Member Tanaka asked where the nitrogen goes with this process. Plant Manager Allen explained it goes from urea to ammonia to nitrate. Nitrate is not treated and goes to the Bay. In the Bay, it is converted to nitrogen gas, some to nitrogen oxide. The treatment plant will bring it into the plant and convert it to nitrogen gas inside the tanks. Seventy-eight percent of the air we breathe is nitrogen. Council Member Tanaka referenced slide 17. Plant Manager Allen stated the costs capture consultant and contractor costs but not Staff costs which is an operating cost billed yearly.

Council Member Tanaka referenced packet page 225 and the partners' contributing share of the wastewater operating budget. He asked why Palo Alto goes from a high of 40 percent down to 32 percent in 2022. Director Eggleston stated the flow has decreased. Council Member Tanaka asked for the justification for Palo Alto continuing to pay the same amount while other cities should be paying more as their populations have increased. Director Eggleston stated this was discussed during Finance Committee review as well. All the partners have to agree to changes to the agreement. There is no updated information about longer-term expectations. An update to the long-range facilities plan is expected that may lead to more discussion about the percentages. Council Member Tanaka emphasized renegotiating for a lower share of the cost to reflect Palo Alto's lower usage now and not later. City Manager Shikada stated renegotiations are not feasible at this time. He added if they were to renegotiate the existing agreement, they would need to rebid and they would lose the time necessary to redo the entire procurement process with very little expectation that the partners have an incentive to reach that agreement. There are practical limitations as bids have been procured and they are ready to proceed after a multi-year effort. Council Member Tanaka would like to renegotiate with the partner cities before moving forward due to the overpayment of nearly \$12M.

Vice Mayor Kou asked if the contracts have been voted on by the partner cities, which was confirmed by Director Eggleston.

Mayor Burt referenced packet pages 226 and 227 comparing residential and non-residential rates versus other cities. Palo Alto is 28 percent below comparison cities. Mayor Burt asked if maintenance costs are higher with

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stretching out the life of equipment. Plant Manager Allen stated parts for older equipment are not readily available and cost more. Mayor Burt asked what the time frame for renegotiating with the partners would be based on trends in the near future. Director Eggleston said they were about 2 years out with updating the long-range facility plan.

In response to public comment, Mayor Burt stated the bid amount is \$161M+ and authorization is not to exceed \$178M and for Item 6, there is a reasonably expected maximum principal amount of \$193M including the design. Mayor Burt asked for clarification of the competing amounts. Director Eggleston referenced slide 13 and explained the \$193M includes all the costs.

Mayor Burt asked if using 5 of the 10 acres designated for future environmental technologies would help the timeline and efficiency of the rebuild during construction. Director Eggleston was not sure it would impact the timeline to have more staging area but it would help with efficiency for this project and with concurrent projects.

Council Member Tanaka asked over how many the years the debt would be paid. Director Eggleston said the debt is over 30 years, but the service payments do not begin until 2028. Council Member Tanaka asked if land valuation is factored in. Plant Manager Allen said the Wastewater Treatment Fund paid for all the property, which is owned by Palo Alto, and the partners paid their share of the property to buy it.

Council Member Tanaka said the amount the City pays should change according to usage. Director Eggleston said both capital costs of construction and operating costs based on flow were considered when the agreements were created.

MOTION Council Member Tanaka moved that the Council approve the staff recommendation with the addition of renegotiation of cost with other program partners.

Motion died for lack of a second.

Council Member DuBois asked about the life span of the equipment. Plant Manager Allen said mechanical and electrical equipment typically last 30 years and structural equipment lasts 50 years. Concrete would be reused and recoated.

Council Member DuBois asked if the interest rate was still at 0.8 percent, which was confirmed. He asked if the rate would change if the project was disturbed in some way. Plant Manager Allen said if there was a long delay, the State would re-execute the contract, do a new credit review, and the

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interest rate could be lost. The interest rate would be held for a re-bid situation.

Council Member DuBois asked what steps were being taken to manage supply chain disruptions. Tom Kapushinski said there were struggles getting suppliers to hold prices for 30 days and even for 1 day. Council Member DuBois asked if Carollo Partners helps manage this. Plant Manager Allen said they are not under contract yet to do this work but work will begin upon approval.

