



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
June 10, 2013

The City Council of the City of Palo Alto met on this date in the Council Chambers at 4:08 P.M.

Present: Berman, Burt arrived at 5:10 P.M., Holman, Klein, Kniss, Price arrived at 4:18 P.M., Scharff, Schmid, Shepherd

Absent:

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATORS
City Designated Representatives: City Manager and his designees pursuant to Merit System Rules and Regulations (James Keene, Pamela Antil, Dennis Burns, Lalo Perez, Joe Saccio, Kathryn Shen, Sandra Blanch, Marcie Scott, Darrell Murray).
Employee Organization: Palo Alto Police Manager's Association (PAPMA)
Authority: Government Code Section 54957.6(a)

Donna Grider, City Clerk, announced that Dania Torres Wong would take the place of Darrell Murray in the Closed Session.

The City Council returned from the Closed Session at 5:00 P.M.

Mayor Scharff advised there was no reportable action.

SPECIAL ORDERS OF THE DAY

2. Peninsula Council of Lion's Club Honors Fire and Law Enforcement Officials Who Have Served Their Communities.

Eric Nickel, Fire Chief, reported the Peninsula Council of Lion's Club recognized Captain Carter French and Firefighter Jon Matsvmoto for community service and Station 2 Shift A for heroism.

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Mayor Scharff announced that the Council would continue to City Manager Comments while the City Clerk tabulated the vote for Agenda Item Numbers 3, 4, 5, and 6.

CITY MANAGER COMMENTS

James Keene, City Manager announced the State of California Governor appointed a Technical Services Coordinator Charles Cullen to the State 911 Advisory Board, the Open Data and Open Budget projects won awards, PG&E was working on pipes on Alma Street requiring some recently repaved roads being dug up by PG&E, and the Neighborhood Grant Program was in full swing with about half the funds being distributed.

Mayor Scharff noted that the Council would complete their ballots for the Historic Resources Board, the Human Relations Commission, and the Public Art Commission and have the City Clerk report the results. Then the ballots would be collected for the Library Advisory Commission.

ORAL COMMUNICATIONS

Palo Alto Free Press said the City Council and Staff ignored Palo Alto Free Press. He also stated that the City Council does not listen to the members of the community. He said the Council should respect unfavorable speech.

Donna Grider, City Clerk, presented the results of the ballots for the Historic Resources Board, the Human Relations Commission, and the Public Art Commission.

Mayor Scharff announced that the City Council should cast their ballots for the Library Advisory Commission and then adjourn to the Council break at 5:35 P.M. The City Clerk would report out the results of the ballots upon the return of the City Council from their break.

The City Council adjourned for break from 5:35 P.M. to 6:00 P.M.

Ms. Grider presented the results of the ballots for the Library Advisory Commission.

3. Appointment for One Position on the Historic Resources Board for an Unexpired Three Year Term Ending May 31, 2014 (Resignation of Smithwick).

First Round of voting for the Historic Resources Board for an unexpired three year term ending May 31, 2014 (Resignation of Smithwick):

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Voting For Margaret Wimmer: Berman, Burt, Holman, Klein, Kniss, Price, Scharff, Schmid, Shepherd

Donna Grider, City Clerk, announced that Margaret Wimmer with nine votes was selected to serve an unexpired three year term ending May 31, 2014.

4. Appointments for Two Positions on the Human Relations Commission for Three Year Terms Ending March 31, 2016 (Terms of O’Nan and Verma).

Palo Alto Free Press spoke regarding his efforts to work with the Human Relations Commission and their lack of focus on their Mission Statement. He said that despite his attempts to work with them they have not offered to help. He also commented that the City Council does not listen to the members of the community.

First Round of voting for Human Relations Commission for two three year terms ending March 31, 2016 (Terms of O’Nan and Verma):

Voting For ZuChong Liu:

Voting For Adrienne Murphy: Schmid

Voting For Jill O’Nan: Berman, Burt, Holman, Klein, Kniss, Price, Scharff, Schmid, Shepherd

Voting For Greer Stone: Berman, Burt, Holman, Klein, Kniss, Price, Scharff, Shepherd

Donna Grider, City Clerk, announced that Jill O’Nan with 9 votes and Greer Stone with 8 votes were selected to serve in three year terms ending March 31, 2016.

5. Appointments for Two Positions on the Library Advisory Commission for Three Year Terms Ending January 31, 2016 (Terms of Akinola, Moss, and Palaniappan).

