



# CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting  
November 09, 2020

The City Council of the City of Palo Alto met on this date in Virtual Teleconference at 5:01 P.M.

Participating Remotely: Cormack, DuBois, Filseth, Fine, Kniss, Kou, Tanaka

Absent:

## Special Orders of the Day

1. Resolution 9921 Entitled, "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Jon Hospitalier Upon his Retirement."

Brad Eggleston, Public Works Director, reported Mr. Hospitalier progressed through multiple job titles during his career with the City and was a trusted and respected professional. Mr. Hospitalier's work occurred behind the scenes to keep much of the City's infrastructure running. Mr. Hospitalier had a passion for emergency preparedness and worked closely for some time with the Office of Emergency Services (OES).

Ken Dueker, OES Chief, advised that Mr. Hospitalier was going to be missed both personally and professionally. He wished Mr. Hospitalier all the best in his retirement.

Mayor Fine read the Resolution into the record.

Council Member Kou thanked Mr. Hospitalier for his many years of service to the City and wished him a happy retirement.

Council Member Kniss appreciated Mr. Hospitalier's service in a department that sometimes did not receive due recognition.

**MOTION:** Council Member Kniss moved, seconded by Council Member Cormack to adopt the Resolution Expressing Appreciation to Jon Hospitalier Upon his Retirement.

Council Member Cormack thanked Mr. Hospitalier for contributing to the clean up of the 1998 flood and for serving as a model of continuous improvement.

Mayor Fine remarked that Mr. Hospitalier lived up to his name by taking care of the City and its residents.

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## **MOTION PASSED:** 7-0

Jon Hospitalier, Public Works Assistant Director, appreciated the Council acknowledging his service. Working with so many highly qualified team members was an honor. The Public Services Division collaborated with all departments to provide services that often were not noticed. As he moved onto the next stage of his life, he wished everyone well and thanked the City for the many opportunities.

## Closed Session

- 1A. CONFERENCE WITH CITY ATTORNEY - EXISTING LITIGATION  
Subject: NAACP, et al. v. City of Palo Alto, United States District Court, Northern District of California, Case No. 5:20-cv-07251-EJD  
(Foothills Park)  
Authority: Government Code Section 54956.9(d)(1).

Carlin Otto noted the average daily attendance at Foothills Park was 416. With Foothills Park open to the public, attendance was going to exceed 1,000 on most days. The Council needed to implement a sustainable maximum daily visitor limit.

Aram James urged the Council to open Foothills Park to the public.

**MOTION:** Council Member Kniss moved, seconded by Council Member Cormack to go into Closed Session.

## **MOTION PASSED:** 7-0

Council went into Closed Session at 5:25 P.M.

Council returned from Closed Session at 6:14 P.M.

Mayor Fine announced no reportable action.

## Agenda Changes, Additions and Deletions

Mayor Fine announced Agenda Item Number 14, "PUBLIC HEARING / QUASI-JUDICIAL / LEGISLATIVE. 788 San Antonio Road [19PLN-00079]: The City Council Will Consider: 1) Adoption of a Resolution Certifying a Final Environmental Impact Report (EIR), Making CEQA Findings Including a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Plan...", was continued to November 16, 2020.

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## Oral Communications

Jonathan Erman was appalled that the City was not able to negotiate pay reductions with labor unions when so many people did not have incomes.

Barry Hart noted a neighbor was killed this week while crossing the street in a crosswalk. The City needed to reevaluate pedestrian safety in Palo Alto given the number of pedestrians using the street to social distance and darkness falling earlier.

Terry Holzemer expressed disappointment with the Council decision regarding Boards, Commissions, and Committees the prior week. The hour was too late for public comment and rational thought.

## Minutes Approval

2. Approval of Action Minutes for the October 26, 2020 City Council Meeting.

**MOTION:** Mayor Fine moved, seconded by Council Member Cormack to approve the Action Minutes for the October 26, 2020 City Council Meeting.

**MOTION PASSED 7-0**

## Consent Calendar

Clara Chang, addressing Agenda Item Number 9, thanked the City for the honor and privilege of operating the program.

Greg Welch, addressing Agenda Item Number 5, encouraged the Council to approve the project as proposed.

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

3. Approval of a Memorandum of Agreement Between the San Francisco Bay Restoration Authority and the US Army Corps of Engineers to Utilize Resources of the Bay Restoration Regulatory Integration Team (BRRIT) for Pre-permit Application Review and Permit Processing for the Palo Alto Horizontal Levee Pilot Project at no Cost to the City.
4. Approval of Contract Number C21179815 With Daleo, Inc. in the Amount of \$6,417,876 for Gas Main Replacement Project 23 (GS-13001) in the Evergreen, Ventura, College Terrace, Research Park, Greer Tract, Midtown, and Charleston Terrace Neighborhoods; and Authorization for

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the City Manager to Negotiate and Execute Related Change Orders Not-to-Exceed \$641,788, for a Total Not-to-Exceed Amount of \$7,059,644.

5. Approval of a Traffic Calming Pilot Project and Related Improvements in the Crescent Park Neighborhood.
6. Approval of Amendment Number 2 to Contract Number S15153692 With Woodard & Curran as Successor-in-Interest to RMC Water & Environment for Long Range Facilities Plan Program Management Services at the Regional Water Quality Control Plant, and to Extend the Contract Term Through December 31, 2022.
7. Approval of a \$500,000 Net Zero Budget Amendment in the General Fund for the Planning & Development Services Department's Cost Recovery Program for Private Development Studies.
8. Approval of Contract Number C21178949 With Avenidas, Inc. for the Provision of Comprehensive Services to Older Adults for Five-years in an Amount Not-to-Exceed \$2,626,165.
9. Approval of Contract Number C21178948 With Palo Alto Community Child Care for Five-years for Management of the City's Child Care Subsidy Program in an Amount Not-to-Exceed \$2,660,556.
10. Policy and Services Committee Recommends Council Accept the Proposed 2020 National Community Survey and Process.

