



CITY COUNCIL SUMMARY MINUTES

Special Meeting
August 15, 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, DuBois, Filseth, Kou, Stone, Tanaka

Present Virtually: None

Absent: None

Special Orders of the Day

1. allcove Presentation

Mayor Burt introduced the allcove presentation.

Steve Eckert, allcove Executive Director, thanked Vice Mayor Kou for helping arrange the presentation and introduced managers Duy Nguyen and Olga Lazama.

Duy Nguyen, allcove Center Program Manager, discussed the services provided by allcove, a safe place for youth ages 12 to 25 with mild to moderate needs to find community, focusing on holistic care, prevention and early intervention. It is designed for and by young people, making it unique from other integrated health services. The Youth Advisory Group, made up of 21 individuals ages 16 to 25, helps develop and implement the allcove center. The goal is to redefine mental health and wellness, reduce stigma among young people, and help increase access to youth mental health. He detailed the numbers of youth engaged in various types of support services, with 324 total youth served by allcove.

Olga Lazama, allcove Peer Support Program manager, discussed the outreach efforts to inform the community about services offered and discussed the statistics of youth engagement and feedback, with 96% reporting feeling satisfied with services at allcove.

Mr. Nguyen discussed the Youth Advisory Group's involvement in facility design and in the community. Engagement is not limited to YAG but also includes other youth who engage in services or spend time at the center.

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Council Member Cormack asked for clarification about the difference between the behavioral health and medical components.

Mr. Nguyen stated the behavioral or mental health services are geared around stress, anxiety, depression, suicidal thoughts, and early psychosis detection and are provided by clinicians. The physical health or medical services primarily focus on family planning services, provided by doctors on site.

Council Member DuBois requested more detail about the structure and funding and whether there are multiple locations.

Mr. Eckert stated allcove is funded through the county behavioral health system through the Mental Health Services Act, Proposition 63. It is built on a model in Australia brought to the U.S. by Stanford, with Palo Alto and San Jose the first sites. The State of California also built into the budget to expand allcove to around 10 locations around the state.

Mayor Burt stated the plans to scale the program are exciting because it fills an important need. He questioned to what extent the school district, PTA, and others are partners in promoting the program.

Ms. Lazama stated she has had meetings with the life skills teachers as well as wellness centers at the local high school and middle schools to keep them updated on events and services at allcove. She also connected with the PTA council. The efforts are to continue sharing about services but also making sure to stay connected and keep people aware of events and offerings. She planned to reach out to connect with the Teen Arts Council and the Teen Youth Council.

Mayor Burt stated allcove has been a great addition to the needs of the community and surrounding communities and expressed appreciation for those involved.

Study Session

2. 800-808/814 San Antonio Road [22PLN-00129]. Request for Prescreening of a Proposal by TS 800 SA LCC to Rezone the Subject Property from Commercial Services (CS) to Planned Home Zoning and to Redevelop the Site with 75 Condominium Units in a Five-Story Structure. Environmental Assessment: Not a Project. The Formal Application Will be Subject to California Environmental Quality Act (CEQA) Review.

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Claire Rayboulard, Senior Planner, explained that a prescreening is required for legislative changes, including rezoning, prior to submittal of a formal application and is intended to solicit early feedback on proposed projects and cannot result in any formal action. She reminded the Council to refrain from forming firm opinions supporting or opposing the project as the proposal may return as a formal application. The proposed project would replace approximately 11,600 square feet of retail and retail-like uses and require a Certificate of Compliance to merge 2 lots. There would be a net increase in housing, no jobs generated, and a loss of jobs related to the retail/retail-like. The applicant would comply with the required 20% inclusionary on site, equivalent to 15 units. Adjustments to the base zoning included in the proposed PHC would include height of 60 feet, floor area of 2.99, lot coverage of 65%, density of 86 dwelling units per acre, and not replacing the retail on site. Staff recommended that Council conduct a prescreening and provide informal comments regarding the applicant's request. Comments provided during the prescreening process are not binding on the City or the applicant.

Robert Trieu stated he was not prepared to present and the architect, Marc Donahue, was not in attendance.

Mayor Burt suggested adjusting the timing of his presentation if Mr. Donahue was able to be reached and asked if there were any members of the public that wanted to speak first. None responded. He spoke about the corridor opportunity being an opportunity for a significant portion of new housing in the community. The lack of transit that runs the length of the corridor and lack of biking and micro mobility infrastructure are both critical to embrace the densification of this corridor and need to be addressed. He has spoken to VTA about a bus route the length of San Antonio, the one corridor that serves all four of the North County VTA cities and one of the areas receiving the most densification for all those cities.

Transportation Director Philip Kahmi agreed that would be a useful transit area and noted the request for a corridor study, which is in long-term plans. He also noted there is not a lot of bicycle infrastructure in this area, and it is likely an area the Bicycle and Pedestrian Transportation Plan would look at to have gaps filled.

Mayor Burt stated he was not aware of any bicycle infrastructure along this corridor.

Transportation Director Kahmi stated he was referring to the new 101 bike bridge, but that Mayor Burt was correct regarding San Antonio.

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Project Owner Sophia Zhang 33:17 introduced Marc Donohue and welcomed any questions.