First Round of voting for the Library Advisory Commission for three three-year terms ending January 31, 2016 (Terms of Akinola, Moss, and Palaniappan):

Voting For Jared Bernstein: Klein, Kniss

Voting For Sheena Chin: Berman, Burt, Price, Scharff, Schmid, Shepherd

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Voting For Don McDougall: Holman, Schmid

Voting For Robert Moss: Berman, Burt, Klein, Kniss, Price, Scharff, Schmid

Voting For Joan Reid: Holman, Shepherd

Voting For Greer Stone:

Donna Grider, City Clerk, announced that Bob Moss with 7 votes and Sheena Chin with 5 votes were selected to serve in three year terms ending January 31, 2016.

6. Appointment for One Unexpired Position on Public Art Commission ending on April 30, 2015 (Walsh Resignation).

First Round of voting for the Public Art Commission for one unexpired term ending on April 30, 2015 (Walsh Resignation):

Voting For Jeanne Lavan: Berman, Shepherd

Voting For Ben Miyaji: Burt, Holman, Klein, Kniss, Price, Scharff, Schmid

Voting For Elaine Poplingher:

Voting For Robin Theil:

Donna Grider, City Clerk, announced that Jeanne Lavan with 7 votes was selected to serve in an unexpired term ending April 30, 2015.

CONSENT CALENDAR

Emily M. Renzel referenced Article 8 of the Palo Alto Charter. The Council did not hold an election to discontinue park use. She requested Staff segment the final plan by drainages in the hope that acreage could be opened as parkland in 2014. By approving Agenda Item Number 13, the Council would delay opening Byxbee Park for another two years. Rent for unopened parkland had not been paid since July 2011.

Carolyn Curtis, Palo Alto Green Energy Initiative, preferred the landfill not be capped until Staff knew the number of acres needed for an energy compost facility. The Request for Proposal (RFP) was biased toward the export option. The RFP suggested a rent of \$10,800 per acre per month would be charged; however, the Council had not implemented a rent amount. An energy compost facility would benefit the City's Climate Protection Plan and Zero Waste Initiative; therefore, it should merit free rent.

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MOTION: Council Member Kniss moved, seconded by Council Member Klein to approve Agenda Item Numbers 7-13.

Council Member Holman registered a no vote on Agenda Item Number 13.

Council Member Schmid registered a no vote on Agenda Item Number 13.

7. Adoption of an Ordinance Approving and Adopting a Plan for Improvements to Eleanor Pardee Park.
8. Approval of Wastewater Treatment Enterprise Fund Contract with D. W. Nicholson Corporation in the Amount of \$411,500 for the Sedimentation Tanks Equipment Replacement Project at the Regional Water Quality Control Plant - Capital Improvement Program Project WQ-80021.
9. Approval of a Five-Year Contract Between the City of Palo Alto and Telecommunications Engineering Associates (TEA) in an Amount of \$168,972 Per Year For Annual Maintenance Services of Radio Infrastructure and Project Funding Not To Exceed \$50,000 Per Year.
10. Adoption of a Park Improvement Ordinance for the San Francisquito Creek Bonde Weir Fish Passage Improvement and Channel Stabilization Project.
11. Approval of Utilities Compliance Services Contract with Eric Scott, in an Amount Not to Exceed \$100,000 for Managing Compliance Activities Covering Electric, Natural Gas, Water, and Wastewater Collection Utility Services.
12. Appointment of Michael Alcheck and Eduardo Martinez to the Planning & Transportation Commission for Four Year Terms Ending July 31, 2017 and James Cook and Garth Hall to the Utilities Advisory Commission for Three Year Terms Ending July 31, 2016.
13. Approval of: 1) the Palo Alto Landfill Closure Stipulated Notice and Order No. LEA-2013-01-1; 2) Amendment No. 1 to Contract No. C12143502 in the Amount of \$247,889 for a Total Amount of \$461,002 with Golder Associates for Closure Design Service; and 3) Contract C13150284 in the Amount of \$250,000 with Toubar Equipment Company for Landfill Closure and Maintenance Services.