## **MOTION PASSED: 7-0**

### City Manager Comments

Ed Shikada, City Manager, reported the County of Santa Clara (County) urged the public to adhere to safety protocols due to the increase in COVID-19 cases. Free COVID-19 tests were planned to be administered on November 20. The community needed to obtain free flu shots. A Public Safety Community Meeting was scheduled for November 17, 2020. The City website listed opportunities for the community to volunteer on Veterans Day. The next monthly community check-in regarding Uplift Local Community was scheduled for November 17, 2020.

### Action Items

11. Discussion and Potential Direction on Community and Economic Recovery Strategies Including Uplift Local Holiday Promotions, Business Support Activities, and Testing; and A) Expanding the Definition of Retail and Retail-like to Allow More Diverse Retail Activities; B) Temporarily or

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Permanently Altering Parking Requirements for a Change of Use; C) Temporarily Suspending the Retail Preservation Ordinance in Some Areas of Palo Alto; and D) Continuing Closures of Portions of California and University Avenues to Vehicular Traffic.

Ed Shikada, City Manager, reported the item responded to the Council's September 14, 2020 direction to Staff and focused on ways to help businesses recover more quickly from the economic recession. Staff sought direction regarding a set of concepts. On October 19, 2020, the Council discussed a Community and Economic Recovery Strategy and initial efforts under way in the City. Staff planned to return to the Council on November 30, 2020 with a Study Session for community and economic recovery.

Rachael Tanner, Assistant Director of Planning and Community Environment, advised that Staff sought direction about expanding the definition of retail and retail-like uses, temporarily or permanently altering parking requirements for a change of use, temporarily suspending the Retail Preservation Ordinance in some areas, and continuing the closure of portions of California Avenue and University Avenue to vehicular traffic. Santa Clara County's COVID-19 risk level was currently moderate, and some indoor business operations were allowed with modifications. The City offered a community clinic for testing twice a month. The use of rapid testing was cost prohibitive for the City. The Uplift Local Program was intended to support local residents and businesses with a website, signage and banners, and events and activities. Allowing more diverse uses in retail areas included modernizing definitions, making discrete adjustments to allow additional uses, and decreasing regulatory barriers for compatible and desirable uses. Staff was not proposing general office uses on the ground floor. Constraints for the Council to consider were the duration of diverse uses and limits on the allowable sizes of uses. Town & Country Shopping Center intended to request a Zoning Code text amendment to allow 20 percent of ground-floor space to be occupied by medical office uses and a limit of 30 percent on office uses at the site. Staff offered two approaches for providing more flexibility and facilitating existing commercial spaces: temporarily suspending onsite parking requirements for changes of use; and developing a permanent blended parking ratio for all commercial uses. The Council needed to consider short-term economic challenges with potentially long-term changes; a temporary approach versus a comprehensive strategy; and total relief versus reduced relief from onsite parking requirements. The Council may consider temporarily suspending the Retail Preservation Ordinance in Downtown Palo Alto, California Avenue, and Middlefield Road areas. Staff recommended the Council extend street closures for University and California Avenues through March 31, 2021

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Mr. Shikada noted an at-places memorandum provided information regarding current vacancies for retail space and public feedback. The Council had the discretion to work on any or all of the proposals.

Hamilton Hitchings requested the Council not allow professional office, medical and dental, financial services, and adult education uses to replace allowed retail uses in core areas.

Winter Dellenbach remarked that suspending the Retail Preservation Ordinance was unworkable and unrealistic because the consequences were permanent. The City needed to continue supporting the mom-and-pop retail businesses along El Camino Real in South Palo Alto.

Jessica Roth expressed concern about the impacts of changing retail uses on University and California Avenues. Public art was needed. She supported continued closure of California Avenue.

Jonathan Erman noted the discussion did not include the performing arts, which were a major part of the Uplift Local Program and were closed. Safety protocols were not applied equally to all gatherings, and the City needed to change that.

Faith Bell stated requirements for ground-floor retail were essential for a vibrant Downtown and for businesses to survive. The idea of temporarily suspending the requirements was ludicrous. Reducing parking requirements was unfair to the businesses that paid hundreds of thousands of dollars in in-lieu parking fees. More signage was needed.

Terry Holzemer opposed any change to the Retail Preservation Ordinance and parking requirements. A variety of businesses was needed to create a viable and vibrant commercial area.

Karen Holman opposed any change to retail and parking requirements. The City needed an Economic Development Director.

James Ellis appreciated Staff's proactive approach to economic recovery. The pandemic accelerated trends for retailers. Town & Country Shopping Center's proposed amendment to the Zoning Code was intended to update the Zoning Code and address the changing retail environment.

John Shenk, Thoits Brothers, believed Palo Alto needed to be open to all retailers that served the public. Tenants and landlords needed to feel confident that investments in existing stores would provide benefits in the future.

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Michael Ekwall suggested the closure of California Avenue extend through Memorial Day of 2021 and the Council consider making portions of California Avenue pedestrian only. The Council needed to protect all existing businesses on California Avenue.

Steven Sinchek commented that filling vacant spaces was going to be positive and helpful. Closing University Avenue benefited his restaurant. Restaurants needed to know the street closures were going to extend to Memorial Day before investing in heaters and tents for outdoor dining.

Jim Jurkovich opposed changes to the Retail Preservation Ordinance. Retail businesses needed incentives. Introducing uses other than retail caused rents to increase.

Council took a break at 7:40 P.M. and returned at 7:52 P.M.

Mayor Fine requested Council Members discuss street closures first.

Council Member Kniss felt rapid testing for COVID-19 was going to be less expensive and needed to be done. If restaurants invested in their business, the City needed to invest in street closures through May 2021.

