



CITY COUNCIL SUMMARY MINUTES

Special Meeting
May 1, 2023

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, Kou, Lauing, Lythcott-Haims, Stone, Tanaka, Veenker

Present Remotely: None

Absent: None

CALL TO ORDER

Mayor Kou called the meeting to order, and the roll was taken. She dedicated the meeting to Asian American, Native Hawaiian, Pacific Islander Heritage Month and made suggestions on how to learn more about and appreciate these cultures.

SPECIAL ORDERS OF THE DAY

1. Proclamation of May 2023 as Affordable Housing Month

Council Member Lauing read the proclamation on behalf of Mayor Kou: "Whereas affordable housing is a basic human right and yet each year thousands of Silicon Valley families and individuals struggle to find an affordable home in this expensive housing market; and whereas the City has been active in affordable housing development with four affordable housing projects in process that will include much needed very-low-income units, housing for persons with disability, and teacher housing, and which the City has committed financial support for three of the projects; and whereas the City has also implemented other meaningful housing actions by approving city parking lots to be developed for affordable housing, creating a permanent source of affordable housing funding by dedicating a portion of the business tax revenue for affordable housing, crafting additional winter protections, and continuing support of fair housing services; and whereas the City, in collaboration with Silicon Valley at Home, is hosting an affordable housing resources fair Saturday, May 13, at 1:00 P.M. in King Plaza (more information on the event is available at www.cityofpaloalto.org/housingfair); and whereas many organizations throughout Silicon Valley are dedicated to providing safe, stable, permanent, and affordable housing to all members of the community, these organizations along with local agencies and community members have organized affordable Housing Month,

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and now therefore, Lydia Kou, Mayor of the City of Palo Alto, on behalf of the entire City Council, hereby proclaims the month of May as Affordable Housing Month in the City of Palo Alto to call upon our community to support affordable housing solutions and to recognize the successful efforts of the City of Palo Alto and its partners who seek to improve access to affordable housing in Palo Alto."

Planner Tim Wong thanked the Council and stated another effort toward affordable housing is the city housing element, which the City Council will consider next week.

Assistant to the City Manager Melissa McDonough was excited for the City to host the first ever affordable housing resources fair. Those attending will be able to learn to navigate the system, ask questions in English or Spanish, and sign up and get on a list for affordable housing. The following Wednesday, May 17, there will be another fair at the Opportunity Services Center, open to low-income and unhoused members of the community to receive legal services; haircuts; food, housing, and shelter resources; medical and mental health services.

Mayor Kou thanked everyone for their work on these events to keep the residents informed of what is being offered.

2. Appointment of Applicants for Board and Commission Openings on the Human Relations Commission and Parks and Recreation Commission

City Clerk Lesley Milton explained the positions that would be voted on. There were four vacancies on the Human Relations Commission, two full terms ending in March 2026 and two partial terms ending in March 2024. There were four vacancies on the Parks and Recreation Commission ending in March 2026.

The Council voted by digital survey. The first round was for the full-term vacancies for both commissions. The Council proceeded to Item 3 while votes were being tallied.

First round of voting for Human Relations Commission two (2) full terms ending 3/31/2026

Katie Causey: Stone, Kou, Lauing, Veenker, Burt, Lythcott-Haims

Miles Goodman: Veenker, Lythcott-Haims

Mary Kate Stimmier: Tanaka

Amy Hsieh: Stone, Tanaka, Kou, Lauing

Daryl Savage: Burt

- Candidate Katie Causey receiving 6 votes is appointed to a full-term expiring March 31, 2026.
- Candidate Amy Hsieh receiving 4 votes is appointed to a full-term expiring March 31, 2026

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First round of voting for Parks and Recreation Commission four (4) full terms ending 3/31/2026

Amanda Brown: Stone, Tanaka, Kou, Lauing, Burt, Lythcott-Haims, Veenker

Bing Wei: Tanaka, Kou, Burt

Nanci Howe: Lythcott-Haims

Yudy Deng: Stone, Tanaka

Jeff LaMere: Veenker

Laura Granka: Tanaka, Lauing, Burt

Adriana Flores-Ragade:

