



PLANNING & TRANSPORTATION COMMISSION MINUTES

=====MEETINGS ARE CABLECAST LIVE ON GOVERNMENT ACCESS CHANNEL 26=====

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Wednesday, April 26, 2006
SPECIAL MEETING at 6:00 PM
Council Chambers
Civic Center, 1st Floor
250 Hamilton Avenue
Palo Alto, California 94301

ROLL CALL: 6:10 PM

Commissioners:

Patrick Burt - Chair
Karen Holman – V-Chair
Lee I. Lippert
Paula Sandas
Phyllis Cassel
Daniel Garber
Annette Bialson

Staff:

Steve Emslie, Planning Director
Melissa Tronquet, Deputy City Attorney
Andy Coe, Interim Deputy Director
Julie Caporgno, Advance Planning Manager
Roland Rivera, Planner
Amy French, Current Planning Manager
Beth Bourne, Senior Planner
Zariah Betten, Executive Secretary

AGENDIZED ITEMS:

1. **2006-2010 Capital Improvement Plan**
2. **Subdivision Ordinance Amendment**
3. **3401, 3415, and 3445 Alma Street (Alma Plaza) [06PLN-00020]**

6:00 PM special Meetingz

Chair Patrick Burt: Good evening. We will now convene the special meeting of the Planning and Transportation Commission for Wednesday, April 26, 2006.

Would the Secretary call the roll.

[All present – Cassel to arrive momentarily]

1 **AGENDA CHANGES, ADDITIONS AND DELETIONS.** The agenda may have additional
2 items added to it up until 72 hours prior to meeting time.

3 **NEW BUSINESS:**

4

5 **2006-2010 Capital Improvement Plan:** Planning and Transportation Commission
6 Review of the 2006-2010 Capital Improvement Plan for Consistency with the
7 Comprehensive Plan

8 Chair Burt: Thank you. Our first item of this special meeting is the Planning and Transportation
9 Commission review of the 2006-2010 Capital Improvement Plan, and the Commission's
10 responsibility is to review the Capital Improvement Plan for consistency with the Comprehensive
11 Plan. We had a subcommittee of Commissioner Sandas and myself who met with staff a couple
12 weeks ago. Julie, do you have anything you'd like to summarize about the meeting before we
13 give our comments?

14 Julie Caporgno, Advance Planning Manager: Roland is going to just add a few comments.

15 Roland Rivera, Planner: Good evening commissioners. On its March 8, 2006 meeting the
16 Commission appointed Commissioners Burt, Sandas, and Cassel to the Capital Improvement
17 Plan subcommittee to review Capital Improvement Plan projects and its consistency with the
18 Comprehensive Plan. Commissioners Burt and Sandas met with City staff on April 6, 2006, as
19 you mentioned, and discussed both specific and general aspects of the CIP.

20 Staff would like to take this opportunity to invite the subcommittee members to discuss the April
21 6 meeting with the full Commission. We'd then recommend that the Commission find the
22 proposed 2006-2011 CIP consistent with the Comprehensive Plan. Thank you.

23 Chair Burt: Thank you, Roland. Paula, would you like to share any comments or summary about
24 our discussions?

25 Commissioner Sandas: Briefly. In the course of the meeting we did not uncover anything in the
26 Plan that was not consistent with the Comprehensive Plan. We spent quite a bit of time, dare I
27 say, a little off track, because we were looking at ways to accomplish items in the CIP. And
28 having said that, I'll turn it over to Chair Burt, because he participated extensively in that
29 conversation.

30 Chair Burt: Partly because as we went through the Plan, the commissioners really didn't have
31 any significant issues to raise on specific items in the CIP, and we're certainly open tonight to
32 other commissioners identifying any items that they have questions on or comments on.

33 What we ended up discussing in greater depth was a follow-on to our last year's subcommittee
34 meeting where we were discussing the reality that by 2010 the annual funding for the Capital
35 Improvement Plan is scheduled to shrink by 2/3 or so, and so we have a real dilemma if we're

1 extending the Comprehensive Plan out beyond the 2010 date to as far as 2020. How the City
2 will be able to continue to implement the programs of the Comprehensive Plan that involve
3 capital improvements if we lack the funds to do so?

4 So we ended up having discussions on a number of possibilities, and probably the greatest
5 amount of discussion had to do with the emerging potentials for public/private partnerships to
6 fund some of the major new infrastructure, although that is clearly to be differentiated from the
7 ongoing maintenance of infrastructure. The Capital Improvement Plan is often a mixture of the
8 two: true maintenance, and then what might be significant renovation, sometimes renovations
9 that involve enhancements, like the Children's Library is part of this CIP. That was
10 accomplished largely through a public/private partnership. Staff and the commissioners agreed
11 that that direction is one of the few possibilities we have to be able to accomplish major projects,
12 and it also is one that's looking increasingly promising - their efforts on the Children's Museum
13 and Zoo; we have the Children's Library, we now have the Friends of the Parks that are
14 contributing in areas. There is a greater emphasis in having staff act as a facilitator to work
15 cooperatively with community groups that are taking on some of these projects. So that was the
16 thrust, and I guess we'd like to open it up to other commissioners for either comments or
17 questions. Dan.

18 Commissioner Garber: Of the City budget, how many projects would actually be available or
19 potential candidates for pp partnerships – less than 10%, more than 10%? I'm thinking on not a
20 project basis but a dollar basis.

21 Ms. Caporgno: In this discussion it was primarily kind of philosophical, theoretical. We never
22 got into individual projects, so I don't know a percentage. There wasn't any discussion of that.

23 Commissioner Garber: Thanks.

24 Commissioner Cassel: I apologize for not being there that day. Obviously, I couldn't be, but I
25 did read through all of this, and I agree that this is pretty consistent with last year. We wish there
26 was more funding for it, but there's nothing in here that did not meet the goals of the
27 Comprehensive Plan, and we wrote the Comprehensive Plan broad enough to be sure and include
28 the routine maintenance that we knew we would need.

29 Chair Burt: I'll just add for clarification that under each of the CIP items there is a section of the
30 "future financial requirements" table, the final one being "source of funds." Most of them are
31 infrastructure reserve; and some of them that have other funding sources, either for grants or pp
32 partnerships, that's the place where it's noted. But many of the ones that are best candidates for
33 the public/private partnerships are ones that are probably more likely to begin to move forward a
34 couple of years out from now with the exception I think of the Children's Library and the junior
35 museum. Phyllis.

36 Commissioner Cassel: That leaves us with a major problem, and that is items that are higher in
37 priority in terms of things that are actually urgently needed will not necessarily happen, because

1 money may be going to public/private partnerships where we need those items, or we can get the
2 funding. So my concern here is how can we be sure we fund those things that we urgently need,
3 that are public safety and health issues.

4 Commissioner Lippert: What I'm going to say is related to how we go about doing projects and
5 financing them. One example is the Children's Library. Because it was a historic building, the
6 use of the TDR process, being able to take 2,500 square feet in what we call bonus floor area and
7 have hat, as the City did, auction that off in blocks of 500 square feet. Well, the idea is that
8 that's to be applied to the downtown area in terms of exempt floor area from having to be
9 parked. The net result of that was that those TDRs were sold off for a lump sum amount of just
10 under a quarter of a million dollars.

11 If you were to look at the number of parking spaces that that would offset, the number of parking
12 spaces was half a million dollars. The process that the City used in this shorted the City about a
13 quarter of a million dollars if I calculate that out correctly. It may have been in the City's benefit
14 to actually auction off, or sell those TDRs at a later time, namely after maybe the Children's
15 Library was complete, and thereby getting a higher price in the auction. The reason why I bring
16 this up is not to rub anybody's nose in it. This is the first time the City's done this.

17 But we have an opportunity to learn from this with regard to the Roth building. If that was to
18 move forward, a similar process would be used. We require applicants that make use of the
19 historic TDRs to sell those at the time that the renovations are complete. Well, that's still within
20 a reasonable period of time to be able to recoup those dollars and incorporate them into the
21 construction financing. So that's just my comments on it, that it's still a quarter of a million
22 dollars that we shorted ourselves, and I'd hate to see that repeated.

23 Chair Burt: Thank you. Anyone else have any comments, or do we have a motion?

24 MOTION:

25 Commissioner Garber: I will make a motion that we accept the plan as recommended by the
26 staff.

27 SECOND:

28 Commissioner Bialson: Second.

29 Chair Burt: Just to clarify, maybe the motion should include that we have found that the plan is
30 consistent with the Comprehensive Plan.

31 Commissioner Garber: As you will.

32 Commissioner Bialson: Fine by me.

1 Chair Burt: Any other discussion? All those in favor:

2 MOTION PASSED (7-0-0-0 – unanimously)

3 Chair Burt: Commissioner Cassel has been with us.

4 **2. Subdivision Ordinance Amendment**: Planning and Transportation Commission
5 review and recommendation of an Addition to Chapter 18.90 to the Palo Alto Municipal
6 Code (PAMC) to Allow the Creation of Easements through the Execution and
7 Recordation of Covenants.

8 Chair Burt: The second item on this special meeting is a subdivision ordinance amendment. The
9 Commission will review and recommend an addition of Chapter 18.90 of the Municipal Code to
10 allow the creation of easements through the execution and Recordation of Covenants.

11 Would staff like to comment on that?

12 Deputy Attorney Melissa Tronquet: The purpose of this ordinance is to allow the creation of
13 easements on properties held by in-common ownership. What we're talking about is two or
14 more adjacent parcels held by one owner.

15 As background – and the staff report explains this, but just so you have the background –
16 currently real property law essentially prohibits property owners from creating easements on
17 their own properties that would be enforceable. It's a concept called "merger," and basically an
18 easement would not be enforceable against one's own property. The consequence of that is you
19 could do whatever you want with your own property, but if you sold it, that restriction wouldn't
20 be enforceable against the subsequent owner.

21 The government code creates an exception to this rule and allows the creation of easements in a
22 specific situation where more than one parcel is held by the same owner. The situation we have
23 tonight is that the government code also requires local agencies to pass enabling ordinances to
24 allow the creation of those easements before they can be created. Many properties in Palo Alto
25 are held in common ownership. My understanding is that historically, that's just the way
26 properties have been held, and the same owner continues to hold properties for a long period of
27 time in the City.

28 Because it can be a rather cumbersome process to impose any kind of restrictions on these
29 parcels, we wanted to bring this ordinance before the Commission at this time just so that we
30 have this mechanism available whenever we need it. As I mentioned, it would only apply where
31 multiple parcels are held by the same owner. It also only applies for limited purposes of
32 emergency access, ingress and egress, parking, light and air, or open space purposes. Those are
33 the purposes that are defined by the government code section that allows this.

1 Also, the government code requires that the easement state the approval or condition that
2 required the easement, so this would be an approval or a condition imposed by some department
3 in the City as the project goes through review. The purposes we see in the City most frequently
4 are emergency access, ingress/egress, and parking. The government code allows those additional
5 purposes listed. And I've also included provisions for release of the covenant when it's no
6 longer necessary, also required under the government code.

7 Commissioner Holman had asked for an example. I came up with a very simple one. It would
8 be two adjacent parcels. An owner for example would request to build a small shopping center
9 on one with parking proposed for the other, assuming of course compliance with all the City's
10 other regulations. The second parcel to be used for parking – we get situations where the owner
11 simply doesn't want to merge parcels, things like that; we see it in a variety of situations -
12 Building would look at it for example and say – This looks fine; all of the requirements are met;
13 however, we would need an easement for emergency access to get to the second parcel, where
14 the shopping center would be located. So that's a simple example. All the owner would have to
15 do, once the Building Department in that example required the emergency access easement, is
16 draft the document and record it as a covenant and then the easement would be enforceable
17 against the subsequent owner if the owner decided to sell the parcel where the parking was
18 located. So the two parcels could continue to be maintained as the parking and the shopping
19 center under different owners if the first owner decided to sell one of them, but the easement
20 itself would remain.

21 It's actually a pretty simple ordinance. The main purpose is just to create a more efficient
22 process for the City. The City is assured that this easement will be enforceable against
23 subsequent owners. It makes the whole process essentially less cumbersome, and the applicant
24 can get the project done more quickly.

25 Commissioner Garber had also asked why this item is coming before the Planning and
26 Transportation Commission now. We do have one project that we will be able to use this for, but
27 quite simply, we want to have it available if it does come up. We don't have ways of predicting
28 how and when we'll need this ordinance. It would simply be based on a proposal by an owner of
29 a parcel of properties, so we don't know what the owners would propose. So it's difficult to say
30 or where or when it would come up, but if it does, we'd like to have it available just to move
31 projects along quickly.

32 Also, there's really no risk that we're trying to avoid by enacting this ordinance. It is simply just
33 a matter of efficiency and processing projects. Questions?

34 Chair Burt: Lee, and then Karen.

35 Commissioner Lippert: I can think of another instance where it might be applicable, but I need to
36 understand if it's appropriate. One would be where you have multi-family housing, each
37 developed the single units by a single developer. And in parceling up the subdivision for
38 individual sale, what might happen is that normally you have one side of the house butt up
39 against the proposed property line, and as a net result of that, there can't be any openings in that

1 building. But if you put what we call a “use easement,” there – in other words, shift the property
2 line over, create a use easement for the adjacent property - you could then have openings and it
3 could be developed as though it’s owned by the prime property owner but used by the adjacent
4 property owner as their yard. So that would be how the daylight and air issue might be dealt
5 with.

6 Ms. Tronquet: Certainly; that’s assuming that one person owned it to start. At the time the
7 easement is recorded, it has to be in common ownership, but certainly if the lots were sold off to
8 separate owners after the easement was recorded, that would be exactly a situation where we
9 could use that.

10 Commissioner Lippert: Great; thank you.

11 Chair Burt: And I should have made note of something - I believe commissioners received an e-
12 mail clarifying that the section under environment review was just an inadvertent inclusion, and
13 that’s to be ignored.

14 Ms. Tronquet: Thank you.

15 Vice-Chair Holman Thank you very much for the example and the clarification. It’s a nice
16 report; thank you for that. I did have one other question that I previously raised – the Section
17 1990.110, the last sentence on page 4 of the ordinance says, “The City shall have the right but
18 not the obligation to enforce the covenant.” If staff could give examples of and basis for
19 enforcing or not enforcing. In particular, I’m concerned about life/safety issues of course, which
20 I presume. But how would this staff, but then future staff interpret this to such an extent that they
21 either would or wouldn’t - and then just enjoyment of property rights.

22 Ms. Tronquet: Essentially this provision is included because of what I mentioned regarding
23 different types of projects. We have no way to predict what types of projects will put this
24 ordinance to use, so it’s difficult to outline at the time we write the ordinance when and where
25 we would potentially want to enforce it, to say exactly when we would enforce it. The City
26 always wants to protect health, safety, and welfare. So if we did come across a situation where
27 the easement wasn’t being used as originally contemplated or something similar, if it did threaten
28 public health and safety, that’s certainly a time when - I think today we would enforce it and in
29 the future – for example, if the fire department identified some misuse of an easement as a threat
30 to access or exits or something like that, that’s the time when we would always enforce it, but we
31 don’t want to be put in a situation where other people are telling us what to enforce and when.
32 It’s difficult to predict what those situations will be at the outset.

33 Vice-Chair Holman I understand certainly you couldn’t do a bulleted listing of when you would
34 or when you wouldn’t, and that’s not what I’m looking for as you know.

35 The other thought was if there was an impediment to enjoying one’s own right to a property – the
36 example that Commissioner Lippert gave – there could be owners in the front that precluded

1 owners in the back from having access - might or might not be health and safety issues but might
2 be nuisance that keeps them from enjoying their own property right. Is that something the City
3 would pursue, and on what basis?

4 Ms. Tronquet: That's probably something that would be what we usually call a neighbor issue.
5 That easement would remain enforceable for subsequent owners, so if a new owner was having a
6 problem with it, it is something that is enforceable and they could potentially do that themselves.
7 But in a situation where the City decided that it needed to require an easement for emergency
8 access, that's something that has an impact on our ability to provide fire and life/safety services.
9 So that's a time when the City would want to enforce it. I don't know that we would always
10 want to get involved in neighbor-to-neighbor issues of property use.

11 MOTION:

12 Commissioner Lippert: I'd like to move ahead and recommend that the City Council vote for
13 approval of Chapter 1890 of the Municipal Code.

14 SECOND:

15 Commissioner Holman.

16 Chair Burt: Motion by Commissioner Lippert, second by Commissioner Holman. Commissioner
17 Lippert, do you wish to speak to your motion?

18 Commissioner Lippert: I'd like to just briefly say that one of the great things about this proposed
19 ordinance is that right now, there is a conflict between certain building code issues and certain
20 planning development regulations. What this does is it allows for people to negotiate, or work
21 between Planning and Building in terms of solving several issues regarding emergency exiting
22 and egress from sites, as well as a number of issues that you have when you have zero lot line
23 conditions.

24 Chair Burt: Vice-chair Holman, you wish to speak? No? Any other comments?

25 MOTION PASSED (Unanimous, 7-0)

26 Chair Burt: This concludes our special meeting.

27 **7:00 PM Regular Meeting**

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29

30 Chair Burt: Good evening. At this time, we'd like to convene the Planning and Transportation
31 Commission for Wednesday, April 26. Would the secretary call the roll. Thank you. So,
32 Commissioner Garber is here and will be joining us momentarily.

1
2 **NEW BUSINESS**

3 **Study/Prescreening Session:**

4
5 **3401, 3415, and 3445 Alma Street (Alma Plaza) [06PLN-00020]**: City Council direction to
6 the Planning and Transportation Commission for an initial review of a request by McNellis
7 Partners and Greenbriar Homes Communities, Inc. for a change to an existing Planned
8 Community (PC-1362) pursuant to PAMC Section 18.97.040 to allow for: (1) the demolition of
9 the existing approximately 45,000 square feet of retail building (the vacant Albertsons store and
10 two adjacent retail shop buildings), (2) the construction of approximately 19,200 square feet of
11 new retail building area (including underground storage area), (3) the construction of fourteen
12 Below Market Rate rental units located on top of the retail building, (4) the construction of
13 forty-five detached single family residences, and (5) construction of related site improvements,
14 which include underground parking and the reconfiguration of the parking lot area.
15 Environmental Assessment: An Initial Study will be prepared. Zone District: Planned
16 Community.

17
18 Chair Burt: This item is what we call a prescreening process for parcels at 3401-3415 and 3445
19 Alma Street, better known as Alma Plaza. The City Council has directed the Planning and
20 Transportation Commission to conduct an initial review of a request by McNellis Partners and
21 Greenbriar Homes Communities for preliminary review of the demolition of approximately
22 45,000 square feet of retail, including the present Albertsons store and two adjacent buildings,
23 and construction of a three-story mixed use building along Alma Street comprised of
24 approximately 19,200 square feet of commercial, and 14 residential apartments above, in
25 addition 45 detached single-family residences, and three landscaped parking facilities would be
26 on the remainder of the site.

27 Excuse me; I've been reminded. We have an opportunity for anyone who wishes to speak on an
28 item that's not on the agenda. I did not have any speaker cards, but if anyone did wish to speak
29 to an item not on the agenda, if they could give Zariah a card. So I see none, and we'll continue
30 with Item number one.

31 Would staff like to make a presentation?

32 Mr. Steve Emslie: Briefly, before the staff presentation, I would like to introduce Beth Bourne
33 who is our senior planner who will be making your presentation this evening. And before Beth
34 does that, I just wanted to say a few words about expectations tonight. As Chair Burt has
35 indicated, this is a preliminary application, or what we commonly refer to as a prescreening.
36 Prescreenings are allowed by the code only when a complete application has not been made, so
37 this is intended to be a very preliminary opportunity for the Planning Commission and the City
38 Council to provide feedback to the developer before plans are finalized and an application is
39 submitted and determined to be complete by City staff. That has not happened yet; we're at a
40 very preliminary stage in the process. Staff finds that prescreening is an excellent opportunity to
41 provide conceptual overview to the applicant, especially when a project has far-reaching land use
42 implications such as this one. Because this property is zoned Planned Community it doesn't
43 have an underlying zone, and any change to the existing property requires an amendment to that

1 zone, so it intrinsically does involve a land use change at any scenario that would involve change
2 to the center. So this is an excellent opportunity to provide that high-level conceptual direction
3 that will inform the applicant as to their procedure in finalizing their application and bringing it
4 back through the hearing process, which would also involve the Planning Commission, the ARB,
5 and the City Council at subsequent noticed public hearings.

6 I'm going to turn it over to Beth Bourne who will give you the project details, and then our
7 assistant City attorney, Melissa Tronquet, will provide some wrap-up comments.

8 Ms. Beth Bourne: Good evening Chair Burt and members of the Commission. At the January 30
9 City Council meeting the City Council directed the Planning and Transportation Commission to
10 initially review and provide comments to staff and the applicant on the proposal prior to the
11 Council study session scheduled for May 1. This conceptual proposal is for the development of
12 the 4.2-acre site with approximately 19,200 square feet of commercial retail and 58 housing
13 units, of which 45 would be for market rate single-family housing, and 14 would be for below
14 market rate rental units.

15 The retail building would be placed toward Alma Street with the rental housing located in the
16 second and third stories above and a parking garage below. The small lot single-family detached
17 housing would be located in the rear half of the property. Vehicular access would be from Alma
18 Street. The applicant is proposing that the below market rate rental units would be operated by a
19 nonprofit housing organization.

20 The site's existing zone district is currently designated as Planned Community. The
21 Comprehensive Plan land use designation is Neighborhood Commercial. The review process, to
22 implement a mix of land uses at the site, would involve rezoning the parcels and existing
23 tentative map to subdivide the parcels to create the condominium units for the housing portions.

24 No environmental review is required for this preliminary review application, as it is not
25 considered a project under the California Environmental Quality Act. When a project
26 application is filed, staff will develop the initial study in compliance with the CEQA guidelines.
27 Potential environmental impacts to be analyzed for the public facilities and services are for items
28 such as utilities, parks and open spaces, libraries, as well as transportation and school uses.

29 Staff requests that the Commission comment on the proposed development in its initial review
30 and provide direction and identify the key issues for the City Council. This request is made in
31 conformance with the development project preliminary review as indicated in the Palo Alto
32 Municipal Code, Section 18.97040A. Staff has summarized the key issues to provide a
33 framework for comments as indicated in the staff report. These include the mix of land uses on
34 the site, the size of the commercial retail area, and the neighborhood center viability, housing
35 density, type, and below market rate housing, the site's physical constraints, and the zoning
36 process.

1 Staff has received several letters and e-mail correspondence from the public since the staff report
2 was prepared, and we have provided you with copies as well as copies on the back table.

3 The applicant is here to make a presentation. Thank you.

4 Chair Burt: Thank you. We have the opportunity this evening, if commissioners wish to ask any
5 preliminary questions before the applicant makes their presentation. But alternatively, we can
6 ask questions after the applicant's presentation of either the applicant or staff, ask some
7 overriding questions prior to hearing from the public, then hear from the public and then go into
8 our more extensive questions and discussion.