Council Member Filseth supported continuing street closures through at least March 31, 2021 and potentially Memorial Day.

Vice Mayor DuBois noted some California Avenue retailers were concerned about pedestrians walking in the street rather than on the sidewalk and about restaurants' equipment being stored in front of stores and blocking traffic. Perhaps, the Council needed to consider opening portions of University Avenue and reconfiguring outdoor dining on California Avenue.

Mayor Fine remarked that Staff tried many variations of the street closures in an effort to assist businesses. Retailers' experiences with street closures were different from restaurants' experiences.

Council Member Kou agreed with ensuring pedestrians used the sidewalks on University and California Avenues. She wanted to understand the traffic circulation on and around University Avenue before supporting extended closure. The Council needed to consider a specific date for extending street closures and charging a fee for the use of public space.

Council Member Cormack advised that the Uplift Local signage was helpful. Extending street closures and authorizing staff to make nuanced changes were appropriate. Residents were uniformly thrilled with the closure of University and California Avenues.

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Council Member Tanaka inquired about Staff's plans to fast track approval of outdoor heating and tents.

Ms. Tanner indicated Staff published guidelines for preparing for weather. According to guidelines, at least two sides of a covering had to be open, which allowed heat to dissipate rapidly. Indoor dining was allowed at 25 percent of usual capacity.

Council Member Tanaka asked about plans for marketing local businesses.

Meghan Horrigan-Taylor, Chief Communications Officer, reported Staff was working on a number of advertising campaigns, rebranding, and signage.

Mr. Shikada added that Staff asked businesses to assist with the content of marketing efforts related to holidays.

Mayor Fine noted street closures were one of the City's most popular programs. Extending the program through March 2021 would provide the incoming Council with data.

**MOTION:** Mayor Fine moved, seconded by Council Member Cormack to extend the closures of portions of California Avenue and University Avenue to vehicular traffic until March 31, 2021.

Mr. Shikada interpreted the Motion as allowing Staff to evaluate small changes to the program.

Council Member Cormack believed there was interest in closing two blocks of California Avenue permanently.

Council Member Tanaka appreciated Staff's experiments with the program and proposed implementing a single, one-way lane in the middle of University and California Avenues; placing Farmers Market booths back-to-back in the center of the street; and offering incentives on slow days.

Mr. Shikada related that resolving the conflict between California Avenue businesses and the Farmers Market was a challenge. Extending street closures through the end of May 2021 was not a challenge.

Vice Mayor DuBois inquired regarding current traffic on Hamilton and Lytton compared to pre-COVID traffic.

Philip Kamhi, Chief Transportation Official, indicated Staff collected traffic data, but he did not have it at the current time.



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Ms. Tanner reported traffic on streets other than University Avenue returned to pre-COVID levels or higher as of October 26-31, 2020.

Vice Mayor DuBois preferred to open University Avenue for December and the rainy season. The Farmers Market drew a lot of people to California Avenue. He encouraged Staff to direct pedestrian traffic to sidewalks and to experiment with opening sections of streets in an effort to benefit retailers.

Council Member Kniss believed restaurants wanted an extension to Memorial Day in order to justify equipment expenses.

Council Member Cormack hesitated to extend the program beyond March 31, 2021 because a vaccine may be available in the second quarter of 2021.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to extend the closure until May 31, 2021.

Council Member Kou wanted assurances that Staff's variations were fair to retailers and that the speeds of bicycles and micro-mobility devices were safe for pedestrians and waitstaff.

Mr. Shikada requested specific issues be directed to Staff for follow up with the businesses. Staff would attempt to mitigate safety concerns for sidewalk users.

**MOTION AS AMENDED:** Mayor Fine moved, seconded by Council Member Cormack to extend the closures of portions of California Avenue and University Avenue to vehicular traffic until May 31, 2021.

**MOTION AS AMENDED PASSED:** 6-1 DuBois no

Mayor Fine requested comments regarding expanding the definitions of retail and retail-like uses.

Council Member Filseth questioned whether uses were converting to restaurants, which were a parking-intense use, under the health orders. Suspending parking requirements for a change of use did not address additional parking needed for the new use. Blended parking strategies that did not increase parking supply were probably not going to be helpful. Staff seemed to be focusing on reducing dependency on retail, especially traditional retail, rather than supporting retail. He did not want to make big strategy decisions in the middle of a COVID-19 discussion. He wanted to hear plans to help businesses now. Retail areas in the City were different and needed to be treated differently.

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Council Member Kniss noted Exhibit 3, the list of vacant storefronts, contained more than 50 locations. She requested assistance with interpreting the list.

Mr. Shikada characterized the list as data. The graph in the at-places memo depicted actual vacancy rates for Downtown and Palo Alto from 2010 through 2018.

Council Member Kniss did not believe the vacancy rate was increasing dramatically.

Mr. Shikada suggested a vacancy rate of 10 percent was a dramatic increase. With eviction moratoriums in place, very few if any businesses were paying full rent.

Council Member Cormack supported Council consideration of food preparation and/or food manufacturing uses. She inquired regarding changes needed to allow more uses in more areas of the City.

Ms. Tanner explained that different uses were allowed in different areas of the City. Some uses were allowed principally permitted and some were allowed with Conditional Use Permits. Financial services and medical office uses fell into those categories depending on the location and restrictions.

Jonathan Lait, Director of Planning and Community Environment, emphasized the need for Conditional Use Permits in some areas.

Council Member Cormack was not prepared to propose or support any changes without detailed information about requirements and restrictions.

Ms. Tanner clarified that Staff hoped to obtain a list of topics the Council was interested in exploring.

