



CITY COUNCIL SUMMARY MINUTES

Regular Meeting
December 11, 2023

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

Present In Person: Burt, Kou, Lauing, Lythcott-Haims, Stone, Tanaka

Present Remotely:

Absent: Veenker

Call to Order

Mayor Kou called the meeting to order. Roll was taken with six present.

Agenda Changes, Additions and Deletions

None.

Public Comment

None.

Council Member Questions, Comments and Announcements

Council Member Burt wanted to share that the MTC will be reviewing the Regional Transportation Measure at the board meeting in January. Related to that is discussion that has been part of the polling MTC took and discussion at the board meeting about the prospect of BART merging with Caltrain but Caltrain is not supportive of this concept. Their local legislators have all come forward in support of not proceeding with that idea at this time.

Consent Calendar

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Public Comment:

1. Gary J. with Acclaim Companies – Item 6 – They are requesting that this item be removed from the Consent Calendar for further discussion as there are a number of issues that have yet to be resolved. He outlined the changes they are requesting.

Vice Mayor Stone asked for discussion of the timeline of January 31 for making changes to the zoning code for the housing element.

Ed Shikada, City Manager responded they would not be in a position to hear it that night and needed to confer with Staff and see if they could bring it back the following week.

Mayor Kou voted no on Item Number 4 because she was not sure if there would be recovery costs if there are no licenses and thought it bore a public discussion. She thought extension was too long on Number 5 and that it should be case by case.

Mayor Kou registered a no vote on Agenda Item Number 4, 5, 6.

Council Member Lythcott-Haims, Council Member Tanaka, Vice Mayor Stone, and Council Member Lauing requested to pull Agenda Item Number 6 from Consent.

MOTION: Vice Mayor Stone moved, seconded by Mayor Kou to approve Agenda Item Numbers 1-5.

MOTION SPLIT FOR THE PURPOSE OF VOTING

MOTION PASSED ITEMS 1-3: 6-0-1, Veenker absent

MOTION PASSED ITEMS 4-5: 5-1-1, Kou no, Veenker absent

1. Approval of Minutes from November 27, 2023 Meeting
2. Regional Water Quality Control Plant Joint Intercepting Sewer Rehabilitation Project Phase 1: Approval of Construction Contract, Construction Management Contract Amendment, and Addendum 12 to the Mountain View, Los Altos, and Palo Alto Agreement on Project Funding; CEQA status – Exempt under CEQA Guidelines Section 15301 (Repairs to Existing Facilities)
3. Approval of Contract Amendment Number 1 to Contract C23187506 with Momentum for Health to Extend Term by Eight (8) Months at No Additional Cost to the City, Revise the Not-to-Exceed Amount Down by \$68,294 to \$1,931,706 and Compensation Language, Provide Quarterly Invoicing, and Revise the Schedule of Rates; CEQA Status – Not a Project.

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4. Adoption of an Ordinance Amending Chapters 4.10 (Licenses Obtained by Application to Chief of Police), 4.30 (Soliciting Funds), and Chapter 4.32 (Soliciting Information for Commercial Purposes); and Adding Chapter 4.12 to Title 4 (Business Licenses and Regulations) of the Palo Alto Municipal Code to Comply With Updates to the Law, Including 2018 Senate Bill 946 (Sidewalk Vendors). CEQA status – categorically exempt.
5. Adoption of an Urgency Ordinance and an Interim Ordinance That Allows the Director of Planning and Development Services to Extend Planning Entitlements for Housing Development Projects up to an Additional 18 Months. Environmental Review: Exempt from CEQA in Accordance with CEQA Guidelines 15061(b)(3).
6. SECOND READING: Adoption of an Ordinance Implementing Program 1.1A and 1.1B of the Housing Element, Including: 1) New Chapter 18.14: Housing Incentives, and 2) Modifications to Base Zoning Districts Throughout Title 18. Adoption of a Resolution Making Corresponding Changes to the Land Use and Design Element of the Comprehensive Plan. (FIRST READING: November 13, 2023 PASSED 5-1-1, Kou no, Veenker recused and PASSED 6-1, Kou no)

City Manager Comments

City Manager Ed Shikada provided a slide presentation discussing the first annual test of the Emergency Alert System for Palo Alto registered phones, Uplift local holiday activities, the holiday decorating contest, and update on the Bicycle and Pedestrian Transportation Plan, the San Antonio Road Corridor Visioning Workshop and notable tentative upcoming Council items.

