



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
September 24, 2012

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:31 P.M.

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

Absent:

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNCIL
Government Code Section 54956.9(b), (c)
Potential Litigation Relating to the Mitchell Park Library and Community Center Construction
Significant Exposure to Litigation Pursuant to Subdivision (b) of Section 54956.9: 1 Potential Case
Potential Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9: 1 Potential Case

The City Council reconvened from the Closed Session at 7:24 P.M. and Mayor Yeh advised no reportable action.

CITY MANAGER COMMENTS

Pam Antil, Assistant City Manager, spoke regarding; 1) On-going construction on San Antonio Road, 2) the salt water mosquito outbreak in Baylands was due to leak in tide gates, 3) the Delphi Transparency Open Government Program launched to increase transparency in the budget process, 4) the second annual Palo Alto International Film Festival was upcoming, 5) the Black and White Ball was scheduled for September 29, 2012 at the Lucie Stern Community Center, 6) the 17th annual glass pumpkin patch exhibit was scheduled at Rinconada Park, and 7) she thanked the community for the Quakeville event, Light Up the Nite, and Airport Day.

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ORAL COMMUNICATIONS

Chuck Jagoda stated Liz Kniss, at a recent candidates' debate, discussed support for the vehicle habitation ordinance. Homeless people heavily resisted the ordinance and avoided low cost and below-market housing.

MINUTES APPROVAL

MOTION: Council Member Espinosa moved, seconded by Council Member Price to approve the minutes of June 25, July 2, and July 9, 2012.

MOTION PASSED: 9-0

CONSENT CALENDAR

MOTION: Council Member Espinosa moved, seconded by Council Member Price to approve Agenda Item Numbers 2-6.

2. Approval of a Contract with Air & Lube Systems, Inc., in the Amount of \$318,031.78 for Repair of In-Ground Vehicle Lifts at the Municipal Services Center, Capital Improvement Program Project VR-12001.
3. Authorization to Explore Formal "Partnership Cities" Relationship with the Yangpu District of China.
4. Submittal of Mitchell Park Library and Community Center Bi-Monthly Construction Contract Report.
5. Resolution 9287 entitled "Resolution of the Council of the City of Palo Alto Amending 2012-2014 Memorandum of Agreement (MOA) with the Fire Chiefs' Association (FCA) to Change the Title and Salary of One Position".
6. Resolution 9288 entitled "Resolution of the Council of the City of Palo Alto Expressing Appreciation to Myrna McCaleb Upon her Retirement".

MOTION PASSED: 9-0

AGENDA CHANGES, ADDITIONS AND DELETIONS

10. ~~Policy and Services Committee Recommendations for Annual Council Priority Setting Process (Staff Requests This Item be Continued to October 1, 2012).~~

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MOTION: Mayor Yeh moved, seconded by Vice Mayor Scharff to continue this Item to October 1, 2012.

MOTION PASSED: 9-0

ACTION ITEMS

7. Colleagues Memo from Mayor Yeh and Vice Mayor Scharff Regarding Council Contingency Funds in the Amount of \$25,000 for Neighborhood Grants (Item Continued from September 18, 2012).

Mayor Yeh reported approximately 17 percent of the population was over 60 years of age. There was also growth in the Asian population. The Mayor's Challenge endeavored to bring people together through athletic events and laughter; however, the results were not long lasting. The grant program was a means to regenerate familiarity among neighbors and to address demographic shifts. City Staff would develop the grant program which would have a cap. He hoped colleagues would support the grant program and its intentions.

Vice Mayor Scharff noted other cities had similar successful community grant programs. This would be a pilot program and would be revised as needed. The goal of connecting neighbors was worthwhile. He supported Mayor Yeh and asked colleagues to support him as well.

Council Member Shepherd agreed there were difficulties in engaging the community to solve issues. The Human Relations Commission (HRC) addressed diversity in the community. She asked why Mayor Yeh proposed Staff develop the program rather than HRC.

Mayor Yeh did not want the grant program to be administratively burdensome. If program criteria were clear, then Staff would only need to ensure paperwork was complete. He did not want a long process managed through the HRC.

Vice Mayor Scharff felt it was important not to inject politics into the program and not to have a long process.

Council Member Burt recalled a prior Mayor's efforts to build community through block parties. This kind of funding could augment those efforts. He supported the concept of a simple process.

Council Member Klein would not support the recommendation by his colleagues. He expressed concern with the clarity of the problem statement.

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References to other cities with such programs were not persuasive. He did not find evidence those programs were successful. A number of neighborhood associations hosted events without a need for City funds. He did not have a solution to the problem of integrating immigrants; however, appropriating funds was not the solution. Before implementing a grant program, the Council should identify the problem to be solved and steps needed to alleviate the problem.

Council Member Holman felt the program was a good idea and agreed with using funds from the Council Contingency Fund. She inquired about the amount of Staff time required to develop the program. She suggested the Parks and Recreation Commission develop and administer the program. Beautification projects were also good ways to bring the community together and develop community pride. The criteria should not be the group but the activity and resulting goal of the activity.

Council Member Price agreed with her colleagues and would support a Motion to approve the suggestion. She expressed concerns about the problem statement and the issues of community engagement and community building. The issue was to support opportunities for a variety of groups to engage and build relationships. It was appropriate for the Motion to be referred to the HRC as an Informational Item to obtain community input, while Staff developed the program. She viewed the program as a demonstration project. She suggested the program include tracking by geography and the engagement of historically less active neighborhoods. She felt a one-year trial period would be beneficial.