9 Ms. Bourne: I just wanted to comment briefly and expand a little bit about the scope of your
10 discussion tonight for the benefit of the Commission and members of the public who are here.
11 Chapter 18.97 of the Municipal Code outlines the purposes for this review, and they are very
12 broad purposes, including issues of greatest significance to the community, planning concerns,
13 neighborhood compatibility, Comprehensive Plan consistency, economic, social costs and
14 benefits, fiscal costs and benefits, technological factors and legal issues. The goal is to
15 encourage sound decisions about how to proceed, and early communication. So you can tell
16 those are very broad issues and you'll have the opportunity to get into details at future hearings.

17 Chair Burt: It occurs to me, maybe Steve, if you could comment a little bit more to the
18 Commission. What we have before us an applicant's tentative proposal, and then we have broad
19 conceptual guidelines of the scope of what the Commission is responsible for commenting on.
20 Can you just give us a little more guidance on the degree to which we should be focusing on
21 response to the specific proposal that the applicant has made versus what the Commission would
22 view as the desirable outcome for this site.

23 Mr. Emslie: We would think the most valuable use of your energy and attention at this point is to
24 focus on the outcomes because the proposal is not a proposal. It is still conceptual, it is not a
25 formal proposal that's been made to the City - it cannot be in order still do a prescreening - you
26 should really focus on your broader parameters and outcomes. To the extent you need to
27 reference the project proposal to illustrate a point or to help clarify for staff and the applicant the
28 Commission's intent, we would encourage you to do so, but we would encourage you to focus on
29 the broader parameters and outcomes that could be used by staff and the applicant in preparing
30 the application for a more detailed review.

31 Chair Burt: Thank you. Does the Commission have any other questions that will help us
32 understand the applicant's presentation? Dan.

33 Commissioner Daniel Garber: Just a question of order. As the Commission's liaison to the Palo
34 Alto Housing Authority, I have received letters from the president of the Housing Authority that
35 have been distributed to the commissioners. Should they be read into the record or simply
36 acknowledged?

1 Chair Burt: As I understand it, they're part of all of the record that we have already received, so
2 they don't need any special entry. Lee.

3 Commissioner Lee J. Lippert: I just want to state for the record that I received a binder from the
4 applicant at my residence and that it was in a sealed box. I gave that to staff; actually, I gave it to
5 Zariah who had it recorded and made a part of the public record.

6 Chair Burt: I believe that all Commissioners received a binder from the applicant, is that correct,
7 as well as having received numerous written comments from members of the public.

8 Commissioner Lippert: I'd also like to mention that I received a binder from the staff themselves,
9 which was at least five inches thick.

10 Chair Burt: So there is a great body of record going into this. The binder, for the benefit of the
11 public, that we received from staff was a history of economic studies going back 15 years and
12 it's about three inches thick in case anybody doesn't have enough to read.

13 At this time we would like to afford the applicant 15 minutes to make a presentation. Go ahead
14 Mr. Baer, or whoever would like to begin. And then if both the applicant and subsequent
15 speakers can introduce themselves before proceeding with their comments, that would be helpful
16 for the minutes.

17 Mr. John McNellis: Hi everybody; I'm John McNellis. Some of you have been with me since
18 1997 on this. First, since this is a study session, I have a question. We weren't aware that we
19 were limited to just 15 minutes. A question for staff on that - I think our presentation will
20 actually run a little bit longer than that.

21 Mr. Emslie: The 15 minutes applies. It's kind of a hybrid between a study session and a public
22 hearing because it is noticed and we do follow the rules for a public hearing as prescribed in the
23 code. But it's up to the Commission's discretion if you want to modify the time limits for the
24 applicant.

25 Chair Burt: Why don't we see how it goes, and then if it's the consensus of the Commission to
26 allow additional time, we'll do so.

27 Mr. McNellis: I'm going to make my remarks very, very brief then. I'm John McNellis with
28 McNellis Partners. I've been working on this deal off and on since 1994, pretty much on since
29 1997. I'd like to very quickly run through the last four proposals that we've made to the City on
30 this site.

31 [following is slide presentation]

32 There's the aerial; I think everybody knows where it is.

1 Here we are in 1997. We submitted a 50,000-foot plan which we were basically laughed out of
2 town on, so it's never even gone to the Planning Commission.

3 1998 – we were before you with a 45,000-foot plan. We were turned down 6-1 on that.

4 Next slides: That one didn't work out too well, either; X - that one didn't work out too well. The
5 first X was a 37,000-foot, I think it was still a Lucky's. It could have been an Albertsons at that
6 point, which then morphed into the 29,000-foot plan that we did get approval on from you, in
7 which we were caught up in that moratorium and of course subsequent to that, Albertsons went
8 the way of all flesh.

9 I would like to introduce now – because I would very much like to make this not a jump-all
10 between the developer and the community – what I'd like to do is introduce Nina Gruen, the
11 woman who wrote the report in 1992, Gruen & Gruen & Associates as you know, is Northern
12 California's leading land use consultants and economists. Nina wrote a report in 1992 that very
13 presciently predicted what would happen to our project. I'd like to introduce her now to talk
14 about it. Nina has to leave, so if we could break into questions for her as soon as she finishes –
15 she has a long drive home. After that, Jim Baer will take you through the process. Thanks so
16 much.

17 Ms. Nina Gruen: Thank you; I'm Nina Gruen of Gruen & Gruen + Associates. Thank you, Chair
18 Burt and Commissioners for allowing me to make a brief presentation. Again, as John said, I'd
19 be happy to answer questions after the presentation. My remarks this evening will center on the
20 issue of economic and particularly retail viability.

21 One reason John asked me to come tonight is that I reviewed the Gruen & Gruen Associates
22 February 2006 evaluation report, but more importantly is the fact that my husband and I were
23 directly responsible for the 1992 study, and the study was entitled, "A Planning Policy Audit of
24 Retail Areas in the City of Palo Alto" which correctly forecasts the decline of neighborhood
25 centers and in particular Alma Plaza. In this 1992 study we concluded, "The Center size, layout,
26 and location make it a very poor candidate for major rehabilitation effort." This 1993 forecast
27 was not very hard to make for the following four reasons:

28 First – the City regulation that groceries could not exceed 20,000 square feet in size at a time
29 when few anchor chains would consider less than a 40,000 square-foot operation to be feasible
30 resulted in a non-viable grocery anchors. Had the City permitted a 40,000+ grocery, even in the
31 mid-90s, particularly if it was a high-end grocery such as Whole Foods, it would have worked.
32 Today, I think this option from a market perspective is no longer available.

33 Second – The City policy also assured that adjacent communities like Mountain View and Los
34 Altos could capture increasing food dollars from Palo Alto residents at a time that all grocery
35 chains had to face the trends of households spending more of their food dollars, not in groceries
36 but in restaurants and take-outs. Today it's maybe surprising to some of you, but 48% of all food
37 dollars are spent in restaurants and take-outs, and not in groceries, so all the groceries have had

1 to face much larger competition. Also, people are making far fewer trips. As the grocery stores
2 have become larger, instead of coming twice a week - they came 95 times a year in the 80s and
3 the beginning of the 90s – now it's below 70 times a year and it's decreasing every year in terms
4 of visits.

5 Third – The City contained far too much non-viable neighborhood serving retail, creating a
6 highly competitive environment that was damaging to all of the centers of this sort.

7 Fourth – Last but not least, Alma Plaza has had less than an ideal site for a retail shopping center.
8 It's a mid-block location, only one way in, extremely limited visibility. We saw that again
9 tonight when we drove by it and had to come back and find it again. It is very difficult to find
10 the center, so for a large retail center, it's not a good location.

11 In our 1992 study we recommended at that time a smaller amount of retail along the Alma
12 frontage and residential uses on the back portion of the site, which we understand is the current
13 McNellis/Greenbriar plan. We specifically recommended tearing down the existing center and
14 creating a new space, also new shared residential/retail parking by providing either structured or
15 underground parking on the site. Such a plan should be a boon to the neighborhood, offering
16 nearby neighbors an opportunity to walk or bike to the small convenience retail or neighborhood
17 grocery that is anticipated to be one of the tenants along Alma. Neighbors will also be able to
18 conveniently pick up convenience items – the type of shopping trip that doesn't require a
19 lengthier trip and a major shopping center.

20 The Alma Plaza site can't now, nor will it ever in the future be able to sustain, in my opinion, a
21 larger 41-42,000 square-foot shopping center or even anchor. This is because the cost and
22 maintenance of a new 41,000 square-foot retail development will be unable to generate the
23 amount of revenues to amortize the costs, including a reasonable profit for the developer. That is
24 why the existing Alma Plaza experienced significant increases in vacancies from the early 1990s
25 onward. We firmly believe Alma Plaza to be already blighted, and I believe your community has
26 had studies from other consultants – Kaiser-Marsten, the Sedway Group – that came out with the
27 same conclusions.

28 It is my opinion a mixed use retail/residential use is the best means to turn a blighted center into
29 a possible positive externality for the neighborhood and an improved tax base for the City of
30 Palo Alto. I would be happy to answer anyone's questions.

31 Chair Burt: Great. We'll go ahead and proceed with that, and the question period will be
32 excluded from the presentation. Dan.

33 Commissioner Garber: Are you familiar with the Thompson report that was presented to the City
34 in 2000?

35 Ms. Gruen: No, I'm not.

1 Commissioner Garber: It had done a gravity forecasting model of the City to understand where
2 the sales were relative to the existing shopping centers in the City. Is there a way to introduce a
3 shopping center into Alma Plaza that would be relatively impact neutral to the potential retail
4 sales to the other shopping centers in Palo Alto?

5 Ms. Gruen: I haven't done such a study, but I can tell you, when we did do a study the shopping
6 centers were very competitive with each other, and I understand quite a few of the smaller
7 anchors have gone out since the time of our study. I also would like to reiterate, you'd have to
8 drive by the site; it's not a very good shopping center site, and I think many retailers, if you get
9 in touch with them personally, will tell you that, the larger ones. It's much more for
10 neighborhood convenience goods to the extent that you can put retail there.

11 Commissioner Garber: Chair Burt, may I continue for a moment? Can you guess a
12 neighborhood shopping center that would be on the order of 8- or 10- or 12,000 square feet that
13 can serve the immediate community that would be viable and considered viable from a retail
14 standpoint?

15 Ms. Gruen: I believe John McNellis is talking to a few, are you not? Smaller anchors, I haven't
16 been involved. At the time that we did the study in '92 we felt you still had an option of going to
17 a 40,000 or 40,000+ grocery. I don't think you have that option anymore. But yes, I would
18 consider an upscale 7-11 - and I don't mean 7-11, so everybody don't panic - but the type of
19 retail purveyor that can offer convenience goods, so if you run out of milk or you run out of
20 staples, that you can get to the center by bike, by foot, even by car if necessary - but primarily
21 serving the neighborhood.

22 Commissioner Garber: There are retailers out there that would look to find space of that size, and
23 they would be able to run a competitive business at that size?

24 Ms. Gruen: I understand there is, but you can talk to Mr. McNellis later in the question period,
25 because he's the one talking to the retailers, and I'm not.

26 Commissioner Garber: Thank you.

27 Chair Burt: Thank you very much. Paula

28 Chair Paula Sandas: Actually, this question is for staff, specifically Steve. Is there in fact a City
29 regulation that allows no more than 20,000 square feet for grocery stores?

30 Mr. Emslie: What we have is in our commercial neighborhood zone district CN, which is the
31 zone for the neighborhood centers, there is a provision in that zone that stipulates that stores over
32 20,000 square feet are required to receive a Conditional Use Permit, so they're not permitted by
33 right, but there is a process as you know, set up that would enable an applicant to request through
34 a public hearing process to exceed the 20,000 square feet, and that's the extent of the limitation.

1 Chair Burt: Thank you very much.

2 Mr. Jim Baer: Commissioners, I want to express brief frustration because it was a study session
3 and the only item on the agenda, we didn't realize and had understood there wouldn't be a time
4 limit. I hope of these five questions that are placed - One is predominant in the volume of
5 information we'd like to present. Two also has good quality information. The last three are ten-
6 second responses to what we think are clear outcomes. But in the...

7 Chair Burt: Mr. Baer, if you'd like to hold a sec. Commissioners, for purposes of the study
8 session, would we like to enable the applicant to extend their time period beyond the customary
9 15 minutes? Okay; why don't you go ahead and try and make your presentation, but also try
10 and...

11 Mr. Baer: Thank you very much. Here are the five questions that we seek your direction on,
12 which we think are both specific to the project and also largely focused on outcome as Planning
13 Director Emslie pointed out.

14 So of the first question, what should be the size, location and mix of retail and personal services
15 – and this is what's offered by the applicant – the size 19,200 square feet of retail, not 8- or
16 10,000. consisting of some portion of which is basement storage and offices - because of the
17 tight constraints on the site, those will have high utilization for the retailers. The location
18 consistent with new urbanism and comprehensive plan and what have been implemented on El
19 Camino, as design guidelines, retail buildings should be brought to the edge of Alma Street, this
20 shows up in many deliberations by the Planning Commission over its many years of review of
21 this project and in Comprehensive Plan directives use, 7,000-11,000 square feet grocery store far
22 more than a 7-11, true grocer, JJ&F is on the application submitted for that project is identified
23 as about 6,800 feet, but somewhere in that 7,000-11,000 foot range, we have clear expressed
24 interest from neighborhood serving niche grocers who would be interested in occupying. That
25 would leave the remainder of the space, five or six neighborhood serving retail and personal
26 services.

27 One of the three dynamics, with respect to the non-design elements of the retail is that, one, the
28 neighbors appropriately have a concern of any vehicular ingress or egress from either Emerson
29 or Ramona. Emerson in particular has expressed consistent concern even about pedestrian
30 access because the cul-de-sac suffers current parking impacts that are severe. Given that
31 constraint, Alma provides the only means for quality access. If retail, to be successful, is
32 extended along the greatest extent possible along Alma and preserves the ingress from Ramona,
33 then the maximum BADEP to ensure long-term viability for the retail, typically that would be 65
34 feet in a strip center, and here we're stretching that to 78 feet in depth, which we are constrained
35 both by ingress/egress, and then by the length along Alma and the depth that can create
36 successful retail.

37 So the plan that's proposed - and on the left is the second floor level for below market rate rental
38 units – but the plan shows ground floor retail showing possible demising of that, and basement
39 area where there's office and storage. I need to comment on that because it'll be an obvious

1 question, is that really meaningful. Where there are buildings that suffer this kind of true site
2 and physical constraint, there will be – we have the Walgreens on University Avenue, much
3 smaller than a typical Walgreens – they do fully use the basement for storage, and it costs them
4 more in labor to bring stock up to the ground floor level, but this is a site that would lend itself to
5 that for the predominant grocer/retailer.

6 What this shows - we've now moved Alma to the top rather than to the left-hand side and as an
7 MCS version of a diagram, it's elongated incorrectly – if we were to allow access from Ramona
8 for residential only, so the trip generation is not in large number but of both perception and
9 quality of life impact to the neighbors who live on Ramona. We're not recommending this, but
10 if we were to stretch along the full extent of Alma there's a possibility to get an additional about
11 3,000 square feet. The applicant is not opposed to that. What we don't want to do is create a
12 highly polarized or more greatly polarized circumstance with negative impacts on neighbors at
13 Ramona for what's a pretty small increased amount of retail. Here's the retail building elevation
14 looking at it from the retail building elevation where the second floor of below market rate
15 housing.

16 The binder did more than present 15 years of economic data. What it also did was present
17 precise detailed information from the Comprehensive Plan, information from Planning
18 Commissioners' comments giving some mixed but clear direction to the applicant about what
19 would be best envisioned for this site and 65 comments from neighbors participating through the
20 public process and what were their wishes. My hope is that it is unavoidable in some part when
21 we're talking about retail, unlike other types of land use, that retail does not lend itself easily to
22 dissection of empirical information. We respond out of our perceptions, our field of dreams, and
23 in that what I hope is rather than having a debating society or parlor game, and given that there's
24 extensive economic studies contracted for the City, by the City, either for Comprehensive Plan
25 for legislation or for economic futures forecasting for budgetary reasons that provide a lot of
26 economic information about neighborhood centers and their problems. But we are in a
27 circumstance for this type of use and this site, which is long suffering – I don't mean long
28 suffering just by the applicant, long suffering for the neighbors who've had this kind of blight
29 near them – that we need to be clear and in command of both the applicant and those neighbors
30 who speak, that they speak accurately, and this is quasi judicial, that it is evidentiary, and that it
31 not just be assertions. So the notion of the neighborhood center, which we've seen many of the
32 e-mails and letters, defines neighborhood center – by definition means, well this must be
33 neighborhood-serving retail to the exclusion of housing. These are the three definitions that exist
34 in the Comprehensive Plan with respect to neighborhood center. They are more elaborate than
35 this, but they are to serve the immediate neighborhood - that has to do with scale; they are small
36 retail centers for the immediate surrounding area. Policy L-37, maintain the scale and local
37 serving focus in Palo Alto's four neighborhood centers. There are no later definitions in the
38 Comprehensive Plan.

39 If we look at neighborhood serving and we look at the difference between that and regional
40 serving retail, much debated and with the conclusions of both the Planning Commission and of
41 neighbors, this is neighborhood serving, it is not to be regional serving. Look at the radius
42 problems that exist, and anticipating the question asked by Commissioner Garber, we are .84
43 miles from Piazzas, we are .90 miles from Safeway. Of course a grocer, even a niche grocer,

1 will have some impact on those two groceries. Is there room for three grocers of this size, those
2 that exist and an additional to survive? The answer is absolutely yes. But even Commissioner
3 Burt in one of his comments in the 2003 hearing, referring to his days working in one of the
4 centers, the example used, if there was a discount sale at Albertsons that impacted co-op, we're
5 not out of that culture, that we're in a tight radius.

6 I will comment, when we talk about the debating society and the quality of life issues here, I do
7 ask that you distill from members of the community who will speak, if you live a block from
8 Safeway on the northeast, we need to qualify and understand the quality of life impact for how
9 Alma Plaza has developed, so we have a pretty tight radius for the immediate quality of life
10 impacts are there; the other is community, but we should have a hierarchy of our assessment of
11 assertions with respect to quality of life.

12 Next shows the problem that has been identified more recently than the 1992 study of Gruen and
13 Gruen, but started in the Sedway study of 2000, and in subsequent reviews including Thompson.
14 We are 1.3 miles from Trader Joes and two major Albertsons and Safeways, we are 1.8 miles
15 from a 55,000 foot Whole Foods that's about to open, and which will clean the clocks of the
16 current mid-town operators and will have a significant impact and is what leads to the conclusion
17 that this is not available for a substantial major grocery. We are 2.1 miles from Costco.
18 Retailing has changed, and what's available to this site is niche grocer, not larger.

19 What we show is that in the worst characterization of Alma Plaza, the developer has had a
20 deliberate plan of action to reduce the quality and sales of the center in order to win support for a
21 larger grocery store than exists there now. If we go back to the early 1980s Alma Plaza was
22 identified as on this steep level of decline, and from 1989 to 1996 it suffered in real constant
23 dollars, a 66% decline in sales.

24 Since 1992 - the one piece of information that's not here is that grocery retail sales taxable
25 events in Mountain View have grown under Gruen and Gruen analysis to \$46 million from \$34
26 million, \$33.5 million to \$46.5 million in the last six or eight years. That is not without impact,
27 given the shrinking per household dollars for food market sales. This is not our imagination, this
28 is not a developer's made up story.

29 CBRE Sedway, who have for many years been an economic analyst for the City: "Given the
30 attributes of the Alma Plaza site we believe it will be difficult to program more than the planned
31 17-19,000 square feet of retail space. However, with a small niche grocery close to 10,000
32 square feet, it should be possible to attract a limited number of additional neighborhood-serving
33 retail tenants. Yet with only a small grocer, it is not likely to develop secondary shopping
34 beyond the 17-19,000 projected."

35 These are letters that are in the notebook that are rejections from grocers who state, "We do not
36 see this as a viable site for us," or "We see only a true contemporary supermarket sized store as
37 appropriate." There are niche grocers who have expressed an interest. One of those is Willow
38 Market, JJ&F have said, depending on the long range outcome in College Terrace, they would be
39 interested. Zanadas is a small operator in San Jose who is of the type of niche grocer that would

1 express interest. When we talk about the economics of neighborhood-serving grocers, there's an
2 April 2006 article in the Business Journal talking specifically about Zanadas in the downtown. It
3 hit 2 of the Zanadas chain closed for financial reasons. The one downtown, only because the
4 redevelopment agency was forgiving a \$1.7 million loan to the grocery were they able to reopen.
5 In conjunction with that was a downsizing from 22,000 feet to 13,000 feet of ground floor retail.
6 They could not financially support themselves in a second street location, fully surrounded by
7 commercial activity during the daytime and with residential neighbors nearby. This Business
8 Journal article is important because it talks about what we will see in the Comprehensive Plan,
9 which is neighborhood-serving retail, requires incentive and subsidization to exist.

10 Planning Commission's deliberations on neighborhood centers, Commissioner Bialson, Chair at
11 the time, what does it mean by neighborhood serving, planning staff officer wrote, "Surrounding
12 single-family residential uses as well as the multi-family that is right next door. It is a tight
13 radius for high effectiveness and for true quality of life impacts. Commissioner Burt, I think the
14 total square footage for the shopping center needs to be partly driven by what it is going to take
15 to have the property, in order to be able to justify a redevelopment, we want to look at what kind
16 of economic incentives we can provide, its impact on other neighborhood centers in the City..."
17 It goes on to a longer series of discussions. Commissioner Beecham – this goes back to 1999:
18 "My concern is still that this will have a significant impact on the other neighborhood size
19 stores." Commissioner Packard: "We had recommendations that might make them building
20 more of the retail operations were smaller. How small could we go and still be economically
21 viable? Could you move all the buildings around somehow to Alma?" Commissioner Schmidt:
22 "I'm concerned about the size of this project. I think it fills the back lot too much."
23 Commissioner Schmidt as you know is an architect. "We'd all like to see something good
24 happen there, but we don't want to see the other good markets in Palo Alto have their business
25 taken away." Commissioner Cassel: "So we need some stores there, but we don't necessarily
26 need a whole lot of them. We want small stores." And then Commissioner Burt: "Certainly it's
27 my preference to have those smaller local vital neighborhood shopping opportunities." This is
28 what we as an applicant, as the previous applicant listened to, in the multiple Planning
29 Commission hearings about its direction.

30 Public comments were consistent though polarized: "Make something happen" was a strong
31 theme from many. We need neighborhood centers retail, small scale grocer with other shops, but
32 not regional. We need retail variety, we need community access, and introduce housing,
33 specifically BMRs.

34 Chair Burt: Mr. Baer, what would you guess as far as how much longer you need?

35 Mr. Baer: This is probably a five-minute discussion on the housing, and then the last three items
36 are self-explanatory.

37 Chair Burt: Okay.

38 Mr. Baer: Character and density and location of market rate housing

1 Ms. Gruen: character is proposed 45 single-family detached homes, less than 15 units per acre
2 behind a retail building, fully parked. In addition – and I’m answering the BMR question which
3 is number 3 – 14 below market rate rental units. We have approached the Palo Alto Housing
4 Corporation to ask if they would operate, and the answer is yes, we’d like to own and operate,
5 and there are many mechanics to work out to make that successful.