MOTION PASSED FOR AGENDA ITEM NUMBERS 7-12: 9-0

MOTION PASSED FOR AGENDA ITEM NUMBER 13: 7-2 Holman, Schmid
no

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ACTION ITEMS

14. Consideration of Public-Private Parking Garage on High Street (Lot P).

Curtis Williams, Planning and Community Environment Director, reported that the 135 Hamilton Avenue project was comprised of a 20,000-square-foot office building with two rental apartments on the top floor, and was required to provide 84 parking spaces. Twenty parking spaces were exempt through Transferrable Development Rights (TDR). A proposal to exempt 40 spaces through a 1:1 floor area ratio (FAR) request was presently in abeyance. A condition of approval for the 135 Hamilton Avenue Project specified that, without an exemption, the applicant would have to pay approximately \$2.5 million of in-lieu fees to compensate the City for those 40 parking spaces. Development of a parking garage on Lot P would provide all parking for the 135 Hamilton Avenue Project, City public parking spaces, and four spaces for the onsite residential units. The first three floors of the parking garage would be reserved for City and public use; the fourth and fifth floors would be reserved for the 135 Hamilton Avenue Project during the day and public use in the evening and on weekends. Without attendant parking, the garage could provide 145 total parking spaces, 63 of those spaces on the upper two floors. Applicant committed to providing 30 attendant parking spaces. The City could provide attendant parking on the lower floors; however, that was not part of the applicant's proposal. The first and second floors provided 51 parking spaces, the same number of spaces provided in the current parking lot. Thirty-one parking spaces on the third floor would be available at all times of the day at the City's discretion for permit parking or hourly use. Staff recommended the Council direct Staff to prepare a specific contract for the parking garage. 135 Hamilton LLC would pay \$6.9 million and construct the Parking Garage Project (Project); the City would pay \$1 million from the Housing In-Lieu Fund and would be responsible for approximately \$500,000 in permit fees or waivers. 135 Hamilton LLC would also purchase 5,000 square feet of TDRs from the City for a total of \$450,000 (\$90/square foot). 135 Hamilton LLC committed to providing attendant parking to supplement spaces and was willing to accommodate a solar installation on the roof top. The Project would require full review by the Architectural Review Board (ARB), the Planning and Transportation Commission (P&TC) and the Council, with the Council reviewing contract details prior to construction. The key issue was the applicant's request for the upper two floors to be set aside in a perpetual easement appurtenant to the 135 Hamilton Avenue Project. Staff attempted to value all net spaces fully available to the public at all times. Non-quantifiable benefits included a two-year construction period as opposed to five years, removal of 60 cars from street parking, and the potential incorporation of the photovoltaic component. With respect to the estimated

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present value of the increased lease rates, Staff determined \$6-\$7.2 million in incremental income would stream to the developer. The developer's costs included approximately \$7 million for construction and approximately \$100,000 per year for attendant parking, resulting in a net range of \$390,000 to \$1.6 million. All present values were estimated over a 50-year life for the Project. The ongoing garage study identified Lot P as one of the locations for analysis of a parking garage. Staff's recommendation was for the Council to direct Staff to develop a Memorandum of Understanding (MOU) or Development Agreement with 135 Hamilton LLC and to direct the owner to prepare specific plans to begin the review process.

Chop Keenan, applicant, stated the Project would increase short-term daytime parking for Lot P from 51 to 82 parking spaces. Night-time parking had even greater demand. The cost to build the garage was approximately \$350 per square foot. If terms of the MOU were satisfactory, he would proceed with the Project. If not, he would revert to the original plan for 135 Hamilton Avenue.

RCB Fischer felt the Project would be detrimental to nearby businesses. Traffic congestion was already bad, but the additional parking spaces and a new hotel would make it even worse. Delivery trucks parked on High Street during the day, further increasing congestion.

Scott Bailey noted foot traffic would delay cars from turning into the parking garage. Outdoor dining was adjacent to the proposed garage entrance.

Neilson Buchanan did not understand the economics of the Project, but hoped City Staff had a better grasp than he. The Project was small; however, the tradeoffs were complicated. The Project did not address the imbalance of parking supply and demand. He suggested the Council delay the Project until parking issues could be resolved.

Sally Ann Rudd stated leasing or selling floors in a public parking garage was a bad idea in that the City would lose control of the space. The proposed easement was permanent, another bad idea. The Project should be delayed until the parking study and development cap study were completed. Solutions should focus on moving people, not cars. She questioned the City's proposal to sell its TDRs, when Staff previously stated it would not.

Adina Levin questioned the number of parking spaces that could be created if parking prices and incentives were changed. She encouraged the Council to delay making decisions on investments until they knew the amount of parking supply needed.

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Elaine Meyer inquired whether taxes would be paid on the Project since the property was owned by the City. If the City needed additional parking spaces, then it should build the parking structure.

Faith Bell indicated Lot P would provide parking spaces for a private development, but no additional public parking spaces. A year of construction would cause a 25-50 percent loss of income for local shops. Retail vitality was closely tied to parking viability. Development of Lot P would provide the greatest number of significant adverse impacts when compared to development of other City parking lots.

Council Member Price asked how access to the parking garage would be handled in the design phase of the Project.

Jaime Rodriguez, Chief Transportation Official, reported the design of the parking garage would maintain some form of an access aisle between the existing structures and the proposed parking structure. There would be a protected access around the perimeter of the garage for the businesses adjacent to it.

Council Member Price inquired about access for delivery trucks during and after construction.