Council Member Cormack remarked that food preparation and/or food manufacturing uses needed to be distributed across the City. Mental health professionals were challenged to find and retain office space in Palo Alto. Medical services were a need, and medical providers were the largest employers in Palo Alto. She needed more information to determine whether medical office uses should be distributed or concentrated in the City. She wanted to talk about educational uses. There were some possibilities for financial services uses.

Mayor Fine commented that the density of office and retail uses was expected to decrease, which may impact parking. The Council needed to consider safe practices that helped businesses remain open and operating. An Economic Development Manager was a good idea, but the expense was a consideration.

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The City's permitting process was onerous and had to be changed. Food uses could be distributed Citywide. Small pockets of medical and dental offices existed around the City. Educational uses should be located near neighborhoods. Financial services and professional office uses needed to be targeted to the downtowns.

Vice Mayor DuBois referred to policies and goals in the business and economic section of the Comprehensive Plan. Staff's proposals were Citywide and did not make sense. Other cities were making changes to support local businesses, but not large-scale zoning changes. The County of Santa Clara (County) was working on a business grant program. Perhaps the Council needed to consider a California Avenue Business Improvement District (BID), allowing businesses to use only the windows of vacant storefronts, and community programs to help retailers. It was time for the City to hire or retain an economic development planner. The Retail Preservation Ordinance was intended to protect ground-floor retail spaces. Retail sales for brick-and-mortar shops continued to dwarf online sales. To succeed, retail uses needed a retail environment. The Council needed data to understand the choices. The Staff Report acknowledged the long-term effects of potential changes. He was not interested in making large changes at the current time but looking at changes for core shopping areas and possibly secondary areas. Food preparation uses should not be located in retail areas. Medical office uses should be focused in secondary retail locations. Educational and financial services uses belonged outside core retail districts. General office uses did not contribute to a retail environment. The Council needed to prioritize community-serving services.

Council Member Kou commented on the need for more local businesses and services. An economic development manager would pay for himself. A campaign to encourage residents to support each other and to invest in the local community had to be purposeful.

Council Member Tanaka explained the retail apocalypse and the implications of the vast amount of retail space in the United States. Staff's approach was correct. Big-box retailers were doing well during the pandemic, but small specialty retailers were suffering. The City did not have the expertise and nimbleness to curate retail areas. There probably was not space or the desire for big-box retailers in Palo Alto; therefore, the City needed to think about foot-traffic generators.

Council Member Kniss felt this was a land-use discussion, and the Planning and Transportation Commission (PTC) needed to review these topics.

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Council Member Cormack noted the community valued educational uses, and locating them throughout the City was appropriate. Residents used financial services located in their neighborhoods. Hiring or retaining an Economic Development Manager was logical. She inquired regarding the success of the blended parking rate in Downtown for various constituencies.

Ms. Tanner reported it was working fairly well from a planning entitlement perspective. The in-lieu parking fee was sometimes a challenge.

Council Member Cormack asked if it met the needs of Downtown residents.

Ms. Tanner indicated the City met residents' needs through the Residential Preferential Parking Permit (RPP) Program. The parking ratio for residential buildings was different from the blended parking rate for commercial buildings.

Vice Mayor DuBois suggested secondary streets were appropriate locations for food manufacturing uses. Pre-COVID-19, parking demand exceeded supply in Downtown. A parking in-lieu fee was not beneficial for a business that was not paying its rent. The Council needed to review past recessions and discuss expectations for the current recession.

Council Member Filseth questioned whether a lack of space or other factors were the challenge for community-serving businesses. Macro trends and foot-traffic generators did not apply to every area in every city. He favored contracting with an economic development firm with serious expertise in retail.

Mayor Fine agreed that the role of an Economic Development Manager had not been defined.

**MOTION:** Mayor Fine moved, seconded by Council Member Kniss to direct Staff and the Planning and Transportation Commission to quickly propose changes to enable Diverse Retail Uses in more Retail Sites, including:

- A. Food, Medical, and Educational uses Citywide; and
- B. Financial and Professional Office uses in core commercial areas.

Mayor Fine noted a need to act quickly and responsibly. Enabling diverse retail uses included parking, signage, and the permitting process.

Council Member Kniss inquired about including direction for an Economic Development Manager in the Motion.

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Mr. Shikada recommended Staff return with a scope of services for a contract with an Economic Development firm.

Council Member Kniss believed the Council needed to move quickly on streamlining the permitting process.

Vice Mayor DuBois proposed amending the Motion to read "quickly evaluate changes."

Mayor Fine declined the proposal. He expected the PTC to evaluate and study changes.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, Part A, "or by district."

Vice Mayor DuBois asked if the core commercial areas were located on University Avenue.

Mayor Fine replied University and California Avenues.

Vice Mayor DuBois seemed to recall agreement to locate financial and professional office uses on secondary streets.

Mayor Fine did not wish to make that judgment. He defined core commercial areas as Downtown and the California Avenue Business District. The PTC needed to evaluate whether secondary streets or core commercial areas were the appropriate location.

Council Member Kou preferred a retail expert engage the community and develop a plan.

Council Member Cormack did not understand why Part B was appropriate.

Mayor Fine asked if the issue was financial and professional office uses or the geography of core commercial areas.

Council Member Cormack answered both.

Mayor Fine proposed amending the Motion to direct the PTC to look at all the uses by district.

Council Member Cormack agreed with combining Parts A and B.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to combine Motion Parts A and B to read, "... educational, financial and professional office uses citywide or by district."

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Council Member Filseth requested a timeframe for the PTC to act quickly.

Mayor Fine did not have a timeline in mind.

Council Member Filseth expressed concern about rushing the review. Changes to the Retail Preservation Ordinance needed to be made carefully.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "... and to evaluate ways the City can curate a strong retail mix."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "... quickly evaluate and propose changes ... ."

Council Member Kniss emphasized the need for speed.

Council Member Kou asked if the Downtown retail vacancy rate and use survey was conducted in September.