Marc Donahue, Lead Designer for the project, described that the project is located halfway between Middlefield Road and the freeway on San Antonio, backing up Mountain View to the east. He showed maps and drawings demonstrating the proximity to nearby zoned areas. The PHZ was designed to encourage housing near jobs, transit, and services. This includes the 20% inclusion area and would be moderate range. There is flexibility for the development standards, and the challenge has been finding projects that are appropriately dense for their sites. The sites on the east side of San Antonio have been identified as housing inventory sites with a projected density of 30 dwelling units per acre, or 78 units on the project. He stated they are proposing 75. This corridor is a dense area for development sandwiched between Mountain view and the residential to the west. He described the measures being taken to make the project work in the neighborhood. He described the appearance of the building and showed drawings of each side of the building.

Council Member DuBois stated the project seems well located and liked the ownership condos. He was concerned about the height and suggested low-profile equipment on the roof to the 50-foot height limit plus 15. He encouraged keeping the 1500 square feet of retail to help activate the street and provide services for residents as well as potentially including drop-off and pickup locations in the plan. He stated that this area of the city could use more trees and that he would like to see deeper levels of affordability within the 20% formula.

Vice Mayor Kou emphasized that San Antonio Road is already quite congested and noted that there was no loading zone for residents moving in or out or for trash pickup. She believed corridor studies should be done sooner than later due to potential congestion. The City would need to see benefits to the community, like deeper affordability and less congestion on the street.

Mr. Donohue clarified that trash pickup and the proposed loading dock for move-ins would be in the basement on parking level 1 and that there could potentially be a lobby level in the basement for taxi pickups.

Council Member Stone inquired on the level of affordability the BMR units would be offered at.

Mr. Zhang stated that different cities have different requirements and would be happy to work with the Housing Department to work out a percentage schedule.

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Council Member Stone hoped to see a range of affordability options.

Planning and Transportation Director Jon Lait clarified that there are 4 or 5 different options to take advantage of the PHZ and it will have to fit in one of those buckets.

Council Member Stone asked Director Lait what was in the pipeline for 788 San Antonio.

Director Lait stated the Housing Incentive Program project got approved at 50 feet and 2.0 FAR. It had not yet been submitted for permit.

Council Member Stone inquired about the height of Hotel Citrine and the AC Hotel for context, which Director Lait believed were also about 50 feet in height. Council Member Stone also asked about any other proposed projects in that area; there were none. He believed this was a good project overall but was also concerned about pedestrian and bicycle mobility, loss of retail, and tree canopy.

Council Member Cormack was happy to see condos and ownership and liked the size of the units. She would like commentary on how people would get in and out on the side bordering Mountain View and wanted to remain thoughtful about that. She noted the on-site gym and suggested coordination with 788 San Antonio for one site potentially to have a gym and the other to have a coffee shop. She believed that to achieve units this size with parking and open space, the height might be appropriate. The City should figure out the biking, especially bike routes for kids, and do it in parallel.

Council Member Filseth thought this was an ideal location to serve job expansion. He believed it would make sense to have a public transport in this area but did not want to overlook private transportation. He listed shops and services within a mile of this location and stated it was unlikely that neighborhood streets will be flooded with parked cars if the project got the parking wrong. He was not bothered by the height, especially when adding this amount of density. He believed this type of project should be a key strategy for the housing element and hoped to see it back in front of the Council soon.

Council Member Tanaka agreed that this is generally a good location. He encouraged the applicant to see if there is a way to keep the same amount of ground-floor retail. He stated that he preferred smaller units, which would be more affordable, and suggested ways to increase parking. He also preferred rental to ownership.

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Mayor Burt stated the Council is generally receptive to this level of density, which is 50% greater than the up-zoning done for the Housing Incentive Program. He was receptive to the 60-foot height of the actual housing units but concerned about the HVAC system and believed the code relating to 15-foot enclosures needed to be changed. The setback is equally important. Regarding the open space, there is 65% lot coverage, but it is a solid building with an interior courtyard. He mentioned a potential rooftop garden or solar panels or a combination as a positive element. He stated the greater additional square footage allowed, the greater affordable housing benefit should be provided and would like to see Staff look at correlating the amount and income levels on the affordable housing to the size of the bonus. He would also like to see a range of those affordable housing units across different income levels. He welcomed the small units as well as family housing as a positive aspect to the project but stated the services available at this side of San Antonio are not contiguous with the services in South Palo Alto. Public space needs to be created as more housing is added to this area. He discussed developing retail opportunities in this area to have the services necessary to go along with all of the new housing being added to the area and that there needs to be more of a focus on planning. The City also needs to update how to plan for the increase in local deliveries.

Public Comment

- Julie Lythcott-Haims stated that as a South Palo Alto resident, she loves the San Antonio corridor concept and the use of PHZ zoning for this. Residents of South Palo Alto also want the unique character, beautiful housing, shops, green space, restaurants that is typical on the north side.
- Liz Gardner worried there is too much concrete, heat, and traffic in the San Antonio corridor and not enough green space. She would like it to be inviting and make sure the designs and developments reach out equitably to more than just market-rate renters or condo buyers.
- John Petrilla, who would be living across from the development, commented that none of the people who have said they like this location live in the neighborhood. He believed it was nonsensical that one building would solve the transit and bike infrastructure issue. The burden should be on the City Council or the Planning Commission to come up with a master plan for the bicycle and transit infrastructure.
- Penny Ellson stated that all the Council's points point to the need for an area plan. She agreed there is no transit there and that people are unlikely to walk locally when they need to cross a 6-lane highway to

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reach services. She inquired how these developments connect to each other and the housing planned in Mountain View, much of it replacing retail. She would like the area planning process to be escalated prior to adding multiple developments.