6 Here is the mixed use concept for Alma Plaza, gray and brown showing the rooflines of the 45
7 homes. This is the entry, a single entry at Alma and no entry from Ramona. These are the
8 Ramona Street two-story Rumpelstilzchen look, just by it’s stretching, but I’m saying these are
9 two-story on Ramona Street and a mix of two- and three stories with specific protection of the
10 Emerson Street neighbors. We have met with the two end neighbors on the Emerson cul-de-sac
11 and have respected their concerns. Neither of them are going to be here tonight, Ary Carten and
12 Randy Gladdis, who have said - as long as you protect our privacy, we think what you’re doing
13 is positive. I know that’s not fair to put words in the mouths of those who aren’t here, but they
14 would be here if they had some high objection.

15 Neighborhood centers in housing – there are two slides on this. These aren’t made up, and those
16 who would take the point of view that says you are trespassing on our sense of the definition of
17 the Comprehensive Plan and the zoning for this site by anything we allow you in terms of
18 housing is somehow a manipulation of the Comprehensive Plan and zoning. Here are the
19 Comprehensive Plan designations: “Encourage a mix of land uses in all centers, including
20 housing. Encourage a medium density housing, 20-25 units per acre within or near
21 neighborhood centers.” The Comprehensive Plan was written after the 1992 and 1996 Gruen
22 and Gruen report where they said, these are failing centers. If you want to create revitalized
23 shopping centers, Program L-38 is what you need to do. Commissioner Burt, in each of the
24 hearings in which he participated, kept coming back to it appropriately, saying, “Have we looked
25 at the impacts of L-38? We need to look at housing as the incentive to create successful retail on
26 this site.” Program H-1: “Increase housing density immediately surrounding commercial areas.”
27 Program H-3: “Continue to support the redesignation of suitable vacant or underutilized lands for
28 housing or mixed use containing housing. Encourage mix use projects as a means of increasing
29 the housing supply while promoting diversity and neighborhood vitality.”

30 My point is to say, this is it; these are not selected. We didn’t eliminate those that say – over my
31 dead body do you put housing in neighborhood shopping centers. This is the story.

32 Planning Commission, I already commented on Commissioner Burt’s comment about L-38 is
33 what we should embrace. I’m leading to say that the new era of looking at the impacts of
34 housing on school and park and infrastructure weren’t forefront in neighbors’ views between
35 1999 and 2003 during the public hearings, but this is the history of what was said. And Bialson:
36 “I think the entire center wants more housing.” Schmidt: “I’m definitely supportive of the idea,
37 is whether we could fit some housing on the site.” Griffin: “I think that what it comes down to is
38 I want to protect housing units.” And Burt: “The way I read the Comp Plan is neighborhood
39 centers need to provide housing.”

1 This is from the Gruen & Gruen report, “The potential for the conversion of portions of obsolete
2 centers to residential use should be enhanced by increasing the certainty that densities between
3 50 and 25 units per acre.” This was from the 1992 and 1996 studies by Gruen & Gruen, and
4 that’s what got incorporated in the program L-38.

5 In a meeting today with Jerry Matranga, business manager for the school District, we asked him
6 very specifically – given that housing yield and the type of housing that’s proposed by the
7 applicant, and the answer is the Palo Alto Unified School District’s recent February 2006
8 demographic study by Lafcroff took into account 51, not 59, but 51 units were in their study,
9 projected for Alma Plaza, so it’s not as if this wasn’t taken into consideration, as well as all the
10 other housing projects in south Palo Alto that are pending for review.

11 And the last was Palo Alto Unified School District can house all senior students generated by the
12 proposed Alma Plaza residential units was not equivocal.

13 With that, I’m glad to answer questions.

14 Chair Burt: Thank you. Commissioners, would you like to ask some questions of the applicant
15 prior to hearing from the public? Phyllis.

16 Commissioner Phyllis Cassel: It begins, answer in two minutes or less. The question is, on
17 ingress/egress, you didn’t discuss that at all. I thought I read in this proposal that you’re talking
18 about an ingress/egress slight north of the current one?

19 Mr. Baer: This slide is a great illustration. What you see is we cannot move south because of the
20 proximity to the East Meadow and Alma intersection, and it is a slave signal to commute hour
21 trains, so it can only move north. Transportation and Planning have said moving it north in this
22 zone and range provides adequate queuing for the center of the residences and for Stanford Villa
23 apartments.

24 Commissioner Cassel: How many feet roughly – 10 feet, 20 feet?

25 Mr. Baer: Forty.

26 Commissioner Cassel: Thank you.

27 Chair Burt: Other commissioners? Annette.

28 Commissioner Annette Bialson: Do you have an idea of how much actual retail space there will
29 be? I know some of it is going to be dedicated to basement, but how much retail sales space are
30 you proposing?

31 Mr. Baer: It’s in the 17,000-17,500 foot range.

1 Commissioner Bialson: And that would be a 10,000 foot niche grocer and a couple of other uses?

2 Mr. Baer: The niche grocers are negotiable between 7,000 and 10,000, but they can offer full
3 services including deli and coffee service with less depth of inventory, but they can meet quality
4 of life neighborhood serving at as low as 7,000 from JJ&F. And if ten is more successful
5 without conflicting with the opportunity to add other retailers, we would also look at that. And it
6 depends on the variety of services that a grocer offers. Are they a coffee shop and a grocery and
7 a bakery and – you get where I would go with that.

8 Commissioner Bialson: The depth of the retail building is what at this point?

9 Mr. Baer: 78.

10 Commissioner Bialson: 78 - and how did you select that depth?

11 Mr. Baer: By my negotiating as forcefully with John McNellis as I could, and I really mean that.
12 You all know that my job is in representing owners. The negotiation with an applicant is as
13 challenging as the negotiation with community, and John has said, 65 feet is really what will
14 succeed and beyond that, I'm at risk for people won't pay any rent for a depth that's greater than
15 65 feet, and I said, you need to get into the range identified by Karen White and her editorial to
16 the Weekly this summer – if you are in the 18,000 foot range you should be able to meet your
17 neighborhood serving objectives. So it's really been to create a range in that 17-19,000 feet, and
18 that is where that number came from.

19 Commissioner Paula Sandas: Mr. Baer, do you anticipate that this neighborhood serving retail at
20 Alma Plaza will also serve the Hyatt Rickey's redevelopment area?

21 Mr. Baer: I would certainly think it's absolutely in a radius where that would be true, and the 59
22 homes in this side and the 185 at Rickey's and the projected redevelopment of Elks with 90
23 homes do add to the math that the quality retailers are looking at. It doesn't drive the niche
24 grocer to other than a niche grocer.

25 Commissioner Lee Lippert: Can you just answer, very simply, the FAR for the housing element,
26 what are you looking at there?

27 Mr. Baer: Thank you for that question. I just need to flip to the best page for that. We've broken
28 this into two FAR calculations. One is to treat the BMR differently, so the bull market rate, 14
29 units, or 9.3% FAR on the site. The market rate single-family homes are 55.3%.

30 Commissioner Lippert: So that's an average of what?

31 Mr. Baer: It's a total of 64.6%.

1 Commissioner Lippert: And with regard to the density, what are you looking at per acre?

2 Mr. Baer: The below market rate is 3.3 units per acre. The single-family housing is 10.7. Those
3 are also additive, so the total density is 14 units per acre for the site.

4 Commissioner Lippert: Thank you.

5 Chair Burt: I have one question. Regarding Policy L-37 that talks about maintaining the scale of
6 the neighborhood serving centers, how would you comment on what that means, what it would
7 take to maintain the scale of a neighborhood serving center?

8 Mr. Baer: the notion of preserving neighborhood scale, if in an extreme, and I think in correct
9 interpretation, it was to say, if you are 40,000 feet, to get to that size it includes some portion of a
10 second story office in the center. If you were 45,000 feet, to preserve that scale must mean that
11 that you are - contrary to that policy statement, if you go below 45,000 feet. I have not to think,
12 given the extensive history of public comment, Commission comment, economic analysis and
13 Comprehensive Plan analysis, is what it's really saying is, stay to scale that is not regional and
14 stay to scale that is neighborhood serving, and that's absolutely what a significant part of this
15 policy discussion will be about. But clearly the applicant has a sense that this is consistent with
16 the Comprehensive Plan, will be economically successful and create a vitality that is needed in
17 this center.

18 Chair Burt: Thank you. Karen.

19 Vice-Chair Karen Holman: I know our questions are to be at a higher level, but there are a
20 couple of clarifying questions I have for you. In the staff report it mentioned a 9-11,000 square-
21 foot grocery, and tonight you mentioned a 7,000.

22 Mr. Baer: Given that it's not at letter of intent stage, and that error may continue. I suppose we
23 should correct it to say it's between 7- and 11,000. And why we're using that is JJ&F is in the
24 7,000 foot range, and greater than 11,000 feet would impact the ability to provide
25 complementary additional small retail services which the community wants.

26 Vice-Chair Holman: Another clarifying question is in the binder and also the presentation this
27 evening, in defining the distance from Alma Plaza to the other neighborhood centers and other
28 shopping possibilities, they're drawn "as the crow flies," so it's not the experience of someone
29 traveling to those locations. Is that typical or are there other calculations that show what the real
30 travel time or travel distance is?

31 Mr. Baer: It's illustrative, and I think you point's well taken, that multiple left turns would create
32 greater convenience than the mileage would indicate. I also want to say, what we did is take the
33 ' map which has a scale on it, or a keyhole map or whatever – in my office we did that off scale.
34 Is this precise now? Did we take information to exaggerate and reduce the scale? No. But this
35 is not engineering precise.

1 Commissioner Lippert: I just want to make a comment that that graphic is actually misleading
2 because what you're looking at is the hypotenuse, and as you know it's the other two sides of the
3 triangle that are relevant.

4 Mr. Baer: Illustrative of the competitive radius, and I don't suggest that we're more precise than
5 providing illustration.

6 Commissioner Dan Gerber: The CB Richard Ellis letter analysis identifies or does a brief
7 analysis to identify that the amount of housing that is provided on the project could likely
8 produce a viable retail square footage of about 8,300 square feet. You're proposing a 219 plus.
9 Are you convinced that you'll be able to create the difference and make that viable for the
10 various leasers of that space?

11 Mr. Baer: The answer is yes. And part of that is to say, would this be in an unzoned site with a
12 remote community, a non-participatory community, would an applicant choose to put 19,000 feet
13 of retail, and the answer is no; the rent structure will certainly reflect that this doesn't have the
14 level of demand – the kind of retailers would be smart and successful in understanding this
15 information. And that's the whole discussion in the economic analysis that the City performed
16 and in its Comprehensive Plan, which is these neighborhood centers need subsidization. So the
17 housing is subsidizing this retail, which is not economically viable.

18 Commissioner Bialson: The illustration you have on the front of your binder information here
19 shows a complex with parking in front and some viability pedestrian and cables outside, etc. Is
20 that what you're looking at, or are you looking at something where you pull out all the way to
21 Alma and back the buildings onto Alma, somewhat like the Menlo Park?

22 Mr. Baer: Perfect question. This is from the parking lot experience, and the Architectural
23 Review Board will be forceful in saying we want the Alma Street presentation to have a sense of
24 vitality. Even though the experience will exist more greatly, you're not going to put table seating
25 out on Alma but the architectural sense of being inviting to pedestrians and a sense of openness
26 will need to happen on Alma, but the parking and the table seating is as if you were standing in
27 the parking lot.

28 Commissioner Bialson: Because the parking outline that you show in the plans does not mesh
29 with this. I just was wondering what credibility I should give this diagram, and you're
30 indicating, not much.

31 Mr. Baer: The style of architecture, yes; the scale and dimension, yes; that level of detail, no.

32 Commissioner Bialson: Thank you.

33 Chair Burt: Thank you very much. At this time we will be hearing from members of the public.
34 We have a total of 25 speaker cards and when we have this volume of speaker cards, we're by
35 necessity need to limit each speaker to three minutes, and we've received some very extensive

1 and excellent comments in writing from members of the public, and the Commission has both
2 received many an e-mail and at our places. So in addition to your oral comments tonight, the
3 written comments that we've received to date have been taken into consideration, and there will
4 also be an opportunity to provide written comments subsequent to this meeting over the next
5 week prior to Monday when the City Council will do their prescreening. It's important for
6 everyone to understand that the Council's action is just like the Commission's tonight. It is
7 accepted they have decision-making authority; we recommend to the Council. But theirs is only
8 a conceptual feedback on this. This is not anywhere near approval of a project. In fact, there is
9 no project application that exists. This is all about the concept of what would go forward, so I
10 just want to make sure everybody understood that.

11 Vice-Chair Holman: I'd like to ask what the chair thinks about – since this is a study
12 session/prescreening really, that we have typically a looser format as we did with the applicant.
13 So perhaps tonight we don't close the public hearing but then if we have follow-up questions
14 with members of the public, as we do have the back and forth with staff and applicant, that we
15 allow that back and forth with members of the public as well.

16 Chair Burt: That would be fine with me. We've had times in the past so that if commissioners
17 have follow-up questions of members of the public who spoke, and we may have a discussion on
18 a particular aspect that a member of the public gave some particularly valuable comments on,
19 that we be allowed to have a follow-up question to a member of the public.

20 Commissioner Garber: You're saying at the time of the question as opposed to at the end?

21 Chair Burt: Yes, that it could occur after we've heard from the members of the public, so it could
22 be at the time that they speak or as we go into our questions of staff if a commissioner needed to
23 address a question to a member of the public, that that would be permissible. Phyllis.

24 Commissioner Cassel: Pat, that's always permissible, even if you close the session, if we look
25 around and everyone has consensus on that. We have a lot of the public here, so we may want to
26 be a little careful and be sure we're being cautious as we do that. We want to ask them questions
27 of course.

28 Chair Burt: In either circumstance it'll be ultimately at the discretion of the Chair, and I'll try to
29 strike a balance. If members of the public just wish to concur with a previous speaker, by all
30 means you're not required to use up all three minutes. Just by estimate we'll probably have
31 about an hour and a half of comments from the members of the public with the number of cards
32 we have so far. They're still rolling in. We're up to 28, approaching 10:00 – 29. Okay; let's get
33 rolling.

34 Our first speaker – and I'll apologize in advance if I botch anybody's name. Franklin Flox, to be
35 followed by Marcus Wood. And if each speaker would introduce and spell for the record,
36 because verbatim minutes will be provided to the City Council for their Monday meeting, so
37 staff is going to be on a sprint to get these transcribed.

1 Mr. Franklin Flocks: I'm Franklin Flocks. I've lived at 3353 Stanford Villa at 3353 Alma Street
2 for more than 15 years, and I moved there in large part – one of the attractions was a decent-
3 sized grocery store, and I don't believe that the amount of retail that's proposed will really
4 support a grocery store. Right now we have about 19,000 feet left after the existing store left,
5 and one by one every shop has disappeared – BJ Bowls, the Pizza Parlor – I think there's only
6 two places left. There's the Chinese restaurant and a combination post office and shoe repair.
7 And as far as the – I would say if you don't get enough retail space to have a decent sized
8 grocery store, I'd scrap the retail, because it's not going to work.

9 As far as the housing, I'd like to see higher density housing. We have a big housing problem
10 here of 40,000 imbalance in housing, and I see no reason why you can't go and lease four stories,
11 which is allowed in Palo Alto, and maybe it's time to take another look at the height limits. At
12 101 Alma we have a 10-story building with no better access to Alma than what's here. So why
13 not – the more housing you have, the better the retail will be served. We have prices here like
14 Tokyo and midtown Manhattan, and I think it's time to really look at scrapping the height limits
15 and building more on top of retail.

16 Chair Burt: Marcus Wood, to be followed by Steve Liebes.

17 Mr. Marcus Wood: I live at 196 Colorado. I've lived there for 18 years and never shopped at the
18 Alma shopping center. That's probably about a mile away if you follow the hypotenuse. I also
19 have worked for 25 years in commercial real estate and frankly can't understand how in any way
20 the retail can be supported by this neighborhood, so the plan that's being offered seems quite
21 generous, and I guess I'd like to say I'm in favor of it. Thank you.

22 Chair Burt: Why don't you introduce yourself, followed by Sheri Furmer.

23 Ms. Dale Liebes: I am Dale Liebes, I'm the wife of Steve Liebes who is sitting there. We are
24 Palo Alto homeowners residing in South Gate. My husband was born in San Mateo. His parents
25 and grandparents all born in San Francisco. He has a long standing interest in this area. He had
26 an office in Palo Alto for 30 years and has worked with retail stores and shopping centers for the
27 past 50 years. Steve has asked that I speak on his behalf. He is not a friend of McNellis, having
28 met him on non-related matters perhaps twice in the past, maybe 15 minutes in total. He called
29 John McNellis yesterday. Steve initiated this call, not John. Steve was, and is concerned, with
30 many neighbor obstacles that have impeded the developers' orderly redevelopment of Alma
31 Plaza. Steve has exclusively represented a number of independent grocers over the years. These
32 include Andronicos, Linardis, and Piazza's fine foods. His specialty in this field is unparalleled.
33 He understands grocers' needs. A full scale market, chain or local, requires from 450 to 500,000
34 per week in volume to justify the investment in a new store of 35,000 or more square feet. Given
35 that the plaza is on what is equivalent to an expressway, without signalized ingress and egress, a
36 less than ideal layout, 180 degree primary and secondary trade area, the 180 degrees west of the
37 property being tertiary due to the tracks with restricted cross streets – in Steve's opinion the
38 required volume is not there. an independent grocer could prosper with a smaller store, with a
39 far different payroll structure – family working and higher profit margins and customized
40 specialty prepared food areas. He knows that many neighbors desire a full scale market. He

1 doesn't think this is in the cards due to the foregoing. A store of this size was subject to dispute
2 in Menlo Park – Safeway at Middle and El Camino Real. Neighbors were concerned due to the
3 increase of vehicular traffic, extended hours with store deliveries, etc. the projected volume,
4 however, justified many delays and compromises.

5 Alma Plaza is by shopping center definition a neighborhood center that should cater to
6 neighbors' needs and will not succeed if its aim is to draw from a greater area. Merchandizing
7 should cater to the neighborhood. Steve was once retained by the City of Mountain View to test
8 the possibility of attracting a full-scale supermarket. No way became apparent early on. A small
9 independent non-ethnic store was the only viable option. One store and only one was identified
10 as a branch to its existing operation. Alma Plaza can prosper as a neighborhood center with
11 service tenants, cafes, gift shops, only if the center is anchored by a neighborhood draw – a food
12 market. A large market is out of the question.

13 Chair Burt: Thank you. Sheri Furman, to be followed by Winter Dellenbach.

14 Ms. Sheri Furmer: I'm Sheri Furmer, 3094 Greer Road. I presume you've read my comments. I
15 want to say although I'm the chair of the Midtown Residents Association and have been
16 involved in this issue for many years, the MRA believes the residents should speak for
17 themselves on this issue, so I'm speaking tonight simply as a concerned midtown resident. I
18 have a lot to say, so I'm going to speak fast and cram it all into three minutes.

19 I want to talk about this whole idea that Alma can't succeed as a neighborhood center. We're
20 talking about studies that happened in 1992, and a lot has happened since then. Midtown ten
21 years ago was on the decline, and look at Midtown now - it's thriving; it's not exactly in a great
22 location, it's split by Middlefield and all of that. So the idea that Alma is totally inappropriate
23 for a neighborhood center because of location and all, I'm not sure is valid.

24 For some of you this is a *déjà vu* issue, and perhaps you just want this all settled. So do we.
25 But as with most land use issues this day, it's just not that simple as it was in 2000, 2003, and
26 now today, this is a real Goldilocks issue. We want retail that's not too large, not too small, but
27 just right. That's what we want and that's what we need; that's part of the issue.

28 But here's what really worries me – Mr. McNellis purchased the property knowing it was a
29 neighborhood center but believing the City would grant his proposal to change the configuration
30 of the property from all retail to primarily housing. His claim is that's solely what is
31 economically feasible. What some people in the City are afraid of I believe is that if we don't
32 approve this proposal the property won't get developed, might even be sold, and we'll be back
33 on the merry-go-round again. So I ask you not to fall prey to that logic, but evaluate this issue in
34 light of what the Comp Plan intended, what the residents want and need, and what's best for the
35 City's long-term issue.

36 And I think really what we need to focus on tonight is the Comp Plan's intention. Originally
37 housing was shoehorned in to try and get housing wherever we could, but things have changed,

1 and now housing is going in everywhere. I don't believe that the issues that were pertinent three
2 years ago and the intention of the Comp Plan are as relevant today, so I think we really have to
3 settle the land use issue, what the Comp Plan intended for a neighborhood serving center to be
4 before we get sidetracked by a lot of these other issues like ingress/egress and all of this. And I
5 would like to see the site develop more creatively. Right now it's being subdivided.

6 Chair Burt: Thank you. Winter Dellenbach, followed by Len Filppu.

7 Ms. Winter Dellenbach: Winter Dellenbach Lappar of Palo Alto. I'm here to talk about a very
8 specific thing. In the Alma Plaza project description that you've been given, I am quoted, in fact
9 featured, and I need to speak to this quote, which is many years old. This quote is completely
10 out of context. I was speaking to location, not accessibility. I never even thought about if access
11 to retail was problematic or not with Alma Plaza. It never has seemed to have been problematic.
12 I don't know why it would be now. Albertsons was pushing in the idea that pretty much Barron
13 Park neighborhood where I live and Alma Plaza were all kind of in the same neighborhood.
14 Well, there is some proximity kind of, but they're not in the exact same neighborhood, and this
15 was really being pushed because Albertsons desperately wanted *ad nauseum*, to get Barron Park
16 residents on board to support their mega development, which many of us did not want. So my
17 statement seemingly supports or addresses concerns about access, and that's just not true. So
18 please ignore this statement.

19 I support retail, certainly a market, a viable market, a market that's big enough to be viable - a
20 real market, not some place like a glorified 7-11, but an actual real market. In
21 Barron Park we have Driftwood Market, glad to have it, but it's not a real market, it's someplace
22 where you run into and you get a sandwich or a can of beer or whatever.

23 I don't shop at big corporate chain markets, so I have a statement in here that I wouldn't shop at
24 Albertsons. That's because I don't, not at Albertsons, not at Safeway. I like more independent
25 markets that pay attention to produce and organic foods and bulk foods.

26 My main concern was my words being misused, and I'd like to associate myself with Sheri
27 Furmer's remarks. I was actually going to bring up Goldilocks and the three bears, too, pointing
28 out that this is a fairy tale. Retail was fine; in fact, mega retail was fine a few years ago. And
29 now since there's more money to be made in housing than in commercial property, now it's all
30 about housing and now retail won't work. That is a fairy tale. So before there was too much;
31 now not enough. Neighbors, residents, the people that make up Palo Alto, we want it just right,
32 something viable that will serve people in the immediate area and in the neighborhoods outlying.
33 Thank you.

34 Chair Burt: Thank you. If I might request of the audience, we have a policy as does Council, to
35 request the audience to not applaud or cheer to speakers because it makes them feel intimidated
36 and otherwise. Just as a general practice, but we encourage everyone to speak. Len Pippu, to be
37 followed by Eric Steitzel.