Council Member Espinosa shared Council Member Klein's sentiments. He was not sure the grant program was the best means for engaging the community. Grant programs in other cities were very different from the proposed grant program. He was hesitant to support the Motion without some sort of performance review.

Council Member Schmid felt it was a good, simple idea. The small amount of grants would encourage neighborhoods to try things. One outcome could be a database listing each application, how the money was used, the goal, and results.

Aram James read language from the memorandum. He noted the lack of restroom facilities at neighborhood parks where block parties were held. He suggested using the \$25,000 as seed money to build restroom facilities at parks.

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MOTION: Mayor Yeh moved, seconded by Vice Mayor Scharff to direct Staff to develop a pilot neighborhood grant program with \$25,000 in funds from the FY 2012-2013 City Council Contingency Fund. Staff would design a grant program with the following characteristics: 1) clearly state which associations or groups are eligible to apply for the grant. This should not develop into an entitlement for any particular group and safeguards should be put in place such that it does not exist. Furthermore, new and innovative ideas for neighborhood events should get preference; 2) allow neighborhood associations or groups to submit a basic application to fund events or activities in their neighborhoods; 3) events to be funded would bring both longstanding and new neighbors (moved within last 5 years) together in their neighborhoods and would seek to incorporate interaction between generations and cultures; 4) include a cap to the amount each neighborhood association or group could apply for through the grant to insure multiple grants to different neighborhoods; and, 5) Staff should have the pilot program ready to go by the beginning of 2013.

Mayor Yeh indicated the proposal did not prescribe the types of events to be held in the community.

Vice Mayor Scharff felt the application process should be simple. Staff should develop a simple program for the trial period. After one year, the Council could make further determinations regarding the program.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that at the end of the first year of the program it would be reviewed by the Parks and Recreation Commission.

AMENDMENT: Council Member Holman moved, seconded by Council Member XXXX to delete Number 1 in the Motion: clearly state which associations or groups are eligible to apply for the grant.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Mayor Yeh asked the City Attorney for her thoughts on criteria for who could apply for grants.

Molly Stump, City Attorney indicated there were standard, good government items that could be included in the process. For example, sponsored events should not charge admission and should have open accessibility.

Mayor Yeh noted the Office of the City Attorney would be involved in developing program specifications. He asked if the Amendment was to strike the first sentence or item Number 1.

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Council Member Holman answered to strike Number 1, and substitute language that criteria would determine how grants were distributed.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change Number 1 in the Motion to: describe the types of associations, groups or individuals that are eligible to apply for the grant as well as the criteria for the grant disbursement.

Council Member Holman wanted the grant criteria to determine how grants were distributed rather than identifying the groups, individuals, and associations.

Ms. Stump explained Staff would define the types of groups in a functional, general way to include all groups and individuals.

Council Member Shepherd indicated the Parks and Recreation Commission was concerned with land use and not neighborhood issues.

AMENDMENT: Council Member Shepherd moved, seconded by Council Member XXXX to direct Staff to work with the Human Relations Commission to develop the neighborhood grant proposal program.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Shepherd could not support the Motion as the Parks and Recreation Commission did not have the purview for this matter.

MOTION PASSED: 7-2 Klein, Shepherd no

8. Request for Council to Review Site Plan and Massing Concepts for 27 University Avenue, to Direct Staff to Execute Letter of Intent with TheatreWorks, and to Authorize Staff to Prepare Advisory Ballot Measure Language for Council Consideration.

Council Member Klein advised he would not participate in this Item as his wife was a faculty member of Stanford University. He left the meeting at 8:22 P.M.

Mayor Yeh advised he would not participate in this Item as his wife graduated from Stanford University in the prior 12 months. He left the meeting at 8:22 P.M.

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Stephen Emslie, Deputy City Manager reported on connectivity and the proposed Master Plan for the 27 University Avenue (commonly known as the MacArthur Park Restaurant) project. The project was an unprecedented opportunity to transform a centrally-located, transitional area between Downtown and Stanford University. It was a public-private partnership involving several parties, and provided several significant public benefits. One public benefit was improved access to the City's intermodal transit center. Secondly, the project would improve critical pedestrian, bicycle, and vehicular linkages between Stanford University and Downtown businesses and residential areas. A third public benefit was construction of a shell building for a performing arts center. Through a Letter of Intent, TheatreWorks expressed interest in raising funds to complete interior improvements and in managing the center. The Hostess House/MacArthur Park Restaurant building, designed by Julia Morgan, would be relocated at no expense to the City to a site of the City's choosing and would be managed by the City. To realize these goals and to pursue other opportunities, Staff drafted a Master Plan. Staff worked with consultants to identify site improvements for multiple users, engaged major public transportation agencies to create a transit solution, and engaged the project benefactor and a TheatreWorks representative to understand the needs of the users of the site. The Master Plan was intended to assist Staff in evaluating future applications for uses in the area to ensure good planning and connectivity. This project would assist the City in achieving its goals of creating a new arts and innovation district; blending the Downtown and University areas; advancing the common purpose of supporting shared creative and entrepreneurial leadership; creating a permanent home for TheatreWorks in Palo Alto; offering prominent and contemporary office space for premier Silicon Valley technology companies; creating a vibrant urban destination; and, redesigning transit accessibility for long-term and sustainable transportation for Palo Alto, Stanford, and other users of the transit center. The intent of the presentation was to familiarize the Council and the public with the Master Plan; to provide an opportunity for the City Council and community to provide meaningful input on the Master Plan; and to guide Staff in preparing ballot language for the Advisory Ballot Measure planned for the March 2013 election.