NO ACTION TAKEN

3. 616 Ramona Street [22PLN-00146]: Request for Council prescreening for an applicant proposed text amendment to Chapter 18.18.120 to allow a change to the building envelope when replacing noncomplying floor area in the Commercial Downtown. Environmental Assessment: Not a Project. The Formal Application Will be Subject to California Environmental Quality Act (CEQA) Review. Zoning District: CD-C(P) Community Commercial Downtown with a Pedestrian Combining District. (6:15 – 7:15 pm)

Senior Planner Rayboulard explained that a prescreening is required for legislative changes, including code amendments, prior to submittal of a formal application and is intended to solicit early feedback on proposed projects and cannot result in any formal action. She reminded the Council to refrain from forming firm opinions supporting or opposing the project as the proposal may return as a formal application. The project is on a 5125-square foot parcel, and the existing square footage is 8344 square feet. It proposes to replace all of the existing floor area, which includes 3219 square feet of legal noncomplying floor area, in a 2-story building with a new, taller 2-story building and to add 625 square feet of floor area on the third floor using transfer development rights to accommodate access to a rooftop deck. The floor area ratio for existing is about 1.6, and with the TDRs, it would be 1.75; 1.0 is allowed. She detailed the long legislative history of the downtown zoning and the key considerations for this suggested amendment. Staff recommended that Council conduct a prescreening and provide informal comments regarding the applicant's request. Comments provided during the prescreening process are not binding on the City or the applicant.

Steve Reller, Hayes Group, would like to demolish the existing building and build a taller building with the same square footage. The existing building is not in compliance with any current building standards: no fire sprinklers, 6-inch curve at the front door, noncompliant stairs, lack of elevator, small restrooms. The new building would correct the current problems and add parking spaces. The code says they cannot make the improvements because the result would be a change to the shape of the existing building. There is no reason to preserve the building, especially considering the benefits to be gained by replacing it.

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Ken Hayes, Hayes Group, stated nearly every older building 2 stories or more in height in the Downtown is nonconforming in terms of FAR. The existing building was built in 1962 at 8344 square feet and is a nonconforming facility due to FAR of 1.62. The proposed project has no increase in the office floor area, adds 11 parking spaces below grade where none exist today, provides complete access for all those with disabilities, meets all current building codes and life safety codes, results in a beautiful building in the Downtown, increases property tax for this parcel 50-fold, and provides an all-electric building with internally generated power through rooftop solar arrays. He showed floor plans for the proposed building. The benefits to Downtown are new buildings that respond to the forces of the community, connect with the street and the sidewalk, provide additional parking, are consistent with the environmental initiatives of our time, and continue to improve the attractiveness of the city's building inventory. There is no downside. The owners were seeking a zoning code text amendment that addresses the benefits of retiring outdated noncomplying buildings and encourages building owners to consider new opportunities for their properties without losing valuable existing floor area. The issue pertains to noncomplying facilities and prohibits replacement of floor area if it includes bringing below-grade floor area above grade, increases the floor area, or includes a change to the building height, length, envelope, or footprint and is colloquially known as the shrink wrap rule. This restriction has greatly reduced the natural and healthy evolution of Palo Alto's building inventory in the downtown. Building owners will not replace an existing building unless they can make it better and at least maintain the existing floor area. Prior to 2015, the city's planning staff allowed the replacement of existing noncomplying floor area in new buildings without regard to the shrink wrap rule. Noncomplying buildings were permitted to be remodeled and replaced provided there was no increase in the building's noncompliance and as long as the existing floor area was not increased. He listed projects he had done over the years since 1996 that were noncomplying facilities where the city allowed the replacement of all the existing floor area in a new building with increased height and a different footprint. He discussed the benefit of replacing such buildings and stated a text amendment is needed so these old buildings can be replaced without sacrificing existing floor area.

Council Member Cormack clarified that most of the 54% property tax goes to the Palo Alto Unified School District. She asked if there have been any renovations or replacements of buildings from 2016 until now in this area of Downtown.

Director Lait stated there has been some redevelopment. He noted conversations with people interested in similar projects that have not come

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forward because they conflicted with the code. There was flexibility added to the provision of the code to allow for pedestrian-oriented features.

Council Member Cormack inquired about the concern of the 6-foot setback.

Senior Planner Rayboulard was not sure what the special setback was for and believed the building next door had gotten a variance to allow for that.

Council Member Cormack inquired if the City had had vehicle elevators before.

Mayor Burt stated there was one at the project at the Circles and a stacker at the corner of Hamilton and Ramona.

Council Member Cormack appreciated the benefits of a new building that is up to code. She asked about the height of the ceilings in the new building area.

Mr. Hayes stated the floor-to-floor height is 14.5 feet, which could give a 10-foot ceiling.

Council Member Cormack stated the vegetation was different in the roof terrace from what was submitted to the slides.

Mr. Hayes stated it is just a rooftop terrace that would be embellished for outdoor working and entertaining.

Council Member Cormack stated it looks more like an office than a rooftop terrace in how it is laid out. She asked Staff if the Council would be limiting TDR usage if they choose not to amend this.

Senior Planner Rayboulard stated TDRs can be used currently and what this project is proposing would be allowed. The code amendment is for rebuilding their noncomplying floor area with a taller building for 2 stories.