Mr. Lait did not know if the survey was conducted in 2020.

Council Member Kou recommended the survey be provided to the PTC and the Council prior to the end of the year.

Council Member Tanaka concurred with the urgent need for action and proposed the Council consider a temporary Ordinance by the end of the calendar year.

Mayor Fine advised that Staff needed several weeks to prepare a recommendation. Council Members agreed with PTC review. Staff had not drafted an Ordinance, and the Council did not have the expertise to draft one.

Council Member Tanaka inquired about Staff's ability to draft an Ordinance for some non-contentious changes and present it to the Council.

Mr. Shikada suggested one area worth exploring was moving conditional uses to permitted uses.

Mr. Lait indicated refining the definition of retail was also a possibility. He requested Council direction with respect to presenting changes to the PTC or directly to the Council.

Mayor Fine asked if the first idea was to waive the Conditional Use Permit (CUP) process for permitted uses that required a CUP.

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Mr. Lait explained that Staff was going to consider raising the CUP thresholds for certain uses so that not every use required a CUP. Staff would refine the definition of retail and focus on the types of uses that were pedestrian or neighborhood-serving rather than change the parking standard.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "Direct Staff to return to Council with minor adjustments to the definition of what qualifies as a retail use and adjust the thresholds for retail CUP uses in order to promote retail activity and decrease vacancies." (New Part B)

Vice Mayor DuBois agreed that any changes made by the end of the year needed to be minor.

Council Member Filseth requested the Mayor split the vote.

**MOTION AS AMENDED:** Mayor Fine moved, seconded by Council Member Kniss to:

- A. Direct Staff and the Planning and Transportation Commission to quickly evaluate and propose changes to enable Diverse Retail Uses in more retail sites, including food, medical, educational, financial and professional office uses citywide or by district, and evaluate ways the City can curate a strong retail mix; and
- B. Direct Staff to return to Council with minor adjustments to the definition of what qualifies as a retail use and adjust the thresholds for retail CUP uses in order to promote retail activity and decrease vacancies.

## **MOTION SPLIT FOR PURPOSE OF VOTING**

**MOTION AS AMENDED PART A PASSED:** 7-0

Council Member Filseth expressed concern that the next Council might want to reverse anything the Council changed.

**MOTION AS AMENDED PART B PASSED:** 4-3 DuBois, Filseth, Kou no

Council took a break at 10:12 P.M. and returned at 10:21 P.M.

Mayor Fine requested comments regarding parking requirements. He requested the rationale for using the blended rate only for Downtown and which was easier to implement.

Ms. Tanner reported a blended rate was easier to implement and administer.

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Mr. Lait indicated implementation of the blended rate was related to the parking assessment district. Staff was looking at ways to identify uses that aligned with respect to parking.

Council Member Filseth inquired about a need to update parking standards for restaurant and retail uses because parking demand had changed substantially.

Mr. Lait did not know. At one time, parking standards were different for the California Avenue area and the assessment district. Time and again, a business wanted a retail space on California Avenue, but the property provided no onsite parking or the business was not able to pay an in-lieu fee or buy into the assessment district.

Council Member Filseth requested the benefit of allowing a business that needed parking to lease a site that provided no parking.

Mr. Lait clarified that ideally Staff identified a use with the same parking requirement as the existing use to replace the existing use. At the current time, intensifying uses on California Avenue was not possible.

Council Member Filseth requested the location for parking if the Council waived the parking requirement for new uses.

Mr. Lait responded street parking and public parking facilities.

Council Member Filseth did not believe relaxing parking standards without a plan to provide parking was progress. Evidence that parking requirements were too stringent should drive planning for parking. The parking standard was less important than ensuring parking was adequate.

Ms. Tanner indicated the evidence was based on businesses that failed because of parking.

Vice Mayor DuBois inquired regarding the annual estimate of parking demand in Downtown. At last count, demand exceeded supply by about 1,200 spaces.

Mr. Kamhi was not familiar with the report, but preparing an estimate was possible.

Vice Mayor DuBois recommended the Council refer the matter to the PTC. He questioned the need to change parking requirements at the current time. The Council did not have sufficient information to make a decision.

Council Member Cormack asked if the blended rate worked in Downtown because the businesses were allowed to pay an in-lieu fee.



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Mr. Lait clarified that uses were interchangeable in Downtown without Staff having to determine the adequacy of parking prior to approving a new use. Many factors other than parking played a role in the ability of a business to open in Downtown.

Council Member Cormack did not oppose a blended rate, but she did not have sufficient information to make any changes.

Mayor Fine noted his motivation for this item was the preponderance of gyms and the lack of onsite parking on California Avenue. Requiring a business to pay for offsite parking while the City did not charge for on-street parking was ludicrous. Offices were empty, but traffic on Hamilton and Lytton had returned to pre-COVID-19 levels. Consequently, offices likely did not cause parking problems.

Council Member Tanaka inquired whether referral of parking requirements and the blended rate to the PTC was appropriate.

Mr. Lait noted the Council had not directed Staff to explore an in-lieu fee program for the California Avenue area.

Council Member Tanaka asked what action the Council needed to take to reach a solution.

Mr. Shikada agreed with the proposal to refer the item to the PTC.

Council Member Filseth stated the real problem was not the blended rate but matching supply to demand. The PTC needed to evaluate whether the blended rate accurately matched supply and demand.

Council Member Kniss suggested office workers commuted into Palo Alto by train pre-COVID-19, and the current traffic was coming from elsewhere.

Mr. Shikada advised that a direct correlation of the two was not possible.

Vice Mayor DuBois noted traffic on the freeway had picked up as well.

Council Member Cormack stated people had returned to school.

Ms. Tanner added that essential workers continued to commute to their jobs. Research found people were making more local trips by car.