Shani Kleinhaus: Stone, Kou, Lauing, Veenker

Sierra Peterson: Lythcott-Haims

Joy Oche: Stone, Kou, Lauing, Veenker, Burt, Lythcott-Haims

- **Candidate Amanda Brown receiving 7 votes is appointed to a full-term expiring March 31, 2026.**
- **Candidate Shani Kleinhaus receiving 4 votes is appointed to a full-term expiring March 31, 2026.**
- **Candidate Joy Oche receiving 6 votes is appointed to a full-term expiring March 31, 2026.**

No other candidate received four votes required to be appointed to the full term expiring March 31, 2026. A second round of voting was required for the final opening.

Second round of voting for Parks and Recreation Commission one (1) full terms ending 3/31/2026

Bing Wei: Kou, Tanaka, Lythcott-Haims

Nanci Howe:

Yudy Deng: Stone, Veenker

Jeff LaMere:

Laura Granka: Burt, Lauing

Adriana Flores-Ragade:

Sierra Peterson:

No other Candidate received a majority of votes required to be appointed to the full-term expiring March 31, 2026. A third round of voting was required for the final opening.

First round of voting for Human Relations Commission two (2) terms ending 3/31/2024 per ordinance 5583

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- Miles Goodman: Stone, Veenker, Tanaka, Lythcott-Haims
- **Mary Kate Stimmller: Kou, Burt, Tanaka, Lythcott-Haims, Lauing**
- **Daryl Savage: Kou, Stone, Veenker, Burt, Lauing**

Candidates Daryl Savage and Mary Kate Stimmller receiving 5 votes each are appointed to a partial term expiring March 31, 2024.

The Council proceeded to Item 4 while votes were being tallied.

Third round of voting for Parks and Recreation Commission one (1) full term ending 3/31/2026

Bing Wei: Burt, Kou, Tanaka, Lythcott-Haims

Yudy Deng: Stone, Lauing, Veenker

Laura Granka:

Candidate Bing Wei receiving 4 votes is appointed to the Parks and Recreation Commission full term expiring March 31, 2026.

CLOSED SESSION

3. Review and Acceptance of Auditor's Office Cybersecurity Assessment Authority: Govt Code section 54957(a) – Threat to Public Services or Facilities Consultation with: City Auditor Adriane D. McCoy, City Manager Ed Shikada, and Information Technology Director Darren Numoto

There were no public comments for this item.

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

MOTION PASSED: 7-0

Council returned from Closed Session at 6:50 P.M.

Mayor Kou announced there was a unanimous vote to accept the Auditor's Office Cybersecurity Assessment. A redacted version will be posted on the website.

The Council returned to Item 2 to review results of voting.

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STUDY SESSION

4. Fiscal Year 2024 Proposed Budget Study Session

City Manager Ed Shikada stated this was an initial discussion for the Council with future Council and Finance Committee discussions and public input prior to approval of the budget by the end of June. He stated Staff worked very hard on producing this document, and the entire budget team was not available for Q&A currently.

Assistant City Manager Kiely Nose reviewed the purpose of the study session. This was a \$975M budget with a 2-year balancing strategy in the general fund, with a projected deficit in 2026. This proposal included voter approval of Measure K and Measure L. She presented a pie chart showing the sources and expenses for the entire budget. The bulk of revenue will come from net sales, which is ratepayer proceeds from utilities, with the largest expenses being utility purchase, capital, and salary and benefits. The \$14M set aside associated with the uncertainty in projected forecasted deficits will ultimately help offset the shortfalls in 2024 and 2025 and enable \$4.5M over a 2-year period for the Council to allocate toward its priorities. All recently approved contracts have been incorporated in these budgets. Across all funds, there was a move to implement the Council's revised retiree benefit funding policy. In the general fund, a \$275M budget was being brought forward. This reached above pre-pandemic levels, but with inflation and the new contracts, the dollars did not go as far. Taxes were some of the largest revenue sources. On the use side, about 60% of expenses went to salaries and benefits for the people doing the services.

