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January 13, 2003

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ADJOURNMENT: The meeting adjourned at 10:12 p.m.22

The City Council of the City of Palo Alto met on this date in the Council Conference Room at 5:45 p.m.

PRESENT: Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton, Mossar, Ojakian

ABSENT: Beecham

SPECIAL MEETING

1. Dinner Meeting with Supervisor Liz Kniss

No action required.

ADJOURNMENT: The meeting adjourned at 6:55 p.m.

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:05 p.m.

PRESENT: Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton, Mossar, Ojakian

ABSENT: Beecham

Mayor Mossar acknowledged Palo Alto Boy Scout Troop 52 in the audience.

ORAL COMMUNICATIONS

Chief of Police Pat Dwyer spoke regarding school safety.

Bunny Good, P.O. Box 824, Menlo Park, spoke regarding the Art Center Curator, Signe Mayfield.

Beth Broderson, 455 Hale Street, thanked the Children's Theater.

Carol Harrington, 830 Melville Avenue, spoke regarding Haiku on High Street poetry competition.

SPECIAL ORDERS OF THE DAY

1. Appointment of Candidates to the Parks and Recreation Commission

Mayor Mossar said the Parks and Recreation Commission (PARC) was formed two years prior, and she struggled with the issue of whether to vote in new members to keep the Commission fresh. She made the choice to vote in new members. She voiced her support for Jenny Dearborn and Richard Held, along with incumbent Ellie Gioumousis.

Council Member Freeman agreed with the comments of Mayor Mossar. She said all the applicants were excellent candidates for the vacant positions. She voiced her support for Richard Held, whose specialty focused on recreation for youth.

Council Member Lytle expressed her support for Richard Held for his strong emphasis on children's recreation. She believed the PARC needed to address children's recreational needs in a very serious way.

Council Member Kleinberg said her colleagues struggled with whether to infuse the Boards and Commissions with new candidates or have continuity.
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The choice was a difficult one for many because all five candidates, including the incumbents, were talented. She believed the two non-incumbents were outstanding; however, presently there was a need for continuity in the Commission's life. She genuinely encouraged the new applicants who were not appointed to reapply.

FIRST ROUND OF VOTING FOR THE PARKS AND RECREATION COMMISSION

VOTING FOR ELLIE GIOUMOUSIS:	Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton, Mossar, Ojakian
VOTING FOR EDIE KEATING:	Ojakian, Burch, Kleinberg, Kishimoto
VOTING FOR JENNIE DEARBORN:	Mossar, Morton,
VOTING FOR RICHARD HELD:	Mossar, Freeman, Lytle
VOTING FOR JENNIFER HAGAN:	Freeman, Morton, Lytle, Kishimoto, Kleinberg, Burch, Ojakian

City Clerk Donna Rogers announced that on the first ballot Ellie Gioumousis (with 8 votes), Edie Keating (with 4 votes), and Jennifer Hagan (with 7 votes) were reappointed/appointed to three-year terms ending December 31, 2005.

Mayor Mossar congratulated the incumbents for their reappointment to the PARC. She encouraged the non-incumbents to reapply in the future and continue their interest in community participation.

APPROVAL OF MINUTES

Mayor Mossar noted that City Clerk Donna Rogers requested the City Council Minutes of November 12, 2002, be removed from the agenda to return at the regular City Council meeting of January 21, 2003.

Council Member Kleinberg said she had additional wording to include in the minutes and asked if that could be added that evening.

Mayor Mossar said the additional wording should be submitted to the City Clerk to be included in the following week's corrections to the minutes.

CONSENT CALENDAR

Mayor Mossar would not participate in Item No. 2 due to a conflict of interest because she owned property in the SOFA Plan area.

Council Member Morton would not participate in Item No. 2 due to a conflict

of interest because he had a client within the SOFA Plan area.

Council Member Lytle requested that Item No. 3 be removed to become Item No. 6A.

MOTION: Council Member Morton moved, seconded by Burch, to approve Consent Calendar Item Nos. 2 and 4-6.