Bruce Fukuji, Fukuji Planning presented the vision for the Master Plan area. He understood the Council's direction was not to limit the vision to the project as it was originally proposed, but to look at the area comprehensively and to determine the potential of the site. Because of the tracks and El Camino Real, the project area was a non-place realm, meaning it was not part of Downtown, but could be part of an extended boulevard. There was an opportunity to create a unique area. The site had assets which presented both opportunities and challenges. Opportunities included a

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central location, good multi-modal accessibility, a historic depot, adjacency to El Camino Park, and the potential to become a gateway to Downtown and Stanford. The challenges were confusing circulation, isolation, no public space, no entrance, and no spatial definition. The team met with transit agencies to determine how to create connectivity, because providing public transit was the foundation for the design work. They identified long-term needs for the City and region, determined transit capacity and operational needs, and considered characteristics for an arts and innovation district. The project area would be two blocks: one consisting of an urban, mixed-use development facing the transit ring road and one consisting of a park, theater and public plaza. The team next considered the design of streets for cyclists and pedestrians rather than cars. They extended and redesigned roads to create a new route to Stanford Shopping Center and Medical Center from University Avenue without having to travel through the intersection. Pedestrian routes from University Avenue contained stairs to the theater or the plaza. To connect to Downtown, the team included a wider pedestrian tunnel for bikes. To increase pedestrian connectivity to parks, they created mid-block crossings in Downtown. Site access for cars was below-grade parking with 850-900 spaces underneath the plaza and office buildings, drop-off spaces, and perpendicular street parking. The transit ring road would be two-lane with continuous bus stops along both sides. To meet the long-term needs for transit, Urban Lane would be a bus turn-around; however, this idea was reserved for the next step. The theater plaza space needed to be large to accommodate large number of people and to allow for appreciation of architecture. It would have raised planting areas to create a protective edge from traffic; trees and sitting areas; and public art or a water feature as a focus. The floor area ratio (FAR) for the theater and mixed-use offices would be consistent with current zoning. The strategy was to make two office buildings look as they were four buildings, using bridges and ground-floor connectivity for pedestrians. There would be higher heights at El Camino Real and University Avenue, and lower heights at theater plaza. From Palm Drive into Downtown, they envisioned trees and grassy areas in the median and along both sides of street and possibly public art at stairways. From the transit center to the theater, streets were designed for slow traffic and accessibility, with trees, bollards, and lighting to separate pedestrian areas. From Downtown to the arts and innovation district, there would be raised intersections, bollards, pedestrian paving, access to below-grade parking, and ground-floor activities at office buildings. From El Camino Park toward the theater, raised landscaping and street paving would create enclosure within the park setting. Access along El Camino Real needed to be redesigned for a grand boulevard concept. The access road and median would be lined with trees, and the building facades curved to provide more public space and landscaping.

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Dan Garber, Fergus Garber Young Consultants reported the proposal was to move transit functions to meet capacity requirements for the next 30 years, to clean up the entire University Avenue area, to allow the linkages between Downtown and Stanford, and to introduce theater and office uses. Planning actually began in 1993 and continued with a feasibility study in 2000. These prior efforts allowed the consultants to work rapidly in designing the proposed Master Plan. Specific buildings were not part of the Master Plan, however they would follow the Master Plan guidelines. Creating the Master Plan first allowed them to evaluate the impacts of buildings. Redesigning the transit area provided the opportunity to merge the identities of Downtown and Stanford University through the use of landscaping and architectural elements to create an entryway. The office buildings were an important part of the project, because they were the impetus for the applicant's interest. The issue was finding ways to preserve the ground plan for the pedestrian experience and to express the values of Palo Alto. He encouraged the developer to build office space vertically to preserve the ground plane for pedestrians and below-grade parking. The applicant wanted to house slightly more than 260,000 square feet of office space. That amount of space was reasonable in this area for a prominent, headquarters-type tenant. The applicant agreed to place the theater on solid ground to isolate vibration and noise from the theater. Ultimately, the applicant was responsible for the design of all projects. TheatreWorks had assisted in developing the concept of the theater. The challenge was meeting the needs of the prospective tenant while designing a building that the community would embrace and utilize. The theater differed from many other theaters, because it would have: 1) a main stage, a large lobby, and a black box theater; 2) a relationship with the theater plaza; and, 3) rehearsal areas containing large meeting rooms. A large lobby was needed to support the populations of the main stage and black box theater. The theater was a backdrop to the plaza and directly connected to the plaza through the lobby. In contrast to the office space, the theater was a sculptural object in the park.

Mr. Emslie recommended the Council review and comment but not take any action on the proposed Master Plan. Staff recommended the Council authorize Staff to execute the TheatreWorks Letter of Intent to establish a formal relationship with TheatreWorks as a potential tenant for the theater building. Finally, Staff sought Council direction to draft an Advisory Ballot Measure for the March 2013 election to ask the voters to provide their advice on: 1) whether or not to initiate a zoning change to create the arts and innovation district; and 2) the exchange of the panhandle portion of El Camino Park (portion fronting El Camino Real) for a more usable portion of land adjacent to the theater and theater plaza. The deadline to submit language for the ballot would be in December 2012, 88 days before the

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March 2013 election. That timeframe allowed further review and input by the Council on specific language for the Advisory Ballot Measure.