Assistant City Manager Nose reviewed the continued proposed investments, such as more 911 dispatch systems, public art, library hours, investigations, health and safety for the unhoused population through police services. In addition, continuation of more services was recommended, including reopening library branches, adding additional PERT clinicians and traffic enforcement, more support and staffing for historic resources and code enforcement, staffing for the Water Quality Control Plan, etc. Unique to this year, Staff set aside \$2.25M for Council to invest. Staff provided a list of areas needing additional resources reconciled with the Council's priority objectives and sought Council's help on how to allocate the \$2.25M amongst those priority objectives. She reviewed the Capital Improvement Plan, which hits \$1.2B in this year's 5-year CIP, largely due to investments in core areas. She presented a slide demonstrating the planned budget conversations schedule, with the Finance Committee recommendation coming forward to the full council for adoption on June 19. The discussion for tonight was to provide guidance to the Finance Committee and to clarify understanding of the process.

Mayor Kou asked what Staff was looking for from the Council for referral to the Finance Committee.

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City Manager Shikada stated no specific action or direction was needed and that this was largely to have the full council oriented on the information. It was an opportunity for members not on the Finance Committee to highlight any initial concerns or perspectives on the Council Priority Objective Reserve.

Council Member Lauing felt caution in the first parts of this year was appropriate as there may be a mild recession. He asked there should be placeholders for potential new government programs opening up, like the Inflation Reduction Act, since those funds are likely. He also asked if the budget presumes all of the staff is built in to the budget or was discounted for open positions.

Assistant Manager Nose stated those kinds of revenues are spread throughout the Capital Improvement budget. If grant funds are not at the point they can be counted on, they do not necessarily get programmed in. The overall budget carries about a 3% to 5% vacancy factor, already taken off the top. Most of new staff are added as of July 1, with prorating for some positions that will be difficult to hire for in the first six months.

Council Member Veenker asked what the timing of the recommendation to temporarily carry the BSR at 20% was. She questioned if it was possible to do more of the tier 2 list using more of the \$14M reserve.

Assistant Manager Nose stated that because of pushing so far on some areas from a risk perspective, it was recommended to leave that BSR at 20% until 2026 as the budget is currently planned. She recommended reevaluating it in 2026. If the Council chose not to stay at that level and pull it down to 18.5, the Council could choose to allocate the \$3M in the uncertainty reserve as part of their actions. Allocating it ongoing would leave the deficit at 9.2M in 2026.

Council Member Burt stated that the current vacancy rate of over 10% suggests over-budgeting in terms of the salary expenses. He stated the uncertainty reserve was a second budget stabilization reserve and felt the need for that had diminished somewhat. Since the last budget update, there had been some updates on FY22 final numbers and time passed on FY23 in terms of revenues and expenses, and he asked what had changed since that time frame.

Assistant Manager Nose stated the FY22 numbers were completed in November/December, so nothing had changed there. There was a surplus noted and used, which was part of the reason for the uncertainty reserve. A surplus is expected in 2023. Some of that was allocated as part of the midyear and some was left on the table. This budget accounts for what was left on the table. She clarified that the uncertainty reserve was allocated as part of this budget and was necessary to keep solvent in FY24 and 25.

Council Member Tanaka felt it was worth being cautious, with vacancies for commercial properties, the trend of write-downs on these properties, and the heavy layoffs in many tech companies. Net sales, which is utilities, has been going up every year, while utility purchases does not have the same profile. The people of the City have encountered a very large utility bill, and he felt net sales should be aligned with the cost of commodities.

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Assistant Manager Nose clarified that it is not a one-to-one correlation between net sales and utilities. The source covers the commodity costs but also salary and benefits as well as capital improvements.

Council Member Lauing wanted to ensure there was enough investment in the police department. He questioned if the two planners expected to be hired in the Planning Department were able to do all the work needed. He also wanted to look at phasing in library staff. He felt the 10% vacancy rate was a crucial problem and needed to be addressed by adding funding to thoroughly analyze this and make recommendations for changes.

