

Special Meeting  
June 6, 2011

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:07 P.M.

Present: Burt, Espinosa, Holman, Klein, Price, Shepherd Scharff, Schmid, Yeh

Absent:

#### CITY MANAGER COMMENTS

City Manager, James Keene, reported that on: 1) on May 21, 2011 there was a pre-cleanup of litter from the San Francisquito Creek, 2) the Federal Emergency Management Agency (FEMA) audit to decrease flood insurance premiums, 3) the Public Works Department's recently finished their street repaving program in College Terrace area, with Crescent Park as the next planned area, and 4) the City was recently awarded a \$250k grant for a rubberized asphalt street repaving program.

#### ORAL COMMUNICATIONS

Mark Petersen-Perez spoke regarding PaloAltoFreePress.com, and freedom of press rights. He noted his plan to file a State Bar complaint regarding the anti-discrimination policy, in that he has been excluded from news and media announcements.

John Morris spoke regarding the AT&T cell tower installation and disapproval regarding the sites of these mock installations in residential neighborhoods.

#### APPROVAL OF MINUTES

**MOTION:** Vice Mayor Yeh moved, seconded by Council Member Shepherd to approve the minutes of April 11, 2011.

**MOTION PASSED:** 9-0

06/06/2011

## CONSENT CALENDAR

Herb Borock spoke regarding Agenda Item No. 3. He felt it was premature to take a stance on the proposal for several reasons including timing and the pending lawsuit. He suggested they look at the items which the High Speed Rail Authorities agreed upon. He cited information from Eurostar Rail and lessons they have learned regarding high speed rail.

City Manager, James Keene, spoke regarding Agenda Item Number 3, the letter to Congresswoman Anna G. Eshoo, Senator Joe Simitian and Assembly Member Rich Gordon. He stated Council Member Schmid suggested changing the wording in the graph, contained in the letter, to "System should remain within Caltrain ROW(Right of Way)", which he believed was appropriate.

**MOTION:** Vice Mayor Yeh moved, seconded by Council Member Klein to approve Agenda Item Numbers 1-3, to include changing the wording in the graph of Agenda Item Number 3, contained in the letter, to "System should remain within Caltrain ROW".

1. Request for Approval of: 1) Agreement Between the City of Palo Alto on Behalf of the Joint Powers and the Midpeninsula Community Media Center, Inc. for Public, Education, and Government Access Channel Support Services; 2) Amendment No. 1 to Agreement No. C05111535 Between the City of Palo Alto and Midpeninsula Community Media Center, Inc. in the Amount of \$25,000 for Cablecasting and Other Production Services Through June 30, 2011 for a Total Amount Not to Exceed \$125,000; 3) Agreement Between the City of Palo Alto and Midpeninsula Community Media Center, Inc. in the Amount of \$100,000 for Cablecasting Services from July 1, 2011 Through June 30, 2014; and 4) Authorize the City Manager to Execute Amendments to the Cablecasting Services Agreement Between the City of Palo Alto and the Midpeninsula Community Media Center, Inc. for Additional Services in an Amount Not to Exceed \$25,000 Per Year.
2. Approval of Contract Amendment No. 1 to Add \$48,510 to Contract No. S11136318 with R3 Consulting Group, Inc. for a Total Amount Not to Exceed \$133,190 for Completion of the Refuse Fund Cost of Service Study.
3. Approval of Letter to Congresswoman Anna G. Eshoo, Senator Joe Simitian and Assembly Member Rich Gordon to authorize the Rail Committee to communicate with the Peninsula Cities Consortium (PCC), the California High Speed Rail Authority (CHSRA) and related interests as necessary, regarding the City's support of the April 18th, 2011 joint statement on High Speed Rail (HSR).

**MOTION PASSED: 9-0**

Mayor Espinosa reminded the public, Staff and Council about an upcoming meeting on Wednesday, June 8, 2011 where High Speed Rail was scheduled for discussion.

ACTION ITEMS

4. Approval of an Amendment to the Agreement with Sherry L. Lund Associates in an Amount of \$7,450 for Mid-Year Check-In and Alignment for Council Appointed Officers (CAO), and Review and Approval of Revised Criteria for City Attorney Performance Evaluation.