1 Mr. Len Filppu Thank you. I'm Len Filppu of 3621 Ramona Circle. Thank you for this
2 opportunity to address the redevelopment of Alma Plaza. I'm not going to talk about land use
3 policies, zoning regulation, and traffic flows. There are many here more qualified to address
4 those issue. My message is simple, called from real life and personal. I've lived in the area
5 served by Alma Plaza for over 25 years. I now live on Ramona Circle with my wife and six-year
6 old son and three-year old daughter. From the very first days our son could walk, I've held his
7 hand as we ambled our way with gradually increasing skill to Alma Plaza. It was a pedestrian
8 destination for us, an excuse for a bit of fresh air and exercise and a convenient location to pick
9 up the necessary milk and diapers, bananas or bread always needed by a growing family.

10 I sadly watched this once vibrant shopping area deteriorate. I remember when the gas station
11 was busy, the Round Table flourished, and Lucky's bustled with shopper queues and multiple
12 checkout lanes. There's no doubt in my mind that Albertsons pursued a corporate strategy to
13 gain approval for a large mega store by purposely allowing the store to go down the drain, and
14 that egregious gambit has led to the existing blight that chains Palo Alto and angers and
15 frustrates neighbors.

16 The applicant knew when he purchased this property that it was designated as a neighborhood
17 center. Let me tell you a little bit about the neighborhood. It is dramatically changing. As the
18 Eichler homes in the Fair Meadow Circles area are sold by older retired persons, families with
19 young children are moving in. These families are coming for the excellent Palo Alto schools,
20 and because south Palo Alto has been relatively affordable, they're coming in large numbers. In
21 the last few years at least five new families with multiple grade school aged children have moved
22 into our tiny Ramona Circle. The same is true for the other circles in the surrounding
23 neighborhood. An old-timer told my wife that she's not seen so many children in the circles
24 since the baby boom of the 1950s and '60s. These families need and will frequent a convenient
25 neighborhood serving grocery market and retail center. They need the food and the diapers and
26 fresh produce, and the parents certainly need the coffee. Every morning, throngs of children
27 with their parents walk to Fair Meadow elementary and JLS middle schools. They will walk to a
28 revitalized Alma Plaza. And isn't that exactly the concept behind Palo Alto's commitment to
29 neighborhood centers? What is Palo Alto's commitment to its citizens in regard to Alma Plaza?
30 When I bought my home I factored into my decision its proximity to Alma Plaza. I never
31 imagined that the City would renege on its commitment to neighborhood centers.

32 I believe the City owes it to the residents of the Alma Plaza area to fight for the Comprehensive
33 Plan, to fight for a reasonable neighborhood serving, revitalization of Alma Plaza, and frankly, to
34 fight on behalf of its citizens who rely upon the word and integrity of their elected and appointed
35 officials. I've been to several neighborhood meetings about this issue. No one wants to quash
36 the applicant and the proposal. Most are open to a reasonable compromise. The problem is that
37 the first proposal was a super mega store, on one end of the pendulum swing, and now this
38 second proposal was overly dense housing on the other end of the pendulum swing. We're
39 simply looking for something in the middle.

40 In closing, my family is looking for a way to walk to a nearby retail center to pick up food and
41 necessities, to meet and chat with our neighbors, to get some air and exercise, and to demonstrate

1 to the increasing number of children in our neighborhood that not every destination in Palo Alto
2 requires an isolated ride, strapped in a car seat, looking through a window at life rushing by.
3 Thank you.

4 [Steitzel had to leave; no speech from him]

5 Chair Burt: Jeff, you're next, to be followed by Jill Ta.

6 Mr. Jeff Greenfield: I'm Jeff Greenfield, 3476 Waverley Street near East Meadow, about 1/3 a
7 mile from Alma Plaza. My wife and I have two squirming daughters, one at Fair Meadow and
8 one a preschool family. Simply put, I look forward to again, patronizing a local retail shopping
9 center that my family and I can walk and bike to. I'm here this evening to deliver a petition from
10 the neighbors of Alma Plaza. This petition is entitled, "Keep Alma Plaza as primarily retail."
11 Each of you should have a copy of this. This is a true grass roots effort that grew out of a recent
12 neighborhood meeting that my wife, Marilyn Keller and I posted to discuss the proposed
13 redevelopment of Alma Plaza. We just started circulating this petition last Thursday, and we
14 currently have 235 signatures from neighbors of Alma Plaza, not counting these, and an
15 additional 58 signatures from residents of other Palo Alto neighborhoods.

16 Our petition was initiated by the neighborhood which encompasses Alma Plaza, supported by the
17 neighbors of Alma Plaza and by residents throughout Palo Alto, and here are the highlights of
18 this message from nearly 300 Palo Altos: "Any redevelopment of Alma Plaza should be
19 primarily retail, consistent with current zoning."

20 South Palo Alto neighborhoods need this retail. Many residents rely on walking to meet their
21 retail needs, and neighborhood retail promotes walking and biking and reduces traffic. The City
22 needs the tax revenue. A thriving retail center for Barron Park and south Palo Alto residents will
23 keep more of our tax dollars in Palo Alto.

24 Once housing, forever housing. We're concerned about permanently losing neighborhood
25 serving retail services. We're concerned about the impact of 59 additional housing units on our
26 City services and infrastructure. We're concerned about the 52 additional students these units
27 will add to our crowded schools based on the school board's enrollment forecast formula. The
28 primary desire of everyone I've spoken with is a quality, affordable grocery store, a place where
29 we can get fresh produce, dairy, and bakery goods. Beyond this Alma Plaza needs to be rounded
30 out with a good variety of other retail services so our neighborhood center may prosper. We
31 need and value local quality retail and are enthusiastic about patronizing new retail in our
32 neighborhood. We maintain that the focus for any redevelopment of Alma Plaza must follow the
33 City's Comprehensive Plan to provide neighborhood serving retail that also benefits the tax base
34 of the entire community. Thank you for your consideration.

35 Chair Burt: Thank you. Jill Ta, to be followed by Meta Wagstaff.

36 Chair Burt: Meta Wagstaff, to be followed by George Falkenthal

1 Ms. Meta Wagstaff: Good evening. The first comment I can make right now is I suggest that
2 you get some higher seats for those of us that have difficulty getting out of the lower seats. I
3 know it costs a great deal of money to replace these seats and I'm not an advocate of that, but
4 maybe in the back row you could have some higher seats.

5 Members of the Planning and Transportation Commission, I can't believe I again stand here
6 before you ladies and gentlemen discussing the development of Alma Plaza. I have lived at my
7 home on 3556 Ramona Street six houses from Alma Plaza for 55 years, 17 of those years the
8 plaza has been in limbo. For many of those 17 years I believe our Alma community has been
9 held hostage by a few vocal individuals with their own agenda. Mr. McNellis Partners and
10 Greenbriar homes, because of legal and physical limitations of the site, have proposed a plan for
11 your consideration. I always wanted a market near my home. I feel it is imperative that some
12 market and retail stores be built, and I am willing to compromise to see that accomplished. I feel
13 you have an obligation, however much delayed, to work with McNellis and Greenbriar to see
14 that Alma Plaza has a new life. Thank you.

15 Chair Burt: Thank you. George Falkenthal, to be followed by Dennis Mitrzyk.

16 Mr. George Falkenthal: Meta and I share a number of things, especially since we've both live
17 there for 55 years. I live at 3338 Ramona Street. People are part of a traffic study. I haven't
18 heard much about that, but I'd like to say something, and that is I've heard a lot of talk. I was in
19 on all the meetings for the various plans for Albertsons and Luckys and all that, and there was
20 always the talk of the traffic signal at the entrance to the property. And I thought that was
21 elementary. The city of Palo Alto doesn't seem to have trouble putting traffic signals in various
22 places. Namely, the one that comes to my mind is the one that services the Palo Alto clinic, and
23 here they put one right out there that stops six or eight lanes of traffic out there to allow people to
24 get in and out, so I don't see any problem with the traffic commission authorizing a signal at the
25 entrance to the property.

26 I can't concede that the people of Barron Park aren't really interested. I've been at meetings
27 where they were very interested and they lost their All American market it seems to me that a
28 decent market at Alma would be the answer to their dreams.

29 In summary, when it comes to the mix between retail and housing, I would like to see no less
30 than 70% retail, 30% housing. Thank you very much.

31 Chair Burt: Thank you. Dennis Mitrzyk, followed by Jennifer Hinton.

32 Mr. Dennis Mitrzyk: I have to say that I'm appalled by the proceedings tonight. I'm a long term
33 resident of Palo Alto, I've lived within walking distance of Alma Plaza for 26 years now. I've
34 owned a house there for 23 years. There's been so much double speak and spurious logic here
35 tonight that George Orwell himself must be rolling in his grave. I hear that the site is hard to
36 find, so let's make it smaller. More people will be able to find it that way possibly.

1 There seems to be an assumption that the only type of commerce, the only type of business, is a
2 grocery store. There's an issue in this community with loss of not just retail space, but
3 commercial space. I've seen Rickey's Hyatt be demolished because of inaction by the City
4 Council of Palo Alto. There was a valuable commercial space, a valuable tax base for this city,
5 and because of in action of the City Council it was destroyed. What's going in? Homes – high
6 density housing. What's going in now at Alma Plaza? Homes – high density housing. This is
7 wrong.

8 The use of this land is clear, and to have somebody try to explain it – oh, well, we can fill it up
9 with housing and that somehow maintains the mix – that's nonsense. There's 45,000 square feet
10 of commercial space there now, and it's not just the grocery store. We're going to lose 28,000
11 square feet of space with this proposal that's on the table, and I think this proposal, it's not a
12 proposal. This concept quite frankly stinks to high heaven, and I will oppose this with every
13 ounce of my being, because I think this is a bad proposal. When I came to this city 26 years ago
14 you could see Michael Hedges playing at the New Varsity. Somebody complained, they had to
15 close down the New Varsity. You could go and hear music at St. Michael's Alley – no more
16 music at St. Michael's Alley. You could go and hear music at Café Verona. Café Verona closed
17 down.

18 So what is left? Am I going to be surrounded? The gentleman over here says – oh, what we
19 need to help retail is more high density housing. Let's put a ten-story condominium complex on
20 that corner. That'll help the retail. They're saying it's going to cost the business of the stores
21 surrounding there. Well guess what? Instead of walking to Alma I have to get in a car and drive
22 to these other stores at \$3.33 a gallon. This is nonsense. I implore you people to do the right
23 thing. The people of this community need and want not just retail space, but commercial space.
24 The Gnostic Church, one of the few Gnostic Churches in the country, happens to be at this site as
25 well. Where are they going to go? They've held Sunday services there for many years. They've
26 been there probably as many years as I've been here. Where's the Gnostic Church going to go?
27 We need community space.

28 When I see a City Council approve the demolition of Rickey's Hyatt and replacing it with high
29 density housing and the coming demolition possibly of the Elks Club and replace it with high
30 density housing – this is not the kind of community – I did not move to Palo Alto so I could live
31 in Manhattan. This is not New York, this is Palo Alto. I want businesses that I can go and walk
32 to. Thank you.

33 Chair Burt: Jennifer Hinton, to be followed by John Grant.

34 Ms. Jennifer Hinton: Thanks for the time tonight. My name's Jennifer Hinton. I live at 3838 La
35 Selva in Barron Park. I'm a Palo Alto native, a 30-year shopper at Alma Plaza at addresses on
36 Ramona, Colorado at the train tracks, and now Barron Park. I've three children, a husband and
37 two dogs, so I shop a lot.

1 The last time I was in this council chamber was to appeal for the approval of the 29,000 square
2 foot Albertsons, which was my primary shopping location at the time. Unfortunately that was
3 not approved, and I've now moved my bulk shopping to Safeway.

4 In my loss of Alma Plaza and All American Market, I crave for a local pickup market, some
5 place where I can go to do small value, quality shopping plus miscellaneous retail errands –
6 things such as using the ATM, perhaps using the post office and other complementary services
7 such as a coffee shop.

8 I support the plan that's been proposed. I lament that it's taken us ten years to get here. My
9 request to the Council is that you please give it serious consideration when it does come for
10 approval and pass it by yesterday. Thank you.

11 Chair Burt: Thank you. John Grant, to be followed by Wayne Martin

12 Mr. John Grant: I live on 3583 South Court, and I've been there for about 43 years, and my wife
13 did all of her shopping at the Lucky/Albertsons, and she was very, very disappointed when it
14 finally closed down.

15 One of the things that bothers me in this proposal, they talk about the square footage. Are they
16 talking about the actual square footage of the retail part of the store, or are they talking about the
17 total, because I think Albertsons, the warehouse section, was probably close to the same area as
18 the main shopping floor. The plan called for some underground parking, but it seemed like that
19 warehousing for any kind of a grocery store is going to take up just about all of that. I'd like to
20 see it spelled out more clearly when they talk about the square footage. What are we actually
21 talking about – square footage of grocery store, or square footage of grocery store and a
22 warehouse?

23 I tend to agree with the other people that have said we need a much higher percentage of retail
24 than the plan calls for. Thank you.

25 Chair Burt: Thank you. Wayne Martin, to be followed by Kurt Reitman.

26 Mr. Wayne Martin: 3687 Bryant, south Palo Alto. I haven't had a chance to look at the plan very
27 carefully, so I'm not going to speak to that tonight. I just would like to say that I support
28 maximum retail and minimum housing. The Comp Plan has been brought up. I would support
29 changing the Comp Plan if necessary to allow less housing. It's a lot of work, but not impossible
30 to do.

31 I would like to bring to the Commission's attention some comments that were made by people
32 about this in the past that I learned by talking to them and listening. Noise seems to have been a
33 real problem with some people who were the neighbors. Specifically, the noise was generated
34 from the top of Albertsons, and it apparently was heard by the people in the apartment building
35 next door. And then offloading of trucks in the middle of the night, some people said that they

1 could hear that blocks away. So noise abatement I think should be designed into this project
2 early on, and I think some sort of noise analyst should be brought in to determine before this
3 thing goes up for some sort of final approval, that there will be noise abatement, equipment noise
4 abatement capability designed in. noise abatement monitoring equipment should be added into
5 the plan. That should be monitored full time and logged on some sort of a Web site.

6 Then there's some passive things you could do with noise. The airports around San Francisco
7 have had a lot of problems with that, so they've taken to insulating people's homes with double
8 pane glass and noise abatement insulation, so I'd suggest that someone look at doing double
9 paning of the homes on I guess it's Emerson and El Verano that make a circle behind that site to
10 see if there's something you can do to make any noise that is generated less available to the
11 people inside their homes.

12 There's a rubberized asphalt that is now available which reduces street noise by as much as 8 Db.
13 It seems to me that you could resurface those two streets and that the City and the developer
14 could perhaps share cost there.

15 If the developer promises to fix any problems that are noise related after the construction is
16 finished.

17 The last is that Cala versus New London allows cities to take property and give to developers.
18 While I don't support this, this is an example of a new power that the City has, and it might be
19 worthwhile to look at absorbing some of the homes directly on the Emerson side, and also on the
20 south side to increase the site footprint to see if other larger space might be available to
21 development. Thank you.

22 Chair Burt: Thank you. Kurt Reitman, to be followed by Bob Moss.

23 Mr. Kurt Reitman: Can we have Mr. Baer's exhibit showing the diagram of the placement of the
24 retail building and the drive ingress and egresses?

25 I'm Kurt Reitman. I'm one of the owners and tenants of 3501/3525 Alma Street, the adjacent
26 professional medical building. My specialty is not medicine. I'm a real estate appraiser, I hold
27 MAI designation for those who are knowledgeable in real estate appraising, and I do a lot of
28 testimony in both zoning and other types of litigation. My specialties include complex type of
29 real estate properties.

30 I'm speaking today about my experience as a property owner and the impact of the development
31 on Alma Plaza on my property. It's a positive impact for me as far as taking away the blighting
32 effect as a selfish real estate owner. However, some of the proposals that are used, if they are
33 proposing and how they're doing the development, impact my property negatively. We have
34 legal right for ingress and egress into the Alma Plaza. Presently, ingress into the center is this
35 way, and we use this to enter our property where we have a driveway here. We use access from
36 the main entrance here, coming across onto our property. We also used it sometimes for access

1 if I'm going – if we want to call it northbound, that's northbound, or you can call it westbound,
2 whatever you want. When I want to go southbound, a lot of times I will go down the frontage
3 street that goes in front of our property, and I will merge onto East Meadow and either go left or
4 diagonal onto Alma Street. The problem with changing this access route will be that it will cause
5 us to either try in a circuitous way to get into our property off of East Meadow or have to come
6 through this access, which I do in the morning. And our clients and our patients also use this
7 access. We also have parked here for the last 45 years, so we also utilize this and I think – I'm
8 not an attorney and Mr. Baer is, but he knows my background and John knows, we probably
9 have prescriptive rights for parking on this property.

10 If you look at the proposal here to have retail access from both sides of the building, you're
11 having a traffic pattern coming in this way with cars going back and forth, interfering with the
12 pedestrian traffic going across into the stores.

13 Second of all, the way this is designed, it impacts on our ingress and egress property rights. We
14 have an easement for this portion of the property as well as this portion of the property up to ten
15 feet from our property line. We also have an easement, so we have landscape easements on
16 there. I guess I'll stop. I'll bring it up at the next meeting.

17 Chair Burt: If you just have a concluding statement.

18 Mr. Reitman: I'll just make a concluding statement. The changing of the ingress and egress at
19 this point will cause the traffic that merges northbound onto Alma to be very dangerous because
20 we have to merge into the flow of traffic during high density times. Now the person has got to
21 worry about traffic coming up Alma to merge in, and now we got to look to our right to see a
22 truck or another car coming in. the other factor is that shipping/receiving is on this side of the
23 property, looks right into the professional medical spaces, and I don't think with my patients or
24 my tenants want to look at garbage dumps all the day long as well as the heavy traffic from
25 trucks. Thank you.

26 Chair Burt: Thank you. Bob Moss, to be followed by Bill Chapman.

27 Mr. Robert Moss: Thank you Chairman Burt and Commissioners. I spent an interesting hour and
28 a half talking with John McNellis about this project yesterday and at the end we agreed to
29 disagree about a few factors. I have a lot of respect for John. He's been in this business a long
30 time and he's worked very hard at it and assiduously to try to get a grocery to come in there. He
31 agrees that specialty groceries can work and can be successful, and by specialty grocery we mean
32 someone like a Sigona, a JJ&F.

33 The statements that have been made earlier are a little bit misleading. First of all, we're all
34 talking about the same thing. The staff report on Page 2 says erroneously that we are going to
35 have a mixed use building with 19,200 square feet of retail on the ground floor. Wrong. The
36 ground, the retail space, is going to be 17,000 square feet, not 19,000. the 19,200 is repeated
37 erroneously throughout this report, and you even heard that from Mr. Baer earlier tonight. So

1 that's wrong. But then, Jim Baer frequently gives you incorrect information, but only when it ".
2 Neighborhood commercial is not limited to 20,000 square feet. Speaking as one of the three
3 people who created the neighborhood commercial zone, it is allowed to have larger stores there.
4 As was stated earlier the 29,000 square foot market was approved and there were no real
5 objections to having a building that size, having a grocery store that size. There are grocery
6 stores, there are markets who would be perfectly satisfied with a 25-30,000 square feet, so a
7 large grocery store is possible.

8 One of the things that is being omitted in all of this discussion is neighborhood commercial is
9 intended to serve the area, so when we talk about need for visibility along Alma - big signs.
10 That's not neighborhood commercial. The people who are going to be using that site, we all
11 know where Alma Plaza is. We're not depending on random drivers driving down Alma and
12 seeing a sign and say -I got to go in there and shop. That's not the way it works, folks. What we
13 need is an adequate variety of retail. If you look at for example, L-4, which is on your
14 attachment A, it gives you an example: "...often anchored by a grocery or a drug store, a variety
15 of smaller retail shops and offices oriented toward the everyday uses."

16 So what I'm going to propose is quite simple. Instead of having the building just rectangular as
17 you see there, you should have either an L-shaped or a U-shaped building which is
18 approximately twice the total area and have the retail go back into the plaza, because it is not
19 important that the retail be visible from Alma. We have viable stores, Jackie So-and-So is an
20 example, which is invisible from Alma, has been very successful for generations. So double the
21 size of the retail and take out some of the housing. Thank you.

22 Chair Burt: Thank you. Bill Chapman, to be followed by Arthur Keller.

23 Mr. Bill Chapman: Good evening. Chairman Burt, Commissioners, Steve, Andy – greetings to
24 all of you. I want to make one of my typical points. They say this will add only 52 children to
25 the school population. I know how they make their statistics. I think the number will be higher.
26 But the point is this is one of several developments which together will add about 1,000 more or
27 less children to our existing overflowing school system. Now I'm including East Meadow circle
28 in that, but we all know it's coming. I'm including Trumark, two of Jim's properties. We're
29 talking about another thousand children, may 1500, added to the school system, which is already
30 being impacted by housing turnover, as we heard earlier this evening.

31 Next point – They say this entire area could not succeed as a commercial operation. Palo Alto
32 cannot do that. Palo Alto would fail if it tried to do that. But if you simply go down Charleston,
33 make a right turn near Costco, what do you have there? A very similar piece of property.
34 Mountain View will make a success of it. It's not a very good piece of property. True, it's near
35 Costco, but it's also near the freeway and it's on a busy street. They will make a success of it.
36 it's in Mountain View, and if you read the Mountain View Master Plan, you will see how proud
37 they are of their commercial successes.

38 I wonder why it is that Mountain View can put in REI many businesses that are going to be
39 significantly successful, I believe, and we can't do it. I think this whole area should be

1 commercial. I think it'll keep extra unneeded kids out of the school system. We shouldn't be
2 inviting them in to Palo Alto at this time of our history. So save the schools and figure out how
3 to make that a commercial success. One man suggested a traffic light – a great idea. If they put
4 their mind to it the developers can make that a commercial success, I am sure, if they want to.
5 Thank you.

6 Chair Burt: Thank you. Arthur Keller, to be followed by Gee-Gee Lenhart I believe.

7 Mr. Arthur Keller: Commissioners, I appreciate that this time the developer has determined to
8 have dialogue before doing a lot of work. The problem we had with the previous Alma Plaza
9 redevelopment efforts and with the Rickey's redevelopment is that those were done without
10 dialogue with the citizenry, so we're much better having had dialogue before the developer goes
11 and creates a fait accompli plan, so I think that's an improvement.

12 There are a number of problems with this plan. I'll address some simple issues of this plan first.
13 If you notice, this is supposed to be an exit. The entrance is here, trucks go in here, they come
14 out here, and they have only one place to go, which is that way, a logical north on Alma. But a
15 truck route doesn't go logical north on Alma. The truck route is to San Antonio Road. So one
16 thing you should do is reverse this so that this, instead of being an exit is an entrance, and
17 thereby trucks can enter that entrance, go up to where it says "entry" and go out and make a left
18 turn back onto Alma Street and go back to San Antonio Road which is a truck route, because
19 there's no truck route to 101 north of this point within the city of Palo Alto. And this route has
20 the same problems as the previous route.