Mayor Kou agreed with keeping the BSR at the recommended level. She questioned if the 34.75 FTEs were recommended to be hired, already being hired, or in place. She wanted to see the Finance Committee consider how to increase the repair fund for Cubberley. She agreed with Council Member Lauing's points about police but also wanted to ensure the fire department had sufficient vehicles. She also hoped to include the animal shelter in this budget. She questioned what it would take to have the teen center at Mitchell Park open more hours. She asked how all this would be presented to the public for questions.

Assistant Manager Nose stated the FTEs were all three: some are on board, others are in the recruitment process, and others will start recruiting once Council adopts the budget. Others, which are prorated, will not happen until at least January 2024. The plan for the public was a deeper dive to help explain more of the nuances of the services included. It was placed after the Finance Committee discussion so the public would be able to tune into that discussion first on May 5 and May 9.

Council Member Veenker asked for clarity on the positions in the statement that 23 of 62 staff positions were funded for 2 years pending stable funding sources. She also inquired what funding a position for 2 years meant in relation to the annual budget.

Assistant Manager Nose stated those 23 positions were continued ongoing with the passage of Measure L. With 2-year budgeting strategies, there was continued work to stabilize the ongoing funding sources and adapt to sustain those positions beyond that time frame. After 2 years if the Council does nothing and there are no funds to support it, these things would go away.

Council Member Burt stated that out of the \$8.6+M, about half of the tier 2 expenditures were ongoing and half one-time. There was about \$3M presently unallocated in the uncertainty reserve, and potentially taking the \$2.25M identified to apply to tier 2 would take it up to \$5M. As a rough estimate, taking the vacancy rate impact from the 3% to 5% range to a 6% to 8% range would bring another \$4.5M to \$5M, which would change the picture a lot. He was interested in updates on FY23 progress on revenues and expenditures with a revision to the expected end-of-year surplus for 2023. He was concerned about potential readjustments on the horizon in commercial property values.

Mayor Kou asked to clarify if the uncertainty reserve had been allocated.

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Assistant Manager Nose stated Staff has recommended it be allocated toward the budget stabilization reserve to maintain a higher level at 20%, but that reserve itself is not allocated.

Vice Mayor Stone asked for a reminder about the utility transfer option.

Assistant Manager Nose relayed that the Council took action in April to transfer 15.5% of the natural gas utility gross receipts in FY24 and had a dialogue about going up to the 18% maximum approved by the voters. This budget aligns with the Council action approving the rates and transfer at 15.5%.

Council Member Tanaka questioned allocated charges. He stated top-line revenue was -1%, and it was important that expenses do not grow faster than revenue. The most alarming number above -1% was the salary and benefits, 11.1%, double the rate of inflation. Since some vacancies have been open for a decade, he wondered if those positions were needed and suggested possibly contracting more out because contract services only grew about 6%. Regarding fiber, he questioned whether this was the time to go against Comcast and AT&T. For the regional water quality plant, he felt the split between cities should be readjusted for the capital cost, and he also agreed with reducing the capital expenditures.

Assistant Manager Nose stated the allocated charges is a way to make sure everyone is paying their fair share. She suspected the debt services growth was a new debt issue coming online.

Mayor Kou asked that it be shared with the Finance Committee regarding how involved after school activities are, how much the City pays, and how many employees are involved. She hoped there would be an emphasis on economic development.

PUBLIC COMMENTS:

1. Ken Horowitz wanted the Council to look carefully at Cubberley. He felt the school district should pay their share for the needed repairs and that this is an expense that should begin to be cut.
2. Liz Gardner had hoped the numbers would be included for what the resident services have served and closed. The City relies on volunteers at libraries, art centers, recreation centers, sports activities, teen centers, the animal shelter, and it would be great to see the number that this volunteer force is contributing to moving the city forward. She disagreed with Mr. Horowitz regarding the school district's responsibility for Cubberley as there is a lease involved.
3. Heidi Yang, representing the board of Palo Alto Arts Center Foundation, thanked the Council for the FTEs recovered after the reduced services during the pandemic but noted there are still 1.5 FTE staffing that has not been restored despite the greater demand for programs.