Council Member Holman spoke regarding the mid-year check-in suggested by Council in the past. This mid-year check-in had not been done yet due to lack of time. A mid-year check differed from CAO evaluations in that it looked forward and helped to reset goals. She spoke regarding Ms. Lund and her work. She discussed the City Attorney and City Auditor reviews. She noted the CAOs deserved the best guidance available from Council and these mid-year checks would aid in that process.

Sherry Lund, Sherry Lund and Associates, stated the CAO's are responsible for finance and personnel issues for the city. The CAO and Council's relationship was unique. They have nine (9) bosses who make majority rulings. The only time CAO's received unified direction from Council was during closed session reviews. The City Attorney's contract called for a mid-year evaluation. The mid-year checks were about alignment and course correction.

Council Member Shepherd noted there was an Interim Auditor at this time. She asked how the Auditor's review process was managed in the original contract.

Ms. Lund stated the Auditor staff was interviewed along with the Interim Auditor during the annual review process. Information was then forwarded along to help with the hiring process.

Council Member Shepherd asked for clarification on the Interim Auditor and how this incorporated all four CAO's in the agreement.

Ms. Lund stated time would be used to set goals for the new City Auditor.

Council Member Shepherd asked for clarification on the funding.

Ms. Lund noted the costs would be reduced \$900 per person if a review was not completed.

**MOTION:** Council Member Schmid moved, seconded by Council Member Scharff to approve Staff recommendation to: 1) authorize the Mayor to enter into an amendment to the contract with Sherry L. Lund and Associates in an amount of \$7,450 (subject to 10% standard contingency) for facilitation of Council Appointed Officer Mid-Year Check-ins, and 2) approval of revised criteria for the City Attorney performance evaluation.

Council Member Schmid was in favor of these evaluations.

Council Member Scharff agreed that this was a worthwhile effort.

**AMENDMENT:** Council Member Klein moved, seconded by Council Member Shepherd to not authorize an amendment to the contract with Sherry L. Lund and Associates in an amount of \$7,450 for facilitation of Council Appointed Officer Mid-Year Check-ins.

Council Member Klein stated the check-ins were very involved and were more like evaluations. He did not believe the cost for this process was \$7,450. He noted it came at a significantly higher cost when time spent was factored into the equation. He did not see the benefit to the mid-year check-in, this year in particular, when it came to the Auditor position. He also did not believe a mid-year check-in was needed for the City Clerk. This left consideration of a mid-year check for the City Manager which he also did not believe was necessary.

Council Member Shepherd stated it was the wrong year to spend the funds on this particular item and agreed with Council Member Klein.

Council Member Holman was not in support of the Amendment. She spoke regarding the value of the mid-year check with Sherry Lund, Associates.

Council Member Price was not supportive of the Amendment. She felt Council needed the professional guidance and support for this mid-year check to be focused and precise.

Mayor Espinosa associated himself with the comments made by Council Member Price.

**AMENDMENT FAILED:** 3-6 Burt, Klein, Shepherd yes

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to delete the Mid-Year Check-in of the City Clerk

and to reduce the contract amendment for Mid-Year Check-ins with Sherry L. Lund and Associates by \$900.

Council Member Scharff agreed the mid-year check for the City Clerk was unnecessary. With the possibility of a new hire for the City Auditor position, he felt this mid-year check was necessary.

Council Member Burt asked when the mid-year check would take place.

Ms. Lund noted this occurred in December or January, depending on Council's schedule.

Council Member Burt asked, in the hiring process of the City Auditor, to what degree were they defining goals as part of the process.

Ms. Lund stated she was not aware of the conversations with the recruiters. Setting goals after the person came on board was usually a different goal-setting process.

Council Member Holman concurred with Ms. Lund.

**AMENDMENT:** Council Member Holman moved, seconded by Council Member XXX to add \$4,550 to the Council budget to do the Mid-Year Check-ins.

#### **AMENDMENT FAILED DUE TO THE LACK OF A SECOND**

Council Member Scharff asked if the original Motion for the annual reviews contained a reduction of \$1500 less if completed by August.

Council Member Holman stated the discount still applied.

Council Member Schmid asked if the funding for the mid-year check-ins was added to the budget from the Council Contingency or added to the 2012 Annual Budget.

Ms. Grider stated funds would need to come from the Budget Stabilization Fund or the Council Contingency.