Mr. Rodriguez indicated staging of construction would be necessary; however, there would be near-term impacts from loss of access to the rear of adjacent buildings.

Council Member Price asked if staging had been utilized in the construction of other parking structures in Downtown.

Mr. Rodriguez stated any construction project contained provisions for construction staging and access. Those details would be defined as the process moved forward and could be included in the MOU.

Council Member Price inquired whether an MOU would be associated with the Project because it was a public-private partnership.

Mr. Williams reported the City would have a legally binding document, whether or not it was an MOU.

James Keene, City Manager, stated the document would contain the terms of an agreement between the City and the developer.

MOTION: Council Member Price moved, seconded by Mayor Scharff to direct Staff to develop a Memorandum of Understanding with 135 Hamilton LLC, consistent with the terms outlined in Attachment A, and to direct the

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owner to develop plans and submit an application for review of the Lot P Parking Garage project.

Council Member Price felt the Project was an opportunity to address the need for parking in Downtown. She supported the key terms as outlined in the Staff Report. The shared-use concept was logical and increased parking capacity. She hoped additional design features would be embedded in the parking structure. By providing additional parking, the structure would provide a positive impact for the community. The most significant benefit was the construction of a parking structure at a pace much faster than would be possible if solely City owned. A public-private partnership was one of many options the City needed to pursue aggressively. She did not support expansion of parking capacity as the sole means of solving the parking problem. The City should consider Transportation Demand Management (TDM) and encourage alternative transportation.

Mayor Scharff reported the Council was attacking the parking problem on a variety of fronts. The Project would provide 145 parking spaces. Collecting in-lieu parking fees sufficient to pay for a parking structure was a slow process. He suggested adding a sixth floor to the Project and limiting the life of the easement to 30-50 years or no longer than the life of the parking structure. He assumed the terms of the MOU would address the easement.

Vice Mayor Shepherd inquired whether the City had constructed a public-private garage previously.

Mr. Williams replied no. Some of the Planned Community (PC) zoned projects required public parking as part of the public benefit package; however, they were not located on public land.

Vice Mayor Shepherd felt the City would need additional parking garages in Downtown, because TDM alone could not manage the traffic capacity.

Mr. Keene indicated Staff could share examples of public-private garages from around the country.

Vice Mayor Shepherd inquired whether adding a sixth story to the parking structure would trigger additional requirements.

Mr. Williams reported a sixth story would extend beyond the 50-foot height limit. The Council would have to grant a variance or PC zoning or other mechanism to allow that. It would not necessarily trigger an Environmental Impact Report (EIR). The review process would consider the visual impact as part of an expanded Mitigated Negative Declaration.

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to explore the possibility of adding a sixth floor to the parking garage.

Mayor Scharff would probably split the question on the issues of an easement and a sixth floor.

Vice Mayor Shepherd stated construction would be disruptive for Downtown businesses and traffic, and wanted to continue exploring TDM options.

Council Member Kniss was inclined to support the Motion. She asked how other cities avoided the problem of delivery trucks parked in the street at all times of the day.

Mr. Rodriguez stated Palo Alto did not have an Ordinance restricting delivery times, and was not aware of any other city having that restriction.

Council Member Kniss suggested there should be a restriction on when large trucks could make deliveries in Downtown.

Mr. Keene would provide examples of ordinances restricting delivery times.

Council Member Kniss recommended the life of the easement be tied to the life of the hotel.

Mr. Williams explained that the easement was tied to the office building at 135 Hamilton Avenue. The hotel opening at the same time created additional complications.

Council Member Kniss felt the Project was an imperfect answer to a perpetual need and would help address the parking problem.

Council Member Holman noted a City Ordinance required the City Manager to establish a public process to sell development rights, and asked when that process would be established in relation to the Project.

Mr. Williams suggested the process could proceed quickly if the Council approved the Project. The process could be some type of RFP or bid process such that Staff could initiate the process and report the results to the Council. If the City offered TDRs without the parking exemption, then Staff did not believe the level of response would be as great.

Council Member Holman felt approval of the Motion indicated a parking garage was also approved. She questioned the need to sell TDRs without parking exemptions when TDRs were being generated in the private sector.

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Mr. Keene explained that if the City sold TDRs with parking exemptions on the open market, then it would lose the cost of constructing those parking spaces. The City had the discretion to offer TDRs for sale under whatever conditions it wanted. This seemed to be an opportunity to reduce the City's inventory of TDRs without creating additional parking problems.

Council Member Holman felt the sale of TDRs was inconsistent. The Council had not provided direction on any of the parking exceptions under review. She questioned the wisdom of proceeding with the Project when development of Lot P was identified in the City's study as having the greatest impact on adjacent businesses.