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Council Member Lythcott-Haims added that she is excited to look at funding a larger percentage of tier 2.

AGENDA CHANGES, ADDITIONS AND DELETIONS

There were none.

The Council returned to Item 2 for voting results.

PUBLIC COMMENT

1. Ken Horowitz wished City Clerk Lesley Milton well in her new role in St. Helena. He stated she has done a lot of good work in getting the public engaged and she would be missed.
2. Talya Schube of Palo Alto Student Climate Coalition (PASCC) noted appreciation and support for Palo Alto's Sustainability and Climate Action Plan and its push for electrification. Last week's warmer temperature were a warning of what is to come, with heat-related deaths increasing every summer. She urged the Council to prioritize updating the grid infrastructure, which will improve efficiency and lower demand, as well as mandating better building design, such as heat-resistant building materials and shade and natural ventilation, to combat heat.
3. Liz Gardner felt the City Clerk has always been responsive and full of gratitude and was sorry to see her go, though she wishes her well. She wanted to recognize the importance of volunteerism to the City of Palo Alto.
4. Mora Oommen, Executive Director of Youth Community Service, invited the Council and public to two upcoming events, the YCS Art Expo and Service Celebration on Friday, May 5, from 5 to 9 P.M. and Pause and Connect at the Palo Alto High School on Saturday, May 6, from 2 to 4 P.M. She also praised Council Member Lythcott-Haims for the event last Friday, Young Minds Celebrated.

The Council took a 10-minute break, returning at 8:40 P.M.

CONSENT CALENDAR

There were no public comments.

Council Member Tanaka registered a no vote on Agenda Item Numbers 8, 9.

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MOTION: Council Member Kou moved, seconded by Council Member Burt, to approve Agenda Item Numbers 5-9:

5. Approval of Minutes from April 17, 2023, Meeting
6. SECOND READING: Adoption of a Park Improvement **Ordinance 5487** for Renovations and New Amenities at Rinconada Park (FIRST READING: January 13, 2020 PASSED 7-0)
7. Rental Residential Vacancy Rate Determination for Three Plus Dwelling Units for 2022
8. Approval of Amendment Number 4 to Contract Number C20176363 with Magellan for; 1) Program Management, Network Operations, and Technical Support for Fiber-to-the-Premises to; 2) Increase Compensation by \$2,770,960 for a New Total Not to Exceed Amount of \$5,685,291; 3) Extend the Contract Term by 31 months through December 31, 2025; and 4) Approval of a Budget Amendment in the Fiber Optics Fund
9. Approval of Professional Services Contract Amendment Number 3 with Smart Energy Systems, Inc (S18165157) to add \$684,023 for a New Total Not-to-Exceed Amount of \$1,030,146; and to Extend the Contract Term for Three Years for the Utilities MyCPAU

MOTION PASSES ITEMS 5-7: 7-0

MOTION PASSES ITEMS 8, 9: 6-1, Tanaka no

Council Member Tanaka felt, regarding Item 8, that it was important to have high-speed Internet but it was too late to be able to compete. He felt there were several issues with Item 9. There was no performance analysis of the vendor. He asked if quadrupling the yearly cost for the billing of utilities makes sense at a time when residents are suffering from high utility rates.

CITY MANAGER COMMENTS

Ed Shikada, City Manager, listed some upcoming important dates, including date to reserve picnic sites, summer classes and activities registration, and May Fete Parade & Fair. He also noted some community input opportunities in the coming weeks and events related to Bike Month. He gave an update on Palo Alto Link and on upcoming City Council agenda items.