Council Member Cormack clarified that the TDRs are not an issue. She stated she was interested in understanding why the Council made this change in 2015 and 2016 and what they were trying to prevent.

Mayor Burt stated there are two big aspects to this, how the Council feels about this specific project and how they would feel about revoking the 2016 zoning clarification across the board in Downtown. The Council's decision in 1986 was supported by many subsequent councils that 3.0 FAR is very dense office space for the Downtown. It was dropped to 1.0, but projects came forward with TDRs. He did not want the Downtown to become office towers and wanted to house the Downtown area. This building is

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unattractive, and the aesthetic of buildings and how they fit with the environment also matters. The rooftop garden would create additional private open space, which is important. There are a lot of positives of seismic upgrades, modern ADA compliance, sprinklers, green building elements, and 11 onsite parking spaces, but he did not want to give a blank check for all nonconforming dense office buildings to be able to be rebuilt automatically. This project is a one-off with a lot of merits, and there is a broader policy question. He suggested Staff come back after hearing from the Council and the public with suggestions on how the process would go forward.

Council Member Filseth remembered when the envelope ordinance came before the Council. He had not heard yet a compelling value proposition to change the ordinance. There is no valid climate argument for tearing down an existing building and putting up a new one. The climate-friendly building is the one you keep using. He stated ADA compliance in a private building should be the responsibility of the building owner and was not sure of the public benefit of design elements like balconies.

Vice Mayor Kou did not support doing code text amendments for the whole city without looking at the consequences and pros and cons. She was not ready for any code or legislative changes that would affect so many properties without knowing the implications. She would also like to see the rents for properties like this and for new office space. There should be a balance of opportunities for everyone.

Council Member Stone inquired how the 6-foot setback along Ramona Street would provide improvements for pedestrians.

Senior Planner Rayboulard stated the project would be built to the setback, but the ground floor would have a wider sidewalk and encourage a pedestrian environment.

Council Member Stone stated the proposed project is more architecturally attractive than the existing and inquired about the process the applicant could pursue to stay within the current code and remodel the project to bring in some openness in the design and encourage greater pedestrian flow.

Senior Planner Rayboulard stated they could do an architectural review application, which would be processed either by staff or board depending on the level of the changes.

Director Lait stated the Staff could only approve minor changes to the existing footprint and building envelope and demonstrate that it enhanced

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the pedestrian orientation of the building. Alternatives were to rebuild it at a 1.0 FAR and lose the 3000 square feet of office they already have, which they probably would not do, or acquire more TDR square footage to make up the balance between the 1.0 FAR and their goal, which has a financial implication that may be too costly.

Council Member Stone agreed that demolishing any existing building results in negative climate impacts from construction and the release of climate-harming toxins. He inquired if it was known how long it would take for the benefits of a new green building to offset the damage caused by demolishing and constructing a new building.

Director Lait stated they could not report that out for this project concept.

Council Member Stone agreed with Council Member Filseth that any existing building is likely better than any new building. It is an improvement architecturally, but a change to the code would be a seismic shift in Downtown, which should not be decided in the context of one project. He would like a more engaged discussion with the public, developers, Council, PTC, ARB, etc. to try to strike a balance of finding the outdated, unsafe nonconforming buildings without giving a blank check. He did not feel anyone understood possible unintended consequences of this decision and was not interested in this project moving forward in this narrow context without further discussion on impacts to Downtown.

Council Member Tanaka liked a lot about the project, including the added parking spaces, increase in revenue for the school district and city, ADA compliance, and seismic safety. He believed the code should be fixed to allow projects like this.

Council Member DuBois questioned if there are other options for this project than a code change that would affect other properties.

Director Lait restated the options of TDRs, building to compliance, or redoing it minimally to enhance pedestrian orientation.

Council Member DuBois believed there was lot missing from the staff report in terms of the real implications of the code change beyond this property. He questioned the implications for development Downtown, how many properties would be impacted, and the positives and negatives of this change. He questioned if there was an option for Council to incentivize rebuilding to include housing if they allowed this change. He was on the Council when the change happened 6 years ago, trying to make nonconforming buildings become more conforming instead of less. The seismic analysis is on the work plan. He questioned requirements versus

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incentives for seismic buildings. He was not supportive of the code change and was more interested in incentivizing housing. He inquired about the impacts of this project on the historic building next door at 630.

Senior Planner Rayboulard stated the analysis would have to consider the impacts of this project on the adjacent historic resource and whether it would cause that historic resource to lose some of its eligibility as a resource. Staff would also consider how the demolition and construction would affect the historic resource in terms of vibration and other considerations.

Mayor Burt opened the floor to members of the public; none responded. He inquired of Director Lait about options going forward.

Director Lait stated he understood the comment about the staff report and broader policy implications. There was a focus on the subject application. Staff tried to tell the story of the implication to other properties in the Downtown area through the legislative history. The Staff effort to do an analysis would be significant, and the prescreening nature and singular applicant did not avail the opportunity to dive deeply into the broader policy discussion without getting a sense from the Council as to the interest on this. At this point, it is not a policy action item the Council would assign because of a lot of other priority work, but if the applicant wanted to submit an application through that discretionary legislative process, Staff would try to find that solution and would have to go through that broader community engagement to understand the implications to the rest of Downtown.