Council Member Holman stated the amount was \$4950 without the Clerk's mid-year check. It was then subject to further reductions if the Council Members met their deadlines for CAO evaluations.

Council Member Scharff stated he would rather they all meet the deadline in order to lower the amount.

**AMENDMENT:** Council Member Shepherd moved, seconded by Council Member Klein to delete the Mid-Year Check-in of the City Auditor.

**AMENDMENT FAILED:** 3-6 Burt, Klein, Shepherd Yes

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add \$4,550 to the Council budget for the Mid-Year Check-ins.

Council Member Scharff was not supportive of this. He noted the ability for further savings if Council Members simply met their deadlines.

Council Member Holman noted it was prudent to leave this amount in there in case it needed to be drawn upon.

**MOTION AS AMENDED PASSED:** 6-3 Klein, Price, Shepherd no

Council Member Holman noted the minor revisions to the City Attorney Performance Evaluation.

The City Council took a break from 6:53 P.M. and returned at 7:04 P.M.

5. Public Hearing-Quasi Judicial: Certification of the Final Environmental Impact Report for the Stanford University Medical Center Facilities Renewal and Replacement Project (SUMC Project); Adoption of a Resolution 9168 Containing California Environmental Quality Act Findings and a Statement of Overriding Considerations; Adoption of a Resolution 9169 Amending the Comprehensive Plan to Permit the SUMC Project; Adoption of an Ordinance Amending the Zoning Code to Establish a New "Hospital District"; Adoption of an Ordinance Approving a Thirty-Year Development Agreement; Adoption of a Record of Land Use Action Approving a Conditional Use Permit for the SUMC Project; Adoption of a Resolution 9170 Commencing Annexation of an Approximate 0.65 acre Site from Santa Clara County; Acceptance of SUMC Area Plan Update; and Adoption of a Resolution 9171 Approving Architectural Review Board Findings.

Council Member Klein advised he would not be participating in Agenda Item Number 5 as his wife is on staff at Stanford University. He left the meeting at 7:05 P.M.

Mayor Espinosa reviewed the process for this Item, noting he was following a script for this purpose. The script was meant to provide consistency as they discussed these quasi-judicial matters.

Senior Assistant City Attorney, Cara Silver, stated the Council Procedure's Handbook required a disclosure of *ex parte* communications on the quasi-judicial items.

Advanced Planning Manager, Steven Turner discussed the California Environmental Quality Act (CEQA), certification of the Environmental Impact Report (EIR) and adoption of the resolution containing the CEQA findings and Statement of Overriding Considerations (SOC). Entitlements were reviewed as well as the Developmental Agreement. He gave an overview of the site to orient Council and the public. Project meetings were reviewed along with what had taken place over the past four years including the 2011 meetings thus far. Accomplishments were reviewed including the complete EIR review, hospital peer reviews, the Architectural Review Board (ARB) process, negotiations for the Development Agreement (DA) and resolution of issues, as well as the development of the project to facilitate tree preservation. Planning & Transportation Commission (PTC) meetings were discussed which resulted in the unanimous recommendation and approval of all items except for the Final EIR which had a 5-1 vote for approval. The Commission's recommendations included adjustments to entitlement documents and information consistent with the PTC recommendations. Policy issues were also raised on several of the 11 items discussed. The Final Environmental Impact Report (FEIR) was also reviewed. This included a 69-day public review period for the Draft EIR. This was comprised of 13 public hearings. Over 1,000 individual comments were received on the Draft EIR via members of the public, Commissioners, City Council Members and members of the ARB and Historical Resources Board (HRB). Forty-one (41) significant impacts were cited, though all but 12 were reduced to less-than-significant status. The comprehensive Mitigations, Monitoring and Reporting Program (MMRP) for those 12 remaining items were discussed. Council must adopt a Statement of Overriding Considerations (SOC) for these remaining 12 issues. The SOC included two categories of benefits from the amenities of the Project which constituted the overriding considerations. These were the amenities to the project itself, as well as additional community benefits, and other payments negotiated as part of the DA for the Project.