21 The next thing is that having parking, Mr. Reitman complained about the issue of access from his
22 property onto East Meadow. You're proposing in this design to make that a one-way street
23 which makes it even harder for him to exit his property. You're also proposing to count that
24 parking towards his property. That's not appropriate. There's already a shortage of parking for
25 Mr. Reitman's property, there's a shortage of parking for the housing to the north of this, and
26 therefore it's imperative that this property provide on site, prudent parking for the retail.

27 As was mentioned, any additional retail makes sense. I heard that the idea that Yahoo gives
28 these distances that they calculated. Yahoo gives driving distances, too. I'm not sure why that
29 wasn't done by the developer. This would also serve Barron Park which is underserved since All
30 American Market. This is not a neighborhood shopping center with housing. It's a housing
31 development with a small amount of retail. I'm not sure why this property has to be butted up
32 against Alma Street encroaching on the necessary setbacks. I drove down Alma and most of the
33 other properties have some setbacks. This would stick out literally if it were that way.

34 And finally, on Alma Street, one of the issues here in terms of traffic is that there's a problem
35 with the intersection. The left turn pocket lane from turning from this shopping center going
36 south to go to East Meadow, that pocket is too small, and therefore if you want to go from the
37 shopping center onto East Meadow you've got to merge back into traffic and then back out into
38 the pocket, and therefore that ball about should be removed so that the people could make a left
39 turn onto East Meadow more appropriately. Thank you very much.

1 Chair Burt: Thank you. Gee-Gee Lenhart, to be followed by Mark Sabin, and then we'll be
2 taking a brief break.

3 Ms. Gee-Gee Lenhart: I'm Gee-Gee Lenhart. I live in Barron Park at 3850 Magnolia St.. I've
4 been a part of this whole routine ever since the very beginning. I really admire John McNellis
5 for all the work he's done. He had a beautiful plan when they had a 29,000 square foot place,
6 and why the devil some of you people who are so interested now got in the way of that, I don't
7 understand. You doing it for your own benefit and you scotched that plan and then we had the
8 moratorium, and there we go. Let's not do that again. This is what we need. I used to live in the
9 circles on Redwood circle. We always walked over to the Lucky store. It's one of those things
10 you need in the City of Palo Alto. you need it for regular basic needs of a grocery store. You
11 don't need more housing. We're putting in thousands and thousands of buildings, we don't want
12 that kind of a city. That's not what Palo Alto is about. We want good schools and not too many
13 kids. If the city manager could be subsidized for his housing and the utilities director could get a
14 huge bonus for his salary after what he did to Palo Alto, it seems to me that we ought to be able
15 to support good grocery stores that we really need. I think it's time that Palo Alto realize that
16 retail is viable and is essential to this city. I'm tired of getting in my car to go to Mountain View,
17 Los Altos or Menlo Park every time I want to shop. It's just stupid and with all these gas prices
18 we should have local, local, local neighborhood areas and local shopping, and we don't need
19 more coffee shops. There's one right there on the corner of El Camino now at El Camino Way.
20 We went through a lot of effort to put that one together and let's all meet there and we can still
21 go over to the grocery store to do our shopping. Thank you.

22 Chair Burt: Thank you. We'll have one more speaker before taking a break. Mark Sabin.

23 Mr. Mark Sabin: Just before the break; it's my lucky day. Mark Sabin. I've been listening to
24 some of the comments tonight and having lived near this site for some time and having
25 remembered the battle that ensued from the last time and how much I regretted that going down,
26 considering the fact that you have not too far away, you have the Albertsons, the Safeway, the
27 Milk Pail, the Trader Joes. Now you have a 50,000 square-foot Whole Foods. Frankly, even
28 Wal-Mart is expanding their grocery selection.

29 I've heard some talk about walking the kids to school, walking the kids to the grocery store. I'm
30 sure that there are people who do that, but I see a whole lot of folks driving their car even to take
31 them to school, too.

32 Back in about '98 there was a study on grocery shopping patterns, and well over 40% of the
33 residents of Palo Alto shopped outside of Palo Alto, and that was back in '98. there's stores that
34 have closed since then, and certainly the presence on San Antonio and California has boomed
35 quite frankly. Maybe the Hyatt Rickey's development will shop at this location, but having lived
36 on the end of Wilkie Way, I'll tell you – faced with the choice between what's available in
37 Mountain View and what might be available here, that's a no brainer. If I can stop at the Milk
38 Pail and Trader Joes and Albertsons for one thing, I'm sure going to go there rather than even a
39 19,000 square foot grocery store.

1 This I think really does make sense. I'm also glad that it's going to be moved about 40 feet north
2 as far as the entrance and the exit. At 4:00 past in the evening and in the morning that was a
3 devil getting in and out because of the traffic patterns.

4 Personally, I would love to see more affordable housing in this site, but with the political
5 considerations and regulatory considerations in this community, I think that's just not going to
6 happen until this community gets more of a hurt because of a lack of affordable housing, that
7 ain't going to happen. So I think this really is the only viable alternative to make this a viable
8 location for people to actually walk and get some groceries and maybe some other things, too.
9 That's why I would support this proposal. Thank you.

10 Chair Burt: Thank you. We're going to take a break now. We have nine more speaker cards.
11 The first two will be Susan Fineberg, to be followed by Smita Joshi. We'll be back in eight
12 minutes.

13 Chair Burt: At this time we'd like to reconvene the meeting so that we get out of here tonight
14 rather than tomorrow morning. This is last call for cards. Anyone else who wishes to submit a
15 card, Zariah will be right here. After 9:15 we will not be accepting any more cards.

16 Our next speaker is Susan Fineberg, to be followed by Smita Joshi who I've been told is not here
17 any longer, and we do have written comments I believe from Smita Joshi, to be followed by
18 Martin Stone.

19 Ms. Susan Fineberg: Thank you. Good evening. My name is Susan Fineberg. I live on Janice
20 Way in south Palo Alto with my two young children and my husband. When I shop I buy our
21 groceries in Mountain View or Menlo Park. It takes me about the same time to drive to Valley
22 Fair mall as it takes me to drive to Stanford mall. That's where my sales tax dollars go.

23 The new residence in the proposed development will place additional demands on our
24 neighborhood serving retail services. They will place additional children in our overcrowded
25 schools, our parks. They will have extra people placing demands on our libraries and on our
26 roads. I urge you to maintain the neighborhood serving retail that we all deserve. I urge you to
27 limit the number of new dwelling units that the City will build until the City has an opportunity
28 to amend the Comprehensive Plan. We need to build more housing units; we need to build
29 affordable housing units, but we first need to identify where those units should be before we
30 build them.

31 When the Comprehensive Plan was adopted by the City in 1998 an environmental impact report
32 was prepared with that Comprehensive Plan to ensure that the growth in residential units would
33 not cause significant impacts. That environmental impact report had a project that included
34 2,449 units for all areas within the City sphere of influence. That included the Stanford campus,
35 it included specifically graduate student beds on campus. When you add the 2,000 units within
36 the city limits that have been approved or built to the thousand units that have been built on

1 Stanford, that puts the total of new residential units at over 3,000. That exceeds the growth caps
2 that were in the environmental impact report that was prepared for the Comprehensive Plan.

3 How do we now cite the policies and the programs in the Comprehensive Plan and selectively
4 utilize that to justify building more residential units when in fact we've exceeded the growth
5 caps from the underlying environmental impact report? How can we continue to build new
6 residential units when we're now causing the negative impacts that were identified by the city
7 attorney in the resolution that adopted the environmental impact report and the Comprehensive
8 Plan? Thank you.

9 Chair Burt: Thank you. Smita Joshi who I'm told is not here, to be followed by Martin Stone.
10 and after Martin will be Joy Agawa.

11 Mr. Martin Stone: I have put up some drawings and plans to try to help illustrate some of the
12 points. I you were to rely solely upon Jim Baer's otherwise excellent map, one would think that
13 there was a great deal of grocery retail in Palo Alto. if however you put it into a larger citywide
14 context, you'll discover that we go from a map of abundance to a map of paucity, and in fact in
15 the entire area that is west of the tracks, from College Terrace to the city line, there is nothing.
16 That is why everybody in Barron Park and Ventura, Charleston Meadows has shopped at and
17 looked towards Alma Plaza as being their grocery store. So you have to put Jim's otherwise
18 reasonable plan in a more appropriate context to better understand its weakness.

19 In terms of the five questions that were supposed to be answered this evening, the size, location,
20 and mix of retail and personal services, I believe that Alma Plaza can accommodate 45,000
21 square feet of ground floor retail.

22 Questions #2 and #3, the market rate and below market rate housing, I believe could be easily
23 handled by a second and third floor in this area here adjacent to the Stanford Villa apartments.
24 The Stanford Villa Apartments right over here are three stories high. We put in a one-story L-
25 shaped retail as we have before, and then we put floors 2 and 3 for residential.

26 The points of ingress and egress for the project – to follow up on what the fellow from the
27 Stanford Villa professional building showed us, this is a blowup of the easement that is recorded
28 in favor of the Stanford Villa professional building. They have this exit, and in general this
29 parking area so that this is recorded with the county so that it is indeed mandated that it be
30 accommodated. Turning this roadway going the other way, turning that roadway from an
31 entrance into an exit is diabolical and will be dreadful.

32 In addition, over here this is also a recorded drawing. I can give you greater detail. This is
33 attached to the reciprocal agreement for parking at Alma Plaza between the fellow who owned
34 both the Stanford Villa apartments and the non-Luckys portion of Alma Plaza. You will note
35 that there is a provision for 286 parking stalls at Alma Plaza. Two-hundred eighty-six parking
36 stalls doesn't make sense unless you do the math and you realize that the excess of parking
37 spaces are meant to provide the parking spaces which the Stanford Villa apartments lack. If you

1 do the math, the Stanford Villa apartments are short some 60-odd spaces. Over here Alma Plaza
2 was zoned for 40,000 square feet of retail. At 5 per 1000, that's 200 stalls. It had 5000 square
3 feet of office space which is 4 to 1000, so that's a total of 220 stalls. It makes no sense for the
4 planning director who Steve Emslie's famous predecessor Louis J. Forkroy. I understand that
5 Steve now has a bust of Mr. Forkroy in his office and he is regularly praying to him. This was
6 signed by Mr. Forkroy and it authorized 286 parking stalls. It is also a recorded document with
7 the county, so that may well be a requirement.

8 As far as access goes, from day one there has been an integrated driveway and circulation plan
9 integrating Stanford Villa apartments with Alma Plaza. To suddenly cut that out would be a
10 nightmare. If I'm wrong and John McNellis' plan does not have to support the extra 66 some-
11 odd spaces, the Planning Commission has a policy decision then to face, which is we don't have
12 66 spaces in the neighborhood to accommodate the excess cars from the Stanford Villa
13 apartments so that some allowance, some policy decision has to be made. I believe that there is a
14 requirement by way of a prescriptive easement at the very least or in law or otherwise, requiring
15 those cars to be parked at Alma Plaza.

16 In addition, one last thing if I could – I would point out to you that you need to be careful about
17 relocating the driveway to this area over here. There's going to be a huge amount of roadway
18 work that will need to be done. There is a median strip now that bars access to the Stanford Villa
19 apartments, except over here. This is a shared driveway from southbound Alma Street. It is used
20 both by the apartments and by Alma Plaza. There is a bomb shelter over here. It's a vestige of
21 the 1950s, it's right in this parking lot right over here. It's a vestige, it's on the maps. The
22 engineering department knows about it. as a matter of fact...

23 Chair Burt: Martin, we'll just need to wrap up. We'll take your word on that.

24 Mr. Stone: There's the bomb shelter, this is the map from the engineering department. You need
25 to be careful about whether or not you wish to force more parking and more traffic making a turn
26 on top of the bomb shelter. It's not necessarily clear to me that a 50-year old bomb shelter will
27 support all that work.

28 Finally, I would point out, and I will submit written numbers to support this, but much of the
29 revenue impact studies are dead wrong in terms of their numbers. The very first page from 1990,
30 it shows Alma Plaza, sales total of \$52,750, sales tax of \$.95 per square foot. If you do the math
31 that implies, then Alma Plaza was 55,000 square feet. It's not at the time, it only had 36,000
32 square feet so that actually it's more like \$1.50 which puts it way up there as far as quality
33 shopping areas go.

34 Chair Burt: We have one question from Commissioner Bialson.

35 Commissioner Bialson: Just a quick question. You've taken these documents from the
36 recorder's office, is that correct?

1 Mr. Stone: Yes, ma'am.

2 Commissioner Bialson: And when you submit all your information, if you could possibly include
3 the full documents that would be quite helpful.

4 Mr. Stone: Yes. I have submitted them before, both to the ARB and to the Planning Commission
5 and to the City.

6 Commissioner Bialson: If you could do it one more time, I'd appreciate it.

7 Mr. Stone: I have no problem with doing that again.

8 Chair Burt: Thank you. Joy Ogawa, to be followed by Brad Bashey.

9 Ms. Joy Ogawa: Good evening. Joy Ogawa. Since I only have three minutes I will limit my
10 comments to comments about the proposed BMR contribution. The applicant counts the number
11 of proposed BMR units as being more than required. However, none of those proposed BMR
12 units will include any of the 45 detached single-family residences that would range in size from
13 1690 to 2150 square feet, no indeed. All of the proposed BMR units are to be rental apartments
14 situated above the retail and right next to Alma Street. So how many square feet do the proposed
15 BMR units add up to? Will the total floor area of the BMR units add up to 15% of the proposed
16 residential component of the project? Did I say that I doubt that any of the proposed BMR units
17 come close to 2150 square feet? There's good reason to question what the total square footage
18 of those BMR units would add up to. I'd just like to get an answer to that.

19 Unfortunately, and in my mind, quite shamefully, the City recently has been ignoring the part of
20 the Comprehensive Plan BMR program that specifies that below market rate units must be
21 comparable to market rate units. The City has looked the other way, wearing blinders, to look
22 only at numbers of BMR units, not comparability in terms of quality, size, and location of the
23 BMR units. Developers have jumped at the opportunity to short change our BMR program by
24 offering greater numbers of lower quality, smaller, cheaper, poorly located BMR units
25 segregated from the market rate units because developers can make higher profits by reserving
26 the largest, highest quality and best located housing units for the market rate units, and the City
27 doesn't even recognize that the BMR units don't add up to 15% of the residential floor area
28 many times. So who can blame the developers for taking advantage of the City's lack of
29 oversight? Oh, and the excuse that was used, the Mayfield deal, that clustered segregated BMR
30 units are easier to administer – wow. Since when has “easier to administer” become an
31 acceptable excuse for separate and unequal? In the zoning ordinance of the discussion I've heard
32 planning commissioners bemoan the lack of affordable entry level single-family housing in Palo
33 Alto. This project is proposing 45 detached single-family residence. If this project goes forward
34 as proposed – although I certainly hope it does not because I hope the Commission and Council
35 listens to the concerns to the neighbors that I've heard voiced here tonight – but if this project
36 does go forward as proposed, then in accordance with the Comp Plan, at least six of those
37 residences, which is 15%, should be below market rate. Thank you.

1 Chair Burt: Thank you.

2 Mr. Brad Bashay: Brad Bashay, the owner of the Willow Market. He was just here to say that
3 he's very interested in looking at '.

4 Chair Burt: You can add that in written comments. Thanks. David van der Wilt, to be followed
5 by Arnaldo Alcazar.

6 Mr. David van der Wilt: I'm David van der Wilt, and I live at 419 El Verano. For the past 30
7 years I've had my office at 3515 Alma Street. I'm a dentist and I'm also a partner in the
8 ownership of the medical building on Alma Street. I have three problems with this plan. The
9 first one is parking. For the last 30 years that I've been here, we have used the Albertsons or the
10 Alma Plaza parking lot up to ten parking spaces per day. This plan as the City staff proposed or
11 as they commented, said for this amount of retail space they need 73 parking spaces. If you
12 count the parking spaces up here, there are 63 parking spaces, and the staff report also said that
13 they were going to count the spaces on the access road, making it one way, striping it off, putting
14 some diagonal parking in – they're going to count those parking spaces towards the retail. It
15 happens that the access road, the frontage road, is built on an easement on our property so in
16 effect, they're taking our property, they're saying, you parked there for 30 years, probably 45
17 years as Kurt Reitman said, Al Janklo, the dentist there, all I know he parked there for as long as
18 he was in the building. He's retired. The fact is that they don't have enough parking space to
19 support the need of the neighborhood so it's going to lead to congestion. So the parking is
20 inadequate and it seems unfair to use our property to support their overdevelopment of the retail
21 space.

22 The other thing, what changing the access road to one way does, is it forces anyone leaving my
23 office that wants to go south, east, or west to instead of using the frontage road and going south
24 and then turning on Meadow, they have to go through the parking lot to this main entry point,
25 and then go south so they can go east or west on meadow. So it's forcing more traffic to go
26 through that narrow passageway into their parking lot, which leads me to my third point, which I
27 think is a public safety issue.

28 You're creating a congested parking lot with more traffic than it's ever had in a smaller space.
29 This plan also could encourage people that were headed for the shopping center to use the access
30 road, turn into our property, go through our parking lot, and get into the parking lot for the
31 commercial space.

32 The pedestrian walkway there ends up in the parking lot. That walkway – I ride my bike to work
33 and I live close by, and I ride through that parking lot every morning. And every morning
34 there's a bunch of kids going to school through the parking lot. They're going to go down that
35 walkway and in the afternoon they're going to come home through there, and they're going to
36 end up at the peak time in a congested area. I think the planning, the logistics are unsafe. Those
37 are my three concerns tonight.

1 Chair Burt: Thank you. Arnaldo Alcazar, to be followed by Carl Anderson.

2 Mr. Arnaldo Alcazar: My name is Arnaldo Alcazar and I live on 180 El Verano, and I will not
3 take three minutes. My wife used to do the shopping at Albertsons and now has to do the
4 shopping twice a week somewhere else, either Mountain View or Safeway. My observation is
5 that the two people who presented the data being done on how residents have done their
6 shopping is outdated. What I mean by that is that data was collected 8 or 10 years ago and is not
7 reflecting today's needs of the residents that live near Alma shopping center that will be doing
8 the shopping. This study does not reflect the needs of a grocery that we need at Alma Plaza.
9 Thank you.

10 Chair Burt: Thank you. Carl Anderson, to be followed by Gabrielle Conway.

11 Mr. Carl Anderson: Thank you for your service to our city. My name is Carl Anderson. I'm just
12 a few weeks shy of having moved to Palo Alto about 50 years ago. There are so many details, so
13 little time, and tonight I think I'll try to hone in on some of the generalities that I think are
14 interesting to you or might lend some perspective to things. I'm going to focus only on the
15 grocery part of it as a pivotal issue.

16 I've lived on Alma, Emerson, South Court where I have property, and now Barron Park for the
17 last several years. During those years the store at Alma Plaza has been our primary grocery
18 resource. When the City encouraged Lucky to buy the adjacent blighted shopping center I
19 looked forward to seeing this cleaned up and improved, but then Lucky as we know, rolled out
20 this 45,000 square-foot monstrosity and we all said that's not the way to go. And I won't to
21 through the rest of the story which has been covered tonight in terms of ramping down from 35
22 or 37 and then finally the 25 grocery plus 4 pharmacies that Albertsons brought forth after
23 consulting the neighbors. But about 80% of the people at that presentation said – Gee, this is
24 pretty positive. I think we're on the right track on this one with the housing that buffered the
25 Emerson neighbors and the below market rate units above the adjacent retail.

26 However, resistance continued, and I think the genesis as we know probably started earlier in the
27 midtown area wanting to protect the failing co-op market as well as not wanting competition for
28 the other retailers. In addition there were exclusionary tones to the discussion, like, it's my
29 neighborhood and your neighborhood doesn't need to come over here and shop in my store –
30 kind of attitude. Today I'm really pleased to see that there's much more awareness and
31 cooperation among the various neighborhoods in seeking a solution to the Alma Plaza. You can
32 see people getting together on it, so that's very positive.

33 I extracted staff's verbatims from the July 2003 neighborhoods retail form survey. The number
34 one reason people gave for not shopping in Palo Alto was better selection was available
35 elsewhere, and bear in mind that at the time verbatims had overwhelming support for a larger
36 grocery store above the 20,000 square foot cap, and with comments even calling Safeway and
37 Midtown as being inadequate by others. A larger store – and this is history, but it's over, so I'm
38 going through it quickly – a larger store can accommodate different shoppers. We don't all go in
39 and fill our shopping cart. One will go in for products A, B and C. Somebody will get B, C and

1 D, and somebody will get D, M and J because they have more shelf space and there's a little
2 bigger back room and all that.

3 Well the large store train has come and gone, it's left the station and we call it Mountain View
4 now. so I think that's over and from my perspective I think currently there are a lot of
5 improvements to the past problems. The way it was laid out last time, I think 8- 9- 10,000 might
6 be appropriate. We got some comments regarding Albertsons and the Milk Pail and noise things
7 which have been solved, but we'll cover that another day. Thank you very much.

8 Chair Burt: Thank you. Gabrielle Conway, to be followed by Trina Lovercheck.

9 Ms. Gabrielle Conway: Hi; Gabrielle Conway, 1390 Harker Avenue. Building costs are \$300-
10 350 per square foot. Neighborhood retailers can afford \$2-\$3 per square foot, and that makes
11 200% retail redevelopment not financially viable. So let's work with Mr. McNellis and get an
12 affordable plan.

13 One, let's look at four-story development on Alma Street. It's a beautiful view of a train station.
14 Why not four stories and then do the gradual down to three and make it mesh with the
15 neighborhood?

16 Two, let's encourage a Friends of Alma Plaza organization that puts in \$3.5 to \$4 million for
17 10,000 square feet of retail. This is done through cash and financial investment and then shares
18 in the retail leasing revenues. A partnership, a developer and neighborhood, Palo Alto excels at
19 partnerships.

20 Neighborhood retail needs to be subsidized either by housing or by the neighborhood, and I think
21 the neighborhood should do a great job at this. By the way, I support Bob Moss and the L or U
22 modification. Thank you.

23 Chair Burt: Thank you. Trina Lovercheck, to be followed by Jay Hammer.

24 Ms. Trina Lovercheck: Trina Lovercheck. I live in Barron Park where I've lived for about 28
25 years. We used to have a Lucky store that was viable, then we had an Albertsons that was
26 viable, and then we have nothing, and also we lost All American. There's no place close to
27 Barron Park to go shopping. We need something at Alma Plaza that will serve our needs as well
28 as that immediate neighborhood, so when it was the 29,000 square-foot there were all sorts of
29 neighborhood opposition.

30 Tonight I'm sitting here hearing now there's too much housing. There's no perfect solution, so
31 we've got to be able to come up with something that can be a compromise and meet the needs of
32 everybody, but people who fought the 29,000 square foot, plus when it was even bigger than
33 that, now I hear some of those same people saying there's too much housing. Before it was too
34 much retail, now it's too much housing. But we need shopping there. Otherwise we're going to

1 Mountain View – I’m going to Mountain View anyway for my major shopping, and I’d prefer
2 doing it in Palo Alto. Thank you.

3 Chair Burt: Thank you. Jay Hammer, to be followed by our final speaker, Karen Kalinsky.

4 Mr. Jay Hammer: There are two things I want to cover. One is first a very, very quick look at the
5 retail studies. I spent a little time with them as well as some others, and there are three key
6 points to keep in mind about the retail studies which largely invalidates the conclusion of those
7 studies. From ’89 to ’90 the gas station closed, not for financial reasons but because of
8 environmental reasons, and that caused a major dip in the sales revenue for the site.