LEGISLATIVE

2. Ordinance 4775 entitled "Ordinance of the Council of the City of Palo Alto Amending the Budget for Fiscal Year 2002-03 to Provide an Appropriation of \$30,000 to Prepare a Massing Model for South of Forest Avenue (SOFA) 2"

ADMINISTRATIVE

4. Acceptance of Annual Status Report on Developers' Fees
5. Contract Between the City of Palo Alto and St. Francis Electric in the Amount of \$147,975 for Modifying the Traffic Signal at Arastradero Road and Terman and Donald Drives
6. Agreement Between the City of Palo Alto and Telecommunications Engineering Associates (TEA) in the Amount of \$131,716 for the Purchase and Installation of a Replacement Fire Station Alerting System

MOTION PASSED 6-0 for Item No. 2, Morton, Mossar "not participating," Beecham absent.

MOTION PASSED 8-0 for Item Nos. 4-6, Beecham absent.

- 6A. (Old Item No. 3) Ordinance of the Council of the City of Palo Alto Amending the Budget for Fiscal Year 2002-03 in the Amount of \$37,000 to Sublease a Portion of the Cubberley Community Center by the Jewish Community Center

Council Member Lytle said she understood the City would provide interim space for the Jewish Community Center (JCC) operations and programs at the Cubberley Community Center (Cubberley), and the Palo Alto Unified School District (PAUSD) would handle relocation costs such as tenant improvements. She asked for an explanation of how the City became involved in the JCC's tenant improvements, and whether there were other costs the City had to accommodate the JCC at Cubberley.



Deputy Director of Community Services Richard James said the \$37,000 originally came from the Children's International School (CIS), who had planned to remodel the girl's locker room at Cubberley. The City accepted CIS' proposal of monies with the agreement they could lease other space at Cubberley in lieu of developing the locker room. It was a good investment for the City to put in the \$37,000 that was obtained from CIS, and add it to the JCC's \$68,000. When the JCC left the Terman site, the rooms again became part of the City's inventory.

Council Member Lytle noted there were no improvements listed in the staff report (CMR:114:03). She asked how the public would know what improvements were done and the costs.

Mr. James said City staff worked in partnership with the JCC to design the rooms. Staff also monitored all expenditures and the JCC would not receive payment until all the work was completed.

Council Member Lytle clarified staff would oversee the contract in terms of the construction specifications to meet the needs of the public, as well as the JCC's temporary tenant needs.

Mr. James said that was correct. It was an investment for the City for the next 20 years. Once the JCC left, the City would be able to generate dollars in leasing out classrooms and rooms for community services.

Council Member Lytle asked whether the agreement was a public/private partnership.

Mr. James said it could be considered as such, especially when looking at the overarching problem the JCC had, and how the City could help them get into a facility where they could continue operations.

Council Member Lytle asked whether there were other costs the City was carrying.

Mr. James said no.

MOTION: Council Member Lytle moved, seconded by Kleinberg, that Council: 1) approve the sublease of a portion of the Cubberley Community Center by the Jewish Community Center; and 2) approve a Budget Amendment Ordinance (BAO) in the amount of \$37,000 to reimburse the Jewish Community Center for a portion of the costs associated with refurbishing the former girls' locker room at the Cubberley Community Center.

Ordinance 4776 entitled "Ordinance of the Council of the City of Palo Alto Amending the Budget for Fiscal Year 2002-03 in the Amount of \$37,000 to Sublease a Portion of the Cubberley Community Center by the Jewish Community Center"

MOTION PASSED 8-0, Beecham absent.

PUBLIC HEARINGS

7. PUBLIC HEARING: The City Council will consider the provisions of Section 8.08.020 of the Palo Alto Municipal Code, declaring that all weeds growing upon any private property or in any public street or alley, as defined in Section 8.08.010 of the Palo Alto Municipal Code, constitute a public nuisance, which nuisance must be abated by the destruction or removal thereof.

City Attorney Ariel Calonne said a letter was received from Lois Vanderbeek, 736 Barron Avenue, Palo Alto. Ms. Vanderbeek had indicated to City staff that she was in poor health and unable to do the weed removal. She requested the City Council remove her property from the list, but had no objection to the characterization of the nuisance. He recommended the Council not remove the property from the list in hopes she would have the weeds abated in advance of the County doing the work. Staff would make every effort to avoid costs being imposed on her.

Mayor Mossar said one person had filed a written objection against the weed abatement proceedings and any resolution passed on the matter would reflect those findings.