Council Member Espinosa asked Staff to address the public's concern about the lack of transparency in the process.

Mr. Emslie stated the project was a bold step forward and was proposed on a philanthropic basis. In seeking the advice of the voters, Staff would provide enough information for the public to reach a decision to proceed with the project. This was only the beginning of the process. It was a rare opportunity for the public to influence the future of the City.

Council Member Espinosa inquired about further development of the Master Plan between the current time and March 2013 if the Council accepted Staff's recommendation for a March vote.

Mr. Emslie indicated moving the project forward would require significant engineering and architectural drawings. The applicant wanted to have public input before incurring those expenses; therefore, Staff proposed placing the measure on the March 2013 ballot.

Council Member Espinosa asked whether the City could implement the Master Plan and develop the project without this applicant's proposal.

Mr. Emslie reported no improvements had been made in the area since planning began 20 years ago. Without this proposal, obtaining funds and improving the transit center would take a very long time.

Council Member Espinosa asked Staff to comment on the likelihood of the proposal moving forward if the office space was scaled back.

Mr. Emslie stated the total square footage for the office building was a clearly defined project goal and a significant issue for the applicant. There could be flexibility in the arrangement of the square footage.

Mr. Garber believed the applicant's expectations had moved towards embracing Palo Alto's needs since the proposal was first made. The applicant supported changes to the original design; however, the applicant had not indicated he would be willing to decrease the total square footage from 250,000-260,000.

Council Member Espinosa inquired whether Staff would have drafted the proposed Master Plan if the applicant had not requested the office space and provided the opportunities for transit improvements and a theater.

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Mr. Emslie answered no. The Stanford Medical Center Development Agreement allocated \$2 million to construct pedestrian improvements through the proposed site. It did not anticipate marrying a project of this magnitude with pedestrian improvements.

Council Member Shepherd recalled the Council directed the Planning and Transportation Commission (P&TC) to explore greater height limits, and inquired when that matter would return to the Council for discussion.

Curtis Williams, Director of Planning & Community Environment reported the (P&TC) and Architectural Review Board (ARB) had only begun discussions. The context for the Council's direction concerned housing around transit. The Council could consider tonight's proposal in terms of height limit and appropriate trade-offs outside of that process. The P&TC and ARB discussion would not return to the Council prior to the March 2013 ballot.

Council Member Shepherd asked for an explanation of the theater's need for height limits greater than 50 feet.

Mr. Garber explained a professional theater required a fly space, the space above the stage where scenery was stored during a performance. TheatreWorks had evolved into a professional and influential company with productions on Broadway and in London. Its productions required true fly spaces of 80-100 feet.

Council Member Shepherd asked how failure of the measure for exchange of park lands and approval of the measure for height limit would affect the Master Plan.

Cara Silver, Senior Assistant City Attorney reported the Advisory Ballot Measure as envisioned was meant to gauge community sentiment and was not binding. If the measure failed, the Council had the option of initiating the zoning change.

Council Member Shepherd requested a fly-by presentation of the project.

Mr. Garber indicated that would occur in the future.

Council Member Holman referenced the Staff Report's mention of economic development, and asked when resource impacts would be determined and how the project would advance economic development for the City.

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Mr. Emslie acknowledged Staff did not know all the costs and allocations yet. They wanted to obtain the Council's direction before determining costs. If the Council directed Staff to proceed, then Staff anticipated determining pre-development costs prior to the Council reviewing the ballot language in early December 2012. Staff expected patrons of TheatreWorks' productions would also patronize Downtown and Stanford Shopping Center, which would have a direct economic impact. Providing modern office space in Downtown and close to transit would allow Palo Alto to compete with growing technology resources in other cities.

Council Member Holman was unsure whether the community would view those activities as economic development. She asked how transit improvements would be funded and when they would occur in the construction timeline.

Mr. Emslie reported construction phasing was in the future. Construction of the transit center, office building, and parking structure had to occur simultaneously. All costs had not been allocated; however, Staff anticipated many costs would be supported by the project. Transit improvements were considered an amenity that would support the overall Master Plan.

Mr. Garber indicated the amount of improvements needed to make the project feasible extended beyond transit improvements. Significant infrastructure improvements would be made as part of the project.

Council Member Holman inquired when Staff could provide clarification regarding traffic analysis, building heights, and square footage.

Mr. Garber stated the highest point in the theater, the fly, was 100 feet tall. The office building located on University Avenue had a height of 161 feet, 6 inches. The office building located between the theater and the building at University Avenue was 118 feet.

Mr. Emslie noted page 184 provided the total office square footage of 263,000 square feet. The number of floors in the office buildings was not a good indicator of height. Exhibits to the Staff Report mentioned the dimension heights. Staff could provide additional details regarding project parameters. Staff hoped for a broad discussion and would then return with responses to specific concerns.

Council Member Price asked Staff to describe the original proposal concepts.

Mr. Emslie reported the original concept was a single building, monolithic with an oval shape that occupied the MacArthur Park and Red Cross sites. A

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theater was attached to the building. The original concept did not have the depth and articulation of the current building concept.