Action Items

7. LEGISLATIVE: Adopt Ordinances Amending Planned Community Ordinance 2343 for 2901-2905 Middlefield Road and Establishing a Separate Planned Community Zoning Designation for 702 Ellsworth Place to Enable the Development of a new Single-Story, Single-Family Residence. CEQA Status -- Categorically Exempt Under CEQA Guidelines Sections 15061(b)(3), 15301, and 15303 (Continued from September 18 and November 6, 2023)

Chief Planning Official Amy French provided a slide presentation discussing the purpose of the application, a detailed background, public comments and Staff recommendations.

Ken Hayes, Hayes Group Architects gave a slide presentation discussing the proposed PC 2343 modifications, development plans, issues with the need for relocation of a utility pole and proposed revisions. They were requesting that the issuance of the building permit not be coupled to the resolution and installation of the pole so the owner can get going on his building

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permit. He stated at the August 9 PTC Hearing, Commissioner Heckman had pointed out reasons the project's impact would be beneficial.

Nitin Handa, owner of 702 Ellsworth Place, provided a slide presentation discussing the fence restrictions and two options of fencing he proposed.

Public Comment:

1. Paul Bigbee presented a video providing context of the commercial traffic on Ellsworth. He urged Council to consider the safety implications of this commercial traffic and keep PC 2343 intact.
2. Kristen A. Van Fleet speaking on behalf of Robyn Ziegler, Robert Chaoquang Chen, Charlie Effinger, Yevgeny Khasin – provided a slide deck on solving the Ellsworth problems and maintaining safety and circulation in the neighborhood. She discussed incorrect statements that had been made, problems with the current plan, the inadequate delivery space, utility pole in proposed delivery truck parking space, inadequacy of the new proposed delivery space on Sutter, inadequacy of the planned Parking Space #16, the proposed UPS-approved solution, a driveway ramp that works for the unique conditions on Ellsworth, a demonstration of the need to see the creek fence/bend in the sidewalk and a visual obstruction of the blind corner created by the temporary fence and problems with the proposed fence.
3. Jake Margolis speaking on behalf of Bill Preucel, Gala Beykin, Jessica Sheldon, Jeff Conrad – continued the slide deck discussing problems with the proposed fence, problems exiting Ellsworth Place, need for keeping the easement clear for emergencies, a comparison of some other driveways in the neighborhood, tactile paving to sidewalk on both sides of the street and a summary of proposals for improving the problems on Ellsworth Place.
4. William Ross speaking on behalf of Chin Chong, On Chong, Tsing Xue, Shan Wang – discussed the critical legal concepts in evaluating the PCs before them which he outlined. He discussed issues that were important in evaluating the decision. He presented the question of the matter having been presented fairly before the Council. He respectfully suggested that the people involved in this transaction know what is going on in the real estate world. Regarding the issue that there is a taking, he asked what was taken and if there was substantial evidence in the record to show that. He respectfully requested a legal analysis of the legal issues.
5. Jeff Levinsky speaking on behalf of Hamilton Hitchings, Sheri Furman, Annette Glanckopf, Carolyn Garbarino – outlined a number of problems with the new proposal and Staff report. He referenced a drawing in the Public Comments section for this item under page 3 that is a better approach discussing the benefits. He corrected some of

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what he deemed misunderstandings of the PC. He outlined some of the valuable benefits the applicant would be getting out of the proposed ordinances. He thought the Community's request for improvement for safety and access was a very modest request.

6. Susan L. recalled a similar discussion with the City in 2013 about the safety of the street where they were told by City Staff no changes could be made because it was a private street. The traffic report City Council was given was commissioned by the applicant and not under the City auspices. She believed with safety being the primary concern, Council can and should see the issue from the perspective of those who use the road daily and not just the applicant's. She asked for Council's support in widening Ellsworth along the first 111 feet and creating the relevant site triangle allowing for a clear view to Matadero Creek.
7. Lynn Chiapella (Zoom) commented the City appears to have lost all the records of the PC developments. She stated Mr. Dewey has not always been a good property manager in terms of the landscape. She requested that he submit an ARB proposal so that it would be recorded and he would be responsible for the City park strip in front of 2901.

Mr. Hayes outlined the actions they have taken to accommodate the neighbor's and City's concerns.

Gary Black, Hexagon, said that the loading space proposed by Ms. Van Fleet offers no advantages in terms of trucks getting in and out.

Mr. Hayes agreed stating their attorney believes widening Ellsworth further and providing the loading space on the property would constitute a taking. He requested City Council adopt and modify the ordinance from those proposed by Staff.