MOTION: Council Member Morton moved, seconded by Ojakian, to adopt the Resolution ordering the abatement of weeds.

Resolution 8261 entitled "Resolution of the Council of the City of Palo Alto Ordering Weed Nuisance Abated"

Council Member Freeman asked whether a list of affected properties had been compiled.

Mayor Mossar asked whether the Council could proceed on the matter without the list of affected properties.

Mr. Calonne said the list of affected properties was provided when the matter was set for public hearing.

Council Member Freeman requested the list be included in the repacket of the staff report.

Mayor Mossar declared the Public Hearing open.

Dennis Mitzyk, 201 Maclane, said he recently received a notice to destroy weeds. He stated he had not watered his yard for the past several years in an effort to conserve water; however, he meticulously pulled weeds from his yard, but left California native plants. At the end of each growing season, he harvested the vegetation and placed it in his compost pile. He had spoken with David Tex Houston, a habitat restoration specialist with Acterra, who visited his home, looked at his yard, and believed it was valuable work, which would encourage insects and other species to return to the area. He believed his yard was a growing and lush piece of natural habitat and objected to the characterization that his home was a fire hazard. He requested his property be removed from the list with the provision he continue to harvest his yard as he had done in the past.

Mr. Calonne said the Palo Alto Municipal Code (PAMC) defined weeds to include indigenous grasses, which may obtain such large growth as to become, when dry, a fire menace.

Mr. Mitzyk provided the Council and staff with Mr. Tex Houston's telephone number for those who wished to contact him about what constituted a weed.

Ellie Gioumousis, 992 Loma Verde, said if Mr. Mitzyk's grasses were native bunch grasses, they were not a fire hazard. Sunset Magazine printed an article a number of years ago, which described native grasses as bunch grasses, which grew in clumps and were labeled as perennials.

Mayor Mossar declared the Public Hearing closed.

Council Member Lytle said she was not in favor of "discing" as the practice of removing weeds, because it was a contributor to soil erosion in the County. She encouraged residents to use the practice of mowing their lawns or renting goats to chomp the weeds down. She suggested the PAMC definition needed to be changed to accommodate the request in the future.

Mr. Calonne said the Fire Department presented evidence whereby the property at 201 Maclane met the definition of weeds.

Council Member Burch expressed concern about Mr. Mitzyk's property. He suggested exempting the property at 201 Maclane for further review.

Council Member Freeman suggested setting a time when Mr. Mitzyk's property could be evaluated to review whether or not it posed a fire hazard.

Mayor Mossar said she did not believe staff would have a different set of criteria with which to re-evaluate Mr. Mitzyk's property. She suggested moving forward with the policy already in place, and then make a commitment to bring it back in the future for policy reconsideration.

Council Member Morton suggested modifying the motion to include a request to the Fire Department to re-examine the property with sensitivity to the native plants.

INCORPORATED INTO MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct the Fire Department to revisit the property located at 201 Maclane to review whether or not the plants posed a fire hazard.

MOTION PASSED 8-0, Beecham absent.

MOTION: Council Member Morton moved, seconded by Freeman, to direct staff to return with criteria for a definition of weeds recognizing native species.

MOTION PASSED 8-0, Beecham absent.

8. PUBLIC HEARING: The City Council will consider a request by Hanna Shacham on behalf of Eric and Marion Golin to subdivide two formerly merged parcels at 1036 Cowper Street. Environmental Assessment: An initial study has been completed and a Negative Declaration has been prepared in Accordance with California Environmental Quality Act (CEQA) Requirements. Zoning District: R-1(929). ***This item is quasi-judicial and subject to Council's Disclosure Policy***

Mayor Mossar announced there were no outside disclosures or contacts for Council Members to report.

Council Member Ojakian noted he would not participate in the item due to a conflict of interest because he owned property within the affected area.

Director of Planning and Community Environment Steve Emslie said the proposed project was a previous lot merger that was approved in December of 2000. The Planning and Transportation Commission (P&TC) unanimously supported the return of the lots back into the two original 7,500-square-foot parcels; producing housing opportunities for creating two smaller homes rather than the one large home that was allowed.

Mayor Mossar declared the Public Hearing open.