Mr. Hayes suggested looking at this as an opportunity to work with building owners that are interested in providing housing but would not do it if they could not replace the exiting floor area in their building because it does not make economic sense. For instance, they could replace the floor area in this project and build units on the third and fourth floors to create a housing opportunity. Right now, property owners are paralysed if they want to replace the existing floor area unless they want to buy TDRs and not enough exist to make up the area they would lose. There is currently a minimum of three housing units, but if two was possible, housing could be placed on top of these tight sites in the Downtown.

Council Member DuBois asked if there is already an incentive that allows 1.0 FAR for office and 1.0 for housing.

Director Lait stated the Housing Incentive Program allows up to 3.0 for housing or 1.0 office and 2.0 housing.

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Mayor Burt stated it does not allow to retain a nonconforming FAR on the office and then add housing in addition.

Council Member DuBois questioned if there was a way within the existing FAR to get an additional FAR for housing.

Director Lait stated it is hard to build housing on top of an existing building. You want the flexibility of designing the floor plates and how that floor area is arranged. The current code does not allow that while keeping the nonconforming square footage.

Council Member DuBois clarified that you would have to lose office to gain housing.

Director Lait confirmed that the code allows for 2.0 FAR for housing.

NO ACTION TAKEN

[The Council took a 10-minute break.]

Agenda Changes, Additions and Deletions

None

Public Comment

Lynn Chiapella would like to see projects in South Palo Alto in the Midtown area that would improve the commercial area. She would like more trees and enhancement of the area with art. She stated she notices more trees disappearing with new houses and new developments. City trees have also disappeared and are not replaced. The area near Midtown is becoming treeless.

Aram James made a public records request for footage regarding an alleged canine attack. He referred to a Daily Post piece on Thursday, August 11, written by Braden Cartwright that both Palo Alto police canines are now retired and that there are no plans to permanently shut down the use of the weaponized canines used to attack community members, including Joel Alejo in June of 2020, which resulted in a \$135,000 settlement and unknown attorney fees. He received information from a community member walking by his house that someone they know had been attacked in October 2021 by a weaponized canine released by Office Enberg. The person advised that there exists video footage of the incident. Mr. James asked Police Chief Andrew Bender to release it, assuming the information was accurate and that the Palo Alto Police Department was in possession of that footage. The

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person he spoke to indicated substantial injuries to the person attacked by the canine and that the DA has not acted. Mr. James hoped the people involved would reach out with more information and had also contacted the DA and members of the local press. He stated he would be extremely disappointed if the Palo Alto Police Department has been in possession of video footage of this alleged incident and has not yet released it to the press and the community.

Ken Horowitz thanked the Council for last Wednesday night's decision to put the 2 measures on the ballot. He would like the Council to think about a soda tax. When the City Manager passed out the handout last Wednesday about examples of investments the City could fund, community health was left off. He proposed raising money for community healthy with a soda tax. In 2018, they had a lot of support, and he believed that with planning, this could be accomplished in 2024. He stated it was important to get sugar-sweetened beverages away from our kids, citing an article about the link between teen mental health and soda, and also suggested taxing items in boba shops. He wanted someone to suggest to the Policy and Services Committee that they look at this and design a good measure the people of Palo Alto would support.

Matt Schlegel was eager to see the plan details of the heat pump water heater installation program. The City's goal is to reduce carbon emissions to 80% below 1990 levels by 2030. In 1990, we had 20,546 households. To meet the goal by 2030, there should only be 20% of that number of residents using fossil fuel water heaters, which is 4,100 homes. According to the 2020 census data, there are 28,300 residences, so 24,200 water heaters need to be replaced by the end of 2029. Assuming 2000 water heaters installed in 2023, that leaves approximately 22,000 water heaters to replace from 2024 to 2029, or 3700 per year, 300 per month, 70 per week. He believed this was a reasonable rate of installation and that continuing to burn fossil fuels and creating an unlivable planet was unreasonable. He wanted to prepare to be successful and install heat pump water heaters at a rate that meets goals and demonstrates our commitment to reducing citywide emissions. He believed the current program was insufficient and wanted to see an installation plan that scales to meet the ambition.

Julia Zeitlin spoke as the cofounder of the Palo Alto Student Climate Coalition (PASCC). She thanked the Council for agreeing to place the natural gas transfer tax on the ballot in November. She urged members to support the heat pump water proposal to be voted on later this fall. According to the NRDC, heating water for domestic uses with gas water heaters is the largest use of energy and biggest source of pollution in the average California home before space heating. Heat pump water heaters

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can help transition to cleaner air, lower utility bills, and a safer climate. As the youth of Palo Alto, PASCSC hoped the Council would endorse this program and not let the cost deter them. The long-term success and sustainability of the initial costs will be minimal compared to the likely damage's climate change is predicted to cause our planet and city. According to Consumer Affairs, if every household in the United States used a heat pump water heater under 55 gallons, the energy cost savings would top \$8.2 billion a year. A heat pump water heater can save a household of 4 people around \$330 a year and has a 5- to 7-year longer lifespan. They are a sustainably smart and economically smart decision.

Consent Calendar

MOTION: Council Member Cormack moved, seconded by Mayor Burt, to approve Agenda Item Numbers 4-8.

MOTION PASSED: 7-0

Public Comment

Liz Gardner was concerned that nonprofits are not getting the needed oversight in the realm of housing. Nonprofit's tout and platform these resources for residents of Palo Alto, yet there is no oversight or follow-up. Alta Housing has a bunch of waitlists, and you must go to each property to put your name on a waitlist, yet it is not uniform. The City and different organizations push Alta Housing for affordable housing, yet Alta Housing is not transparent about when you can get on the list, how long the list is, how many years it is. She was glad there is an audit; however, she asked the City to reevaluate their contract with affordable housing.