Council Member Kou believed implementation of Residential Preferential Parking Permit Programs (RPP) was evidence of huge parking problems. Changing parking requirements without data was not the way to go.

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Mayor Fine requested comment regarding the Retail Preservation Ordinance.

Council Member Filseth preferred not to discuss changes due to the late hour and suggested the Council refer it to the PTC.

Mayor Fine remarked that requiring ground-floor retail did not promote, enable, or protect ground-floor retail. He disagreed with the Council action to apply the Ordinance outside Downtown or California Avenue. In some locations, ground-floor retail was not viable.

Council Member Cormack concurred with referring the topic to the PTC.

**MOTION:** Council Member Filseth moved, seconded by Mayor Fine to direct the Planning and Transportation Commission (PTC) to review the geography of the Retail Preservation Ordinance in Palo Alto.

Council Member Filseth believed the PTC was the body best equipped to review the Retail Preservation Ordinance.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to change the Motion to state, "... Commission to evaluate and propose the geography ... ."

**MOTION AS AMENDED:** Council Member Filseth moved, seconded by Mayor Fine to direct the Planning and Transportation Commission to evaluate and propose the geography of the Retail Preservation Ordinance in Palo Alto.

**MOTION AS AMENDED PASSED:** 6-1 Kou no

Mayor Fine recommended continuing Agenda Item Number 13 to November 16, 2020 due to the time.

Mr. Lait reported the City's response letter would be submitted after the regional meeting but prior to the public notice deadline.

Vice Mayor DuBois inquired about the time sensitivity of Agenda Item Number 12.

Mr. Shikada advised the Council to continue Agenda Item Number 13 as many of the issues discussed in Agenda Item Number 11 pertained to Agenda Item Number 12.

Mayor Fine announced the continuation of Agenda Item Number 13 to November 16, 2020.

# FINAL MINUTES

12. Direction to Modify the California Avenue Parking Policy to Expand Eligibility for City Garage Parking Permits, Modify the Evergreen Park Mayfield Residential Preferential Parking (RPP) Program to Reduce Employee Parking in the RPP District, and Develop a Parking In-Lieu Program for the California Avenue Business District (Continued From October 26, 2020).

Philip Kamhi, Chief Transportation Official, reported a significant supply of free parking was currently available because commercial parking restrictions were not being enforced. Once restrictions resumed, Staff recommended designating upper levels of the California Avenue garage for employee permit parking only Monday through Friday until 11:00 A.M. and allowing visitor parking on the upper levels after 11:00 A.M. In addition, Staff recommended transitioning 120 employees holding Evergreen Park/Mayfield Residential Preferential Permit Parking Program (RPP) permits to the garage and issuing California Avenue Business District permits to 228 employees on the waitlist. Staff planned to utilize the automated parking guidance technology systems to monitor usage trends over time and to adjust visitor and permitholder space set-asides. The parking garage contained approximately 636 parking spaces but provided approximately 300 net new parking spaces. Staff sought direction for a California Avenue in-lieu fee program.

Nate Baird, Parking Manager, advised that the intent of the proposal was to balance resident and business input. Residents wanted to reduce the number of Evergreen Park/Mayfield RPP employee permits. Reduced-price permits offered to low-income workers were available for spaces in the Evergreen Park/Mayfield RPP only. Staff planned to present options for expanding the program to the Finance Committee at a later date. Next steps included completing the design of garage operations, installing and launching signage and wayfinding guidance, restarting commercial time restrictions, and community outreach for future parking enhancements.

B. Beekman understood the Brown Act required the Council to hear public comment on an Agenda Item that had not been presented to a committee. He wished to address Agenda Item Number 13.

Molly Stump, City Attorney, indicated he was allowed to address Agenda Item Number 13 on November 16, 2020.

Jessica Roth expressed concern about removing employee permits from the Evergreen Park/Mayfield RPP and hoped to add the College Terrace RPP to the program. Moving all employee permitholders to the garage eliminated garage parking for customers. She encouraged the Council to think through the types

# FINAL MINUTES

of uses allowed to open on California Avenue in order to maintain the look and feel of California Avenue.

Judy Kleinberg, Chamber of Commerce, indicated the City did not seek input from the business community regarding the impact of eliminating employee RPP permits in the California Avenue area. In discussions between Staff and California Avenue leaders, the goal of the new garage was always to increase area parking to support customer parking. Any neighborhood dissatisfaction with RPP employee permit holders had not been discussed with the business community. She urged the Council to honor the representations and promises made to California Avenue businesses.

Hamilton Hitchings explained that in-lieu parking was not part of the original design of the garage. Staff added a requirement for an extra 200 spaces and reduced by half the number of employee permit holders moved from the RPP to the garage. RPP employee permit holders were supposed to be eliminated once the garage was complete. In-lieu parking needed to be tied to specific retail and restaurant uses. The garage was intended to benefit residents and businesses.

Mark Mollineaux believed the garage was a mistake, but moving parking from place to place through the RPP was good.

Rebecca Eisenberg felt the City needed to stop prioritizing the needs of commercial developers and office tenants. Residents of RPPs wanted cars removed from the neighborhoods.

Carol Scott urged the Council to return the recommendation to Staff for revision because it failed to accomplish the long-held objectives for the garage. Low-wage workers were not going to receive any space in the new garage, and RPP employee permitholders were not going to be removed from neighborhoods.

Terry Holzemer believed it was time to remove employee cars from residential neighborhoods and reduce the number of RPP permits sold to employees. Access to garage permits was important for low-wage workers.

Paul Machado asked the Council to open the garage to low-income workers and to stop selling RPP permits to employees.

Michael Ekwall stated there was no outreach to the business community regarding the Agenda Item. The proposal erased any benefit created by the garage. He urged the Council to continue the item.

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Council Member Filseth asked if employees could obtain permits to park in neighborhoods and Zone G only.