Mr. Fukuji explained the original proposal was an eight- or nine-story building of 210,000-220,000 square feet, approximately 80-90 feet wide by 180-200 feet long. A smaller, 40,000-square-foot, three-story building was a foundation of retail and small office. The original theater was approximately 40,000 square feet. The first change was from one office building to multiple buildings. They developed a concept of three buildings surrounding a small campus green off El Camino Real. The placement of the theater was limited on the north by the reservoir and playing fields. That resulted in a three-story building being located in front of the theater. Because this concept did not make sense for a public space, they considered other designs. To create the plaza in front of the theater, they considered creating two blocks and increasing building heights.

Council Member Price inquired whether underground parking at the site was feasible, acknowledging geologic studies had not been performed.

Mr. Garber reported an engineering firm had been involved with the project and had not indicated any reason not to construct underground parking.

Council Member Price suggested proposals specifically mention ongoing transportation and planning studies that complemented the goals articulated in the proposed Master Plan.

Council Member Burt inquired about the future process for public and P&TC participation if the Council did not approve placing the measure on the ballot in March 2013.

Mr. Emslie explained the election cycle would allow fairly broad input from the P&TC before the Council had to take action in early December 2012. More discussion and comment would move the measure to the next election cycle in June 2014, which would allow for in-depth study and comment by the P&TC. Staff could meet with the P&TC once or twice before the December 2012 deadline.

Council Member Burt asked whether the project benefited the developer or was a philanthropic project in all regards.

Mr. Emslie noted the office buildings were philanthropic in that they would be gifted to Stanford University for the support of the endowment. The developer would not gain a profit.

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Council Member Burt inquired if the City's gifts were the theater, the intermodal transit center, and use of the MacArthur Park Restaurant building.

Mr. Emslie answered yes. Those were the major gifts for the City.

Council Member Burt asked whether the Council would have an opportunity to reaffirm in principle the 50-foot height limit in parallel with consideration of this project.

Mr. Emslie answered yes. Staff could determine a method for the Council to engage in that discussion.

Council Member Burt asked if approximately one third of the top floor would house office space, one third would contain mechanical operations, and the remaining one third would be open space.

Mr. Garber answered yes. The center portion, which was open space, represented approximately 15 percent of the total area.

Council Member Burt noted the drawings did not show a continuous bike path across Quarry Road toward the train station.

Mr. Fukuji explained the team looked at bike connectivity from El Camino Park along the Caltrain line to connect to Downtown.

Council Member Burt wanted to focus on the south bike path.

Mr. Fukuji would review that concern.

Vice Mayor Scharff felt the discussion had not included the retail space, and asked for plans concerning the retail space.

Mr. Garber stated the goal was to bring the district to life with street activity. He impressed on the applicant the necessity of this goal.

Mr. Fukuji indicated the applicant supported the concept of active, ground-floor retail uses.

Vice Mayor Scharff inquired if consultants had met with retailers to ensure the retail space would be useful and modern.

Mr. Garber explained the project needed enough square footage to create venues for people to gather, and that could happen in this project. The

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space underneath the towers was valuable in that it could be used in a number of different ways.

Vice Mayor Scharff asked if there would be approximately 40,000 square feet of retail space.

Mr. Garber indicated it would be 20,000-25,000 square feet.

Vice Mayor Scharff inquired whether the public garage would be open to the public in the evenings and provide more parking for Downtown.

Mr. Emslie stated the uses were complementary regarding parking. This would be one of the few locations in Palo Alto with direct access to parking.

Robert Kelley, TheatreWorks Artistic Director related some achievements of TheatreWorks. This project would celebrate TheatreWorks' values and benefit the City, but would require commitment and leadership from a forward thinking City Council. TheatreWorks would have a home that ensured outstanding theater productions for years to come.

Phil Santora, TheatreWorks Managing Director explained the theater would be used to develop new productions and to educate through classes and lectures. It would be a vibrant, cultural hub open to all from morning to evening. This facility would elevate TheatreWorks' ability to deliver its mission to the community. He encouraged the Council to consider the transformational qualities a cultural center would have on the community.

Robin Kennedy, TheatreWorks Board Chair stated TheatreWorks needed a permanent home. Annual performances were currently divided between the Mountain View Center for Performing Arts and the Lucie Stern Theatre. TheatreWorks' new home would celebrate the community.

Barb Larkin, American Red Cross indicated the Red Cross had a long relationship with the City of Palo Alto and Stanford University. She hoped to continue providing training to the community in emergency preparedness.

J. Sheridan said the building would be located at the worst intersection in Palo Alto, University Avenue and El Camino Real. Both streets were congested with traffic for one to two hours each evening. The traffic problems created by the new Stanford University buildings had not been resolved. The Council should consider the thousands of car trips created by this project.

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Martin Sommer created the online petition to stop construction of high-rise buildings and to remove City Council Members who did not follow the 50-foot height limit. He noted the possible decrease in value of condominium units across the street from the project.

Bob Moss felt the proposal was appalling. The Staff Report concealed more than it revealed. He suggested the Council recommend the project be scaled back. If the developer did not agree to scale back the project, the Council should deny approval. Developing this project would negate the City's claim to the Association of Bay Area Governments (ABAG) that it had no room to construct new housing.

Clement Chen, Sheridan Hotel, originally believed existing streets could not accommodate the additional traffic for the project. The proposed project had the potential to solve traffic congestion and transform the area. He urged the Council to investigate the proposal further.

Donald Barr requested the Council include the Hostess House in the Master Plan and encouraged the Council to consider the Hostess House as a family care center for children with special healthcare needs.

Neva Yarkin suggested no more money be spent until the community understood the project and planning associated with the project. She supported the 50-foot height limit.

Aaron Gershenberg, TheatreWorks Board Member supported the project and construction of a theater.