Eric Golin, Applicant, 1036 Cowper Street, said in April of 2000, he and his wife purchased the two lots at 1036 and 1042 Cowper Street. The initial intent was to merge the two lots and build one larger home for his family. In November of 2000, the smaller home on the lot was demolished, and a Certificate of Compliance was completed, to merge the two lots and proceed with plans to build a larger home. Subsequent to that, the family wanted to return the lots to the previous configuration , which previously existed.

Mayor Mossar declared the Public Hearing closed.

MOTION: Council Member Burch moved, seconded by Kishimoto, to approve the staff and Planning and Transportation Commission recommendation to approve the Parcel Map based upon the findings (Attachment A of CMR: 108:03) and subject to the Conditions of Approval (Attachment B).

Council Member Burch said he was delighted to see steps had been taken to return the lots to their original configuration.

Council Member Kishimoto said it was unfortunate the matter had to come before the Council to subdivide the lots, but not to merge them.

Council Member Morton asked whether the staff report (CMR:108:03) was accurate in noting the lots would be 250 square feet less than the minimum lot size of 10,000 square feet.

Mr. Emslie said the staff report was not accurate. Each lot was 7,500 square feet, which was 2,500 square feet less than the minimum lot size.

MOTION PASSED 7-0, Ojakian “not participating”, Beecham absent.

REPORTS OF OFFICIALS



9. From the Planning and Transportation Commission: Request for Preliminary Review and Direction on Planning and Transportation Commission Recommendations Regarding the Urban Design and Form Code (Zoning Ordinance Update)

Planning Manager John Lusardi asked the Council for direction that evening with respect to Phase 2 of the project. The prototypes that had been developed for the item were intended to reflect the direction of the Comprehensive Plan (Comp Plan), including enhancing opportunities for increased housing and mixed-use, as well as providing for new development types, such as Village Residential and Transit-Oriented Residential. The modifications evaluated were limited to areas such as setbacks, daylight

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plane standards, height, parking criteria, and usable open space. Those revisions were not intended as present recommendations, but were used to illustrate the process of: 1) evaluating current code constraints which limited consistency with the Comp Plan; 2) preparing sample prototypes better reflecting the Comp Plan objectives; and 3) formulating revised development standards in Phase 2 based on those prototypes. Staff and the Consultants would review with the Planning and Transportation Commission (P&TC), which criteria and standards should be more closely evaluated in the next phase of the work.

Marcy McInelly, Urban Design Consultant, presented an overview of the consultant team's progress in project scoping. The team had just begun to focus their efforts on Phase 2, which involved forming specific prototypes and revised zoning standards for their development types. One prototype methodology for the Comp Plan's new and redefined land uses was Village Residential, which was defined as a "new kind" of multi-family development compatible with single-family dwellings, but with more units. Other prototypes included mixed-use, live/work dwellings, multi-family lower density, multi-family higher density, and transit-oriented.

Rick Williams, Urban Design Consultant, reviewed the sample prototypes developed in Phase 1. The methodology used evaluated the City's existing regulations, applied the Comp Plan prototype, and implemented the zoning regulation recommendations. The team's next step was to meet with the Architectural Review Board (ARB), and report back to the P&TC on draft prototypes and the Phase 2 progress report. The consultant team was looking for direction to proceed with Phase 2, and affirm the consultant's approach.

Mayor Mossar clarified staff had presented six questions to the Council for specific attention.

Director of Planning and Community Environment Steve Emslie said staff wanted the Council to address the following list of five issues:

- ◆ Maintain current development intensity allowed by zoning
- ◆ Develop new/redefined zoning designation "Village Residential" as a blend of RM-15 and R-1
- ◆ Develop new/redefined zoning designation "transit-oriented" through bonuses, incentives and potential regulatory reductions
- ◆ Modify mixed use standards to create buildings with higher quality, more viable residential and retail spaces
- ◆ Maintain and refine residential compatibility standards

Planning and Transportation Commissioner Patrick Burt said he believed the consultants captured the issues well and the prototypes were a key aspect of implementing the vision of the Comp Plan. He suggested the Council might also want to consider how to look at new mandates to allow second units in R-1 neighborhoods at in the context of the Form Code.

Mayor Mossar said Mr. Burt's suggestion would be included as issue No. 6.