Mayor Kou could not find Attachment B in the report. She added that 702 Ellsworth Place should be identified as a parking lot and not an undeveloped or vacant lot.

Council Member Burt did not believe the parking space on the east side of the apartment complex would be wide enough for delivery trucks. He wanted clarification on Staff's position on moving the pole. He felt the tandem space in the carport looked abnormally narrow and he had concerns whether it would fit a typical car. He thought the area where the pole is located much more practical to be the delivery space.

Ms. French gave the dimensions of the space and stated Staff agreed that the smaller trucks would be best parked in that location. She stated the planned Community ordinances contain the recommendation to adjust the pole. She said they studied the tandem space the applicant proposed and it is a viable option.

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Jonathan Lait, Director of Planning, agreed that the tandem space in the carport looked narrow. He stated this was a solution that was brought forth as an alternative from the applicant to address a combination of issues. He added City Council has the authority whether to approve the tandem configuration as part of the PC.

Council Member Lauing wondered why the parking space under discussion was needed. He asked what would be accomplished by the removal of the pole. He did not understand where the UPS-approved delivery space was located.

Ms. French responded that it was to address the fact that there are two-bedroom units that require two parking spaces under the regular zoning code as part of a PC. She said the Council has the authority to waive that second space for the two-bedroom unit. The pole would only need to be readjusted if the delivery space is parallel.

Director Lait showed explained a diagram of the location of the proposed UPS-approved delivery space.

Council Member Lauing referenced the comment of one speaker who said CEQA was required in this regard as well as comments on environmental evidence.

Chief Assistant City Attorney Caio Arellano responded this had been reviewed for CEQA compliance and they agreed with Staff report recommendation that the project would be exempt from CEQA review.

Vice Mayor Stone asked if the intention of the delivery space in the green box would be for additional parking space needed for the apartments or reserved for delivery spaces only and how that would be enforced. He wondered if there would be a way to specify it was reserved for delivery only during delivery hours and then reserved for overnight guest parking for members of the Community.

Director Lait answered it would be reserved for delivery. He pointed out it was parking space 16 and that is where the other parking space would go. He stated they could set some regulations toward the parking hours. He noted there is some uncertainty in terms of how the communications pole was established. To relocate it on Mr. Dewey's property would require an agreement with that. He also noted they understand there is a bit of objection to incur the cost of strengthening the one utility pole and adding a new one. He thought Staff may have a recommendation. He further noted the diagram suggested an additional 12-inch request for Ellsworth widening. The property of 2901 has already offered 30 inches to widen the Ellsworth Place private drive. There is no interest in extending that easement further. He added there may be a cost-sharing opportunity so the property owner of 2901 does not bear the full cost to relocate and strengthen the poles.

Council Member Burt thought the cost-sharing on the pole moving was appropriate. He thought a graded fence with some degree of an angle and a tactile sidewalk would reduce the public safety risk. He wanted to ask about the driveway ramp setback zone which the residents

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brought forward with a specific reference in the zoning code under the Parking Design Tables and Figures in Municipal Code 18.54070. He asked if Staff had reviewed this. He stated there was also an assertion by the neighbors about private street width and asked for Staff to comment on that.

Director Lait wanted to flag that there are some rules that come into play about when and where the tactile surfaces can get placed and they would want to reserve that subject to the review of the Public Works Director. He added another complication about the situation is that the private street does not connect from Middlefield to Ellsworth Place but goes via easement over the 702 Ellsworth property. He noted the applicant had their consultant study this and City Staff agreed with the consultant's statements that having the ramp the way it is slows vehicles down as they approach the sidewalk.

Ms. French stated a new subdivision would be required to meet the standard width. She said they would look at the site distance triangle that talks about the 35-foot distance measured along the curb at Middlefield. She thought that applied to a ramp on a slope of 22.

Council Member Lythcott-Haims thought that the statement on Packet Page 158 Section 1 Item F should be amended to remove "November 6". She expressed her view that the present private property owners were not responsible for the errors made by the City in failing to correctly record things more than 50 years ago. She felt Mr. Handa's offer of an additional foot of asphalt to widen Ellsworth in exchange for a 36-inch fence was a win-win. She agreed a 1-foot fence would not create an adequate barrier between his home and a busy street. She appreciated that Mr. Dewey did not have to agree to an extension of the easement being requested. She was in favor of a tactile surface at the sidewalk at the expense of the City. She would like for the new communications pole to be at the City's expense. She asked Staff to explain the recommendation in the ordinance in Section 5 Matter B Logistics Plan \$5000 deposit to offset the City's enforcement cost. She did not feel placing that burden on Mr. Handa was equitable.