Herb Borock opposed an advisory vote, because voters would not have a final Environmental Impact Report (EIR). The project primarily concerned the office space. Mr. Garber had a potential conflict of interest because of his connection with TheatreWorks.

Cathie Lehrberg felt the neighborhoods affected by the project were not involved in the process. She expressed concern about the increase in commercial space. The project had several issues and requested additional information for the public before an election.

Mark Verstel, TheatreWorks Board Member believed the Advisory Ballot Measure was an opportunity for the residents of Palo Alto to review the economic and cultural benefits of the project.

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Lisa Webster, TheatreWorks Board Member supported having an area that promoted the arts and transportation. She urged the Council to have an Advisory Ballot Measure and to support TheatreWorks.

Nadia Naik felt the project was an opportunity to begin alleviating traffic congestion throughout the City.

Aram James stated the project did not consider humanity. He suggested one or two buildings be set aside for an endowment for housing with funds going to mental health services.

Council Member Holman asked if two of the locations for the MacArthur Park Restaurant building included the Olympic Grove.

Mr. Emslie answered yes. Location 1 saved the Olympic Grove and Location 2 interfered with the Olympic Grove. Location 3 was at the parking lot and Location 4 was next to Alma Street.

Council Member Holman recalled Council discussions regarding incorporating the MacArthur Park Restaurant Building into the project site. She inquired about the vision to link the Downtown with Stanford University.

Mr. Fukuji explained the vision was to have a large, public open space at the end of Palm Drive with three blocks from University Avenue to San Francisquito Creek divided by a mid-block pedestrian walk way.

Council Member Holman inquired whether Staff had considered an overpass for pedestrians and bicycles across El Camino Real.

Mr. Fukuji felt it was better to keep pedestrians at grade than to have an overcrossing. The places for improvements were the intersection at Quarry Road and the Palm Drive/University Avenue Bridge crossing El Camino Real.

Council Member Holman asked Staff to explain the intention of the statement on page 174 of the Staff Report regarding evaluation of future applications for uses in the area.

Mr. Emslie explained the intention was for the current site only. It was not meant to influence any project outside the proposed arts and innovation district.

Council Member Holman felt the project did not complement the scale and character of Downtown as stated in the Staff Report. A considerable amount of study and analysis was needed before presenting the project to the public

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for a vote. The public needed additional information and time to consider whether the improvements were worth the trade-offs. She wanted to determine the likelihood that public benefits would occur.

Council Member Shepherd was interested in the community's interests for Palo Alto. She asked if Staff expected ABAG to increase the allocation of housing units.

Mr. Williams answered no. This project would not skew ABAG's projections for housing and employment.

Council Member Shepherd explained ABAG reviewed national job increases and the percentage of job increases for the Bay Area to determine the allocation.

Mr. Williams agreed that was the basis of ABAG's formula.

Council Member Shepherd asked if Staff could determine traffic impacts prior to performing an EIR.

Mr. Emslie reported Staff could perform a traffic study independent of the EIR to inform the public.

Council Member Shepherd asked whether the public could have access to that information prior to an Advisory Ballot Measure.

Mr. Emslie answered yes.

Council Member Shepherd inquired whether this process would begin outreach to area neighborhoods.

Mr. Emslie indicated this was intended to initiate the process of review.

Council Member Shepherd asked if Staff had plans for outreach to neighborhoods possibly affected by the project.

Mr. Emslie believed Staff had the ability and resources to organize outreach.

Council Member Burt wanted a higher level view of how the Comprehensive Plan addressed the area. He preferred retaining the MacArthur Park Restaurant building on the El Camino Park site. There were many possibilities for collaboration with TheatreWorks, and he encouraged exploration of those possibilities. The Council should provide comments regarding the project and the future process for the community and P&TC to

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provide input. He asked how the Council could modify the Letter of Intent with TheatreWorks.

Molly Stump, City Attorney stated the Letter of Intent was a preliminary document and not a binding contractual agreement. It was subject to modification.

Council Member Burt wanted to ensure that the theater had a minority of its time available for other public uses. The Advisory Ballot Measure would be binding on his decision on the project.

Ms. Stump explained Staff conceived the process as a preliminary opportunity for the public to provide input on the overall vision. If the Advisory Ballot Measure occurred and the Council moved forward after that to pursue the vision, it would require many additional actions involving formal work of various Boards and Commissions and further public input through those processes.

Council Member Burt asked if the project would continue if the voters did not approve the Advisory Ballot Measure.

Ms. Stump indicated the Council could pursue the project after the Advisory Ballot Measure through its normal process.

Council Member Burt would abide by the community's vote. This project had enormous community benefits. The theater and plaza would be the most significant public building in the City and would be a great asset. The redesign of the intermodal center was extremely important for the City. He assumed the project would require transportation demand management (TDM). He suggested the 50-foot height limit return to the Council for reaffirmation and endorsement in principle prior to the entire project returning to the Council. The site and development would necessarily be above the height limit; however, heights of the buildings could be reduced by modestly increasing building footprints.

Council Member Schmid supported the vision as a whole. The transit circle was an effective solution to the movement of people from Caltrain to local transit systems. The theater and plaza would be a good addition to cultural life. Transit connections through the area would bring vitality to an isolated area. All material mentioned office space but not retail space. The Master Plan needed a magnet to draw people into the area. He suggested the Letter of Intent be revised to indicate the City had some influence over use of the theater space. He favored the Homer underpass over the Lytton underpass. Discussion of benefits should include economic benefits to the

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City as well as to the community. The project needed an analysis of parking and how it fit into Downtown parking studies. He expressed concern that the proposed park land contained pathways, trails, and parking exits and entrances.