- ◆ Review new mandates to allow second units in R-1 neighborhoods to be looked at in the context of the Form Code

City Attorney Ariel Calonne gave emphasis to the spectrum chart from the slide presentation that stated on one hand having regulation simplicity and nondiscretionary review, and on the other hand having regulation complexity and discretionary review. He heard the underlining motivation to be a reduction in the number of times the City staff, commissions, or the Council would have discretionary control over development projects.

Mayor Mossar opened the Public Hearing and hearing no requests to speak declared the Public Hearing closed.

Council Member Freeman asked whether there was an overarching policy or regulation that suggested development of new property should have a higher density. She asked whether the new Summerhill Homes at Channing Avenue and Bryant Street or the townhome development in the Loma Verde area were examples of Village Residential areas where they had shared driveways and garages, as well as common entryways. She also inquired whether the Summerhill development at Channing Avenue and Kipling Street was an example of the second unit situation that Commissioner Burt spoke about.

Mr. Emslie said the intent of the Form Code was not to engender increased density, but it was a way to look at development standards and ensure the right kind of results rather than rely on traditional setbacks and daylight planes. He was familiar with the townhome developments in the Loma Verde area near Middlefield Road, and believed they were more reflective of the traditional podium-style condominium or townhome developments. He believed the Summerhill Home developments were somewhat close to Village Residential developments.

Council Member Freeman said the Summerhill developments involved approximately six single-family homes built around a common driveway.

Mr. Emslie said there was great value in looking at examples of Village Residential developments whether they were in Palo Alto or in another community.

Council Member Kleinberg said the staff report (CMR:112:03) quoted Comp Plan Policy L-13, which called for an evaluation of alternative types of housing that increased density and provided diverse housing opportunities. She sensed the objective was to add housing to the community. She asked whether the prototypical forms discouraged architectural creativity or perhaps moved architecture to a more common look and feel.

Mr. Williams said the ARB had asked the consultants to keep the prototypes simplistic. Presently, the prototypes were not shaped as buildings, but forms that illustrated the overall regulations; however, in the future, there would be illustrations to show variety in how the prototypes could be approached.

Council Member Kleinberg said in the RM-15 Zone it looked as if the graphics had decreased the amount of open ground and increased the amount of coverage. She asked how much permeability was available.

Mr. Williams said the existing regulations created a "wedding cake" effect that produced a larger footprint and a smaller upper floor.

Council Member Kleinberg said she was not only looking at the footprint. As the forms were done with the attempt to adjust for the Comp Plan, she hoped the external parking would not increase, because it would reduce permeability. She asked whether the streetscape would change to become more urban, whereby the residents would come out of their home right onto the sidewalk.

Mr. Williams said most of the prototypes illustrated bringing the building closer to the street. The first mixed-use example from the slideshow presentation brought the building further away from the residential area in the rear of the property, which the community expressed a desire to see. The ARB commented to the consultants that bringing the building to the street in commercial areas created a more pedestrian atmosphere; however, they had still wanted to see illustrated areas that allowed for setbacks and courts to create further articulation. In general, retail use desired to be up to the sidewalk, whereas residential use preferred a setback.

Council Member Lytle asked whether the ARB and development community had been engaged in the process to troubleshoot some of the issues. She also asked whether density and intensity equaled massing, and what was the appropriateness of developing different options for the prototypes, depending on what part of town was being developed. It would be extremely

hard to apply and retrofit the new urbanism standards in the Post World War II suburban environment of Palo Alto. The Village Residential prototype would work well in the College Terrace and Downtown North areas, but would not be accepted in the Eichler subdivision.

Mr. Williams said it was anticipated that a series of meetings would occur with the development and architectural communities in Phase 2. The Floor Area Ratio (FAR) measurement was not a good measurement of qualitative buildings, and staff was attempting to articulate building form in a better way. The consultants realized that one size did not fit all with wide streets and narrow streets in one area of town versus another area of town. They looked at modifying some of the residential standards to refine compatibility in a way that was more area specific.

Council Member Lytle said the two prototypes that mattered were the transit-oriented and the attached unit or second unit. It was important to have different prototypes to meet the various parts of the community and types of housing.