Mr. Keene stated the Council would have to decide whether a parking garage was constructed on Lot P. There could be more unparked cars or there could be additional parking at a reasonable cost.

Council Member Holman expressed concern about privatizing public land. Development of Lot P was not viable, because it impacted adjacent businesses. Some of the benefits as stated in the Staff Report were not true benefits.

SUBSTITUTE MOTION: Council Member Holman moved, seconded by Council Member Schmid that this proposal not be considered at this time and not earlier than such time as there is an overall study and solutions for the Downtown parking issue.

Council Member Holman felt the Project created significant policy issues and significant impacts to adjacent businesses. The TDR process violated a City Ordinance.

Council Member Schmid stated the answer to the parking problem in Downtown was not to relinquish control of public property as a first step. The Council should focus on strategic solutions to the parking problem.

Council Member Klein inquired about payment of property taxes for the floors occupied by the developer.

Molly Stump, City Attorney, had not analyzed that scenario. The Agenda item was a preliminary request to approve a term sheet, and a great deal of legal work remained to be performed.

Council Member Klein felt the amount of property taxes lost could be substantial if it was determined those floors were tax exempt. He inquired whether Staff analyzed potential impacts to surrounding retail businesses during and after construction of the parking garage.

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Mr. Williams indicated Staff was cognizant of issues related to access to the Project.

Mr. Rodriguez reported the concept for the parking garage included a secondary access point from the ground floor to the aisle. During construction, those sites would have minimal access; however, Staff had not developed any construction staging plans.

Council Member Klein requested occupancy figures for Downtown garages on nights and weekends.

Mr. Rodriguez did not have the specific data with him, but would provide it. Lots P and R during the evening hours were full.

Council Member Klein inquired whether Lot R was also filled on Friday night.

Mr. Rodriguez reported both garages experienced occupancy greater than 90 percent.

Council Member Klein asked if other garages were filled on nights and weekends.

Mr. Rodriguez indicated the west end of Downtown experienced the most congestion during evening hours.

Council Member Klein inquired about Staff's valuation of the right to have two floors in public use on nights and weekends.

Mr. Williams considered everything from 25-100 percent and chose 50 percent. There was value in having those spaces available.

Council Member Klein calculated the developer would have use of the two floors for parking approximately 50 hours per week, while the City would have use of the two floors for approximately 10 hours per week. Staff's use of 50 percent was too high. He inquired whether Staff considered hiring a professional appraiser to advise with respect to the correct ratio.

Mr. Williams felt the situation was more of a policy value of the parking spaces than economic value.

Council Member Klein noted the chart in the Staff Report indicated almost half of the value of a parking garage for the City was the evening and weekend space component.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to refer issue of circulation

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raised by the adjacent retail stores to Planning and Transportation Commission for thorough analysis of those issues, refer to the Finance Committee the financial analysis, and request Staff to obtain services of a professional appraiser to review the value and cost to the City and Developer.

Mayor Scharff inquired whether Council Member Klein's proposed language would replace or supplement the language of the Substitute Motion.

Council Member Klein indicated his language would replace the language referring to the Downtown parking issue.

Council Member Holman understood Council Member Klein's language to mean that, depending on the information provided, the Council could continue the Project until the larger Downtown parking study was complete. His language did not preclude the original language of the Substitute Motion.

Council Member Klein did not intend the language as a Substitute Motion. He asked when the Downtown parking study would be available for review.

Mr. Williams stated a report on Phase I should be available by the end of 2013.

Mr. Keene understood Council Member Klein's language to have a cycle time speedier than the end of the year.

Council Member Klein expressed concern regarding "overall study and solutions" in the Substitute Motion because solutions might not occur in this century. He would agree with language of "until such time as the Council receives the Phase I report of the Downtown parking study" provided the P&TC conducted a circulation study and the Finance Committee conducted a financial analysis in the interim.

Council Member Holman inquired about the work the professional appraiser would perform.

Council Member Klein explained a professional appraiser would review the value and cost to the City and the developer as presently set forth in the Staff Report.

Mayor Scharff asked if "and solutions for the Downtown parking issue" remained a part of the Substitute Motion.

Council Member Klein wanted it deleted. The Project could be reconsidered when the Council received the first installment of the Downtown parking study which Staff stated would be available by the end of the year.

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Mayor Scharff asked if the first sentence of the Substitute Motion should be deleted.

Council Member Holman replied no. She wanted to obtain the information Council Member Klein requested without precluding the broad context.

Council Member Klein suggested the language should be "and not earlier than Council's receipt of the Downtown parking study."