Mr. Kamhi replied no. Approximately 900 employees purchased permits to park in other garages in the California Avenue Business District. Employees who did not receive permits for the other garages were placed on a waitlist.

Council Member Filseth requested the number of two-hour and three-hour parking spaces located in the California Avenue area.

Mr. Baird indicated 900 to 1,100 spaces.

Council Member Filseth asked if there were approximately 540 spaces in the other garages and lots.

Mr. Kamhi replied yes.

Council Member Filseth asked if the California Avenue garage added 600 spaces to the California Avenue area.

Mr. Kamhi answered yes.

Council Member Filseth asked if Staff had the ability to track the change in parking demand caused by changes in uses.

Jonathan Lait, Director of Planning and Community Environment, responded yes.

Council Member Filseth remarked that the in-lieu program was basically charging people twice for the capital cost of building parking spaces. He requested the Staff recommendation for visitors who parked for longer than two or three hours.

Mr. Kamhi explained that daily parking permits were available for purchase. A pay station was going to be located in the garage for visitors to purchase daily permits.

Council Member Filseth inquired about the number of daily permits sold.

Mr. Kamhi indicated the number was small. Staff needed to discuss parking demand in the new environment with the Council.

Council Member Filseth related that his first impression of the Staff recommendation was it worked. The in-lieu program was a red herring. He wanted to see if it still worked after some more calculations. Offering garage permits to low-wage workers was critical.

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Council Member Cormack asked about the reason for building the garage.

Mr. Shikada reported it was a discretionary decision by the Council.

Mayor Fine advised that the purpose was to eliminate employee parking in the RPPs and to increase visitor and business parking.

Council Member Cormack inquired whether residents of Evergreen Park filed any complaints about parking availability in 2019.

Mr. Kamhi did not have that information. Shortly after implementation of the Evergreen Park/Mayfield RPP, residents mentioned that parking problems had been remedied for the most part. At that time, a parking occupancy study found parking impacts in the neighborhood, specifically in the zones nearest the commercial district. Because of that, Staff recommended reducing the number of employee permits by half. Staff hoped to conduct an occupancy study in the RPP zones when business returned to normal.

Council Member Cormack noted the Council had not approved a policy for the garage.

Mr. Kamhi clarified that Staff may need to revise practices.

Council Member Cormack requested an estimate of the number of parking garage spaces available during a weekday lunch hour.

Mayor Fine estimated 111 spaces.

Council Member Filseth calculated 117 spaces available for retail customers.

Vice Mayor DuBois inquired whether the 200 in-lieu parking spaces were designated for retail workers in ground-floor uses only.

Mr. Kamhi clarified that they were designated for visitors to ground-floor uses. Uses would pay into the in-lieu program, but spaces were not going to be reserved for specific uses.

Vice Mayor DuBois requested the number of spaces available for customers.

Mr. Kamhi indicated 427 visitor spaces, assuming 60 percent of permit holders occupied their spaces. However, a California Avenue Commercial District permit holder was allowed to park in any garage or lot.

Vice Mayor DuBois inquired regarding assumptions about the impact of Accessory Dwelling Unit (ADU) production on parking demand in the neighborhoods.

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Mr. Kamhi did not have that information.

Mr. Shikada answered none.

Vice Mayor DuBois commented that the in-lieu program did not align with the desire to support community-serving businesses.

Mr. Shikada clarified that the property owner was responsible for the in-lieu fee.

Vice Mayor DuBois believed the recommendation did not solve the problem of ensuring parking was available for retail workers and customers.

Mr. Shikada reported the macro rate applied to the use reflected the combination of workers and customers.

Vice Mayor DuBois recalled that residents and merchants supported the garage. The Council added floors to the garage to increase the amount of retail parking and provide parking for RPP employee permit holders. Residents accepted employee parking in the neighborhoods based on the promise to reduce the number of employees parking in the neighborhoods when the garage was complete. He suggested Staff move all RPP employee permit holders to the garage and in the spring sell them permits for the garage only. He was more interested in garage parking for low-wage workers than the in-lieu program. He requested the consequences of eliminating the in-lieu program.

Mr. Shikada reported one consequence was elimination of the provision for intensification related to re-occupancy of retail spaces. The parking in-lieu fee program and parking permit program for Downtown were independent of each other.

Mr. Baird added that the in-lieu fee program was a macro planning-level exercise; whereas, the operation of parking programs was micro-scaled.

Council Member Kniss inquired whether Staff communicated with the business community regarding their expectations.

Mr. Kamhi stated businesses preferred to obtain RPP employee permits and allow visitors to park in the garage. Residents preferred employees park in the garage.

Council Member Kniss asked if the wayfinding guidance system was going to be installed in the garage.

Mr. Kamhi answered yes.

# FINAL MINUTES

Mr. Shikada added that Staff was able to dynamically allocate spaces between permit and public spaces by using the guidance system. The guidance system was going to be valuable in addressing new work-from-home models.

Council Member Kniss asked if the Staff recommendation was the best proposal.

Mr. Kamhi reply yes. He was comfortable that the recommendation was viable and measured.

Mr. Baird added that Staff was developing a parking action plan to review suggestions provided over the summer. The suggestions were going to help Staff address parking demand and supply. Staff needed an opening day policy to transition from the past to the future.

Mr. Shikada suggested reducing the number of in-lieu program parking spaces to 100 to provide flexibility while Staff determined what worked.

Mayor Fine appreciated the ability to provide dynamic parking in the garage. Moving RPP employee permitholders to the garage was fair. The question remained of whether all or some employee permitholders were removed from the RPP Districts. An in-lieu program was acceptable as long as it was not used to cap development. He inquired about the best method for maintaining reduced-cost permits for low-wage workers moving from the RPP to the garage.