Council Member Morton said he was uncomfortable with the language defining Village Residential and transit-oriented areas. He did not want to eliminate the streetscape.

Council Member Ojakian asked whether City staff had taken into consideration Council's previous position of not maintaining current development intensity allowed by zoning. He said it would be helpful for the Council to know what types of incentives and regulatory reductions were being delineating out. He asked whether the consultants had considered possible design conflicts with the City's greenscape and open-space areas, as well as Palo Alto's policies and thoughts around the jobs/housing imbalance; building less retail and more residential.

MOTION: Council Member Kishimoto moved, seconded by Kleinberg, to affirm the staff and consultants approach regarding Urban Design and Form Code with the following specific recommendations:

- Maintain current development intensity allowed by zoning
- Develop new/redefined zoning designation "Village Residential" as a blend of RM-15 and R-1
- Develop new/redefined zoning designation "Transit-Oriented" through bonuses, incentives and potential regulatory reductions
- Modify mixed-use standards to create buildings with higher quality, more viable residential and retail spaces
- Maintain and refine residential compatibility standards

- Review new mandates to allow second units in R-1 neighborhoods to be looked at in the context of Form Code
- Direct staff to proceed with Phase Two

Council Member Kishimoto said it was a positive step for the City, and she believed it would lead to higher quality designs. She agreed with the concerns expressed by Council Member Kleinberg regarding permeable space. She cited an example in Attachment A of the staff report (CMR:112:03), where the amount of usable open space in Scenario 1A and 1B dropped from 2,780 square feet to 775 square feet, which was a significant drop in permeable space. She also expressed concern about the increased level of noise for buildings moved closer to the street, and the effect it would have for shoppers, residents, and business owners, as well as tree canopies. She hoped the parking issue would be addressed in relationship to transit-oriented developments.

Council Member Freeman said she wanted to make sure the designs included ample space for trees.

Mayor Mossar asked whether the concept of trees in development were included in the presentation that evening.

Mr. Emslie clarified staff needed to take into consideration whether there was enough permeable space in the development to include trees.

Council Member Freeman said it would be interesting to find more creative ways to address massing and volume other than floor area ratio or intensity and density. She would like to see the use of greater permeability as illustrated in Scenarios 3A and 3B of the Village Residential models. She requested more information on the Transit-Oriented models. Palo Alto had a number of neighborhoods that abutted commercial buildings, and she believed extreme sensitivity should be taken in those areas. She suggested providing the Council with a map of the City indicating the areas where the different Form Codes would be developed and fit suitably in the community.

Council Member Morton noted the underlined item in many of the Comp Plan prototypes was the elimination of on-site guest parking. He believed on-site guest parking was required because of reduced street parking presently available. He also wanted to see the preservation of view space in the community and suggested bringing buildings closer on one side of the street, as long as it did not create a tunnel effect. Preserving the view space and the daylight plane were important environmental elements to Palo Alto residents.

Council Member Lytle clarified the illustrated comment of maintaining the current development intensity allowed by zoning actually talked about massing by re-examining density. She said there were some places where density could be higher than the current zoning allowed.

Mayor Mossar asked if the wording could state, "limit increasing to massing."

Council Member Lytle said yes. She disagreed, however, with the concerns about parking standards. She believed the parking standards needed to be relaxed a little more, except in certain parts of the community. She hoped the development produced smaller affordable units in places where people could rely on transit.

Council Member Kleinberg said she was uncomfortable voting in any direction on the issue of preserving view space until the Council had heard from the public and discussed the issue about possible appropriate places for greater height, preserving more open space and permeability, and greenscape.

Mayor Mossar asked Council Member Morton if he would consider softening the language of preserving the view space.

Council Member Morton said yes. He agreed to change the language to consider view space.

Council Member Kishimoto asked whether the daylight plane and side-area setbacks were critical parts of the Urban Design and Form Code.

Mr. Williams said that was correct. He still believed it needed to be explored and further explained to everyone.

Council Member Kishimoto clarified current development intensity was changed to maintain current development massing.

Mayor Mossar said it was to limit increases to massing.

Council Member Kishimoto asked whether the amount of density involved number of units per acre.

Council Member Lytle said the purpose of the Comp Plan designations and new Zoning Ordinances was to allow for higher density in appropriate places, and in doing so, there was the possibility of discovering zoning that permitted too high a density in places that did not fit.