Deputy City Manager, Steve Emslie, reviewed the 30-year Development Agreement which was negotiated in 2010-2011. He discussed the primary community benefits which included health care, Palo Alto fiscal benefits, traffic mitigation and reduced vehicle trip measures, linkages, infrastructures, sustainable neighborhoods and communities with affordable housing and climate change. He reviewed the DA update and preliminary reviews which were presented to the City Council, the Finance Committee and the Policy & Services Committee in January 2011, March 2011 and April 2011, respectively. The fiscal benefit provisions included payment of \$2.42 million to address projected deficits of the project, Use Tax Direct Payment

Permits at \$750,000 over the lifetime of the project, and a guaranteed receipt by the City of no less than \$8.1 million in Construction Use Tax Revenue. He summarized the community benefits in the DA and the structuring of payments to the City of Palo Alto, Menlo Park, AC Transit and Caltrain. The key issues which came to the forefront in various meetings with Council were discussed. These included Caltrain and the viability of the Go Pass, intersection monitoring, indexing and cost escalations over the DA term and neighboring communities' traffic issues. Recommendations for CEQA, entitlements and the DA were reviewed.

Mr. Keene spoke regarding the hard work that was done in meeting the schedules which Council had set out 18 months prior. He gave an overview of what was expected of Council at this meeting.

Planning & Transportation Commissioner, Eduardo Martinez, discussed the over eight hours of meetings and discussions held. He noted that the PTC supported the project without a doubt and recommended that Council certify the FEIR and CEQA findings. The PTC also recommended approval of the SOC and approval of creation of the new Hospital District. He noted they deliberated a great deal on the housing impacts and disagreed with the consultant's work on this subject. He discussed the housing impacts and how they affected the school district. The PTC found exception to the mitigation of the Stone Building, though they agreed with the SOC. They felt the recommendation for mitigation in creating a historical fund to recognize the historical and architectural importance of Stanford Hospital was a worthy idea. They also felt traffic mitigations were an issue. He discussed whether the Go Passes were adequate. He looked forward to the yearly review of this. He also discussed the Comprehensive Plan and how it applied to the plans for the Stanford project. He discussed changes to the Land Use Map.

Architectural Review Board Chair, Clare Malone-Pritchard, noted the extensive review process that was done. She gave an overview of this process and how they broke down the components of the project. The most important part of the review was the environmental impacts and the proposed mitigations. She broke down the voting numbers in their approval of the project.

Historic Resources Board Member, Beth Bunnenberg, spoke about the Hoover Pavilion as a major asset to the campus, architecturally and medically. She gave an overview of the board's review of this and some of their concerns over the changes with regard to CEQA standards and the medical office buildings.

Public hearing opened at 7:59 P.M.

Christopher Dawes, President of Lucile Packard Children's Hospital, spoke on behalf of himself, Amir Ruben, and Dean Pizzo on the importance of the project and the collaboration. He stated it was a breathtaking project which played a transformative role in health care. He noted they were committed to spend the money in order to make this possible. They were committed to ensuring the finest health care possible on a daily basis as well as in the event of a disaster situation. He discussed how the improvement plan helped them to meet the ongoing needs of the community. Their focus was on the creation of a hospital and clinic that met current and future needs of the community. He discussed the key design elements of the projects as well as the guiding principles they kept in mind over the four-year process.

Mark Tortorich, Vice President of Design and Construction-Stanford Hospital, gave an overview of the facility's renewal projects. He also thanked the ARB, HRB and the PTC for their time, efforts, comments and guidance. Infrastructure improvements were discussed for the Welch Road Corridor. Hoover Site projects were also discussed with the three projects contained on this site. The Hoover site development plans protected the historic view shed. He discussed the design of the Lucille Packard's Children's Hospital, its expansion needs and how this fit the existing landscape. Environmental stability was also discussed for the Children's Hospital. Hospital and clinic structures were discussed, the 1959 structuring versus what was needed now and into the future. The integration and linkage of the University to the hospital was discussed. Further energy-saving and sustainability components were reviewed. The changes to the Stanford School of Medicine buildings were summarized. He spoke to the four-year history of collaborative efforts in design, the overwhelming support from the community and the philanthropic support they have for the project.

Prudence Delamater spoke regarding the acute need within the community for acute psychiatric care/beds for children at the hospital.

Crystal Gamage spoke in support of the Stanford Project. She discussed its history and value to the community and hoped for approval of the project.

John Kelley spoke in support of the Stanford Project, and the care given to his family when they have had to use it. He spoke about the benefits of the School of Medicine. He discussed environmental issues, mitigations and climate change.