Director Lait responded the cost is intended to recover the Staff time that would be involved in the Logistics Plan.

Council Member Lauing brought up that Mr. Handa offered to put a bend in the front of his lot. He thought that would resolve the issue and should be considered. He did not think they should proceed with the issue of one foot of real estate on the apartment side. He felt strongly that the pole issue is not anybody's issue and he favored a split cost at the least.

Mayor Kou did not agree with the comments made that they made the mistake. She thought they should have researched how the vacant lot had been missed. She said the application should have been rejected in the first place. Selling this parcel should have been between the seller and buyer to remedy the situation. She stated Council has discretionary review over the PC. She believed eliminating deliveries to the existing residents or inconveniencing delivery persons would be a taking and would decrease the value of their properties. She wondered

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what kind of precedent they would be setting when asking for amendments on something the City has done as a PC. She thought they should reject this and let the seller and buyer handle it. She agreed there should be something in escrow for complaints that will be levied. She said that Hexagon based the 24-foot entry on driveways from multifamily construction but they have a turnaround at the end of the driveway for delivery trucks but this one does not.

Mr. Handa wanted to understand that the fence was being proposed at 4 feet from the sidewalk as suggested by the City's Transportation Department.

Director Lait confirmed that was correct but the design would require some consideration to reflect Item Number 2.

Mr. Hayes stated that his client agreed to the additional 12 inches on the 2901 side.

Council Member Tanaka asked what the bushes were like that had been cleared where the fence is being proposed and how much worse or better it is now.

Ms. French answered there was substantial clearing of vegetation on their fence by the Water District due to causing obstruction of view and it is much better now.

MOTION: Council Member Burt moved, seconded by Mayor Kou to approve the staff recommendation to adopt two ordinances and implement the following:

1. UPS approved delivery spot plan on Ellsworth that does not affect the footprint of the house, that provides a useable delivery spot for 10-11 foot wide trucks, maintains safe road circulation with Middlefield, does not remove public parking on Sutter, and to relocate the communications pole at a shared expense of the City and the property owner.
2. Require graded fencing that would allow visibility line of sight through 2 angles of the fence that allows adequate transparency of 3-foot fence.
3. Direct Staff to pursue ADA tactile markers on the sidewalk where it intersects the Ellsworth Place easement subject to approval by the Director of Public Works at the City's expense.
4. Width of Ellsworth Place at entrance to be 26-feet wide for at least 100-feet from Middlefield Road.
5. Parking space #16 can be removed at the discretion of the Planning Director.

MOTION PASSED: 6-0-1, Veenker absent

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8. Direction to Pursue Development of New Parking and Refined Proposals for Housing in the University Avenue Downtown and Development Goals for Housing Investment. CEQA Status – Not a Project.

Sunny Tong, Real Property Manager, gave a slide presentation discussing the pursuit of new parking and housing in University Avenue Downtown to include Staff recommendations, a map of Downtown parking lots and garages, a background timeline, responses from ALTA Housing and MidPen Housing, initial parking development concepts, a parking supply and demand snapshot as of October 5, 2023 of the Downtown parking facilities, initial housing development, desired development goals, estimated costs of the project and the next steps. He then went back over Staff recommendations.

Assistant City Manager Kiely Nose added that Staff would recommend that Council acknowledge this is the first time they have had the opportunity to resume discussions of the parking lot as well as review both RFI proposals that were received as they navigate the discussion.

Council Member Burt did not recall the boundary of the Downtown ground floor retail district and asked if Lot T was in that district and if there were parcels across from it.

Mayor Kou wanted to know the location of Lot A.

Mr. Tong answered Lot A is in the coral zone on Emerson and Lytton.

Vice Mayor Stone asked if the EIR performed on Lot D has expired. He referenced MidPen's plan to have four-story buildings on Packet Page 173 intended to leverage the low-income housing tax credit program. He wondered why height matters for qualifying for that program. He asked for an update on the current plans for Downtown Core Residential Parking Program. He wanted to know if they would have the ability to be able to reserve parking spaces within Lot D if it was a publicly owned parking garage if Lot T was approved for housing and was under parked.

Chief Assistant City Attorney Arellano answered the EIR would not expire; however, depending on the nature of the project, they may have to reevaluate how accurately that analysis would continue to apply.