Mr. Kamhi explained that reduced-cost permits were offered for sale prior to any other permits.

Mr. Shikada noted permit pricing was not before the Council.

Mr. Kamhi clarified that reduced-price permits were offered for the RPP but not the garage. Overall, Staff planned to reduce the number of employee permits allowed in RPP zones.

Mayor Fine requested the number of RPP employee permits that were reduced-cost permits.

Mr. Kamhi did not have that information due to a change in vendors. Anecdotally, the number was around 30 percent. Staff wanted to determine that demand before moving all RPP employee permitholders to the garage.

Council Member Kniss asked if the item would return to the Council in the future.

Mayor Fine advised that Staff needed to return with an Ordinance.



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Council Member Kou asked if new construction was eligible for the in-lieu fee program.

Mr. Kamhi replied no.

Council Member Kou inquired whether the in-lieu fee would survive the closure of a business.

Mr. Kamhi answered no.

Molly Stump, City Attorney, reported Staff needed to look more closely at the in-lieu program as it was fairly complicated.

Council Member Kou wanted to ensure parking for low-wage workers was near businesses. There were promises to move RPP employee permitholders to the garage. More community engagement was needed. She wanted to know why the permit system was different from that used in Downtown.

Mr. Kamhi advised that it was a product of the way the California Avenue Business District was formed.

Council Member Kou asked if the Ordinance was going to provide a separate permit system for each garage.

Mr. Kamhi noted there were benefits to each garage having its own permit system.

Council Member Kou expressed interest in implementing and enforcing Transportation Demand Management (TDM) programs. She requested the meaning of targeted parking supply investment.

Mr. Baird responded the parking garage.

Council Member Tanaka asked if the Council had to decide the issue at the current time.

Mr. Shikada indicated opening the garage without a plan to allocate spaces was a problem for the public.

Council Member Tanaka did not know if the Staff's recommendation was going to solve the neighborhood parking issue. He inquired about the date for opening the garage.

Mr. Shikada noted a date had not been scheduled, but within a month.

Council Member Tanaka requested the process to modify the allocations.

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Mr. Kamhi reported the Council had to approve modifications. He hoped to establish criteria for managing parking inventory once Staff understood the dynamics.

Council Member Tanaka believed an in-lieu program and an assessment district were logical. More feedback and information and a model were needed. Pricing mattered because it drove demand.

Mr. Baird advised that Staff would need a year or more to develop a model. Staff wanted to transition to license plate recognition (LPR) enforcement in order to obtain data for parking management.

**MOTION:** Council Member Tanaka moved, seconded by Council Member Kniss to continue this item to a date uncertain.

Council Member Kniss noted the Council was not receiving defined answers. She was not comfortable proceeding without more data.

Council Member Filseth believed the garage parking supply was sufficient to move many of the RPP permitholders to the garage and increase the number of spaces available to customers. The issue seemed to be the difference between permits and spaces. Engaging the business community was critical. The in-lieu program was a distraction and confusing. Increasing demand through intensification of uses was going to result in less supply. The Finance Committee needed to review a reduced-price permit for garage parking.

Vice Mayor DuBois asked if the waitlist for garage parking was current.

Mr. Kamhi was not confident in the numbers given the uncertainty around return to work.

Vice Mayor DuBois calculated 186 parking place were available for the waitlist or the in-lieu program. He believed the Staff recommendation accomplished the objectives. He inquired about the use of in-lieu fees.

Mr. Shikada advised that they were General Fund monies.

Ms. Stump reported the structure of the program affected the options for those funds.

Council Member Cormack wanted to review Council Member Filseth's model and supported continuing the item.

Council Member Kou asked if Zone G was located on El Camino.

Mr. Kamhi replied yes.

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Council Member Filseth suggested Staff remove the actual estimate of demand.

## **MOTION PASSED: 7-0**

Council Member Tanaka asked Staff to review Council Member Filseth's model.

13. ~~Update and Discussion on the Regional Housing Needs Allocation (RHNA) Process and Direction to Staff Regarding the City's Response to the Proposed RHNA Methodology, Including Preparation of a Formal Comment Letter.~~ **(THIS ITEM WILL BE CONTINUED TO NOVEMBER 16, 2020)**
14. ~~PUBLIC HEARING / QUASI-JUDICIAL / LEGISLATIVE. 788 San Antonio Road [19PLN 00079]: The City Council Will Consider: 1) Adoption of a Resolution Certifying a Final Environmental Impact Report (EIR), Making CEQA Findings Including a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Plan; 2) Adoption of a Resolution Amending the Comprehensive Plan; 3) Adoption of a Zoning Ordinance: a) Expanding the Housing Incentive Program to San Antonio Road, and b) Amending Definition of Gross Floor Area and Amending Retail Preservation for Housing; 4) Approval of a Tentative Map for a Condominium Subdivision; 5) Approval of a Variance to a Special Setback; and 6) Approval of Major Architectural Review for 102 Dwelling Units, a 1,800 Square Foot Commercial Space and two Basement Levels of Parking.~~ **(STAFF REQUESTS THIS ITEM BE CONTINUED TO NOVEMBER 16, 2020)**

## Council Member Questions, Comments and Announcements

Council Member Kniss reported the League of California Cities' annual dinner was scheduled for December 4, 2020.

Council Member Tanaka advised that the City may not receive all of its anticipated Measure B funding.

Council Member Cormack clarified that there was a proposal to allocate all current Measure B funding to the Bay Area Rapid Transit (BART). Future Measure B funding may be divided among the cities.

Mayor Fine expressed condolences to the family of the pedestrian who was killed the prior week.

Council Member Kou asked Staff to investigate the intersection where the fatality occurred.

# **FINAL MINUTES**

Ed Shikada, City Manager, related that Staff was following up.

Adjournment: The meeting was adjourned at 12:38 A.M.