4. Approve Minutes from the August 1, 2022 City Council Meeting
5. Approval of Contract Number C22184896 with Schaaf and Wheeler in the Amount of \$253,636 for Design Services for the Embarcadero Trash Capture Device Installation Project, Capital Improvement Program Project SD-22002
6. Accept the City Auditor's Quarterly Status Report for January - March 2022
7. Approval of the Office of the City Auditor's Nonprofit Agreement Risk Management Review
8. Adopt **RESOLUTION 10066** Approving a Summary Easement Vacation Adjacent to 1499 Edgewood Drive

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City Manager Comments

City Manager Ed Shikada discussed news for the week related to the pandemic and updated guidance from the CDC. The CDC noted reinforcing the importance of being vaccinated. In the event of close contact with someone with COVID-19, they now recommend wearing a high-quality mask for 10 days and to be tested on day 5 after the contact. Regardless of vaccination status, they recommend isolating from others when you have had COVID-19 even if you do not have test results. If you test positive, stay home for 5 days and isolate from others. Santa Clara County also recommends testing on day 5. Next, he noted that testing options are available for the public through the county as well as through the kiosk at Mitchell Park. He noted for additional community meetings this week on the proposed green building code update. They are proposing several provisions that would require electric appliances or electric connections rather than gas for home remodels, including the prohibition of new gas outdoor equipment for pools, spas, and barbecue grills as well as requiring electric heat pump water heaters where existing water heaters are being replaced in conjunction with a remodel. Other all-electric requirements are extended to new detached accessory dwelling units as well as to all new nonresidential construction. Further information will be through the website, www.cityofpaloalto.org/2022reachcodes. The Palo Alto Festival of the Arts hosted by the Palo Alto Chamber of Commerce will take place September 27 and 28 on University Avenue, 10 a.m. to 6 p.m., with a number of opportunities to observe and take part in contemporary arts exhibits and activities. The Chamber website has additional information at www.paloaltochamber.com/festival-of-the-arts. There is a volunteer cleanup day coming up at Highway 101 and University Avenue, hosted by VTA, Caltrans, and other agencies on Saturday, August 27, from 9:30 a.m. to noon. Residents periodically point out concerns about litter in the area, and this is an opportunity to participate. Information and signups for this are at www.kscvb.com/palo-alto. Most of the upcoming council meeting will be dedicated to the housing element. The first Monday of September is Labor Day with no council meeting that night. On September 12 and 19, there are a series of study sessions on residential projects. Also on September 12 is a study session with Valley Water regarding a purified water project as well as an action item related to the police department's military equipment use policy. On September, there is a joint study session with the Utilities Advisory Commission related to the fiber, to the home project as well as coming up S/CAP goals and key actions related to the heat pump water heater program.

Action Items

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9. Project Homekey: Authorize City Manager to Execute a State Standard Agreement in the Event of Homekey Award; Adopt **RESOLUTION 10067** Extending the Declaration of Emergency Shelter Crisis; and Receive an Update on Project Homekey Status and Provide Potential Direction to Staff

MOTION: Council Member Stone moved, seconded by Council Member Filseth to

- Authorize staff to execute a State Standard Agreement with the State of California for a project Homekey Award and
- Adopt a Resolution Extending the Declaration of Emergency Shelter Crisis; and Receive an Update on Project Homekey Status and Provide Potential Direction to Staff

MOTION PASSED: 6-1 Tanaka, no

Chantal Cotton Gaines, Deputy City Manager Cotton Gaines, introduced the newest Assistant to the City Manager, [Melissa McDonough 3:02:08], who will help with Project Homekey. This item is if the City gets the Homekey Award from the State. She asked for the authority to be able to execute the standard agreement once we know that we are moving forward with the award. The City will not receive an actual draft of the standard agreement with the State until we have the notification that we have received the award, so right now it is a template. The items within the agreement state things like funds may only be used for the approved purposes, construction and operation of the interim housing shelter; the construction must be completed within 12 months of the award notification; annual reports are provided to Housing and Community Development Department; and must report a covenant restricting the use of the land to interim housing for 15 years. Most communities have not made many changes to the standard agreement. Once the City has received the formal award and it has been announced, we will be able to move forward and have a draft standard agreement. The third-story design went to the architectural review board at the end of July, who provided a lot of quality comments to Life Moves, and the team is trying to incorporate most of the feedback received from the ARB. The state is preparing to release a list of the new awardees soon. Staff continues to negotiate the lease with Life Moves and are having follow-up discussions per the direction from the City Council in that regard. They are working on a comprehensive plan amendment relates to the conservation land at the back of the LATP site for the greenway's location. Staff is pursuing a short-term right of entry agreement with Life Moves to allow them to start the construction once we know that we have the award,

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while continuing to work on the lease. She stated they recommend authorizing Staff to execute the state standard agreement with the State of California for Project Homekey if we get a Homekey award and also adopting a resolution extending the declaration of emergency shelter crisis, so we are still within the cover of the original declaration.

Council Member Cormack questioned the legal staff if there were any recommendations for changes and requested clarification that no other city has made amendments.

Assistant City Attorney Albert Yang stated he reviewed the exhibits of the standard agreement. Nothing stood out as an issue with those terms.

Deputy City Manager Cotton Gaines responded that her understanding was that any changes had been made on the margin.