Council Member Kishimoto expressed concern that Form Code and Urban Code led to a much higher density for Palo Alto. If Form Code was applied in a particular zone, it did not automatically lead to a higher density, but hopefully a better design.

INCORPORATED INTO MOTION WITH CONSENT OF MAKER AND SECONDER to add the following:

- Address environmental standards including permeable areas
- Accommodate trees
- Review new ways to address massing and volume
- Report on transit-oriented development, especially parking
- Review residential compatibility
- Consider noise impacts
- Review second unit issue mandated to develop appropriate Form Code (State legislation)
- Provide sense of areas on a map where different Form Codes would be suitable
- Provide real examples of good development reflecting goals of the Form Code
- Consider on-site guest parking to be included in development standards
- Consider issues of preservation of view corridors, exploring and explaining daylight plane, massing, and setbacks

Mr. Emslie said the consultants had indicated the prototypes would not result in significant amounts of new density, because the Form Code was finely grained. Staff did not anticipate dramatic increases in the number of units possible on a typical lot.

Council Member Kleinberg suggested asking the consultants to follow current zoning for purposes of the form studies, and then conduct discussions of proper form densities at another date.

Council Member Lytle said she did not believe it was possible to design structures without knowing the number of units to accommodate.

MOTION PASSED 8-0, Beecham absent.

MOTION: Council Member Lytle moved, seconded by Burch, that Phase II look at development that would maintain current intensity and massing with opportunities to examine new density.

Planning and Transportation Commissioner Patrick Burt said his understanding of the Planning and Transportation Commission (P&TC) was to attempt to recommend to the Council modifications to the Zoning

Ordinance that would bring it in line with the Comp Plan. The P&TC could not prohibit aspects of the Comp Plan that, in certain areas, might require a change in density or reconsideration of the type of development from commercial to residential. He understood his responsibility was to go about those issues in parallel with the process of the Form Code.

Mayor Mossar clarified the motion on the table was appropriate to be considered and discussed at the same time the Form Code was being developed.

Mr. Burt said the P&TC would believe it was consistent with their overall responsibilities in that area.

Council Member Kishimoto said her confusion came from the discussion of two or three different steps. One clarified what the Form Code could do for a given intensity and FAR, versus looking at the City as a whole and mapping where the growth might go in the future. She believed there should be a separate motion stating the matter would concurrently return with a proposal for a new land use map with new density locations.

MOTION PASSED 6-2, Kishimoto, Kleinberg “no,” Beecham absent.

Council Member Kleinberg asked at what point could the Council discuss the issue of height limits and what it would do in saving open space.

Mr. Emslie said the next step was to present that evening’s issues to the P&TC and ARB, and then return with the benefit of their analysis to the Council in the March/April timeframe.

MOTION: Mayor Mossar moved, seconded by Ojakian, to move by acclamation the appointments to the Parks and Recreation Commission of Ellie Gioumouis, Jennifer Hagan, and Edie Keating.

MOTION PASSED 8-0, Beecham absent.

10. Finance Committee recommendation re an Ordinance Closing the 2001-02 Fiscal Year, Including Transmission of the City's Comprehensive Annual Financial Report (CAFR), Reappropriation Requests, Completed Capital Improvement Projects, and Amendment of the General Fund Reserve Policy

Council Member Burch, Chair of 2002 Finance Committee, said the Finance Committee reviewed and unanimously approved the City's Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending June 30, 2002. During the past year, the City had \$5.5 million in reduced expenditures. As

the economy continued to struggle, the initial \$6.5 million shortfall in the coming year was increased to \$9 million, due to State deficits and passing of at least part of the burden to local governments. He noted the City received an award from the Government Finance Officers Association for "Excellence in Financial Reporting", and from the California Society of Municipal Finance Officers for "Outstanding Financial Reporting". It was the eighth consecutive year the City had received both awards, and was a strong indication of the work, the presentation, and the thoroughness with which the budget was prepared.

Director of Administrative Services Carl Yeats the City's Comprehensive Annual Financial Report (CAFR) represented the results for operations for Fiscal Year ending June 30, 2002, which was the first report under changes put out by the Government Accounting Standards Board (GASB 34). The Accounting Team had inventoried, valued, and determined the historical cost of all the building and infrastructure in the City.