Council Member Holman inquired whether referral of circulation issues included parking and loading.

Council Member Klein replied yes.

SUBSTITUTE MOTION (Revised with incorporation and edits): Council Member Holman moved, seconded by Council Member Schmid that this proposal not be considered at this time and not earlier than Council receives the first phase of the downtown parking report; during such interim we refer consideration of circulation issues raised by the adjacent retail stores to the Planning and Transportation Commission for thorough analysis of those issues; refer to the Finance Committee the financial analysis; and request staff obtain the services of a professional appraiser to review the value and cost to the City and Developer.

Council Member Klein was not concerned by the idea of a public-private partnership and the use of public property. The Substitute Motion could delay the Project by approximately six months. It was important to get the Project right and to ensure Council actions were good for the community.

Council Member Berman was happy to support the Substitute Motion, because he was not comfortable with the number of unanswered questions. The Council needed a more thorough analysis of the impact on neighborhood businesses.

Council Member Burt noted the Motion addressed a perpetual easement while the Substitute Motion did not. Section 5A of Attachment A indicated an "appropriate easement." He asked what an appropriate easement was according to Attachment A.

Mr. Williams reported the appropriate easement as proposed was an easement appurtenant to 135 Hamilton Avenue that ran with that property, and there was no time limit on it unless the Council placed a time limit on it.

Council Member Burt asked if the easement would be in perpetuity unless the Council changed the language.

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Mr. Williams replied yes.

Ms. Stump suggested the Council provide direction to Staff and the applicant regarding next steps. Staff had not fully worked out the legal vehicles that would be utilized.

Council Member Burt heard the Mayor speak against perpetuity in the Motion, and inquired whether the Substitute Motion proposed an easement in perpetuity.

Council Member Holman hoped Staff would return with an analysis of Attachment A and offer other analyses.

Council Member Burt recalled Staff stated that absent specific language the easement would be in perpetuity.

Mr. Keene did not believe the issue of perpetuity would arise under the Substitute Motion unless a perpetual easement would somehow affect the appraiser's value analysis.

Council Member Burt wanted the term of the easement for the two floors of privately occupied space to remain open or have the Finance Committee consider the term.

Council Member Holman inquired whether the professional appraiser would analyze and report a value of the easement to the Finance Committee.

Council Member Burt would include that language.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that the professional appraiser will analyze and report to Finance Committee the consideration of the term of the easement for the two floors of privately occupied space.

Council Member Holman was unclear whether the applicant received value for 63 or 93 spaces, and requested that the analysis include both 63 and 93 parking spaces.

Council Member Burt suggested broader language to review the various financial aspects.

Mr. Keene stated the general directive was undermined through specific requirements.

Council Member Holman inquired about the basis for Staff's financial analysis.

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Mr. Keene explained Staff would review Attachment A and any other alternative as it related to the directives in the Substitute Motion dealing with circulation and impact and a cost-benefit analysis.

Council Member Burt noted Attachment A implied that subterranean parking would be utilized; however, he did not understand that as being Staff's intention.

Mr. Williams reported the intention was that if the City desired to construct below-grade floors, then the increment of cost would be borne by the City. Subterranean parking would not necessarily be utilized just because it was feasible.

Council Member Burt asked when the Council would consider subterranean parking if the Council approved Staff's recommendation.

Mr. Keene noted Staff would present information to the Finance Committee, and the Finance Committee would ask questions regarding value and subterranean parking.

AMENDMENT TO THE SUBSTITUTE MOTION: Council Member Burt moved, seconded by Mayor Scharff that the financial analysis would include additional levels of parking below or a single level above grade.

Council Member Burt felt it would be constructive to review both options.

Mayor Scharff agreed with considering above-grade and below-grade parking as part of the extended analysis.

Vice Mayor Shepherd inquired whether the discussion concerned the Amendment to the Substitute Motion.

Council Member Holman suggested the Amendment had to be discussed before the Substitute Motion.

Vice Mayor Shepherd supported the Amendment.

Council Member Price inquired about costs to perform the analysis.

Mr. Keene did not believe the directive would be particularly expensive or difficult to perform.

Council Member Price asked if Staff had the capacity to perform this analysis in addition to their work plan.

Mr. Keene answered yes; however, the process could be iterative.

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AMENDMENT PASSED: 6-3 Holman, Kniss, Price no

Vice Mayor Shepherd noted the cost for the City's 31 parking spaces would be approximately \$48,000 per space under the terms of the proposal. She expected this type of analysis to be part of the due diligence process.

AMENDMENT TO THE SUBSTITUTE MOTION: Vice Mayor Shepherd moved, seconded by Mayor Scharff to allow Staff to work on a Memorandum of Understanding with 135 Hamilton LLC.