Mayor Burt asked what Mountain View's current flow was. Director Eggleston said their current flow was a little over 6 million gallons per day. Each partner's maximum flow far exceeds current flow, and Mayor Burt asked how that worked. Plant Manager Allen said flows were set in 1985 when flows were more of an issue. The flows add up to the regulated capacity of the plant according to industry standard and is how California regulates the capacity of the flow. The partners each have a share of the flow capacity that matches the design capacity of the plant. With flow conservation, no one will exceed their individual flow capacity limits. Director Eggleston added that current flows are dry-weather flows and flow was dramatically higher during wet weather. Mayor Burt asked what drove flow variation based on weather. Director Eggleston explained it was inflow and infiltration of rain water and ground water into the sewer system.

Mayor Burt stated reexamining the proportioned allocations was important and it should be moved forward. Operating and capital costs should be reexamined to make sure they stay proportionate.

MOTION: Mayor Burt moved, seconded by Council Member Cormack to:

1. Approve and authorize the City Manager or their designee to execute the construction contract with Anderson Pacific Engineering Construction, Inc., in the amount of \$161,846,500 for the Secondary Treatment Upgrades project, funded in Wastewater Treatment Enterprise Fund Capital Improvement Program project WQ-19001, at the Regional Water Quality Control Plant;
2. Authorize the City Manager or their designee to execute one or more change orders to the contract with APEC for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed \$16,184,650 or 10% of the contract amount, for a total not-to-exceed amount of \$178,031,150;
3. Approve Amendment No. 8 to the agreement between Palo Alto and Stanford University; Addendum No. 1 to the Agreement between Palo

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Alto and the East Palo Alto Sanitary District; and Addendum No. 11 to the agreement among Palo Alto, Mountain View, and Los Altos;

4. Approve and authorize the City Manager or their designee to execute Amendment No. 2 to Contract No. C19171565 with Brown and Caldwell to increase the contract amount by \$1,484,689 to provide design engineering services beyond the original scope of the contract for the design of the STU Project (CIP WQ-19001), and to extend the term through March 31, 2028. The revised total contract amount is not to exceed \$5,908,791 including \$5,371,628 for basic services and \$537,163 for additional services;
5. Approve and authorize the City Manager or their designee to execute Amendment No. 2 to Contract No. C21176592C with Carollo Engineers to increase the contract amount by \$8,237,021 to provide construction management and inspection services during construction for the STU Project (CIP WQ-19001). The revised total contract amount is not to exceed \$8,841,268 including \$8,037,516 for basic services and \$803,752 for additional services;
6. Approve a resolution amending Resolution 9945 to increase the reasonably expected maximum principal amount of funding to \$193,000,000 for design and construction of the Secondary Treatment Upgrades (CIP WQ-19001) and authorizing reimbursement of such funding from the Clean Water State Revolving Fund (SRF);
7. Approve an amendment to the Fiscal Year 2023 Budget Appropriation for the Wastewater Treatment Fund (requires a 2/3 majority vote) by:
 - a) Increasing revenue from Other Agencies estimate from a State Revolving Fund Loan by \$44,200,400
 - b) Increasing the Secondary Treatment Upgrades Capital Improvement Program project (WQ-19001) appropriation by \$44,200,400; and
8. Authorize an exception to City Policy and Procedures Debt Policy 1-65 Guideline V.A.6 to allow the Wastewater Treatment Enterprise Fund to use a debt limit exceeding 15 percent of annual Wastewater Treatment Enterprise Fund operating expenses.

MOTION PASSED: 6-1, Tanaka No

9. PUBLIC HEARING / QUASI-JUDICIAL. 1700 Embarcadero Road [21PLN-00191]: Consideration of a Site and Design Review, Design Enhance Exception, Variance and Off-Street Loading Space Modification to Allow the Demolition of a Vacant Restaurant and the Construction of a new

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two-story 31,000 Square Foot Automobile Dealership. The PTC and the ARB Recommend Approval of the Project. Environmental Assessment: Addendum to a Mitigated Negative Declaration. Zoning District: CS(D)(AD) Service Commercial (Site & Design Review / Automobile Dealership Combining Districts). (9:30 – 10:30 PM)

Planning & Development Services Principal Planner Sheldon Ah-Sing presented an overview of the project. Key issues included Baylands Master Plan compliance, the bicycle pathway, parking lot shading, build-to setbacks, and required on-site loading spaces. Resolutions were found for all issues. The Planning & Transportation Commission (PTC) recommended approval with the elimination of Condition of Approval #14 and Condition of Approval #22 if deemed unnecessary and provided flexibility to Condition of Approval #34. The Architectural Review Board (ARB) recommended approval adding for Condition of Approval #16, to come back to the ARB Ad Hoc with more detail on plantings, architectural material confirmation, and cross section for the multi-use path. The ARB and PTC recommended that the City Council adopt the Record of Land Use Action approving the new car dealership and request for a Site and Design Variance and Design Enhancement Exception based on the findings and subject to the conditions of approval.