Public Comment

- Liz Gardner commented on how long this process is taking. She stated we are in a humanitarian crisis with 10,000 unhoused individuals in Santa Clara County. She stated we need this shelter, this safety of our humanity, and asked that the Council put this forward.
- Aram James supported more low-income housing projects like Project Homekey. He discussed a recent New York Times piece that looked at all the blue states like California where there is great need for housing that talk a good game about housing, but the bottom line is "not in my backyard." He was hopeful that Project Homekey will get off the ground and that there would be similar projects so the people that are unhoused because a great part of our community. He was hopeful that Palo Alto could say we have done more than our part in ending homelessness in Santa Clara County, in California, and across the country.

Mayor Burt stated the Council and Staff raced forward a year ago with a process to identify a site and prove out its feasibility and push forward an application to the State for the Homekey Grant on a very expedited basis. The City has been waiting for the state issuance of the grant. There is \$5 million in funding from the Sobratos and county and city support for the ongoing operations. The Wilton Court project of affordable housing, including for disabled adults, is nearing completion. A major project is beginning the entitlement process at the former Mike's Bikes for both very low- and extremely low-income housing of 120 units. The extremely low-income housing is for people transitioning out of things like the Homekey Project into permanent housing. The County Affordable Housing Project at

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525 Charleston and the project for teacher housing at the courthouse site are going forward. The City has tentatively negotiated a 1-acre site and funding at the greater Fry's site, and a study is being done on the feasibility of surface parking lots in the downtown area being used as affordable housing sites and their rights. Mayor Burt stated he was pleased. This is the most affordable housing projects at one time over the last 25 years. The City needs additional funding for the local share into many of these projects. Funding from the business tax will be dedicated for that purpose and more than double the amount of city funding into affordable housing projects on a cash basis.

Council Member Stone thanked the Mayor for that summary and clarifying this misconception that these delays are being caused by the city. There is a feeling of people not recognizing how much the City has been able to accomplish on the affordable housing piece because it is not making a dent in the profound need for affordable housing, but every project matters. He asked if there have been any point-in-time counts of unhoused persons in Palo Alto since the Council passed the shelter crisis resolution in September.

Deputy City Manager Cotton Gaines stated there had been a recent point-in-time count but had not yet received the Palo Alto numbers.

Council Member Stone asked if any shelters had been constructed in Palo Alto since September.

Deputy City Manager Cotton Gaines stated there were none constructed within Palo Alto.

Council Member Stone stated there was likely no material change to circumstances in Palo Alto impacting the unhoused and there was no reason not to extend the resolution for another year. He did not see this crisis going away any time soon.

Council Member Filseth questioned whether this needed to be done tonight.

Deputy City Manager Cotton Gaines responded that it would be good to act upon this. The Staff having the authority to execute allows them to keep the project moving fluidly.

Council Member Filseth asked if there is any reason, we should not do this.

Deputy City Manager Cotton Gaines stated she did not have a reason nor had the legal team identified any issues in their very thorough review of the standard agreement.

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Council Member Cormack stated that according to the news release on May 16, 2022, the overall number of homeless individuals counted this year increased by 3% in Santa Clara County. She thought it was appropriate to continue the declaration.

Council Member Tanaka asked if there was supposed to be a link for Exhibit B online.

Assistant City Attorney Yang stated the link was broken but Exhibit B in the standard agreement was just the budget document with no substantive issues there.

Council Member Tanaka was concerned about the budget. He asked for any update on the total cost, cost for the land, operational costs.

Life Moves Executive Director Jo Price stated that since they last presented at Council, they had selected XL Construction to be the proposed contractor for this project. They have just wrapped up the schematic design set and are reviewing it to provide an update on the schedule and where the budget is. Life Moves is working to get them under contract when the formal announcement becomes available.

Council Member Tanaka asked the total cost for this project.

Life Moves Executive Director Price stated they are working under the budget that was submitted to Homekey. That \$26.5 million, which is \$21.6 from the State and \$5 million raised by the Sobrato Organization.

Council Member Tanaka recalled giving the land for \$1.

Life Moves Executive Director Price stated the land was generously provided by the City of Palo Alto and there was no cost associated with that.

Council Member Tanaka stated there is potential loss of rent to think about because the land could be used for something else.

Life Moves Executive Director Price stated that was included in the budget.

Council Member Tanaka asked Staff the acreage of that land.

Deputy City Manager Cotton Gaines stated the land is just over 1 acre.

Council Member Tanaka asked how much 1 acre of commercial land is worth.

Deputy City Manager Cotton Gaines stated she would have to follow up on that.

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Mayor Burt clarified that the zoning designation is not Commercial.

Deputy City Manager Cotton Gaines stated that in previous conversations with the City Council about the project, they talked the lost revenue for rent but it was based on the rent charged for this particular site, not per acre. The information was provided to the Council previously.

Council Member Tanaka stated it is not in the staff report and asked if there was another chance to see the budget.

Deputy City Manager Cotton Gaines stated that Exhibit B would not reflect the lost revenue because it is the budget related to the actual operation and the building of the shelter. The City's contribution is the million dollars a year for 7 years toward operating costs, which is not changing. The City has put that in the long-range financial forecast, and it will be in the budget for 7 years. The budget is the operating estimate Life Moves put together based on their operating model, which is refined as they go through the construction process. The numbers last represented to the City Council are the best numbers available.

Council member Tanaka recalled a gap in terms of the operational costs.