9 From ’92 to ’93 Garners closed, much to my dismay because that’s where I wanted to buy my
10 wife a bike, but that didn’t happen, so I had to go somewhere else, but that’s aside. From ’92-
11 ’93 Garners closed, and there was a major dip in the sales revenue for the site. But most
12 importantly, from ’93 on, Alma Plaza was withdrawn from the market. Why do I say that, is
13 because not a single unit was rented and no money was put into the capital investment into that
14 site, so it was withdrawn from the market. If you withdraw anything from the market the sales
15 revenue is going to drop, and that explains largely what happened from ’93 on.

16 The next is a handout. For the second item I gave myself a little homework assignment. My
17 understanding several months ago was that McNellis and Jim Baer could not find a single tenant
18 who’d be interested in moving into Alma Plaza in the 13-, 15- to 20,000 range. So I made a
19 phone call to Zanotto’s, and I know some remarks were made about Zanotto’s earlier, and I can’t
20 assess the truth or lack of truth of them. He would have to be here, and his intent actually was to
21 be here but he couldn’t, and his hope is to be at the City Council. But suffice to say that he is of
22 the size, scale, the 13 to 15 or 20,000 that actually would be ideal for that site. What I’ve done is
23 I’ve given you a copy of the e-mail he sent me that he asked me to read, and the second page of
24 it is actually his vision statement. Let me very quickly – I have 30 seconds to go – he basically
25 said, “I’m unable to attend. Perhaps someone could forward the following information. Item #1,
26 I’ve looked at this site on several occasions since hearing of its availability, and I think it has an
27 excellent potential as a site for Zanotto’s neighborhood market. The size is perfect for our
28 operation. #3. Zanotto’s downtown market with a unique family-owned community oriented
29 retail company providing distinctive quality, specialty food products.” I took a look at their Web
30 site and I also went down to San Jose to take a look. It’s sort of a Piazza type store with a price
31 point that’s at Safeway and below. They accept Albertsons coupons, and they have a place
32 where they describe how their prices compare with Safeway and Albertsons prices, and they’re
33 either equal or below. So what we’d get is good price point, an attractive site, the right size. I
34 think we should consider it.

35 Chair Burt: Jay, we have a question from Commissioner Garber.

36 Commissioner Garber: When you say that they find this site the perfect size, do you know if that
37 is at the ten-ish square foot?

1 Mr. Hammer: No. In all the conversations I've had with him, you're talking about a 13-20,000
2 square foot size range.

3 Commissioner Garber: Okay, thanks.

4 Chair Burt: Our final speaker is Karen Kalinsky.

5 Ms. Karen Kalinsky: Hi; I'm Karen Kalinsky. I live at 210 E. Meadow Drive at the corner of
6 Ramona about a block away from the Alma Plaza. I've lived there for 24 years. Thank you for
7 the opportunity to speak.

8 I would like to second what other speakers have said, that what we need here is a balance, a
9 balance between retail and housing with adequate flow for traffic and adequate parking. The
10 proposed plan has one building for retail, and Mr. Baer makes the claim that 78 feet deep is as
11 deep as can be successful for retail, but I don't see why an additional retail building couldn't be
12 made facing that building since that faces away from Alma – either that or an L or a U, but two
13 parallel buildings would seem to me to allow better traffic flow. Thank you.

14 Chair Burt: Thank you. And that concludes the comments from the members of the public.
15 Commissioner Holman has a question for Mr. Hammer if he's still here.

16 Vice-Chair Holman: Jay, the handout that you provided to the Commission, there's a sheet
17 attached to that that says vision statement. Whose vision statement is that? Is that provided by
18 Zanotto's?

19 Mr. Hammer: Yes it is. As I said, he could not make it, so what he did is he gave me what he
20 asked me to hand out to the Planning Commission in lieu of his being here. So he gave us a
21 vision statement and his four points that he e-mailed to me.

22 Commissioner Sandas: Thank you for the clarification. Mr. Hammer, I just wanted you to
23 clarify, if you would please, your interest or involvement in the redevelopment of Alma Plaza
24 and your connection to Zanotto's and how this came about.

25 Mr. Hammer: I live two homes away from Alma Plaza, so obviously it's of interest to me. I look
26 in my backyard to the right and I see what used to be a Luckys, then Albertsons sign. I hear the
27 trucks, I smell, I see the rats crawling across the telephone wires. I'm connected to Albertsons,
28 Alma Plaza. What got me interested in this is that for many, many moons – it feels like many
29 years, I've been seeking a moderately sized grocery store at Alma Plaza between 20-25,000
30 square feet. That was not to happen. So now basically we're starting from scratch. Then I
31 understand in the latter part of last year that McNellis and crew are looking for a grocery store of
32 a mid-teens size. Then I understand that they can't find one, so therefore they're settling on
33 Willows and Segona which will give us somewhere about 7- or 8,000 and if you count the
34 storage, I don't know if we'll get 4 or 5,000 out of it. So I figured I'd do some homework. I'd
35 say well why don't I just check some of the grocery stores that I'm familiar with, and I have been

1 in San Jose because I work for Cisco, and at times I've gone down there for reasons related to
2 work, and I've stopped at Zanotto's. It's a very attractive store, it's the right size, and I figured
3 I'd just call them. It was just strictly just to check out. It was the first call I made and I
4 discovered that they have been interested and they were kind of discouraged from pursuing it. I
5 thought – that's strange. So I said, - Are you seriously interested? And they said – We are
6 interested, and then they followed up with the e-mail to me as well as the vision statement.

7 Commissioner Sandas: So the bottom line, this is of personal interest. You're not involved with
8 the developers or anyone else?

9 Mr. Hammer: Me for the developers?

10 Commissioner Sandas: Just clarifying, just clarifying.

11 Mr. Hammer: Was that a joke?

12 Commissioner Sandas: That was to give you the migraine.

13 Chair Burt: Now the applicant has three minutes for final wrap-ups.

14 Mr. Baer: I really only want to comment on two factual matters, one is to be precise on the rigor
15 with which the staff enforced BMR on precisely comparable units. Classic Communities,
16 Trumark, Rickeys – units A, B, C and D, you have to allocate your 15 or 20% by unit type. It's
17 difficult for developers and the staff has really been rigorous in that. That was completely
18 inaccurate information on laxity by staff.

19 Parking ingress/egress, not that they don't impact high level art. What we hope you will dwell
20 on today, and of course we have to make those satisfactory.

21 Zanotto's, we will certainly enjoy talking to Mr. Zanotto who did not return phone calls today.
22 Clearly there is a public presentation approach to not have shared that in a meaningful way with
23 the developer. The article in its veracity is dependent on whether you believe the San Jose
24 Business Journal and the redevelopment agency and the accuracy of the information they
25 provided, that this nearly bankrupt entity reduced from 22,000 to 13,000 feet, provided that it
26 had a \$1.7 million loan forgiven.

27 But what's the real issue, and I really want to express appreciation. If you would look at the
28 reduced level of melodrama with which this project's being viewed, the issues that we're going
29 to engage in are precise, which is what's the range of acceptable retail in order to have vitality to
30 meet the requirements to service the neighbors, to not have see-through vacancy, which is
31 destructive. If we overbuild and there's 5,000 feet of vacancy, the 5,000 feet of vacancy creates
32 10,000 feet of vacancy and you restart the blight. It is not a precise science, it is a blend of urban
33 design limitations to create successful retail and sustainable size. There is the Goldilocks

1 example and there's another English proverb: If wishes were horses, then beggars would ride.
2 And if beggars had horses, then they'd want golf carts. And we have a circumstance where the
3 ability to deliver retail through a difficult birth that will serve the pedestrian and community
4 needs of that immediately surrounding neighborhood. And the challenging part is the difficult of
5 the birth is that were this developed and in existence tomorrow, it would be well received and
6 happily experienced by both members of Barron Park and the immediately surrounding
7 neighborhood. And the dialogue that gets us to how we all resolve this is complex and difficult,
8 and again I really want to respond with appreciation that this was not done with a high level of
9 anger or animosity, and we think there's an opportunity to create a real success in revitalizing
10 this center.

11 Chair Burt: Thank you, and I'd like to thank both the applicant and the members of the public for
12 the very constructive and valuable input that they've had tonight. What we'll be doing now is
13 the members of the Commission will be asking questions of staff and others if they see
14 necessary.

15 We are ten minutes to ten already. It's a very complex issue, but if we focus tonight on what we
16 used to call the 10,000 foot elevation – we might call it Google map skew today – but to try to
17 look at primarily the big concepts of what we think should be developed here in the context of
18 the various aspects of the Comprehensive Plan and of the relevant City policies and
19 requirements. Who would like to go first with questions?

20 Commissioner Bialson: If we could, maybe we can combine both questions and comments and
21 go through just once since we are taking this rather elevated view.

22 Chair Burt: Okay. And let me ask staff one clarifying question. The applicant has a set of five
23 questions on the bottom of their memorandum number one that they say are the questions that
24 staff and the applicant have agreed to focus discussions on. They're similar but not quite the
25 same as what's in the staff report. Is staff comfortable with the issue being framed in the context
26 of those five questions?

27 Mr. Emslie: Actually I think that the questions outlined in the staff report are largely the same;
28 they get at the higher lever issues, so I don't think we have a preference over either format. The
29 information would be similar.

30 Chair Burt: Okay. They seem succinct enough in the applicant's memorandum number one, first
31 page. I'll briefly state them:

32 First is what should be the size, location, and mix of retail and personal services?

33 Second is what should be the character, density, and location of market rate housing?

34 Third is what should be the character, density, and location of BMR housing?

1 Fourth, what should be the points of ingress/egress for the project? I don't know that we want to
2 dwell on that one very much tonight.

3 Fifth would be what should be the future zoning process for this project?

4 Commissioner Bialson had suggested that we could go down the line and have whatever
5 combination of questions and comments commissioners have. Why don't you take two at a time,
6 and then we'll loop back as necessary. Phyllis, would you like to start? Annette, would you like
7 to start?

8 Commissioner Bialson: Thank you. Starting first with a question. Several of the speakers
9 referred to legal documents that impacted the obligations of the developer or property owner to
10 provide parking for the neighbors both north and south of this project. Has staff had an
11 opportunity to review those documents and have any sense of the legal validity of the position
12 taken with regard to the need to provide parking?

13 Mr. Emslie: We do have an opinion from the City attorney's office concerning the purported
14 parking obligations that this property has for the adjacent apartments, and that memo concluded
15 that there was not an obligation on this property to provide that parking. In future meetings we
16 will be happy to provide that memorandum from former City attorney Wynn Firth.

17 Commissioner Bialson: How about to the professional building nearby? So you have Stanford
18 Villa and you also have the professional building.

19 Mr. Emslie: There are easements encumbering that property in terms of access and so forth. We
20 don't have a written opinion from the attorney's office as to the effect of those, but we are aware
21 that there are obligations for access and ingress and egress. I can't say for certain that there is a
22 parking obligation for that, but I do know that there's access.

23 Commissioner Bialson: So the ingress and egress as shown in the plan the developer has
24 presented here may be impacted by the obligation that he faces with regard to those easements?

25 Mr. Emslie: Yes.

26 Commissioner Bialson: Going on from there, I'm going to what issues are of greatest import to
27 me at this point and level of review, and that is the parking and traffic flow. What you need to
28 accomplish here is obviously balance between the housing and retail, and I'll get to that next.

29 But with regard to the parking and traffic flow, I see a great issue. I think that retail viability is
30 directly related to parking, and the parking that I see provided here is very inadequate. It does
31 not address sufficiently, as far as I can see, the needs of the residential development, and what
32 you're going to have is the retail parking, my guess is, being used by the professional building,
33 the apartment, and the residences with a difficult policing situation. On top of that you're going

1 to have the traffic funneled through that small parking area and making it less desirable for
2 purposes of setting out tables, doing whatever you want to invigorate that area for pedestrians. I
3 think there is totally inadequate parking. I think that the density shown here is too high in terms
4 of housing. I believe that we need more housing for the single-family residences and some
5 surface parking possibly for those residences below market rate above the retail. While
6 underground parking is provided a lot of times people don't like pulling into their underground
7 parking and will quickly use the at surface parking, so I think that that has not been adequately
8 addressed here.

9 In going to the balance between retail and residential, for about a year I lived very close by Alma
10 center on South Court, the 3600 block of South Court, and I used what was then the Luckys
11 store. It would be great to have something that's walkable. I have a sense that shopping habits
12 have changed, but I do think that retail is viable in this location and I do think retail of a slightly
13 larger size for the grocery/deli/bakery or whatever you want to call it, but prepared foods and I'm
14 thinking of stores somewhat akin to what you see in downtown Manhattan. People have
15 commented about housing values and real estate values being almost as high as Manhattan. It
16 brought to mind those stores in Manhattan that are essentially looking like they prepare food, put
17 it out there in a nice display, somewhat like Whole Foods does downtown or Molly Stones has,
18 and in addition have the ability to pick up things such as very limited selection of toilet paper and
19 various sundry things. People use those sort of facilities, and I think that our consuming public
20 has changed from going in and buying all groceries that they're going to prepare at home to
21 picking up prepared goods. I do think that there would be a grocer that would be interested in
22 being in that, and I think that grocery store would probably need something larger than 7,000
23 square feet. I'm looking at the 8- to 10,000, but I'm not firm on that because I don't really know,
24 but that's the general sense. I'll probably have some other comments but I'll leave it there and
25 let other commissioners speak.

26 Commissioner Lippert: I want to be very careful about what I say here tonight, because I might
27 be quoted by Jim Baer in some future report. I have to say that what I see here tonight is not
28 terribly positive. I'm somewhat troubled by what I see here. I don't wish to be so blatant about
29 it, but I'm afraid to be quoted as I said earlier.

30 I think both sides are right about what they've said here this evening actually. When it comes to
31 what is defined as "smart growth" or "sustainable design," when it comes to urban planning,
32 there are four main tenets to that. There's density, diversity, design, and transportation, and I'm
33 going to talk to each of those points with regard to this development.

34 The first one is the density issue. When you look at this it appears to have a lot of housing
35 proposed - but at the expense of the retail element. You have a lot of people there, but what is
36 missing is the diversity of the mix of uses there. If we look at what the underlying zoning for the
37 site might have been - the neighborhood serving commercial - what is permitted generally is
38 60% residential, multi-family residential, and 40% retail/commercial. In this scheme, what we
39 have are actually 67% residential and only 15% commercial or retail. What would be ideal there
40 is to have three times the amount of retail to support this in order for it to be considered smart
41 growth.

1 With regard to the design elements, I look at this plan and to me it appears to me very ill
2 conceived, that there seems to be conflicting elements here – the way you get into the site, the
3 way you got out of the site, where the public parking is, where the housing is located. I’m
4 particularly troubled by the housing because it really in some ways represents another
5 development that Jim Baer had worked on, which is the Cameo Club site, which I think is
6 probably very akin to what you will see in the housing element here. It’s not a development that
7 I’m particularly fond of, and I approved that project when I was on the Architectural Review
8 Board, and I’m sorry for that.

9 The last part is the transit element. This project by itself is out in the middle of nowhere. It’s
10 along the railroad track, but it’s not located near any public transportation. For it to be
11 considered smart growth it really needs to have that transit component. If you build enough
12 retail there there’s an opportunity for the City’s own shuttle to stop there, to bring people to the
13 retail center, and to take the residents to California Avenue transit center.

14 So I see this project failing on the four main elements of sustainable design. – density, diversity,
15 design, and transit – and I think all of these elements need to be addressed.

16 Chair Burt: Thank you. Who would like to go next? Phyllis.

17 Commissioner Cassel: Let me try a couple things. I’ve heard this project all the way through.
18 I’ve been on the Commission a long time now and I’ve heard it from step to step to step and was
19 among the majority that approved the 29,000 square-foot site. Although we had a lot of split
20 people there that night, I thought we had a good support of people, and that didn’t go to City
21 Council. it got tucked into something, and when I said something to one of the Council members
22 they said, “I don’t think it would have passed.” There was a lot of pressure against that project
23 and it failed. If we’d had the kind of support we had for that project tonight, it probably
24 wouldn’t have got stuck into the transportation study and the moratorium. There are a number of
25 problems with the large site that people didn’t like, and one was brought up this evening, it was
26 the noise issue. People are very concerned about the size of this being as close to Ramona, that it
27 would cause a lot of noise, there were transit entry problems – where would large vehicles go,
28 what kind of noise it would make because they’d be delivering them at night, and it would bring
29 in too many cars and too much traffic.

30 So unfortunately it failed, and now we’re in a situation in which one of the stores that was to be
31 protected by this, the Co-Op failed, and we now have several very large food stores in Mountain
32 View that we didn’t have at the time that this project went in, including Whole Foods.

33 The other thing that happened in those hearings was that we idealized J&J. it’s the ideal local
34 store; everyone loves it, it serves College Terrace and the surrounding area, it’s the ideal thing to
35 have, and that’s what we should have is something very small. And Whole Foods, which is this
36 wonderful store downtown. Well Whole Foods now doesn’t want to build anything larger than
37 55,000 square feet and it’s no longer local if it ever was local. It’s now national I believe.
38 Piazas is now regional. So these ideal stores that we all wanted, they aren’t going to put up

1 anything that's 13,000 square feet, and we now have a condition on this site that we can't put up
2 something that's 29,000 square feet, so I think we're a little in a bind.

3 Ideally, I would love to see this as a retail space principally, but I'm not sure that at this time,
4 with the additional stores that were put up when we didn't want this project, that it is now viable.
5 And going on that basis, I'm presuming we're going to be putting in something that's a lot
6 smaller. It's going to be closer to the street, which is something we should have had on the other
7 project. And whether it's exactly the size or a little larger, a little smaller, whatever, it should be
8 closer to the street. It's one, more visible; and two, farther away from the neighbors. Someone
9 else mentioned the noise. If it's this size and this far away from the other neighbors it's at least
10 not going to cause the noise problems on Ramona because it won't have the huge vehicles
11 coming in and out that a Safeway or a SaveOn or one of those places would take.

12 We have BMR issues. We have to be careful that BMR projects actually meet their 15%
13 requirements, but I know that both our staff and the staffs of the nonprofits that work with them
14 say that they have special needs, and I know that some of the more expensive units are very hard
15 to market, and I know we need rental units, so that I think needs to be worked out with the staff
16 to see that it's viable, reasonable, and will work, and what is it that we need. All of a sudden we
17 seem to need for instance one bedroom small units for that.

18 Obviously the parking has to be worked on, the entrance/exit has to be worked on. This is a
19 preliminary draft, that's something that happened. Whether this is exactly the right number of
20 units to match the amount of parking space still needs to be worked on.

21 The other big issue we're looking at here is this is now a PC zone, should this continue to be a
22 PC zone or should it be a mixed use zone? We've been working for a very long time to come up
23 with a mixed use portion of our new zoning ordinance, and we don't have it. But this is begging
24 to do that, and an RM-15 zone is not as dense as an RM-30 zone, which is right next door.

25 Commissioner Garber: I feel somewhat compelled to read a couple of the items from the Palo
26 Alto Housing Corporation authority. One of their first items is that "It's very important that the
27 City's BMR program receives its full contribution," which I believe, given this solution, it does;
28 is that correct?

29 Mr. Emslie: We have not done the analysis to provide that. That's not something that we would
30 do at this stage.

31 Commissioner Garber: Okay; so noted. The other primary points here is "Regarding affordable
32 apartments as a below market rate contribution of the redevelopment of the Alma Plaza project,
33 the Palo Alto Housing Corporation would be very interested in exploring this idea and eventually
34 owning the affordable units." What's important about that is that they are focusing on the
35 apartments as opposed to single-family homes as a way to increase the opportunities of different
36 sizes of BMR units to be offering. They go on with further things, but those are the primary
37 points there that I wanted to make sure that were heard.

1 A couple of questions - The other neighborhood shopping areas – there's Middlefield, there's a
2 small one on Loma Verde. Do we know what the sizes of those are in terms of the amount of
3 retail that they have in square footage?

4 Ms. Bourne: For the Middlefield?

5 Commissioner Garber: Yes, I'm thinking of Middlefield and maybe for the sake of the
6 conversation, the Safeway here.

7 Ms. Bourne: For the Midtown center the Safeway is 19,000 square feet, and the three smaller
8 buildings in that same location are 7,400 square feet, for a total of 26,350 in that area.

9 Commissioner Garber: So that includes the two drugstores?

10 Ms. Bourne: That was just looking at one of the aerials.

11 Commissioner Cassel: You're talking about the three little stores that are on the same corner of
12 the one little section with Safeway...

13 Ms. Bourne: That's correct.

14 Commissioner Sandas: ...you're not talking about all of Midtown. The Midtown is made up of
15 many different stores. It's not by one owner, there are many owners in there and on four
16 different corners of the street.

17 Vice-Chair Holman: I think what staff is referring to is the 7-11, the Round Table Pizza, and
18 there's one other shop here that's not coming to mind offhand.

19 Commissioner Garber: So it's something in excess of that 20,000-odd square feet?

20 Ms. Bourne: That's correct.

21 Commissioner Garber: And do we have any data on Loma Verde?

22 Ms. Bourne: I think at your place we provided the PC ordinance that has the limitations for the
23 types of uses, but at this time staff hasn't done the calculations to find out what the square
24 footage is, but we could have that available.

25 Commissioner Bialson: The ordinance has minimum, so we don't have any sense of it.

1 Commissioner Garber: There's some comments made about the amount of housing currently
2 being considered being over the growth caps that are indicated in the Comprehensive Plan. Is
3 that true?

4 Mr. Emslie: There is not a growth cap for residential development in the Comprehensive Plan.

5 Commissioner Garber: Relative to how much housing the Comprehensive Plan targets, where are
6 we relative to this contributing to that target?

7 Mr. Emslie: There are no targets. What the numbers are referring to are the growth projections
8 that were used to analyze the anticipated housing growth over the period of the Comprehensive
9 Plan, the 12-year period to 2010. With the projects in the pipeline we have come to the
10 suggested level. We're 75% of our growth projections, actually a little bit over. We were 75%
11 about the end of 2005 and 2006, and the Comp Plan EIR makes a suggestion, and it does not
12 have regulatory effect, that we evaluate our growth projections to make adjustments to that,
13 which is happening. The staff and the City Council, as you are aware, prepared a colleague's
14 memo that did direct us to do that analysis, to update our growth projects among other things and
15 look at infrastructure, retail services, the gamut of things related to that, and that is underway.
16 So we are in compliance with Comp Plan, we are even following the suggestions of the EIR,
17 which is not part of the Comp Plan, that suggests that as we approach our growth cap we come
18 within 25% of that, that we begin the study, and that study has been initiated.

19 Commissioner Garber: May I continue? For the applicant, can you do a local neighborhood
20 shopping center without an anchor – a grocery store or some other major retail?