Former Mayor, Gary Fazzino spoke in support of the Stanford Project and the quality medical care provided by the hospital.

Dr. Dan Bernstein spoke in support of the Stanford Project and the benefits of the Lucile Packard Children's Hospital.

Anne Dauer spoke in support of the Stanford Hospital Renewal Project and urged approval of the plans.

Walt Hays spoke in support of the Stanford Hospital Renewal Project and the benefit of having a hospital which was seismically safe as well as cutting-edge in medical care and research. He also submitted a letter from a Friends group regarding support of the project.

Dr. S.V. Mahadevan spoke in support of the Stanford Hospital Renewal Project and the care given to his family and the public by the emergency department.

Susie Thom spoke in support of the Stanford Hospital Medical Center Renewal Project. She discussed the history of the project planning and review process.

Marilyn Anderson spoke in support of the Stanford Hospital Medical Center Renewal Project. She thanked Council for their time and effort in the plan.

Dan Dykwel, Palo Alto Chamber of Commerce Chair, spoke in support of the Stanford Hospital Renewal Project.

Dr. Joe Hopkins spoke in support of the Stanford Hospital Renewal Project and urged Council to approve the project.

Ron Johnson spoke in support of the Stanford Hospital Renewal Project. His comments came from the perspective of being on the board at Stanford as well as being an employee at Apple. He noted six companies in the area had contributed funds to this hospital project because they recognized the importance of the project.

Carlos Romero, East Palo Alto Mayor, spoke regarding the final EIR as well as the contributions of the hospital and campus to the community.

Steve Young spoke in support of the Stanford Hospital Renewal Project.

Stephanie Munoz spoke in approval of the project; however, she did not believe it was a good idea to tear down the old hospital within the realm of this project. She commented on the financial sustainability of the project as well.

Liz Kniss, Santa Clara County Supervisor, spoke in support of the Stanford Hospital Renewal Project and putting a face on the hospital, its care, the patients and what was provided to the community.

Amir Dan Rubin, President, Stanford Hospital & Clinics, thanked everyone for the commitment to the project. He noted the hospital's continuing objective was to provide patient care, innovations, compassion and seismically sound facilitation. He discussed some of the front-running innovations and pioneering developments which occurred at Stanford Hospitals in the past.

Dean Pizzo, Dean, Stanford School of Medicine, spoke in appreciation for the efforts thus far, as well as an appreciation of the community comments. He discussed the past and future considerations of the project, which have changed the face of medicine.

Public hearing closed at 9:05 P.M.

Mayor Espinosa opened the meeting up for Council Members to discuss and gave an overview of what was expected next in the meeting with a discussion in three categories: 1) certification of the EIR, 2) land use permits, and 3) issues related to the Development Agreement.

**MOTION:** Council Member Scharff moved, seconded by Council Member Burt to: 1) certify the Final Environmental Impact Report, and 2) adopt the Resolution containing the California Environmental Quality Act Findings and a Statement of Overriding Considerations.

Council Member Scharff thanked everyone for coming out on the subject. He noted his pride over the community coming together on the issue. He discussed the EIR and the overriding considerations.

Council Member Burt discussed where issues stood now as opposed to during the early years of their discussion processes. He noted the tradeoffs involved and project impacts, though many of these were mitigated fully or significantly so. He stressed the net value of the project. He stated this was a sustainable project which integrated well with its surroundings. He looked forward to approving the EIR and the project.

Vice Mayor Yeh thanked Staff and the Applicant for their efforts. He noted the decision came down to a sequence of votes, which reflected the many lessons they have learned over the four years of discussion. He spoke to the level of detailed review and discussion by the various boards and commissions. He looked forward to supporting this Motion and subsequent Motions regarding project approval.

Council Member Shepherd agreed with Mayor Yeh in that this project met with the Council's top five priorities. She spoke primarily to the historic nature of this project and its large scale. She was appreciative of the ongoing debates which provided information for them to make educated decisions.

Council Member Price noted the discussions on this issue had resulted, over the years, in a quality process. She appreciated the quality of the technical work done and also the input from the community. She discussed the complexity of the plan and its positives. She was pleased with the mitigations and the monitoring plans.

Council Member Schmid stated this was a night of celebration for the City. He also spoke to the linkage the community had with Stanford Hospital and what this meant for the community's future. He acknowledged the hard work done on the EIR and was in support of moving ahead with this.