Council Member Holman noted the Project was subject to ARB and P&TC review; therefore, drafting an MOU was premature

Vice Mayor Shepherd requested that Staff provide a sequence for drafting an MOU.

Mr. Williams indicated Staff could begin drafting many components of the MOU. ARB and P&TC review of the specific Project plans would be completed depending on other terms.

Vice Mayor Shepherd felt drafting the MOU now would clear some of the hurdles of the type of partnership.

Council Member Holman did not believe MOU terms could be negotiated prior to receiving the information requested in the Substitute Motion.

Mr. Williams reported the last six or seven items in Attachment A could be negotiated; however substantive issues would have to be resolved after the Council received information from the Substitute Motion.

Mr. Keene felt the Council would not pass the Amendment if there was not some interest in entering into an MOU for a public-private partnership.

Council Member Holman believed the language of the Amendment did not limit negotiating an MOU to the mechanical aspects as Director Williams indicated. The Amendment appeared to conflict with the Substitute Motion.

Mayor Scharff would accept Staff's discretion regarding which terms to negotiate. The language of the Amendment should be changed to state "to allow Staff to work on the MOU."

Vice Mayor Shepherd felt the Amendment would allow the Council and applicant to discover pitfalls sooner rather than later.

Council Member Schmid inquired whether the terms of the MOU would include times for the top two floors to be cleared for public use.

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Mr. Keene would consider those issues if the Council directed Staff to proceed.

Council Member Berman wanted more analysis because he needed additional information before voting on the Project.

Council Member Klein would not support the Amendment, because the idea was not to proceed with an MOU until the Council had more information.

AMENDMENT TO THE SUBSTITUTE MOTION FAILED: 3-6 Kniss, Scharff, Shepherd yes

SUBSTITUTE MOTION PASSED: 7-2 Kniss, Scharff no

15. Public Hearing – Assessment for California Avenue Area Parking Bonds - Plan G: FY 2013-2014; Adoption of a Resolution Confirming Engineer’s Report and Assessment Roll, California Avenue Parking Project No. 92- 13 (For Fiscal Year 2013-2014).

MOTION: Mayor Scharff moved, seconded by Council Member Berman to move Agenda Item Number 15 “Public Hearing – Assessment for California Avenue Area Parking Bonds - Plan G: FY 2013-2014; Adoption of a Resolution Confirming Engineer’s Report and Assessment Roll, California Avenue Parking Project No. 92- 13 (For Fiscal Year 2013-2014)” to be heard after Agenda Item Number 16 “Public Hearing: Consideration of 567-595 Maybell Avenue Planned Community(PC), including: (1) Approval of a Mitigated Negative Declaration; (2) Adoption of a Planned Community Ordinance Amending the Zoning Map to Change the Zone Designations from R-2 and RM-15 to Allow a 15 Unit Single Family and 60 Unit Affordable Rental Development for Seniors, including Two Concessions under State Density Bonus Law (Building Height and Daylight Plane); and (3) Approval of a Resolution Amending the Comprehensive Plan Designation for a Portion of the Site to Single Family Residential (from Multifamily Residential), for the Project Located at 567-595 Maybell Avenue.”

MOTION PASSED: 8-0 Burt absent

16. Public Hearing: Consideration of 567-595 Maybell Avenue Planned Community (PC), including: (1) Approval of a Mitigated Negative Declaration; (2) Adoption of a Planned Community Ordinance Amending the Zoning Map to Change the Zone Designations from R-2 and RM-15 to Allow a 15 Unit Single Family and 60 Unit Affordable Rental Development for Seniors, including Two Concessions under State Density Bonus Law (Building Height and Daylight Plane); and (3) Approval of a Resolution Amending the Comprehensive Plan

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Designation for a Portion of the Site to Single Family Residential (from Multifamily Residential), for the Project Located at 567-595 Maybell Avenue. *Quasi-Judicial