Action Items

10. Adoption of the Community Development Block Grant (CDBG) FY2023-24 Annual Action Plan and the Adoption of a Resolution Approving Use of CDBG Funds for FY 2023-24

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CDBG Consultant Tina Roseberry reviewed the purpose of the process, to review and approve program allocations. The consolidated 5-year plan done in 2020 identified priority needs and strategies. This was the fourth year of the plan, with the final draft activities presented tonight. She reviewed the 5 plan goals: affordable housing, homelessness, community services and public improvements, fair housing, and economic development. She explained the funding categories and showed the funding recommendations for each category. She presented the Staff recommendation for action on this item.

PUBLIC COMMENTS:

1. Liz Gardner proposed that, because cost of living is extraordinary, some of the funding go to the Parks and Recreation Department to supplement benefit to low-income families as it is critical for children to get involved in teen centers, afterschool activities, sports, art, music. She wanted to see an increase in one- or two-time programs for low-income residents to allow them to be involved and participate in the citywide activities.

Council Member Lauing asked if there were requirements to be neighborhood specific to address low-income and moderate-income individuals.

CDBG Consultant Roseberry stated ADA projects are considered a presumed benefit in that all low-to-moderate-income, seniors, children benefit from that type of improvement.

Council Member Tanaka asked if Staff had followed up with Life Moves to address the shortcomings noted in a recent article. He questioned Peninsula Healthcare Connections Harm Reduction Materials.

Planning and Transportation Director Jon Lait did not believe there had been outreach regarding Life Moves with respect to this CDBG allocation. He noted there are auditing and performance measures for CDBG that are checked relative to funding, which are reviewed annually. In that regard, they are performing for the program.

CDBG Consultant Roseberry stated the objective of Peninsula Healthcare Connections was to deliver harm reduction materials. The funds will pay for a part-time peer support specialist to deliver the services and kits to a listing of those most vulnerable populations in need. It is an effort to reduce substance abuse in a controlled environment.

Council Member Tanaka was concerned about open drug markets and hoped this was not the intent. He asked for more details about this.

Planning Manager Clare Campbell stated there was more detail on the proposed services in the Annual Action Plan document.

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Council Member Lythcott-Haims commended the staff on articulating barriers to affordable housing.

Council Member Stone asked for details on the 5 households identified in Rebuilding Together Peninsula and also asked for details on Wee Care and their services.

CDBG Consultant Roseberry replied that all 5 must be owner occupied with low-income homeowners who are income verified as part of the process. She explained that Wee Care is a for-profit business with a mission to help out micro businesses. They focus on childcare home providers and help daycares to improve their businesses.

MOTION: Council Member Stone moved, seconded by Council Member Lythcott-Haims, to:

1. Adopt the draft Fiscal Year 2023-2024 Annual Action Plan (Attachment A) and the associated resolution (Attachment B) allocating Community Development Block Grant (CDBG) funding for Fiscal Year 2023-24;
2. Authorize the City Manager to execute the Fiscal Year 2023-24 CDBG application to fund the Fiscal Year 2023-24 Annual Action Plan and any other necessary documents concerning the application, and to otherwise bind the City with respect to the applications and commitment of funds; and
3. Authorize staff to submit the Fiscal Year 2023-24 Annual Action Plan (Attachment A) to U.S. Department of Housing and Urban Development (HUD) by the May 15, 2023, deadline.

MOTION PASSED: 7-0

11. PUBLIC HEARING / QUASI-JUDICIAL. 2147 Yale Street [22PLN-00374]: Recommendation on Applicant's Request for a Preliminary Parcel Map with Exceptions to Divide an Existing 5,770 Square Foot Parcel Into two Approximately 2,885 Square Foot lots, smaller than the minimum allowed by the Zoning Code. No changes are proposed to the existing residences. Environmental Assessment: Exempt per CEQA 15301. Zoning District: RND (NP) Two Unit Multiple-Family Residential District, Neighborhood Preservation Overlay.

Mayor Kou recused herself from this item.

Vice Mayor Stone chaired the item.

Council Member Tanaka and Council Member Lythcott-Haims disclosed prior discussions with the applicants.