Council Member Holman noted the difficulty of putting a dollar amount on the value of the EIR which tipped the scales when it came to previous EIR processes. She noted a high level of time and effort was put into these documents. She asked for a clarification of the terminology "use reasonable efforts" when speaking about the mitigation measures. She noted the terminology had a fair amount of interpretations. She asked how Staff would monitor these situations.

Ms. Silver stated there were two terms they typically used in mitigation efforts. These were "best efforts" and "use reasonable efforts," which were common terms with legal meanings as well. The expectation was that Stanford would be fully cooperative in enforcing these mitigation measures.

Council Member Holman asked for clarification on whether there was maximum flexibility if ridership numbers fluctuated since traffic patterns were subject to change.

Ms. Silver noted they had received comments on this via various boards and commissions as well as after Policy & Services Committee review. There was flexibility in terms of the Transportation Demand Management Program. This was built into the Development Agreement.

Council Member Holman spoke to greenhouse gases, air quality and traffic impacts. She noted strong measures to mitigate these issues were crucial. She agreed the loss of the Stone Building was unfortunate, but that the seismic upgrades were necessary for safety.

Mayor Espinosa noted that he and members of Council had several opportunities over the course of the discussions to visit Stanford Hospital and see for themselves what they were looking at as far as the necessity for redevelopment. He stated due diligence took place and there was now a project which worked well for the community. He was supportive of the Motion. On behalf of the City, he stated they looked forward to a different era of collaboration with Stanford hospitals and campus.

**MOTION PASSED:** 8-0 Klein not participating

Council Member Holman asked for clarification on Mr. Martinez previous comments about policy changes.

Director of Planning & Community Environment, Curtis Williams, spoke to this issue and the fact that it was the 50-foot height limit that leads these discussions. There were discussions on how and where this was applied. After review by the subcommittee and a look at the Comprehensive Plan, the overall sense was height limits and compliance issues must correlate with the overall Comprehensive Plan.

Mr. Martinez stated these changes do not affect the policies on the impacts of height, scale and mass, but there was a clause provided to make exceptions. He felt this was confusing and therefore fit better in a section regarding the land use elements.

Mr. Williams stated it was appropriate to keep it where it was, but they may look at stating it in additional sections as well.

Ms. Silver noted they had gone back and forth on whether or not to use separate language for Stanford. Staff felt it was appropriate to address the issues in policy as they came up. She noted it was more user-friendly to have the discussion first with the exceptions below them rather than located somewhere else in the Comprehensive Plan.

**MOTION:** Council Member Scharff moved, seconded by Mayor Espinosa to: 1) adopt the Resolution amending the Comprehensive Plan to permit the SUMC Project, 2) adopt the Ordinance amending the Zoning Code to establish a new "Hospital District", 3) adopt the Record of Land Use Action approving a Conditional Use Permit for the SUMC Project, 4) adopt the Resolution approving Architectural Review Board Findings, 5) adopt the Resolution commencing annexation of an approximate 0.65 acre site from Santa Clara County, and 6) accept the SUMC Area Plan Updates.

Council Member Scharff spoke briefly on the excellence of the project and everyone's hard work. He stated the redevelopment plan worked for both parties and struck the right balance.

Mayor Espinosa recalled they were speaking to the six components of the Land Use Actions. He stated they flowed from the EIR which they had previously voted on.

Council Member Schmid asked about the limit on commercial development within the city. He asked how this impacted the Comprehensive Plan.

Ms. Silver stated the limit exempts only if the Amendment went into effect.

Council Member Schmid asked if there were exemptions prior to this.

Ms. Silver noted the Amendment was meant to clarify and prevent ambiguity.

Council Member Schmid asked if the passing of the Amendment affected future developments in the Hospital Zone.

Ms. Silver stated this was correct, although there was not much area left up for development possibilities after the project's completion. She stated the process started over with any planned additions to the zone.

Council Member Schmid asked if there were any city limits associated with these discussions.

Ms. Silver stated there were City limitations, although there also was not a large available footprint left for development in this area.

Council Member Price asked about the East Palo Alto mitigations and how they planned to document these along with the current materials.

Ms. Silver recommended these mitigations inclusion in the Development Agreement.