Felix AuYeung, Vice President of Business Development MidPen Housing Corporation, responded that in their response to the RFI, they tried to take into consideration the height in context of the Downtown and suggested four stories might be appropriate. With four stories and 40 units, that would be the appropriate size for the 9% tax credit program specifically because there are some allocation limits as to how big a project can be within that competition. He did not think that meant they could not do a taller unit with more units but they would have to shift into the 4% tax credit program.

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Assistant City Manager Nose stated that the Transportation Team was looking at parking in the Downtown core whether it be parking permits in the garages or the RPP districts as they are reevaluating the parking needs and efficiency of how parking is used post COVID. If Council provides them direction to move forward with affordable housing and/or the parking, these would all be part of the variables Staff would take into consideration in the further actions brought forward to Council.

Chief Assistant City Attorney Arellano responded that both project concepts contemplate some level of contribution by the housing development to offsite parking in a City garage. They would evaluate all of the different parking users for that garage but reserved residential parking would like be part of that design.

Council Member Lauing referenced Slide Number 8 on Packet Page 174 showing parking and he did not see where it was broken down pre and post COVID and what it was attempting to convey. He wanted to know how free parking after 5:00 would impact this. He asked if redirection signage was underway. He asked what they liked about Lot D. He wanted to know the estimated cost for an underground space. He noticed on Packet Page 179 the 400 Middlefield project was underground parking at \$52K, which he thought was low. He wanted to know if they had any specific bills or programs in mind with regard to funding from the State.

Mr. Tong responded that some of the analysis was done in the Staff report and discussed what the data on this slide was conveying. He added the data from pre COVID was shown differently and they thought it would be confusing. They thought the free parking after 5:00 encouraged people to use parking in Downtown at that time. They thought after 3:00 the data shows parking demand is similar to pre COVID times.

Assistant City Manager Nose answered that redirection signage is already underway. She thought Staff was identifying that it is a multi-pronged approach. She stated that in the Staff report they identified that the Council recommend they resume the parking looking at Lot D or other lots. She discussed their methods of choosing the location. She stated most of the parking space costs they were seeing were blended costs. She thought they would need to go back and look at the data to isolate the cost of underground only. She said they were acknowledging Council's guidance to Staff to continue to seek grant funding.

Assistant Director Public Works Holly Boyd said that parking in [inaudible] takes into account the cost to build the California Avenue Garage.

Council Member Burt talked about the lack of onsite parking in the proposals for Lot T. He wanted to see the ratio of the blended costs. He wanted to know if they had the ability to require parking onsite. He was interested in above-ground, onsite parking as the way to deliver an affordable project with whatever was the appropriate amount of parking for affordable projects and in looking at shared use of the parking for Downtown purposes and residents. He thought the other consideration for reducing demand for parking would be that affordable housing residents should have transit passes as an automatic, ongoing provision of the

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Affordable Housing Project. He thought there needed to be discussion looking at how to have some compatibility of the mass and scale of the building with its surroundings if they allow greater height.

Assistant City Manager Nose answered the lack of onsite parking was what Staff was seeking guidance from Council on. She discussed the variety of proposals which Staff has used to inform their recommendation.

Director Lait responded that the idea was that it would be a partnership between the City and nonprofit so they could set the terms of how they would want it to go.

Council Member Lythcott-Haims asked if they were trying to circumvent the law that says parking cannot be required for housing developments within a half mile of transit. She asked if they would waive the impact fee. She wondered what the articulated constraint would be about how many parking lots they could do at once. She wanted to hear from ALTA and MidPen on the height limit.

City Manager Ed Shikada thought the Staff report referred to basic requirements on what can be required of a private property development but this is a City property in which they would be able to negotiate terms of a development. answered that the baseline assumption would be that impact fees would not be waived but they would become part of the project cost and would need to be reflected in the balance sheets. He said a key constraint was collective bandwidth and as the Council wrestles with respect to Lot T, there are a number of dimensions to be defined that would enable any perspective partner to give them their best proposal and there is a recognition of existing parking demand as well as future parking demand.

City Attorney Molly Stump stated they would be joint owners and could make the project that is right for their Community.

Carlos Castellanos, Vice President of Real Estate Development Alta Housing, responded that they were exploring different heights in their proposal. The height they proposed is a typical building type.

Mr. AuYeung responded that for the RFI they were in a vacuum deciding what is appropriate for Downtown. Without the ability to do Community outreach, they did not have a sense of what the height ought to be. He added that regarding parking, the cost per stall would vary depending on site geometry.

Mayor Kou asked what square footage MidPen would provide for the one, two and three bedroom units.