21 Mr. Baer: Our shopping center expert is the right person to answer.

22 Mr. McNellis: No; we need a little market to act as an anchor for a center like this.

23 Commissioner Garber: And is there any alternative to a grocery store?

24 Mr. McNellis: I don't think so. This is extremely neighborhood site. The kind of other retailers
25 that are out there would never consider it. It wouldn't work for them. The bicycle shop that left,
26 it's not that kind of location. But the good news is there are a number of these small markets that
27 are interested, and the range is 9,000 to about 11,000 feet.

28 Commissioner Garber: Thank you.

29 Commissioner Lippert: May I ask a follow-up on that one? What about something like a
30 pharmacy, like a Longs? In midtown we have two pharmacies that are literally a block from
31 each other and we have the same thing in the downtown. Why not a pharmacy?

1 Mr. McNellis: Good question. Actually I tried them all. I tried Longs, Walgreen's, I even tried
2 little Disco Rex. I called him because I said – You know, what about a pharmacy here. You
3 seem to be surviving pretty well – it's kind of weird, there's three pharmacies in a row on one
4 block on University. He's an older guy and he said – No, you're right, John. There are no
5 independent pharmacies anymore. It's only right now in California Walgreen's and Longs
6 essentially, and I guess CVS, another huge chain from the east, is coming in. but there's no
7 interest on the part of Walgreen's or Longs. And if you'll remember, Phyllis and Pat and
8 Annette, you'll remember that there's a huge backlash by all the neighbors against having a
9 pharmacy here anyway, but I did try that.

10 Commissioner Lippert: I have one other small follow-up. How come we can have two
11 neighborhood markets like J&J market and Molly Stone literally within 2000 feet of each other –
12 they coexist.

13 Mr. McNellis: I'm saying we can have a market here, absolutely. I will get a little market. What
14 I can't get is a big market.

15 Commissioner Sandas: I have a question about small markets, and I'm just using my own
16 experience, this is anecdotal, no data to support it, so please bear with me. I'm a regular shopper
17 at JJ&F market, being a College Terrace resident, and I think you said that store is around 7,000
18 square feet. I know that they are having economic viability problems. the grocery business these
19 days is you make your bottom line, you make your profit margin by selling on volume, so
20 smaller stores have real difficulty. You have to cram a lot of stuff into a small amount of space
21 to be able to maintain viability. So I'm just curious about the markets that you've been talking
22 with who may be interested in this smaller space, the 9-11,000 square feet.

23 Mr. McNellis: You raise a good point. Every market seems to say that their ideal size for the
24 next store is about 20% bigger than their current store. So the Willow fellow who was here, Mr.
25 Bouchet, he's in 7,000 feet. It's that Willow market right here on Middlefield just across from
26 the Sunset. His interest – and it's in your information, is at 9,000 feet because he has exactly a
27 point – Gee, I got to be just a little bit bigger. I spoke with John Garcia of JJ&F, and the last
28 thing I want to do for the record is take JJ&F out of College Terrace. They're in the midst of
29 negotiations there, and he said if for any reason that didn't work out – same point. He said –
30 Gee, we'd be interested in about 11,000 feet. They're at about 7,000 now, so everybody wants to
31 expand a little bit. I talked to Segonas as well, and their interest was very, very lukewarm, but
32 they took a look at it and they said – if we were interested it would be about 11,000 feet as well.
33 You're right; they all want to be a little bit bigger. But what happens, when we were kids
34 Safeways were 25,000 feet. The first one we built in 1982 was huge at 42,000 feet, and now
35 we're building one today that's 66,000 feet in Santa Cruz, so they just keep growing and
36 growing.

37 Mr. Baer: Interest in JJ&F and the notion that incentives are necessary to create neighborhood
38 grocer viability. There's an application that has been presented, not formalized or finalized and
39 submitted, but the incentive to take what is already 18,000 existing square feet of retail, the
40 Futon Shop, previously Mike's Bikes, and JJ&F is to ask for 35,000 feet of office in addition to

1 replacing that 18,000 feet. Just to translate to say here we have a much loved, well patronized
2 JJ&F. And in order for it to reoccupy, the developer is asking to under-park at nearly 50% a
3 35,000 foot office building.

4 Chair Burt: Annette and Dan.

5 Commissioner Bialson: I just have one more question of Mr. McNellis. There's the covenant
6 that we cannot have a grocery store of over 18,000 square feet, is that correct?

7 Mr. McNellis: That is correct.

8 Commissioner Bialson: And that is because Albertsons at that time had another store in
9 Mountain View that it was protecting?

10 Mr. McNellis: It still does; right. It's actually going to that issue about driving and flying by
11 crows. I didn't fly it, I drove it. It's 1.1 miles to the Safeway and the Luckys, and it's actually
12 9/10 of a mile to Piazzas. But that's right; they were protecting their existing store.

13 Commissioner Bialson: And why was the figure 18,000 reached? How did you come up with
14 18,000, or why did Albertsons want something under 18,000?

15 Mr. McNellis: It was a negotiation. They actually wanted about 10,000 feet and I said – Come
16 on; you guys are going to kill me on this. And then what they pointed out was – Look, John.
17 We've been killed at 20,000 feet. You're already at 20,000 feet, take 18,000, so we ended up
18 taking it. We also did so because I knew then what I know today that there really are no markets
19 out there in that 15-30,000 foot range anyway. Like Jim read that article about Zanotto's
20 dropping down from 20,000 to 13,000 feet. I did not think that we were doing any harm at all to
21 this site by ultimately accepting that.

22 Commissioner Bialson: Thank you.

23 Chair Burt: Karen, a follow-up question, and then Dan.

24 Vice-Chair Holman: Regarding the 18,000 square feet and the grocery store, there are ways as I
25 understand to supplement that square footage without challenging the 18,000 square-foot cap,
26 and that would be to supplement with say, a fish monger or those kinds of other supplemental
27 services that would provide grocery services to the neighborhood. Have you explored any of
28 those kinds of things, like a meat market, I think another commissioner had mentioned - fish
29 mongering, that sort of thing.

30 Mr. McNellis: You're right. You could probably – a baker, a butcher, a candlestick maker – you
31 can get around it that way. All I'm trying to do now is get the box approved so we can figure it

1 out. Usually the first step for us is to find that the anchor tenant, in this case the market, and then
2 we can fill it in from there, but until we have that tenant and we know what its demands are.

3 Going back, there was a little bit of misunderstanding. That ground floor is a gross of 17,000+
4 feet. It gets to 19,000 feet by taking the storage and the office down in the basement, which is
5 pretty typical as Jim pointed out. Most markets, they're usually upstairs as opposed to down, but
6 they have a little office upstairs. As far as getting a net selling area, I think it's fair to say you
7 got about 19,000 feet out of this plan. So what could happen as we progress through this, once
8 we come to the size that works, the layout that works, the mix that works, we say, okay, we've
9 got this box – and then let's say J. Hammer is right and Zanotto's turns out to be a better tenant
10 than it appears and they wanted 19,000 feet say, and everybody here said – Gee, that's great.
11 We'll take a 19,000 foot market and we don't want any other shops, we could all go home and
12 there we would be. On the other hand, if it turns out that the best we can do is a 9- or 11,000
13 foot market and we've got 6-7,000 feet left over, then again, meeting with the neighbors, we
14 break it down into other uses.

15 The Willow market, we were talking with him. He was interested in having, just as an aside, a
16 produce. There's a produce place that's a couple thousand feet in Mountain View, and the name
17 escapes me.

18 Vice-Chair Holman: Milk Pail I believe you're referring to.

19 Mr. McNellis: No, I've talked to Milk Pail. They have no interest. It's another outfit that I have
20 not seen. Somebody help me – a little produce store, 2000 feet. Anyway, that's a good idea and
21 that is how we can aggregate it.

22 Vice-Chair Holman: A follow-up to my own follow-up. So let's say for instance there was a
23 grocery store let's say, that was 13,000 square feet – let's say it's Zanotto's for purposes of
24 discussion, and then there also were supplementary services that were along the food and service
25 line, like bakeries, fish mongers, whatever. Would that then, from your perspective, make the
26 retail aspect of this strong enough to then add more square footage for other retail and service
27 components – in other words, to increase the maximum retail square footage?

28 Mr. McNellis: It's a real good question. I think that Nina Gruen is right. I think this site has its
29 challenges, I think when we had a market that was going to be bigger than all the other markets
30 in town, which was going to be a sufficient anchor to overcome the kind of drawbacks that this
31 site has as a retail location. When we no longer have that I think the Gruen & Gruen report of
32 '92 in which they confirmed again this year, was you've got to put the retail along a street. In
33 order to help these tenants survive they've got to have street visibility. And we'll get to that and
34 you guys will kill me over that, but you're going to want real signage for these guys. Once we
35 get the box agreed to, there's plenty of signage and maybe a monument sign so the tenants can
36 survive. So I think what's going to drive the size from standpoint is the frontage along Alma.

1 Commissioner Garber: Just to follow up. The Thompson study that was done in 2000 has
2 created a retail model, not for this particular neighborhood, but for all of Palo Alto. Now while
3 the data that that model churned through has changed - there are two less grocery stores right
4 now than there was then; I suspect there are populations that have changed as well – however,
5 the model itself is still workable. I think one of the biggest learnings for me when I read through
6 that is that when you were looking at a grocery store that I believe was 37 square feet and change
7 at that time...

8 Mr. McNellis: That's right.

9 Commissioner Garber: ...it predicted a significant penetration to existing markets of the other
10 grocery stores in Palo Alto. My memory is there was around 11-12% loss for the Safeway for
11 instance and subsequent losses for Piazzas. The big learning there is that if we do something in
12 Alma, it will have impact across the rest of the community, meaning the rest of the city at a
13 certain size. My question to you is if you are looking at a project that has now 19,000 square feet
14 and change, are you foreseeing other impacts to other retail areas in Palo Alto?

15 Mr. McNellis: You're absolutely right. Evidence aside, we only eat so much. If every grocery
16 dollar that comes at our center comes from somewhere else, the grocery dollars are being spent
17 today, and if we're going to do a smaller market - we're not going to draw outside of Palo Alto
18 of course, and we're not probably going to compete with the Palo Alto dollars that are going to
19 Mountain View, to Whole Foods or Wal-Mart or whatever. So yes, there will be an impact. The
20 Piazzas fellows were a little bit worried about that. They're very worried about the impact that
21 the Whole Foods is going to have on them. But I think we've talked economic protectionism on
22 this site long enough. I think a small amount of sales – there is room for a small market here, it's
23 not going to hurt anybody. I think if we were to put a large market here - if there were one,
24 which there isn't – but if we put a large market here it would definitely be felt pretty hard by
25 Piazzas and Safeway. I think those numbers are correct that Thompson study in 2000.

26 Chair Burt: I would just say that we concur. A real big market there was going to do a lot of
27 harm to these other markets in the area. The Thompson study, which is the most recent one that
28 we've had, 2000, as you stated, we've had some change since then, and that is that we've had
29 Co-Op close and then now this Alma Plaza Albertsons closed. All American had closed before
30 that as had Midtown and as had Johns. So those three had all closed prior to the Thompson
31 study. And then subsequent to the Thompson study we had two larger stores close. But at that
32 time the Safeway at Middlefield had the highest revenue of per square foot of any grocery store
33 in the sub-region, so the notion that this isn't a viable area is I think disproved by the Thompson
34 study. What we have at the Alma Plaza site is the location that is most adjacent to essentially
35 southwest Palo Alto, in addition to that it would compete, depending on what sort of store is
36 there, compete with Safeway and Piazzas for the traffic that's in between them, but they would
37 have a geographic advantage with people in Barron Park all the way to Los Altos to shop, they
38 go to Mountain View partly for the reasons that every does, to go to Costco or whatever, but also
39 because of convenience. They don't have anything close. So I wanted to make that point. Lee,
40 you had a follow-up?

1 Commissioner Lippert: I just wanted to make a comment, which is that the irony is that Whole
2 Foods is putting in a 50,000 square-foot facility down in Mountain View, but they got their
3 foothold here on the peninsula really in downtown Palo Alto with probably what was the
4 smallest store that they've ever built. Do you know how many square feet that is?

5 Mr. McNellis: It's 20,000, my recollection.

6 Mr. Baer: It was the first store, it's an Austin-based organization. It was its first store in
7 California. Chop Keenan, like John McNellis, is a shopping center specialist as one of his many
8 specialties, and 20,000 feet was a large store for them when this opened, and the City recognized
9 the value in north Palo Alto of getting that kind of a store because there were significant parking
10 concessions made in order to create that opportunity. But it was bigger than its typical store in
11 the Texas chain.

12 Commissioner Lippert: Well actually the truth of the matter is that Whole Foods, another branch
13 of Whole Foods, was a branch called Wellspring, and the Wellspring stores were actually much
14 smaller than that. And again, they were put in more neighborhood type shopping centers, and
15 those you can find throughout North Carolina and the southeast.

16 Chair Burt: If it's all right I'll make some broad comments. First, I'd like to thank Mr. Baer for
17 giving credibility to the comments that I've made over the years in this, but I think I'd like to
18 clarify the context a little bit. The recommendations that I've made and that the Planning
19 Commission had supported that caused an evolution of this from being a very large box, large
20 store proposal to one that was a mixed use housing and retail as the Comprehensive Plan
21 recommends, was based upon what the Comp Plan says and its wisdom, which is to provide
22 incentives to the owners of the various neighborhood serving centers in the City, to allow them
23 to add housing as a means to give them an economic incentive to revitalize their centers – and
24 that holds true; it's a good concept, and that's what we supported, that's what the 29,000 square-
25 foot plan had done and that's what was the context for those comments. So it's not housing
26 instead of retail, it's housing in addition to retail, is the concept of the Comp Plan, that's policy
27 L-37, and then we've got policy L-38 and L-19 that are all relevant. L-37 says basically we keep
28 the scale of these centers throughout the City. I would say that the neighborhood centers are not
29 less than 30,000, and I'm looking forward to staff clarifying those, but most of them are in the
30 vicinity of this center, which depending on whether you count the upstairs office, was it 40,000
31 or whatever – but that kind of vicinity. My feeling is that the retail should not be below what is
32 the low end of what retail centers are in the City, the neighborhood serving centers in the City, if
33 that's 30,000 or whatever is the low end - certainly not less than that - and then in order to
34 provide the economic incentive for the revitalization to allow the developer to add housing as the
35 economic basis to be able to justify the revitalization.

36 I think that public space is another important aspect of this. There's too little public space in the
37 design, and that is also a very important part of what's reiterated in the Comp Plan. These are
38 supposed to be neighborhood centers, not strip malls, so there's supposed to be places where
39 people gather, they're central parts to the neighborhood – they are not incidental to the
40 Comprehensive Plan, they are fundamental to the Comprehensive Plan. So to me it's essential

1 that this remain a neighborhood serving shopping center, or in my mind alternatively, we need to
2 amend the Comprehensive Plan. So it's that basic. To have this become a very truncated
3 amount of retail and a very large amount of housing – and I don't know what the square footage
4 is – but it is probably at least triple the retail – the proposal we have before us, I think is
5 essentially the tail wagging the dog. It's a retail center and we provide and allow for housing as
6 an incentive, and I think it was a good concept that we ended up settling on three years ago. I'm
7 sorry it didn't go forward. The concept remains sound, and that's my basic recommendation in
8 terms of the big picture concept of what we ought to do here. The developer needs an incentive.
9 Retail alone cannot pay for revitalizing that center. They need a housing bonus to be able to
10 justify it, but not instead of a retail center. Dan.

11 Commissioner Garber: Some comments. First of all I'd like to acknowledge Commissioner
12 Bialson's comments regarding the encumbrance of the site and her concern about parking. I
13 suspect that parking is unfortunately a bigger issue because of the retail needs of the site, and it
14 sounds like the way that the neighborhood has used or expected to use there. I don't know what
15 the legal issues are. I suspect you'll figure that out with staff shortly.

16 I would refer to the letter from the Palo Alto Housing Corporation regarding the below market
17 rate housing. It sounds like they are very interested in the use of the apartments as you are
18 proposing, which I think is an interesting and different use that can add to the accessibility of
19 them.

20 I think my biggest concern relative to the retail as part of the overall mix has to do with
21 balancing it against the impact that it has against the rest of the City. You have, whether it's
22 fortunate or unfortunately, done several experiments over the last – I don't know how many
23 years, this is 12 or something, like ten years – okay, 12 years. Starting at 47, going down to 37,
24 going down to 27, now you're at essentially 20,000. It certainly sounds like relative to the
25 community the 47-30 is too big relative to the Thompson report. I suspect that those are
26 numbers where it begins to impact the other retail that exists within the community. If I were in
27 your shoes, that's a good thing because it makes my center more viable. On the City's part, I'm
28 concerned about balancing that and creating the correct balance across the entire community.
29 When we get into the 25-27, down to the 19 or the 18, I'm thinking without any analysis or
30 study, that those numbers probably have less impact to the existing retail and are easily
31 absorbable. So the strategy I guess I'm acknowledging here is the zero impact relative to retail,
32 which I think makes sense relative to a planning strategy for the City. Again, I might offer that
33 to the staff to comment in later meetings, reports, recommendations, etc.

34 I'm not afraid of the housing. I acknowledge – there's nothing that causes me to recognize that
35 I'm still new on the Commission when one of the more senior members steals my thunder – the
36 comments that Chairman Burt has made about the housing I think are good and in particular, his
37 comments about what your current sketch of what the site plan is. What is missing is the place,
38 where it is that the gentleman with his daughter can go to every day and have the ice cream cone
39 or something of that sort. And if that can be done at the expense of some of the housing, so
40 much the better. I can imagine easily that the retail becomes slightly larger by a couple thousand

1 or something. So again, if we're thinking 10,000, I suspect we're bumping up against the
2 boundary that Thompson BNCC suggest in the model. It gets us out of this zero impact world.

3 A detail - and that is the front edge along Alma - the setback. There's a comment that went
4 through my mind when I first looked at the staff report; it was acknowledged by one of the
5 members of the community here today. I suspect it sits in front of where the line of houses
6 would be. Right now, it's not clear to me what the impact of that is, if that's good or not, that
7 would be something that I would raise to staff to review, or to the ARB to consider.

8 I guess in short, relative to the balance and the mix, my sense is that you're pretty close relative
9 to what the community needs, relative to what the neighborhood should have. I suspect that puts
10 me at odds with any number of different people in the community. However, when I look at the
11 analyses that have been done, both the CBRE as well as the Thompson and some of the
12 discussions we had this evening, I think that's where my head is at.

13 Chair Burt: Thank you. Karen?

14 Vice-Chair Holman: Give me just one second; I was trying to find something here.

15 Chair Burt: I'll make just a quick comment then. Dan, in regards to the zero impact concept -
16 for me, the comparison point is that this has been a neighborhood serving center that has always
17 had an impact, so I don't think that what replaces Albertsons and the neighborhood retail that
18 was there should have no impact on the other neighborhood centers. We don't want to harm
19 them significantly, but this has been part of the design. And so I think to retain this as a
20 neighborhood center, by definition it will have to have impact. But when Albertsons closed it
21 had a favorable impact. They don't necessarily have a right to return to that level.

22 Commissioner Garber: So acknowledged. And perhaps the policy is, as you've just stated, the
23 no harm policy. You're right. There should be an impact, there will be an impact. But if we
24 look at the numbers here, it has not had a significant impact in seven years, ten years.

25 Commissioner Sandas: Just to add to that, in the plan for this development I was personally
26 hoping to see some more square footage devoted to retail as well, and particularly hearing
27 tonight from people who live in neighborhoods that are not necessarily surrounding immediately
28 the Alma Plaza but who live in Barron Park and elsewhere who are crying out for viable
29 shopping in Palo Alto as opposed to Mountain View. I'm not seeing the impact of more retail at
30 Alma Plaza hurting anybody in Palo Alto; I'm seeing business being brought back to Palo Alto
31 from the likes of Mountain View and Los Altos, and that's where my mind and my heart are set
32 on that topic.

33 Commissioner Garber: Can I just ask Paula a question? I hear that and I think that makes sense
34 to me. However, I think that some of the issues that have been described about the
35 encumbrances of the site - not legal here but geographic - make this site a very difficult one to
36 accomplish that as a goal. Most of the other community centers, as well as our shopping

1 districts, have streets which allow for much larger sorts of uses to be developed on them. You
2 have two-way streets that are lower velocity in some cases and that have much better egress and
3 ingress, etc. I'm not sure this is the place for that goal to be supported, but you're welcome to...

4 Commissioner Sandas: I'm just going to make one more comment. I mean, how did it work
5 before when there was a bigger store and much more retail space? You know, my argument here
6 is not to eliminate housing, that's not what I'm looking for. But based on the needs that have
7 been expressed by people, I'm really concerned about the size of the grocery facility in
8 particular, and therefore, limitations on other retail that can be applied there.

9 Commissioner Garber: I think that's a great question. Let me ask the applicant - why did
10 Lucky's fail?

11 Chair Burt: Let's have another meeting for that one. Karen, you've been waiting, why don't you
12 go ahead.

13 Vice-Chair Holman: Okay. I can do shorthand for some of this. Regarding access, I align
14 myself with the comments of Commissioner Bialson and Lippert. I also have a question for staff
15 that if you cannot answer this second but respond to as we continue on here. The staff report and
16 the applicant's submissions talk about decision by the City to not put a signalized turn in on
17 Alma Street and I'm curious about if that was a true decision, because for instance while it's not
18 exactly the same situation, we have a similar situation at Bryson Court and Colorado. There are
19 four stoplights at both of those situations, within close proximity.

20 Also regarding access - it doesn't appear as though, because it says no entry on the Ramona site,
21 and I'm not clear that there's pedestrian and bicycle access from the Emerson site either. I want
22 to make sure that that is provided. And if there are concerns that continue about overflow
23 parking, that those two neighborhoods, that there be permit parking considered for their - or
24 some way to work those problems out. I think it's essential for the neighborhood to have easy
25 access - to have pedestrian bicycle access through the backside as well.

26 Regarding the BMR units, whatever the number of units does turn up to be, the comparability is
27 not demonstrated by what's presented, so I'm not going to challenge the staff to say they are or
28 aren't, I'm just going to say that as I see the plan it doesn't seem to be demonstrated there.

29 Regarding parking, I also would align myself with the comments of Commissioner Bialson. And
30 I think when this goes to Council there's some clarifications of the calculations that could be
31 helpful, and staff can respond to this, if you would please. The calculations provided by the
32 applicant - and are quite similar to what's provided in the staff report - appear to be the numbers
33 that presume four parking places per 1,000 square feet, not five. And it also presumes the
34 blended rate for mixed use. And so there's no comparison of what the requirement would be that
35 we'd be starting from. And then also if staff could comment about whether there really was a...
36 there was a comment made in the applicant's presentation that the Commission had approved
37 four parking spaces per 1,000, and we haven't reviewed for the ZOU the commercial sections

1 yet. So if you could provide clarity for that too. I don't know if you're making notes of the
2 questions to respond to, but if you could I would appreciate it.

3 Regarding neighborhood center and the retail, I pretty closely align myself with the comments of
4 Commissioner Burt. I'm not opposed to housing here; I think there does need to be housing at
5 some proportion, not what's proposed. That does act as somewhat of an incentive to support the
6 retail. This isn't really a true mixed use project as I view it. I think as Commissioner Burt said,
7 it's predominantly housing and there's almost an afterthought of retail, and it really destroys the
8 concept of neighborhood center as is described in the comprehensive plan.