**MOTION PASSED:** 8-0 Klein not participating

Mr. Keene noted the City Attorney had some statements at this time regarding the additional language.

Mayor Espinosa noted for transparency that these were not changes they were making at the last minute but was material received, and in the public record, which required incorporation into the plan.

Ms. Silver made suggestions regarding materials on page 20, packet page 278, of the Development Agreement 5 C 5 iii, Exhibit D of the Staff report with regard to the East Palo Alto letter and payments. She noted the hospital will make a payment of "\$200,000 for roadway and traffic signal improvements scheduled to be done on the length of University Avenue within the East Palo Alto city limits. This work includes repaving and restriping/bike lanes to improve both vehicular and non-vehicular traffic flow. In the event that the SUMC does not come through with a contingent \$150,000 from the \$4 million Palo Alto was slated to receive from the

hospital if the TDM measures set forth in TR 2.3 do not achieve 35.1 percent usage of alternative transportation by 2025."

**MOTION:** Council Member Shepherd moved, seconded by Council Member Burt to: 1) adopt the Ordinance approving a Development Agreement between the City of Palo Alto and the Applicants that would grant certain development rights in exchange for certain public benefits, and 2) include in the Development Agreement, page 20, Exhibit C, a new Section 5(c) iii, entitled East Palo Alto Voluntary Mitigation that would include:

- 1) Stanford University Hospital would make a contribution of \$200,000 to the City of East Palo Alto for roadway and traffic signal improvements scheduled to be done on the length of University Avenue within the East Palo Alto city limits. This work includes repaving and restriping/bike lanes, to improve both vehicular and non-vehicular traffic flow.
- 2) In the event the SUMC parties are unable to meet the trip diversion goal set forth in this agreement such that the \$4m penalty payment is triggered the City of Palo Alto shall remit the \$150,000 of the penalty payment to the City of East Palo Alto.

Council Member Shepherd concluded they had what was necessary to move this project forward in a fluid manner. She saw this as an asset to the community. She noted many of the mitigations were directed as mitigations from the hospital and called out in the EIR, but some of the others were tracking well with Council priorities. She spoke to the appreciation of the synergy of the project. She was pleased by the projects sustainability aspects.

Council Member Schmid stated they had just certified the EIR which clearly stated the greatest impacts were traffic. He felt this needed further address. He noted the City might exercise the option to check up on the traffic impacts along the way.

**AMENDMENT:** Council Member Schmid moved, seconded by Council Member Holman to add to the Monitoring of TDM Programs, section viii, in the Development Agreement, page 22, in addition the City of Palo Alto will monitor in year 2017 and 2025 activity at 10 intersections that feed directly into SUMC to see if there is any substantial variations from these cited in the EIR, and as a result of the monitoring should additional or unanticipated impacts be identified maximum flexibility can be applied to the use of mitigation dollars to reduce impacts.

Council Member Schmid stated he had identified areas where things may go wrong with the Go Passes. He also discussed hospital visitation traffic and its effects on intersection monitoring. He spoke to the various intersections

and the ease of monitoring these intersections. A national consulting firm had identified higher trip issues for suburban hospitals. Since Stanford was growing, this made them more like an extensive suburban hospital. He felt this provided a good reason to include the City and Council on a check-in of the alternative mode sharing.

Council Member Holman clarified that this was to include the ability to flex the spending of the already established funds for this process. She was in support of this Amendment since traffic was a large concern for health and well being. This required the maximum flexibility for monitoring. She repeated they were not asking for additional dollars but flexibility on the spending in this area.

Mr. Keene stated Staff already monitors intersections around the city on an ongoing basis. There was no plan, however, for future check-ins.

Ms. Silver noted, to the extent the language was incorporated into the Development Agreement, the Applicant needed to approve this as well. If the Applicant did not approve the incorporation of language into the DA, then they could make this a Council directive to Staff instead.

Bill Phelps noted they had significant concerns over the Amendment. He stated it took the issue on a tangent as to the way they were providing trip mitigations in the EIR. The TDM approach was applied to employees and not patients and visitors. The granular analysis of how traffic was mitigated, how it was evaluated and what happened in different scenarios was all addressed in the Development Agreement. He stated this aspect of review made it difficult to attribute the happenings at these intersections with the medical center. Ambiguity of analysis was created because of this and he reiterated they were not in approval of the language in the Amendment.