Mr. AuYeung answered the square footage would depend on the Community outreach. He described what is typical.

Public Comment:

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1. Brad E., Partner with Premier Properties, stated parking is the lifeblood of successful retail. He thought distributed parking was needed throughout Downtown. He encouraged Staff to relook at the parking data as it has changed. He opined parking availability needs to be adequate for peak demand.
2. Michael Q. said that in order to have the housing element remain certified, they must move from planning to building the units they promised the State. He encouraged Council to take the opportunity to create as many affordable quality units Downtown as possible while the window is open.
3. Amie A., Executive Director of Palo Alto Forward, stated housing on City-owned parking lots checks all the boxes. She urged Council to think more and bigger as the housing need is great. She discussed the needs of the aging homeless population. She said that there is a 2017 City of Palo Alto parking study that compares transit development to affordable development based on location.
4. Patty I., resident at 850 Webster Street, supported using Downtown parking lots to build subsidized affordable housing because the need to provide housing for the workers who provide services for the area employers is urgent and growing. She urged Council to act now on this issue.
5. Marcia P., Resident Trustee on Channing House's Board of Directors, read a letter on behalf of Rhonda Bekkedahl, Channing House CEO, which supported using Downtown parking lots to build subsidized affordable housing and discussed the great need and the benefits it would serve.
6. Adam S. emphasized the need for building more homes. He believed the location being discussed would be outstanding. He suggested going big. He thought it was important to increase density and minimize parking requirements. He felt the limits should be lifted throughout the Downtown area, California and Camino in order to let buildings get built without this much process, analysis, delay and expense.
7. Avroh S., Student at Palo Alto High School, spoke on behalf of PASCC establishing support for affordable and dense housing projects. PASCC supports adding more housing Downtown especially with 100% electrification. He discussed declining enrollment in the Palo Alto schools which necessitates the need for affordable and dense housing.
8. Hamilton H. (Zoom), former member of Housing Element Working Group, felt the Downtown public land should be utilized for housing or parking. He thought ground floor parking was ugly and not conducive to Community. He did not support not providing enough parking to the low-income residents. He believed the City should help out with funds subsidizing the delta between below and above ground parking. He also supported Staff's working resuming work on Lot A.

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9. Randy M.R. (Zoom) spoke from experience about the need for affordable and available housing and parking.
10. John S. (Zoom), Thoits Bros., stated convenient and sufficient parking is important to retail success. He asked Council to pause and direct Staff to more thoroughly study the health of Downtown businesses and the seriously negative impacts the proposal before them will have. He explained why he felt Lot T was a terrible location for a dense development.
11. Scott O. (Zoom) stated now was the time to ask for a shift in direction for a project sized to meet the burgeoning housing hunger in Palo Alto. He encouraged them to push the partners to think more on the scale of Mollie Stone's.

Council Member Lythcott-Haims discussed her thoughts on the issue as to whether housing and parking should be on the same lot. She hoped they would lean into the height limit.

Council Member Lauing discussed the various considerations being considered and the Staff proposal. He agreed that they should pick a lot and move forward on the first project. He wanted to see if they could have a mix of income levels in any new building of residents on one or more of the parking sites they are looking at for equity. He thought they should get a couple more proposals on a high affordable housing component, workforce housing or some other kind of housing above 80% AMI. He thought the scarcity of open City land should guide them in determining parking and see what it takes to fund some underground parking to get to a blended rate. He agreed they need to go down for parking and up for another floor. If T and D were the best functional thing to do, he would support that. He thought parking data needed to be included in the outreach.

Vice Mayor Stone thought Lot T made sense with regard to the housing piece but was interested in what else is out there. He was more interested in the affordable housing piece over the workforce housing and gave his reasons for that. He agreed with pushing the limits of height. He thought it was important to provide onsite parking for a variety of reasons.

Council Member Burt asked at what AMI are the affordable housing developers not eligible for the tax credits. He supported having as great of a mix of income levels they could have while still having the developers being able to tap into the essential tax credits. He thought it was important to have a certain amount of parking on site and would be valuable if the parking could be a combination of parking for the residents and for Downtown retail and otherwise use based on time of day sharing. He was open to increasing the height with adding a setback of the top two stories. He surmised having the first floor be parking was the right solution. He felt they wanted to reduce the demand for parking but not externalize that demand onto others. He thought the dollars in the Parking In-Lieu Fund should be applied to additional parking. He was against using millions of general fund dollars to subsize parking for office in the Downtown area. The only way he would envision using the In-Lieu dollars for Lot D would be a combination

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of parking and affordable housing on that project at a future date. He noted that affordable housing supports the needs of the business community.