9 There's one grocery store which I didn't see referenced, which occurs to me this evening as
10 Bianchini's. I don't know what their viability is or what kind of square footage they want, but
11 I'll just throw that in. I think there's also a way to potentially supplement a grocery store with
12 some of the other mixes that we talked about earlier, like bakeries and fishmongers and that sort of
13 thing.

14 The purpose of neighborhood centers are not just retail generators. While they do do that, and it
15 does help the City's bottom line, there really are, and again, this is well stated in the
16 comprehensive plan, they're really gathering places. And there needs to be a reasonable amount
17 of open space, there needs to be a sense of place, there needs to be a magnet that draws them
18 there, and that is more than just a grocery store. There really has to be an environment created.
19 That's what the purpose is, as I read it in the comprehensive plan.

20 I think Palo Altons are pretty loyal to their local stores if they're given access to them. JJ&F,
21 while it does struggle, it's a quite small store and one of our commissioners here has even stated
22 - well, it is a small store; she's very loyal to that store. A lot of Palo Altons are. There are draws
23 to some of the other big box stores, but there's also the ease, the locality and the loyalty that one
24 develops with a retailer like that.

25 Regarding the housing also, there's a comment on one of the questions asked by the applicant
26 for us to comment on the compatibility. I would like a staff response to this as well, this
27 evening, if you could - it's not clear to me that the calculation is based on density. Whether it's
28 this project or just talking in general, if it's a mixed use project, true mixed use project, then your
29 calculations can be based on the whole parcel. If a proposal comes forward that is
30 predominantly housing and it has some retail at the front, then the housing section needs to be
31 identified and calculated as the housing portion of the project is x FAR; x density, and the same
32 for the retail section, for it to be a true mixed use project. Then you can combine the area to do
33 the calculations.

34 For compatibility, on the backside, something like a cottage cluster would be much more
35 compatible with the existing neighborhood and then transitioning in from there.

36 One comment regarding the parking as well. One comment I have to make there, I was quoted -
37 not featured as Winter Dellenbach said that she was - but I was quoted. And I think a further

1 reading of the minutes from that Planning Commission meeting would indicate that while I said
2 that the... there was a finding or a determination by the City Attorney's office that this property
3 did not have to provide the parking for the apartments to the north. If you read further in the
4 minutes, I believe my statements would have also said that one cannot however ignore the
5 existing conditions, that there is an underpark situation to the north, and that's going to affect the
6 retail success, so that needs to be considered when considering parking ratios.

7 Regarding the land use zoning, I will not support – I can say right now emphatically, I will not
8 support a development agreement for this property. There are things that we need to recognize
9 about – while PC zone is kind of a messy process, but a development agreement doesn't provide
10 some of the things that a PC does that are very important for something, especially like a
11 neighborhood center. A development agreement has a sunset. Pretty typically, at least from my
12 experience, they last for 25 years and then they expire. I think what we want to do for our
13 neighborhood centers is provide for long-term planning and zoning for these. A PC provides for
14 public benefit, and perhaps the public benefit will be... well, I won't speak to that. We'll see
15 what the public benefit is. It might be integral to the project, maybe not.

16 Development agreements have proven in Palo Alto, at least to be problematic during the review
17 process with guaranteed floor area ratios. I have watched the ARB, in particular, review projects
18 with great frustration, so that's problematic. When a development agreement expires, we no
19 longer have the protection that we do need to assure that we have the retail on this property, and
20 we could lose the neighborhood center in whatever that period is – 25 years.

21 And open space, I think more consideration needs to be given to open space. I think I will stop
22 right now, for the moment at least.

23 Chair Burt: After Commissioner Lippert has his final questions or comments, I would hope that
24 we could entertain... do you have additional...

25 Vice-Chair Holman: Actually, did staff have any responses to some of those questions that I
26 asked?

27 Steve Emslie: Well, I could just make a general statement, and then maybe Beth can discuss
28 more of the statistical questions. We haven't done the project level review. We don't have an
29 application, so you're not getting the kind of detailed analysis you normally would expect. So I
30 just want to preface that. I would like to respond to the question regarding the characterization
31 of the Commission's approval on the prior document that I believe is a reference to the
32 Commission's recommendation to the City Council on the prior project, but that is not binding
33 on the Commission in any way, as it's related to a project that did not move forward. So I just
34 wanted to make those clarifications.

35 But, again, oh, and regarding the... I'm taking the comment about the calculation of the FAR is
36 that in your commissioners' opinion, that you would like to see the items not aggregated because
37 you don't view it as mixed use, then FARs need to be treated more independently, so we will use

1 that as a way so that you would have that information when you make your decision as this
2 project moves forward. But we will take that as a sense of the kind of analysis that you're going
3 to require when you review the more project details. And then, Beth, is there anything you'd like
4 to add?

5 Vice-Chair Holman: Yes. And the reason it's important at this level is just so that we don't
6 make decisions based on what appearances are and then what numerical applications maybe have
7 a different...

8 Steve Emslie: I did ask Beth if she has any details, but, again, this is... none of this binding.
9 You should also know that even if you make a motion, the code is very clear that any action that
10 you take, you're actually recommending to City Council, is not binding on you. So that's the
11 tradeoff with this, you get to interact very early, at a very conceptual stage, with the applicant
12 and get your comments out without having to make a irreversible commitment. So it's a good
13 thing for you.

14 Vice-Chair Holman: Thank you very much.

15 Chair Burt: Just so Commissioners will... Arthur, there's something quickly you want to add?

16 Arthur Keller: Yeah. I just want to clarify. This is Arthur Keller. Clarify, there was a comment
17 about the previous design for a 29,000 square foot store. Remember that that was not only retail
18 of 29,000 square foot, which was a 29,000 square foot store, I believe 4,000 of the Save-on Drug
19 Store, plus at least 5,000 of other retail. So that was actually 37 or 38, or close to 40,000 square-
20 foot in the previous design. I just want to clarify.

21 Chair Burt: Well, you're correct that it was close to 40 total. The Save-on was actually part...

22 Commissioner Cassel: I believe it was 47,000 square feet total.

23 Chair Burt: I'm not sure that was the case. The Save-on was actually part of the 29. Either way,
24 that's not what is before us tonight. That horse is dead. So what I wanted to encourage the
25 Commission to think about while last Commissioners are making their comments, so that we'll
26 get ready to wrap this thing up, is that we've had a lot of comments and we can't hope to have all
27 of those comments incorporated in a motion. And we were asked to both comment on this, and
28 staff is looking, where if possible, for a broad concept motion to come out of this meeting. If we
29 can't agree on that then we can't agree on it. But I'd like the Commissioners to think about
30 where they might fall on a broad concept motion that could be forwarded to Council. So while
31 you're thinking about that, Commissioner Lippert?

32 Commissioner Lippert: Yeah, I'd like to make just a couple of closing comments. One is with
33 regards to the plan that's being proposed here, and it appears that these parcels would be divided
34 or subdivided, and I would be very reluctant to approve a project of housing that doesn't have

1 frontage onto some sort of a street. And in this case you actually have to go through one site to
2 come to the other site.

3 The second concept, the second thought I want to bring forward is with gasoline prices, the way
4 they are rising now, and with air emission standards being dropped, I think people would be
5 more inclined to actually make more use of neighborhood serving commercial areas to pick up a
6 carton of milk, to even do some of their major grocery shopping, to bicycle there, and to take
7 those groceries home. And so I think we're going to see more and more the integration of
8 neighborhood serving and smaller type stores. Again, a resurgence of those.

9 The third thing I wanted to talk about was design a little bit. I know that we're not the
10 Architectural Review Board here, but I struggled with trying to come up with a vision for you
11 guys to take a look at, as to something that's very similar in terms of having housing and retail
12 that works well together. And what comes to mind is in Boca Raton, Florida there's a shopping
13 center, it was actually a strip shopping center or a mall at one point, it's called Meisner Plaza,
14 and that was redeveloped. Meisner actually has a main street that runs through it that you can
15 park on, and open space where the community can actually look out on something that looks
16 attractive and can make use of that. And above it, there's ground floor retail, very high end
17 ground floor retail, and above it are high end apartments. And so I think that that's something
18 that... it's a much larger development, but it's something that I think could be a model for this in
19 terms of the quality and character issue.

20 And then lastly, I just want to make a point with regard to smaller national retail chains looking
21 for smaller spaces. And what comes to mind immediately, and I think everybody's pretty much
22 aware of this, is Starbucks. Starbucks on every corner. Do you know why there's a Starbucks
23 on every corner? So you don't have to wait in line. So that for your convenience you can get in,
24 you don't have to wait in line, you can get your cappuccino and you can go. Well, obviously
25 Starbucks would probably be interested in this shopping center if it was viable – maybe even a
26 Peet's.

27 The second one that comes to mind is Ace Hardware. Ace Hardware, right here in the SOFA
28 area, is the highest grossing Ace Hardware Store in the entire country. They stock that hardware
29 store three times a week. That means everything on the shelf is gone and replaced three times a
30 week. So that's just something to... every other day they're restocking those shelves.

31 So those are some other retailers, national retailers, that come to mind, that could avail
32 themselves of this site. It doesn't have to just be a grocery store.

33 Chair Burt: And we'll take all those as comments, but tonight I want to try to encourage
34 everybody to focus on, for now, the big issue things and for us to try and wrap up.

35 Commissioner Cassel: I think we need to be focused on big things but not so big that we aren't
36 getting any place and we aren't being real. So I'm hearing a lot of heart and I'm not sure I'm
37 hearing a lot of practicality. If we want a big place it's going to go where? It can't go next to the

1 single-family residential down in the south; we can't go next to the single-family residential
2 that's to the east; we put it to the north and it was in there and with a little piece going forward,
3 and then we had an entry driveway that had problems getting across the street. Where are you
4 going to put this extra retail that you're putting in there, and how are you going to get the traffic
5 around that? So maybe the number of houses aren't exactly right in order to allow enough
6 parking for some of these spots, but you're either going to put in something that's big enough
7 and enough space, and then you've got to get into the site and out of the site. You don't have
8 these other entries. They don't want it on Ramona. In midtown we have empty stores all the
9 time. Even with this closed, we've got two empty stores in midtown, so I'm not sure we're
10 realistic about demand. We have had empty stores as long as a year sitting there in midtown at
11 different times, and it's a very different kind of place than this; it isn't one owner. It's on a cross
12 street with side streets, side alley entrances and things to it. So it's a totally different creature
13 than this; it's much more like California Avenue. So I think we need to be practical. I think that
14 this kind of size is going to work, and I think this is the general concept. I think some of the
15 smaller details that people have working about, like how do we get the exact flow and traffic and
16 that kind of thing in place. But you put a bigger place in and you put a great big trucks coming
17 in, and now you're going to have noise in the neighborhood again.

18 Chair Burt: Annette, do you have a...

19 Commissioner Bialson: I'm getting closer, and it's hard to listen and write at the same time.
20 What I'm trying to get to, and I hope the Commission will assist me in that, is conveying that in
21 the motion that it's the sense of the Commission that Alma Plaza be a viable neighborhood
22 serving retail center which also serves as a community gathering center. That we recognize the
23 desirability both through the city developer, and by the way, the neighbors, to provide housing
24 which will act as a buffer between the existing housing and the development we hope to
25 accomplish, which will be the retail. The balance, I can gather from the comments of my fellow
26 Commissioners, is such that we are looking from in general more retail than is provided by this
27 proposal. I don't know what else you want to put into the motion. I can try to polish this
28 language.

29 Chair Burt: I guess my support would be based upon that the retail be within the range of retail
30 that exists in neighborhood serving shopping center, which is defined in the Comp Plan. It can
31 be a the low end, but within the range.

32 Commissioner Bialson: Do we know what that number is, Dan, I was going to say?

33 Chair Burt: No. But I could venture my estimate based on what we've talked about on
34 Edgewood, Alma, the Charleston, and midtown's larger, but those are the ones and they're all at
35 least 30,000 square feet. So my sense is that I'd be willing to allow this to go down in retail to
36 the bottom of the range, but it still is a neighborhood serving shopping center as defined by the
37 Comp Plan. And it has to have that much retail, and then we look forward to a proposal that
38 would incorporate that and a mixed use housing that would true mixed use that would be
39 integrated with center, perhaps like we had with the previous Albertsons where, as
40 Commissioner Bialson said, some of the outer perimeter housing might even face outward and

1 be a transitional buffer, but the balance of the housing was true mixed use and integrated within
2 the center. Dan?

3 Commissioner Garber: Not that I... you know, it's pretty late. But I suspect that we have sort of
4 a critical mass issue in the concept as you're defining it, or I think you do. And that is to
5 Commissioner Cassel's point, you can make a smaller or less square footage work, but you really
6 have to struggle until you get to a certain threshold before you can make something larger work.
7 And what I don't know is if you can make 30,000 work as well as you can a call it 20,000, or as
8 well as you can say a 60,000. I don't know what the square footage is.

9 Chair Burt: So for me, I go back to the Comp Plan, and I don't think we're in a position where
10 we're given authority to rewrite the Comp Plan or allow somebody to outside of the Comp Plan.
11 And so, it's a separate question what we might think we would have if we were given the
12 opportunity to rewrite the Comp Plan. But I don't think this proposal is consistent with the
13 Comp Plan. And so I don't think what's before us tonight is that and I don't think we should try
14 to design the center tonight. I think we should give the developer some sort of a conceptual
15 range of what we find consistent with the Comp. Plan, and something that hopefully will provide
16 them adequate financial incentives to revitalize the center.

17 Who would like to go? Annette?

18 Commissioner Bialson: Well, I shouldn't be making the motion because I don't necessarily
19 agree with you, so.

20 Chair Burt: And we may not end up with that. Does anybody else want to make a comment?

21 Commissioner Garber: I wasn't going to make a comment, I was just going to ask to continue
22 the conversation. So in your mind is the 19 and the 20,000 is that's too low?

23 Chair Burt: Yeah. In my mind the low end of what should be permissible here is whatever is
24 approximately the low end of what exists in neighborhood centers, and my guess is that's in the
25 30 sort of range, but we don't have to know that number. It's a conceptual one, it's something
26 that's comparable to at least the smallest of the neighborhood centers.

27 Commissioner Lippert: I'm in agreement with Pat's point of view on it. I agree. I think it needs
28 to be at least on the low end, and could be as high as what is allowed for the CDN.

29 Chair Burt: And we don't have to stipulate a square footage tonight. We're on a conceptual
30 basis right now.

31 Commissioner Bialson: One of the things we all acknowledge is that housing can be used to
32 provide some economic incentive to the developer to provide sufficient retail. And I just don't
33 know enough to say that I am comfortable with saying that 30,000 should be the amount of

1 retail. All I know is that the balance that was struck by this proposal as it presently stands is not
2 working for me, because I just do not see it being realistic with regard to the amount of retail
3 versus residential, and addressing the problems with parking and being a true neighborhood
4 serving center.

5 Chair Burt: Right. And I don't know what amount of housing would work either. I know that
6 three years ago we had a proposal that worked for that developer, where it was far less housing
7 than this, but it was also a market that was larger that was a more valuable retail investment for
8 that developer. So somehow the economics have changed. I don't think we can stipulate how
9 much housing tonight, but to me it's something in that... my sense is it's more housing will be
10 necessary to make this work than what was proposed three years ago, and maybe less retail than
11 what was proposed three years ago. But still, we give a conceptual notion that is what we think
12 is consistent with the Comp Plan. Lee?

13 Commissioner Lippert: I want to take a stab at a vision here maybe that we can put our hands
14 around. If you can imagine for a second, along where the single-family residences are, along the
15 bottom of the plan, and along Ramona Street, possibly being single-family type residences. And
16 then you were to look at the upper part of the plan where we have the RM30 abutting that, the
17 existing apartments, being maybe higher density apartments that are above retail. That might be
18 enough to sort of give them a push going in the right direction.

19 Chair Burt: I think that's a good concept. I think at this later hour we've got to bring ourselves
20 back from trying to suggest designs, although I think personally that that's a very good concept,
21 and just see if we can make a recommendation that has a majority of the Commission that will
22 give some broad parameters so that the Council and the developer have some guidance. Karen?

23 Vice-Chair Holman: I'll try a motion here. I'm trying to keep the 30,000 foot level, but
24 something that we can apply to a future project.

25 MOTION

26 Vice-Chair Holman: I move that a project proposed for the Alma Plaza site be a true mixed use
27 and by that, having an amount of retail comparable to other existing neighborhood centers in
28 Palo Alto. And less housing than is currently proposed. That there be better transition to
29 residential neighborhoods regarding design, FAR and density. Regarding access, that there
30 needs to be careful consideration or reconsideration of signalization of a turn into Alma Plaza.
31 There assume to be easement issues here from the office development that need to be rectified,
32 and that pedestrian and bicycle access is essential to a successful center.

33 Chair Burt: Okay. Do we have a second?

34 Vice-Chair Holman: I'm not finished.

1 Chair Burt: Oh, sorry. I would just caution, the more detail we load in the motion the less likely
2 we will get it passed.

3 Vice-Chair Holman: Understood, but we have 3 or 4 more issues that are basic to the project.

4 Chair Burt: Go ahead.

5 Vice-Chair Holman: Parking, that as a starting place, that the parking be based on code, existing
6 code. And the BMR issues refer to the Palo Alto Housing Corps memo to us that the housing be
7 more... I feel like I said this already... housing being more compatible and transitional regarding
8 the single-family, and that the zoning stay as plan community zone.

9 SECOND

10 Commissioner Bialson: I will second that.

11 Chair Burt: Okay. Do you have anymore comments on your motion?

12 Commissioner Holman: I think I'll save everyone the labor of that.

13 Chair Burt: Comments from the seconder?

14 Commissioner Bialson: I think that it's a motion that captures many of the comments we've
15 made, and also does not address square footage number, which I think we just are not competent
16 to address.

17 Chair Burt: Dan?

18 Commissioner Garber: Can the motion have some language that does this in a way that it's still
19 economically viable, such that we don't end up putting the applicant in a bind as to what it is
20 they can actually achieve given the environment that they're dealing with. Does that make any
21 sense?

22 Vice-Chair Holman: I appreciate the comment. At the same time, economic viability is not the
23 responsibility of the Commission. And when the applicant bought the property, it had its current
24 zoning on it, and it's identified as a neighborhood center in the comprehensive plan. So the
25 liability lies with the purchaser, in other words, the applicant.

26 Chair Burt: I guess I might add that if it's not economically viable, it won't get built. But our
27 job is a little bit different from designing the viability of a project. We hope that what we
28 propose has that viability. And I think the discretion in the amount of housing is the fudge factor
29 that probably creates the potential for a viable project. But we haven't seen that project; all
30 we're trying to do is give very broad parameters. Lee?

1 Commissioner Lippert: And I have a friendly amendment I'd like to just add to that, which
2 would be that the applicant would also look at a variety of housing types that are compatible with
3 the City.

4 Vice-Chair Holman: I'd accept that.

5 Commissioner Bialson: That's acceptable to me.

6 Chair Burt: Who else? Any other comments? Phyllis?

7 Commissioner Cassel: Well, I'm going to oppose this. I think this is a mixed use project. I
8 recognize that it doesn't meet the total definition of a neighborhood community center, and I
9 think we have to think about whether that needs to be amended, and I think the City Council will
10 need to look at that. I think we have excellent transition to the neighborhood, and I think they're
11 using a small lot zoning that is similar to some of the other concepts we've been working on as
12 we work on the comprehensive plan, and it transitions down. So I... while we can argue a few
13 thousand square feet here more or less, and how it's going to be laid out and where the road's
14 going to go, and all that has to be done and all that has to be worked on, I don't see this as a site
15 that's going to handle a store that's under 20,000 square feet, and they can't do it over 20,000
16 square feet. I think we're being very idealistic.

17 Chair Burt: Does the staff need the motion restated or is it adequately clear?

18 Steve Emslie: I think it's probably clear and we'll have it in the minutes. But I just wanted to
19 emphasize, I mentioned before, your motion is not an action, it's a recommendation to the City
20 Council. Per the ordinance, this is not binding. So it's not binding on you, nor is it binding on
21 the applicant. So it's a way of formalizing your comments to City Council. So I want you to
22 understand that that's the nature of the motion.

23 Chair Burt: It might be characterized as more as a consensus recommendation.

24 Commissioner Bialson: I think we should label it that way – consensus recommendation.
25 Because I don't want to feel in the future at all bound by this is being any sort of precedent or
26 misleading...

27 Commissioner Lippert: Well, we know Jim will quote us again. Okay.

28 Vice-Chair Holman: If I could, perhaps, if the seconder would agree, that perhaps that be the
29 preface of the motion.

30 Commissioner Bialson: Yes. It would be the preface of the motion. That would be desirable
31 to...

1 Chair Burt: So we're going to take a vote on a consensus recommendation.

2 Commissioner Lippert: That's fine.

3 Commissioner Bialson: That's okay? I was just going to say, there is no consensus.

4 Chair Burt: Well, yeah, consensus is not unanimity.

5 Commissioner Bialson: Okay, you're right, you're right. It's time to go home.

6 Chair Burt: Okay. That's why we vote. Alright. Are we ready? All those in favor?

7 That passes by a vote of 5 to 2, with Commissioners Sandas, Lippert, Holman, Burt and Bialson
8 in favor. Commissioners Garber and Cassel opposed.

9 Commissioner Sandas: I just have one more question before we leave, and Mr. Martin Stone
10 referred to a bomb shelter, and I am so curious about that. I'm wondering if we can learn more
11 about that at some point.

12 Chair Burt: Not tonight; thank you.

13 Vice-Chair Holman If I could, too, I'd like...

14 Chair Burt: If you guys could tip-toe out.

15 Vice-Chair Holman Actually, I was going to thank the applicant, the staff, and the members of
16 the public who have all spent inordinate hours and made inordinate amounts of commitment to
17 this review.

18 Chair Burt: We could have had a barn raising of this thing tonight.

19 We have just briefly a couple wrap-up items of approval of minutes.

20 Commissioner Sandas: I move that we approve the minutes of the March 22nd special meeting
21 and the regular meeting of March 29th.

22 Commissioner Garber: Second.

23 Commissioner Cassel: I can't vote on the 29th.

24 Commissioner Sandas: And I can't vote on the 22nd.

1 Vice-Chair Holman And I can't vote on – I can't find the minutes. One of those I can't vote on.

2 Chair Burt: So with those exceptions for absences, all those in favor:

3 MOTION PASSED (7-0)

4 Chair Burt: That passes.

5 And any other reports from officials or committees? Anything? Commissioner Garber is on for
6 June. Lee.

7 Commissioner Lippert: I'd just like to note the passing of Jane Jacobs. Unfortunately, she
8 passed away yesterday, and I know that she is a famed author on urban planning that all of us
9 have embraced her principles and have quoted her ideas here in this meeting, and in some ways
10 we will be at a loss without her.

11 Commissioner Gerber: Lee, thank you for bringing that up. I was unaware, and I appreciate your
12 bringing it up to the Commission.

13 Chair Burt: So if we are ready to adjourn, I would like to adjourn this meeting in the memory of
14 Jan Jacobs.

15 ADJOURNEMENT: 11:15 pm