Assistant Director of Administrative Services Lalo Perez said GASB 34 represented a profound and far-reaching change in accounting and reporting for municipalities. It also represented an effort to make governmental reporting clearer and more understandable to readers by providing a management discussion and analysis section. The implementation of GASB 34 requirements was based on total revenues. Since citywide revenues exceeded \$100 million, Palo Alto's compliance began with the Fiscal Year of 2001-02.

Mayor Mossar declared the Public Hearing open and hearing no requests to speak declared the Public Hearing closed.

MOTION: Council Member Morton moved, seconded by Burch, to approve the Finance Committee recommendation to adopt an Ordinance Closing the 2001-02 Fiscal Year and authorize reappropriation of 2001-02 funds into the 2002-03 Budget (Exhibits A & B of CMR 464:02), Including the City's Comprehensive Annual Financial Report (CAFR); close completed Capital Improvement Projects (Exhibit C); transfer remaining balances to the appropriate reserves (Exhibits D & E for General Fund and Exhibits F & G for Enterprise Funds); and amend the General Fund Reserve policy (Attachment B).

Ordinance 4777 entitled "Ordinance of the Council of the City of Palo Alto Amending the Budget for Fiscal Year 2002-2003"

Council Member Morton said although it was perhaps the first of what could be multiple years of economic downturn in the area, Palo Alto managed with strong direction from the City Manager, to bring forth a budget that was not only balanced, but on the plus side.

Council Member Burch expressed his appreciation for staff's hard work.

Council Member Kleinberg asked for an explanation of the \$400,000 Electric Fund project s placed on hold.

Mr. Yeats said staff did not know which project that was.

Council Member Kleinberg said it would be helpful to be able to annotate the items for Council's benefit.

Mayor Mossar said staff could clarify the item for the Council in an e-mail.

Council Member Morton said under the Appropriation System of Government when an item designated for a project was put into the budget and the project cancelled, the monies were returned to the fund balance.

Council Member Kleinberg said she initially had the same thought except it specifically said the project was put on hold.

Mr. Yeats said the project should have had a title and he would get the information to the Council.

Council Member Kleinberg expressed her appreciation to the staff and the Finance Committee for their efforts. She believed the City Manager's transmittal letter overlooked the State economic crisis and the potential for the State capture of local revenues and increased taxation leading to lowered consumer spending, which went to City's bottom line. It became exacerbated when coupled with the highest unemployment in a decade.

Council Member Freeman said she would like the public to hear how the infrastructure reserve was progressing.

Mr. Yeats said the infrastructure reserve balance was currently about \$30 million. There was approximately \$9 million spent on completed Capital Improvement Projects.

Council Member Freeman said during the current downfall period, when the Council had come up with ways to cut millions in dollars, the City was still able to maintain and supplement the Infrastructure Reserve Fund (IRF).

City Manager Benest said the City had almost doubled capital spending in the past several years. The good news was more money had been put into the IRF over the past few years than the \$2 million commitment.

Council Member Kishimoto expressed concern about the City's retiree/medical issue, which potentially had a \$93 million liability.

Council Member Burch said the City was sobered by the current economic state and what was yet to be revealed from the State of California. On a positive note was the ability to respond to that type of condition. The City's resources and reserves were good.

MOTION PASSED 8-0, Beecham absent.

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

Mayor Mossar provided the Council with information from Calendar year 2002 on the number of Council meetings, total costs for dinners prior to Council meetings, and average Nextel phone usage. She asked for feedback from the Council by January 22, 2003, and noted she would report back at the January 27, 2003, Council meeting.

Council Member Ojakian noted the issue of the State budget and the suggestion that the reduction in Vehicle License Fees could cost Palo Alto \$2.2 million. He also noted the City Manager's Office should provide a summary to Council and address how the City was affected by the possible budget cuts.

MOTION: Council Member Morton moved, seconded by Kishimoto, to agendize a request that the State of California reinstate the Vehicle License Fee.

MOTION PASSED 6-2, Mossar, Freeman "no," Beecham absent.

ADJOURNMENT: The meeting adjourned at 10:12 p.m.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.