Director Lait said it was in the 80% range and would depend on which program they are going with.

Mr. AuYeung concurred with 80% adding as a project you have to average 59% for 4% tax credits and 50% for 9% tax credit programs.

Council Member Tanaka thought the distribution of parking and more parking was critical to Downtown retail. He liked the idea of higher heights. He mentioned that the City does not have a lot of revenue and discussed ways to better manage the properties. He thought the cost of \$1.1M per unit listed on Slide 11 was high and implored his Colleagues to think about ways to maximize the resources they have and use market forces to create more affordable housing for people.

Council Member Lythcott-Haims discussed the city workers who do not get singled out for housing specifically for them and cautioned against the narrow tailoring around specific jobs and categories of people.

Mayor Kou aligned herself with Vice Mayor Stone's and Council Member Burt's comments and to some of Council Member Tanaka's comments. She felt they had an opportunity to focus on housing for seniors and developmentally disabled. She reminded that teacher housing is not in perpetuity. She supported genuine affordable housing on City land but she was also open to the public lands being for City's workforce. She wanted to see a concerted effort made to reduce the number of Downtown permits required when this comes back with more information. She expressed interest in seeing Lot C being considered for senior housing and the Senior Nutritional Program.

Council Member Burt thought senior housing at Lot C would be on his list of most likely next projects to explore. He wanted to focus on moving forward with this one for the time being. His intention in not including a response to Staff proposed recommendation Number 1 was that there was no direction to resume work.

City Manager Shikada stated the baseline assumption was that a new parking structure would be funded with a combination of existing Parking In-Lieu funds as well as whatever gap is necessary to fill using presumably City CIP funds. The next step with that direction would be to review the prior work that was done and bring back the parameter set forth here in consultation with the housing developers to give the Council more specific information including potential funding sources to cover that gap.

Council Member Burt responded that a leading commercial property owner and developer Downtown expressed that there is no near-term need for additional parking Downtown but he does not want to see the In-Lieu dollars spent otherwise. He would like to focus on getting this project going and then figure out where to go from there.

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Mayor Kou added that more traffic and parking analysis would be needed looking pre-pandemic. She asked if there is an urgency to do Lot D.

City Attorney Stump explained that State Law has a set of rules around In-Lieu fees and the local courts having said that this Parking In-Lieu fee is a development impact fee that has to comply with those rules. The end of this year will be the end of a five-year period where Council will need to account for unspent funds. State law does contemplate that funds collected from developers for infrastructure projects are used in some kind of timely way and it is time to make those five-year findings and if funds remain unspent, they do require the City to identify what project is contemplated, the timing around that and the source of any additional funds that will be needed. Not building parking Downtown may have implications with respect to the retention of the Parking In-Lieu fees currently in the City's possession. An accounting report will need to be accepted in December and findings made in January. It was anticipated that Council would make a commitment to move forward out of this item. If Council decided to emphasize housing, there would be other complications in terms of parking that would go away from the use of a surface lot and would be an issue separate from the state law certification. They would have to look at how to make those findings in January.

Council Member Burt asked if they continue with an evaluation of Lot D with no net loss in parking from a future structure that might be a combination of housing and parking utilizing the In-Lieu funds and only having other funding to replace the loss of surface parking and not to have a net increase in parking beyond what could be paid for via the In-Lieu funds, would that be what Staff would need guidance on to meet the five-year state standard.

City Attorney Stump offered that the Parking In-Lieu program is based on the provision of additional parking resources. Those funds would not be available to replace other spaces that go away because of another City project. She believed that if the Council gave the direction to proceed with the garage that is designed and already subject to environmental review at Lot D, they would be able to bring those findings forward to Council in January.

City Manager Shikada added to support the findings that were described, they anticipate needing a project. They would need to be making progress on the development and construction of a project.

Chief Assistant City Attorney Arellano explained they have the concept of removing surface parking lots and replacing them with housing units. There is also concern around AB 2097 and not being able to require parking for development within one-half mile of high quality public transit so they are trying to anticipate what parking demands might come from developments that do not include onsite parking. They also have the question about the In-Lieu fee funds. These three buckets of parking could be filled using Lot D or whatever other parking structure that could result from this planning process. He mentioned taking into account potential changes to parking configurations along University Avenue when Council looks at the University Streetscape Project.

SUMMARY MINUTES

Council Member Tanaka said would vote no for Number 2 if there was no analysis of market-rate housing or senior housing.