Council Member Espinosa believed the opportunities for transit and TheatreWorks were significant. He was excited by the opportunity for a connection between Downtown and Stanford University. He asked Staff to discuss long-term planning for rail connectivity needs.

Mr. Emslie reported the Master Plan reflected consultation with all transit agencies and addressed the long-term growth potential in the area. High Speed Rail (HSR) had not indicated a conflict with the Master Plan. Phase II of the Master Plan included 30-50 years of capacity.

Council Member Espinosa inquired whether a traffic study would include potential parking impacts within the neighborhood.

Mr. Emslie understood a parking study had been initiated for Downtown. Any parking impacts of this project would benefit from information being collected in the Downtown parking study.

Council Member Espinosa asked if Staff had discussed leveraging the gift to rally gifts for other project needs.

Mr. Emslie stated that conversation had not occurred. Staff could consider a way to leverage the gift and report to the Council.

Council Member Espinosa agreed with further study of footprint versus height. If the MacArthur Park Restaurant building remained on the site, an arts district could create an opportunity for connectivity. He asked Staff to comment on possible timelines for Board and Commission review, a traffic study, neighborhood and community outreach, discussion of the height limit with P&TC and ARB, and revision of the Letter of Intent with TheatreWorks.

Mr. Emslie suggested Staff needed time to consider a timeline and to prepare a discussion item for the Council in October or November 2012. He believed Staff could provide draft ballot language along with a report on actions already taken and to be taken.

MOTION: Council Member Espinosa moved, seconded by Council Member Price to direct Staff to: 1) return to Council no later than the second meeting in November with a) a plan for Boards and Commissions review of proposal, b) a plan for a traffic study, c) a plan for neighborhood and

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community outreach, d) a draft revised Letter of Intent with TheatreWorks to collaborate on a Theater Arts Performance Center at 27 University, and e) height limit consideration with the Planning and Transportation Commission and the Architectural Review Board. In addition, direct the City Attorney to develop options for an Advisory Ballot Measure to bring back at an appropriate time to ask voters whether (1) the City Council should initiate a change in the Comprehensive Plan and Zoning Code to facilitate the Project, and (2) the City Council should exchange the unused "panhandle" portion of El Camino Park for a more usable portion of adjacent land to facilitate better site planning for the project.

Council Member Espinosa asked Mr. Williams if the return date was feasible for a discussion with the P&TC and ARB.

Mr. Williams felt it was possible. He inquired if the Board and Commission review should be more general than the current project.

Council Member Espinosa answered yes.

Mr. Williams would communicate the information to the P&TC and ARB.

Council Member Espinosa stated the project provided incredible opportunities as well as some serious issues. Receiving responses to Council questions and comments would allow the Council to draft language for an Advisory Ballot Measure and determine if it wanted to move forward.

Council Member Price noted the site was challenging and complex. The developer had considered massing and location. This was an example of public-private partnerships succeeding. The idea of linking Downtown and Stanford University was important. The project was a creative solution to a site with many challenges.

Council Member Espinosa clarified the Motion was to return with a draft of the TheatreWorks Letter of Intent. The goal was to provide answers and draft ballot language by the November 2012 Council Meeting.

Ms. Stump suggested the Council not execute the draft Letter of Intent included in the Council Packet. Staff would return with amendments to the Letter of Intent. She did not believe Staff could prepare and review an actual agreement. Rather than executing and then revising the Letter of Intent, the Council should not execute the Letter of Intent at the current time. She suggested the Motion language be "return no later than the second meeting in November" to provide flexibility for Staff to return to the Council sooner.

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Vice Mayor Scharff suggested Staff should plan for coffee shops and restaurants to use the plaza for seating areas. He requested Staff consider an entertainment venue or a lounge as technology workers had indicated a desire for that. He would support a TDM program for the project. The Council should ensure parking would not impact area neighborhoods.

Council Member Schmid felt language of the Motion directed Staff to proceed with the exchange of park land, and asked if that was the intention of the Motion.

Council Member Espinosa inquired whether removing the part of the Motion regarding the exchange of the park land would hamper the process for Staff.

Vice Mayor Scharff suggested following the language of the Staff recommendation.

Council Member Burt inquired about the process for exchanging the park land.

Ms. Stump explained the City Charter provided the legislative body could convey a minor portion of a park in exchange for an equal or greater area or value without an election. The process included notice and public hearing, a determination that the exchange was in the public interest, and adoption of a Resolution of Discontinuance.

Council Member Burt asked for the date at which the Council would need to provide approval to Staff for a measure to go on the March 2013 ballot.

Mr. Emslie indicated the deadline for the March 2013 ballot was 88 days prior to the election, or the first Council meeting in December 2012.

Beth Minor, Assistant City Clerk stated the deadline would be December 3, 2012.

Council Member Burt inquired how long Staff would need to prepare an Advisory Ballot Measure.

Ms. Stump reported the preparation of the language was not a lengthy process, but Staff would want Council review of the language.

Council Member Burt believed the Motion directed Staff to prepare language for the Advisory Ballot Measure. He envisioned the Council would provide comments, Staff would return with revisions, and then the Council would

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decide on an Advisory Ballot Measure.