Council Member Burt had some problem with the Amendment which excluded elements of how to implement it. He also did not see that differentiations were possible at the intersection level as to whether the traffic flow was directly attributed to Stanford's development process. He disagreed on the premise of the Amendment since it was not clear how all the conclusions were drawn. He was not in support of the Amendment.

Council Member Scharff thought the issues had already been addressed prior. He was not clear on the need for the Amendment.

Council Member Price was not in support of the Amendment.

Council Member Shepherd was not in support of the Amendment. She agreed with Council Members Price, Burt and Scharff on reorganization of trip strategies.

Council Member Holman asked the City Attorney if there was a conflict between the Amendment and the FEIR.

Ms. Silver noted, in the way that she had heard the Amendment, this required the City to do further studies to supplement their understandings; however, the Applicant had made it known they were not in agreement to the Amendment language. She stated Council was hard-pressed, then, to incorporate this into the DA.

**AMENDMENT FAILED:** 1-7 Schmid yes, Klein not participating

Council Member Price supported the original Motion. She noted the consistency of elements within the project plan. She agreed the issues of physical and mental health were important to the community as well as the focus in the child and adolescent mental health areas.

Council Member Holman spoke to the establishment of a preservation fund for the Stone Building. She noted they were in a place where they had the critical components for approval of the DA. She felt it was a reasonable agreement. She wished, however, that there was the inclusion of some items that would not cost Stanford further dollars but provided community benefit. These items included extending park leases, upstream catch basin and other flood alleviation measures. Going forward she hoped for increased efforts at solidifying the partnership between Stanford Hospital and campus with Palo Alto for a strong community bond.

Mayor Espinosa asked about the U-Line bus route as a point of clarification as to where this was referenced.

Ms. Silver noted they did not have the specific language yet. On Council direction they would explore this with Stanford.

Mayor Espinosa made closing remarks including the fact that even though they were ending the discussion process they were entering a whole new process with the development. He noted the future transformative effects of what they had before them in their agreement.

Ms. Silver reread the portions of text to be added regarding the \$200,000 payments for roadway and traffic signal improvements, the contingent \$15,000 and the U-Line "on demand" stop along the U-Line route within the city limits of the City of East Palo Alto for those commuting to either end-line location.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to direct Staff to work with AC Transit, Santa

Clara Valley Transportation Authority, Stanford and the City of East Palo Alto to deal with the "U" Bus Line issue.

**MOTION PASSED:** 8-0 Klein not participating

Council took a break at 10:31 P.M. and returned at 10:39 P.M.

#### COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Council Member Burt commented on the World Music Event, he had concerns about closing University Avenue for 10 hours; he suggested considering closing Ramona Street and Bryant Avenue, between University Avenue and Hamilton Avenue.

City Manager, James Keene stated that Staff would look into his concerns.

Mayor Espinosa clarified that the closure was going to be as few hours as possible, and the portion of University Avenue to be closed was going to be as small as possible.

Council Member Klein returned at 10:45 P.M.

Council Member Shepherd reported on attending the Palo Alto PTA awards ceremony on Friday, June 3, 2011.

Council Member Scharff spoke on the World Music Event; he requested that if there are changes to the closing of University Avenue that Staff contact the Palo Alto Business Improvement District.

Mayor Espinosa spoke on the Electric Vehicle Symposium held in Palo Alto this past week; he gave kudos to the 79 Palo Alto High School students who received the Presidential Awards for their volunteer hours this past year; additionally, Sven Tessen who held the opening of his new home, which is considered the greenest house in Palo Alto.

The City Council convened into the Closed Session at 10:51 p.m.

#### CLOSED SESSION

##### 6. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Authority: Government Code Section 54956.8

Property: 4000 Middlefield Avenue, Assessors Parcel No. 147-08-052

Negotiating Party: Linda Thor, Chancellor

Foothill-De Anza Community College District

City Negotiator: James Keene, Donald Larkin, Steve Emslie, Lalo Perez, Martha Miller

Subject of Potential Negotiations: Price and Terms of Payment for Possible Future Sale/Lease

The City Council reconvened from the Closed Session at 11:15 P.M. and Mayor Espinosa advised no reportable action.

ADJOURNMENT: The meeting was adjourned at 11:16 P.M.