MOTION: Council Member Burt moved, seconded by Mayor Kou to direct staff to:

1. Resume work on a new parking structure in the downtown core on a City surface parking lot (previously designed for on Hamilton / Waverley Lot D at 375 Hamilton Avenue) based on the premise that City funds for parking at this site would only be for the purpose of replacing lost surface parking.

MOTION PASSED: 6-0-1, Veenker absent

MOTION SPLIT FOR THE PURPOSE OF VOTING

2. Pursue refined proposals for potential housing development on City surface parking lot on Lytton / Kipling Lot T at 450 Lytton Avenue, or elsewhere, with direction on key development goals:
 - a. 100% affordable housing up to the 80% AMI that qualifies for relevant tax credits.
 - b. Height allowance and/or density evaluate to two additional stories above current 50-foot height limit with the additional stories being set back from the street face.
 - c. Evaluate parking on site that would be available for the affordable housing residents and potentially shared use for public purposes. Pursue transit pass provisions for residents as well as other best practices in reducing single occupancy vehicle use.

MOTION PASSED: 5-1-1, Tanaka no, Veenker absent

9. Adopt a Resolution Establishing the Council Annual Calendar of Meetings, Breaks and Council Events for the Calendar Year 2024.

Interim City Clerk Mahealani Ah Yun introduced the 2024 calendar for the City Council meeting dates, vacation dates, proposed alternate dates for special meetings and event dates.

Council Member Lauing noted the calendar shows no Council Committee meetings in January. He wondered if that could be shortened because it would mean that after reorganization on the 8th it will be another 4 weeks before Committees get going.

SUMMARY MINUTES

Council Member Burt shared concern on that issue. He proposed that until new committees are appointed, the composition of the old committee can continue and hold meetings in January.

City Manager Shikada noted there is a unique situation this coming year with all of the Council Members continuing.

Council Member Burt added under the current protocol, the Mayor serves as the substitute member for committees if there is not a quorum so that would be able to occur presumably in future years where they have a high turnover. He assumed June 17 was planned for the final budget meeting and an underline of June 24 for a possible 4th Monday meeting. Historically, if an extra night was needed on the budget, they used the next Tuesday night so he wanted to ask if the Colleagues would rather do that.

City Manager Shikada noted that production of Staff reports can be a challenge during the holidays with respect to the January committee meetings. He thought they could look at the specifics of when meetings are scheduled and accommodate accordingly.

MOTION: Council Member Lauing moved, seconded by Council Member Burt to adopt a resolution establishing the Annual Summer (June 21 – August 4, 2024) and Winter (December 20, 2024 – January 5, 2025) Breaks, Council Regular and alternate meeting dates and Council event schedule from January to December 2024 with the following changes:

1. Elimination of Finance Committee meeting on Tuesday, March 5th, 2024 and to be rescheduled.
2. Add Tuesday, June 18th, 2024 as an optional additional City Council meeting.
3. Eliminate Monday, June 24th, 2024 City Council Meeting.

MOTION PASSED: 6-0-1, Veenker absent

10. Approval of Amendments to the Employment Agreements between the City of Palo Alto and Council Appointed Officers, specifically the City Manager, and City Attorney and Adoption of Amended Resolution Amending Appointment Term for Interim City Clerk through March 31, 2024 and salary adjustment. CEQA Status - Not a Project

Council Member Burt explained that these recommendations are based upon their closed session CAO review and this is the public presentation.

Council Member Tanaka stated he could not support Item Number 2 because he thought there should be more connection between pay and performance.

SUMMARY MINUTES

Human Resources Director Sandra Blanch

MOTION: Mayor Kou moved, seconded by Council Member Burt to approve and authorize the Mayor to execute the following contract amendments for Council Approved Officers and Adoption of Amended Resolution Amending Appointment Term for Interim City Clerk:

1. Amendment No. 11 to Employment Agreement between the City of Palo Alto and Molly S. Stump (Attachment A);
2. Amendment to Resolution Amending Appointment Term for Interim City Clerk through March 31, 2024, and salary adjustment in alignment with increase for all unrepresented Management and Professional employees (Attachment C).

MOTION PASSED: 6-0-1, Veenker absent

MOTION SPLIT FOR THE PURPOSE OF VOTING

3. Amendment No. 5 to Employment Agreement between the City of Palo Alto and Ed Shikada (Attachment B); and

MOTION PASSED: 5-1-1, Tanaka no, Veenker absent

Adjournment: The meeting was adjourned at 11:03 P.M.