Life Moves Executive Director Price was not aware of a gap. She stated they committed \$7 million along with the City of Palo Alto, and that is what was submitted to the State. The award that will be given is what the contract and standard agreement will be based on. It is set in stone.

Deputy City Manager Cotton Gaines stated the lease process between Life Moves and the City is another opportunity to have numbers on what the City is contributing as well as obligations in this regard.

Council Member Tanaka questioned if the million dollars a year was committed tonight.

Deputy City Manager Cotton Gains stated the million dollars a year is what the City Council committed to when we decided to apply for this grant.

Council Member Tanaka asked if the cost per unit is higher than Mountain View.

Life Moves Executive Director Price stated the budget was a different scope with the units in Palo Alto double the size with en-suite bathrooms.

Council Member Tanaka inquired how much more the units are versus Mountain View.

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Life Moves Executive Director Price stated that Mountain View is \$130,000 per door and Palo Alto about \$200,000 a door. She restated that they are twice the size and have en-suite bathrooms. She stated they presented the rendering last time they presented to Council.

Council Member Tanaka questioned how the operational costs differ between the two in terms of per unit cost.

Life Moves Executive Director Price stated they are on par. The number of services in Mountain View will be very similar to the services provided in Palo Alto. It's about \$100 per bed per night, on par with Mountain View.

Council Member Tanaka asked if there is a legal requirement to declare an emergency shelter crisis or if it is a subjective opinion.

Assistant City Attorney Yang responded that it is the Council's subjective opinion based on the recitals in the document.

Council Member Tanaka stated he supported this project originally when it was the same cost as Mountain View but thought Palo Alto should now scale back to the same cost. He was also concerned about the million dollars a year and was not able to support this.

Administrative Services Director Kiley Nose stated she looked at the staff report from September 2021. If the land were fully monetized, it was \$500,000 revenue.

Council Member Tanaka asked if that meant it was roughly \$1.5 million per year for the city to do this.

Administrative Services Director Nose clarified that that was the monetized value and it is the Council's choice how to use that land.

Vice Mayor Kou asked how long it takes for the RFP to be vetted and contractors to be interviewed and determined.

Live Moves Executive Director Price stated that they had already selected XL Construction as the proposed contractor and were working to get them under contract.

Vice Mayo Kou was relieved that was done. She questioned if the sample of the full standard agreement for Marin County was similar to the standard agreement.

Assistant City Attorney Yang stated they had trouble finding a clean copy of the state standard agreement and the link to the Marin County agreement is

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for a completely different type of project but shows how the agreement is put together.

Vice Mayor Kou looked forward to hearing good news from the State.

Council Member Dubois commented that one of the potentials uses of the proposed business tax was for housing and homeless programs and potentially a portion of this would help pay some of those operational costs. That benefits the homeless community, unhoused residents, and some business that have been impacted by people sleeping in front of their business.

Mayor Burt added that this project is probably the largest impact on addressing the unhoused population that has occurred in many decades and is a major development for our community. Most of the Council has been extremely supportive of it and remains so. He closed by reminding of Gandhi saying the true measure of any society can be found in how it treats the most vulnerable members. He hoped to hear great news from the State on the final grant coming forward.

10. Designation of Voting Delegate and Alternate for the League of California Cities Annual 2022 Conference, to be held September 7-9 in Long Beach, CA

MOTION: Council Member DuBois moved, seconded by Mayor Burt, to appoint Vice Mayor Kou as the voting delegate and Council Member Cormack and Mayor Burt as alternates for the 2022 Annual Conference.

MOTION PASSED: 7-0

Council Member DuBois asked which council member who like to do it.

Mayor Burt stated that Vice Mayor Kou has been the voting delegate in recent years and asked if she would like to continue doing so.

Vice Mayor Kou agreed.

Mayor Burt stated that he and council Member Cormack would also be attending and volunteered to be an alternate.

Vice Mayor Kou thanked the Council for the nomination and stated she would gladly do it.

Council Member Cormack asked what they would be voting on.

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Vice Mayor Kou stated they had requested to review the bylaws and make some changes.

Council Member Cormack questioned if the Council takes action to give direction.

Vice Mayor Kou stated they should.

Council Member Cormack stated she would be interested to see the details before providing instructions as it is possible some of the bylaw changes are related to the caucuses.

City Manager Shikada stated he would confer with Staff to make sure that is on track.

Council Member Questions, Comments and Announcements

Council Member Tanaka commented that normal council meetings start at 6:00 but it is not too often they get to do that. He asked about starting at a regular time when it does not look like the meeting will go until midnight.

Mayor Burt responded that the time projections were projected to end after 10:00.

Council Member DuBois accounted that Saturday, August 27, will also be a Sister and Sibling City Celebration on King Plaza during the Art and Wine Festival, food trucks, French music, Swedish and European music, Filipino stick fighters, a delegation from Oxaca, and a Japanese singer that he personally recommended. At 4:00 p.m., a new sister city sign will be unveiled.

Mayor Burt added there will be a couple items on the Climate Action Plan coming back to the Council in September and then the Reach code in October. The Federal Inflation Reduction Act has a huge component related to clean energy and renewable and energy efficiency, and some aspects will have very favorable impacts on electrification incentives. Staff is looking at how to integrate them in the economic modeling we are doing for our initiatives, but it complements what we are already planning on doing and should help our program.

Adjournment: The meeting was adjourned at 8:49 P.M.