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Planner Emily Foley reviewed the project request, which requires an exception to allow lots smaller than the minimum lot size and shorter than the minimum depth. The property owners own each unit as a tenant-in-common arrangement and believe the arrangement deprives them of property rights and privileges and impacts their ability to sell. The Planning Commission recommended denial on 2/22/2023. Staff recommends to deny the proposed motion because the lot is substantially smaller than the minimum allowed; it would create nonconforming setbacks and floor area; it meets the findings for a subdivision, which requires the project to be denied; and it does not meet the findings for an exception for approval. There are additional policy considerations for future code change for the Council to consider.

APPLICANTS:

Firth Griffith, 2149 Yale Street, was present in support of his neighbor Catherine Gailman, who wants to sell her home but cannot do so because a prior owner failed to sell a permitted duplex to a sole buyer. He asked the Council to allow the owners to split the lot, allowing Ms. Gailman to sell her home. This is the only TIC in an RND (NP) zoning district in Palo Alto, so it is a unique problem. The solution presents no precedent and requires no up-zoning or special consideration. This TIC agreement was made on the assumption the City would correct the issues raised by authorities. This is not a duplex, and there is no shared wall. These are two detached homes. Given the loophole used to build and sell these two dwellings separately under cover of a duplex with a shared wall tied to a TIC, one owner was sued for nonperformance and the other's assets were collateralized due to the failed sale of one property. The only option available to the owners is to sell in unison to either a single investor or Stanford University, resulting in loss of tax income to the City.

Catherine Gailman, 2147 Yale Street, stated that instead of purchasing her retirement home, she was sued for nonperformance when she was unable to sell her current home due to the TIC and subsequently took it off the market. She stated no one wants to purchase a so-called duplex that is a detached home in which the neighbor owns 50% interest and where the owner may be financially responsible for paying the neighbor's property tax if they did not pay their share. The only interested party was Stanford University but only if both neighbors sold at the same time.

John Hannah, representing the owners, described that this is actually two lots with the lot line running down the middle of both homes. The legal description of these two lots, which has never been changed since 1891 when the map was filed, clearly states this as two lots, not one larger lot. Government Code Section 66412D established a simplified lot line procedure to change the lot lines provided it does not create more lots than there were to begin with and provided it is not in violation of the zoning general plan.

PUBLIC COMMENT:

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1. Liz Gardner was unclear about the argument involved but felt more housing in single-family areas in Palo Alto was important. College Terrace is ripe for multifamily housing. There have been changes through history on the boundaries and demographics.

John Hannah described the Supreme Court case stating that lots described in a map recorded before 1893 could not be recognized and explained the reasons for this, relating to a grid map of a field that did not include streets, curbs, sidewalks, etc. Therefore, Staff will not recognize the map for these properties as it was recorded in 1891, though it does include the sidewalks, infrastructure, etc. He believed under these facts these two lots could be recognized and then the lot line adjustment procedure could be followed.

Council Member Burt stated if it could not meet the necessary findings, there was an option to rezone the parcel to R1.

Planner Foley stated rezoning would be a separate application type that would have to come back to be considered at a future date with a requirement to go to the Planning and Transportation Commission before being recommended to the Council.

Council Member Burt asked whether it would be a straightforward SB9 application if this was rezoned as R1.

Director of Planning and Development Jon Lait explained there was a set of Council-endorsed objective standards and if it met those standards, it would be a straightforward application.

Council Member Burt asked if the right to independently be able to sell their homes was a substantial property right they would not be able to exercise.

City Attorney Molly Stump stated that is not a right that applies to this piece of property. This is a single lot, and there is not a right to separately sell the two buildings.

Council Member Lythcott-Haims asked for clarification because it is owned by two separate people who bought what they thought were different homes.

City Attorney Stump explained that is what a TIC is.

Council Member Lythcott-Haims did not want to see these owners tied together when there may be a solution available.

City Attorney Stump replied that Staff had offered a number of solutions to move forward but felt this solution was not available because the findings could not be made. The potential solutions are not before the Council tonight.