ARB Chair David Hirsch described the ARB's impressions of the project and their request for more detail for the bike path, additional plantings between the trees, and additional trees on the fingers of land in the parking lot.

Applicant Eric Iversen, Director of Real Estate for Swickard Automotive, presented an overview of the project. He noted the use of reclaimed wood, a green wall, and future solar panels. The dealership would be selling e-bikes, electric vehicles, and a plug-in hybrid.

Public Comment

1. Rebecca Eisenberg voiced concern regarding sustainability goals and commitment to environmental protection. The harm from high-polluting projects on the other side of Embarcadero falls on East Palo Alto residents and the Baylands Natural Preserve. The toxic consequences of car dealerships include toxic seeps into the land that deem it uninhabitable.
2. Aaron Hadzess, a field representative with the Carpenters Local Union 405 in Santa Clara County, strongly encouraged use of a responsible developer for the project that supports affordable healthcare, provides a living wage, and uses an apprenticeship program.

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3. Lynn Chiapella voiced concern over removal of trees and questioned how many large trees would be planted. She recommended the Council specify a certain percentage of trees must be 36" to 48". She asked if it was possible to provide shading through solar panels.

Council Member Cormack voiced support for the Staff recommendation.

Council Member Stone asked about the ARB suggestion that a row of parking be removed to accommodate trees in the pathway. Mr. Iversen said a compromise was proposed to add native trees to the Baylands as getting the bike path was deemed more critical than preserving the trees.

Council Member Stone asked what amount of sales tax could be expected from the project. Mr. Iversen stated the Audi store is at about \$7.5M in sales tax and he predicted this Mercedes project would be double that annually.

Council Member Stone approved of the use of bird-safe glass and asked about nighttime lighting to mitigate bird impacts. Principal Planner Ah-Sing said there were conditions to lower the light intensity after hours. Council Member Stone voiced support of the project.

Council Member DuBois asked that the protected trees to be removed be highlighted in the Staff report and presentation. Principal Planner Ah-Sing stated one tree along Embarcadero met the criteria for a protected tree and would be removed for the bike path. Council Member DuBois voiced support of the project.

Council Member Filseth said every iteration of the project has gotten better.

Vice Mayor Kou voiced concern about tree removal and echoed public comment about size of replacement trees. Principal Planner Ah-Sing stated Bayland trees are 24" and would be in before issuance of the certificate of occupancy. Vice Mayor Kou asked if the tall black Mercedes wall could be decreased from 36 feet to 30 or 32 feet. Planning & Development Services Planning Director Jonathan Lait said the wall is designed to be seen. It was reviewed by the ARB and endorsed. Mr. Iversen said the black wall is a Mercedes element and they were given the proportions.

Vice Mayor Kou asked about the loading zones. Mr. Iversen said these are used for package delivery. No car carriers would come onto the site. Vice Mayor Kou asked where vehicle inventory would be located. Mr. Iversen said inventory sites are leased monthly or every 6 or 12 months and are usually within 3 to 5 miles. As a condition of approval, vehicle unloading cannot be done in the right-of-way.

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Mayor Burt asked why solar arrays would not be installed during construction. Mr. Iversen said solar arrays were a discussion item at the ARB with some members in favor and some questioning if canopies were the right solution and he didn't want that to hold up the project. Mayor Burt said the symbolism of solar panels in that location would be beneficial along with the solar power and shading they would provide.

MOTION: Council Member Tanaka moved, seconded by Council Member Cormack to Adopt the Record of Land Use Action approving a new car dealership and requests for a Site and Design, Variance, and Design Enhancement Exception based on findings and subject to the conditions of approval contained in Attachment B.

MOTION PASSED: 7-0

10. Staff and the Council Sustainability and Climate Action (S/CAP) Ad Hoc Committee Recommend That Council Review and Provide Feedback to Staff on the Draft 2023-2025 S/CAP Work Plan and Direction on Governance of the Work Plan

ACTION: This item was continued to a future meeting.

COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

None.

Adjournment: The meeting was adjourned at 11:08 P.M.