Council Member Espinosa confirmed that Staff could draft the Advisory Ballot Measure language quickly.

Council Member Price inquired how a revised draft measure would be different from the current draft measure.

Council Member Burt explained Staff would prepare revisions to the Master Plan to reflect Council comments and the applicant's responses. The Council could review the revised Master Plan before reviewing ballot language.

Council Member Price clarified that he was suggesting an interim step rather than moving straight to draft language which would incorporate Council comments.

Council Member Burt answered yes.

Council Member Price expressed concern about the expediency of an interim step.

Vice Mayor Scharff was concerned that the Council would not have time to review proposed language for the Advisory Ballot Measure prior to the December 2012 deadline.

Council Member Burt explained proposed language would return to the Council at the latest on November 12, 2012. The Council would have two meetings, November 19, 2012 and December 3, 2012, to review the language.

Vice Mayor Scharff inquired whether Staff would have sufficient time to draft the language under that timeline.

Ms. Stump believed the Council would not want to review the language for the first time on December 3, 2012. Staff could work under that timeline.

Council Member Shepherd supported the Motion. Better access was needed for pedestrians and bicyclists. The MacArthur Park Restaurant Building could be located in another area.

Council Member Espinosa asked Staff to suggest wording for the beginning of the Motion.

Ms. Stump suggested "direct the City Attorney to develop options for an

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Advisory Ballot Measure to bring back at the appropriate time."

Council Member Holman felt the new language implied Council approval. The timeframe suggested by the Motion was unrealistic.

Council Member Espinosa recalled Staff indicated they could prepare the information by the end of October or beginning of November.

Council Member Holman felt the timeline would not allow the Council sufficient time to gather and review information.

Ms. Stump suggested reversing the order of the items in the Motion to indicate the Council's priority.

Council Member Holman supported comments of Council Member Burt and Council Member Schmid. The MacArthur Park Restaurant needed to remain on site and be a part of the theater district. She noted the theater would be located on Stanford land and inquired about a lease and terms of a lease.

Council Member Schmid asked if the reason for outreach was the Council's need for information prior to deciding when to hold the election.

Council Member Espinosa felt the Council needed as much information as possible before making a decision.

MOTION PASSED: 7-0 Klein, Yeh not participating

9. Approval of Professional Services: 1) Contract with Fukuji Planning and Design in Amount of \$139,500 for Preliminary Design Concept Services; 2) Contract with Sandis Civil Engineers Surveyors Planners in the Amount of \$16,500 for Traffic Engineering, Civil Engineering and Arborist Report Services; and 3) Contract with Fergus Garber Young Consultants in the Amount of \$85,000 for Urban Design and Architectural Services 4) Contract with Metropolitan Planning Group in Amount of \$45,000 for Project Management for Real Property at 27 University Avenue to be Funded By the Stanford Medical Center Intermodal Transit Funds with a Budget Amendment Ordinance 5165 totaling \$286,000.

Stephen Emslie, Deputy City Manager reported Stanford University raised issues with items in the scope of the consulting contracts. Stanford felt these items should be attributed to a separate fund, other than connectivity funds from the Stanford Medical Center Development Agreement. Staff

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recommended attributing half of the contract amount to infrastructure funds, and Stanford agreed with the recommendation.

Herb Borock suggested the Council not approve the recommendation. There was a potential conflict of interest. He questioned whether Staff had exceeded the Council's direction by expanding the project to an intermodal station. The consultant had created an arts district, which would cost more money. Approving this development would lead to a High Speed Rail station in Palo Alto.

Council Member Holman appreciated the urban design component, and asked why the City was paying for architectural services from Stanford funds.

Mr. Emslie indicated it was a major component of the Master Plan. Staff would need architectural services in order to respond to Council's concerns and to meet the timeline.

Council Member Holman asked why the City was paying for those services as opposed to an applicant paying for them.

Mr. Emslie explained the applicant's plans as presented were not acceptable, and the applicant requested the City prepare plans that would be acceptable. Staff prepared the Master Plan to provide policy direction to the applicant to ensure buildings met objectives. Considerably more engineering and architectural work would need to be performed. The applicant had secured architectural services for himself. Staff needed those services to continue communicating with the applicant in a productive way.

MOTION: Council Member Shepherd moved, seconded by Council Member Price to approve the Professional Services Agreements for \$286,000 of which \$136,000 will be funded with SUMC Intermodal Transit Funds (Pedestrian Linkages) to allow for consultant services for the continued design concepts and analysis of 27 University Avenue. The remaining \$150,000 will be funded by the SUMC Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing Fund. Appropriate changes to the Budget Amendment Ordinance shall be made.

Council Member Shepherd felt the City would gain a modern version of 27 University Avenue. The project would add value to the City of Palo Alto.

Council Member Price stated the quality of and need for the work was critical. Progress had been made with the initial concepts.

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MOTION PASSED: 7-0 Klein, Yeh not participating

COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

Council Member Burt commended the Quakeville exercise leaders for their hard work and a successful event this past weekend.

Council Member Shepherd reported on attending the Palo Alto High School/Gunn High School football game last weekend, and the Public Art Commission meeting on Thursday evening.

Council Member Price reported on attending the Santa Clara Valley Transportation Authority workshop on Bus/Rapid Transit on September 21, 2012. Additionally, the Santa Clara County Mental Health Board has an upcoming Medicare and Healthcare Forum on October 6, 2012.

ADJOURNMENT: The meeting was adjourned at 12:31 A.M.