Council Member Veenker stated this was an unfortunate situation but that property law was very rigid. She was interested in trying to help residents but also wanted to make sure

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the City adheres to the law. She asked the applicants whether the homes were bought at different times and how both buyers failed to understand that it was a TIC.

Mr. Hannah stated the buyers were told by the County that to purchase the home, they needed to sign the TIC agreement because that was how the City and developer had set it up.

Council Member Veenker clarified that the applicants knew when they purchased it that it was a TIC. She was concerned that Council would have to find that the exception would not violate the requirements of the law and granting it would create a circumstance where it did. She was interested in considering the code changes that Staff said could help the applicants get to the result they want.

Council Member Lauing agreed that it was an unfortunate situation. He questioned Staff if it was correct that this was the only TIC and would not be precedent setting. He asked where the term duplex came from in relation to this property.

Director of Planning and Development Services Lait believed it was the only TIC. The precedent was the potential for others to sell or convert property into a TIC and then later ask for a subdivision.

Planner Foley stated Staff considers the allowable uses as defined in the zoning code. It is described as 2-family use, does not use the word duplex, and does not specify whether the units are required to be attached or detached.

Council Member Lauing asked Staff's opinion on rezoning to R1 being precedent setting. He questioned whether adding more density was legislatively easier.

Director of Planning and Development Services Lait stated rezoning it to R1 would be a legislative action and Council has broad discretion on how it considers those matters. With SB9, the density is arguably about the same between RMD and R1.

Council Member Lauing stated there was no way to approve it given the current law but there was a lot of empathy and willingness to look at something else going forward.

Council Member Tanaka was interested in a quick summary of the Planning and Transportation Commission discussion and decision, which was provided by Planning and Transportation Commission Vice Chair Bryna Chang.

Council Member Tanaka asked if it was possible to approve this but prevent any development in the future, locking the property in as is.

Assistant City Attorney Albert Yang stated there was probably a way to craft that type of condition with the understanding that it could be overridden in the future by a state law that would render it illegal.

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MOTION: Council Member Tanaka moved, seconded by Council Member Lythcott-Haims, to approve the item and direct Staff to add a condition of approval that any further development or alterations to the property would be prohibited.

Council Member Tanaka wanted to think about practicality and find a way to do this quickly because Council time is also valuable.

Council Member Veenker stated that city code requires the Council to make findings to support the exception that applicants seek, and she did not know how to make finding 4. She could not support the motion.

Vice Mayor Stone stated he could not support the motion for the same reasons.

SUBSTITUTE MOTION: Vice Mayor Stone moved, Seconded by Council Member Lauing, to accept the staff and PTC recommendation to deny the project.

Vice Mayor Stone hoped the applicant would pursue the legislative procedure to rezone the property.

Council Member Lauing agreed that something would be done regarding this property but did not want to go against the law.

Council Member Burt supported the motion. He added the original motion makes no attempt to make an argument as to how to meet the findings.

MOTION PASSED: 5-1, Tanaka no

COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

Mayor Kou returned as Chair.

Council Member Lythcott-Haims acknowledged that there is a video circulating of an incident on Friday, April 28, in which Atherton Police used physical force against black schoolchildren. She stated the visuals are triggering to black residents of the city and others who want to see the situation fully investigated.

Council Member Veenker commended the students in the social justice pathway at Palo Alto High School for calling attention to the Cherokee Nation and its fight to have the federal government honor a treaty with it. She thanked those students and their teacher by name.

Mayor Kou stated she had consulted with the Vice Mayor to have 10,000 from the Council contingency fund to be appropriated to neighbors abroad to reciprocate the visiting sister city's mayor lodging while visiting Palo Alto. There was further discussion about this.

SUMMARY MINUTES

Council Member Tanaka wondered if this was the best time to do this.

Mayor Kou announced that the Housing Ad Hoc Committee had been formed, and she appointed Council Member Lauing and Vice Mayor Stone to serve on that committee.

ADJOURNMENT: The meeting was adjourned at 10:38 P.M.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with [Ordinance No. 5423](#), the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City's website.