Tim Wong, Senior Planner, reported the item was a request from Palo Alto Housing Corporation (PAHC) to develop 60 units of senior affordable housing at 567-595 Maybell Avenue (Project). The units would contain approximately 600 square feet and would serve seniors earning 30-60 percent of the area median income. The development would include a community center, an exercise room and other amenities. The proposal included 42 parking spaces with 5 parking spaces in reserve and 15 single family homes of two and three stories. Each home would contain approximately 1,800-2,400 square feet, have a two-car garage, and homes along Maybell Avenue would have two-car aprons. Access to the development would be obtained from Clemo Avenue and an easement through Arastradero Park Apartments. The Planned Community (PC) Ordinance required that any development within 150 feet of residential uses not exceed a height of 35 feet, and to adhere to daylight plane requirements. The applicant requested concessions for the height and daylight plane requirements through Code Section 65915 regarding a density bonus and/or concessions. The Planning and Transportation Commission (P&TC) recommended approval of the Project, the Mitigated Negative Declaration (MND) and PC rezoning on May 22, 2013. The Staff Report for May 22, 2013 included conditions of no parking along the southern edge of Maybell Avenue from 7:00 A.M. to 7:00 P.M. and installation of shared road arrows on Maybell Avenue for both directions. The P&TC directed Staff to work with PAHC to provide additional sidewalk segments. The Architectural Review Board (ARB) recommended approval of the Project on April 4, 2013. A traffic study performed for the MND determined that the Project would generate 15 net new morning peak hour trips and 21 net new afternoon peak hour trips. The study indicated there could be significant impact on the intersection of Clemo Avenue and Arastradero Road. As a mitigation measure, Staff recommended that the applicant obtain an easement through the adjacent property at Arastradero Park Apartments. By requiring two access points, the existing Clemo Avenue barrier would remain in place. The applicant proposed removing 2 of the 12 oak trees on Clemo Avenue; consequently, an arborist report was prepared and recommendations were included in the MND. During the comment period, Staff amended the MND for administrative and clarification purposes. A group of residents submitted a third-party traffic study. No Environmental Impact Report (EIR) was necessary. The Project had a number of public benefits, primarily the 60 units of affordable housing for seniors. The applicant proposed to complete the sidewalk system for the southern edge of Maybell Avenue. The applicant would work with the City

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regarding enhancements on the Maybell Avenue Bicycle Boulevard and Safe Routes to School. A proposed reconfiguration to the west side of Clemo Avenue for perpendicular parking could provide additional parking spaces. The proposed cap for the proposed public benefits was \$200,000.

Curtis Williams, Planning and Community Environment Director, acknowledged that residents and neighbors in the area had legitimate concerns about traffic congestion and potential safety conflicts. The residents' concerns were not related to opposition to affordable housing. Staff believed the concerns were misplaced with respect to the Project. Finding a site for affordable housing anywhere in Palo Alto was difficult. The City needed to provide opportunities for affordable housing, especially for low-income seniors. The Project was not located directly on El Camino Real, but was close to public transit. PAHC provided not only affordable housing but also transportation and access to social and recreational functions. The Project was located adjacent to another PAHC project which would allow shared services and intergenerational living experiences. Staff strongly believed that impacts to traffic and pedestrian safety would be negligible as proposed improvements would address those impacts. Four existing driveways onto Maybell Avenue were eliminated. The barrier on Clemo Avenue would not be relocated. The access easement would be provided through the adjacent PAHC site which would accommodate a few trips to Maybell Avenue. Parking would be prohibited on Maybell adjacent to the Project for portions of the day to further limit cars and provide room for pedestrians and cyclists. Traffic estimates for the Project were based on other projects in the Palo Alto area as well as from traffic consulting resources. The P&TC added the condition that the applicant contribute further to the safety effort by installing sidewalks the length of the property to El Camino Real, enhanced parking, and street signage for bicycles and pedestrians. A third concern was that the density of the Project was out of character with the area. Density was usually expressed in terms of either traffic or size of buildings. As far as the size and mass of the buildings, the senior housing was four stories in height, was pushed back as close to the existing eight-story 100-foot high apartments as possible, and was located more than 150 feet away from the homes on Maybell Avenue. The senior housing stepped down to the parking area and then to the two- and three-story homes along Maybell Avenue as a transition to the single family neighborhood. The overall transition in height from Arastradero Road to Maybell Avenue was appropriate. Residents suggested the property remain at the existing zoning. A market rate project at the allowed density would result in more vehicle trips than the proposed Project, and would generate more school-age children than the proposed Project. A market rate project would involve review by the ARB, but would not require P&TC or Council review. Residents also suggested preserving the site as playing fields or a

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park. That would require the City to buy the property for \$16 million plus reimburse PAHC. The site was not large enough for a standard size playing field and associated parking. A park next door and a nearby school provided recreational facilities. The impacts of playing fields on traffic, parking and noise were not evaluated, but were significant and had to be considered as well. Another issue was violation of the private streets requirement in the Code. The definition of a private street was a street that served lots without frontage on public streets. All the residential lots had frontage on either Maybell Avenue or Clemo Avenue. Residents also voiced a concern that the City's loans to PAHC for the Project indicated the City was committed to approving the Project. The City provided two loans totaling \$5.8 million to help with acquisition of the site. Those loan agreements explicitly noted the City's land-use authority over the Project and its discretion to approve the Project, and provided substantial financial safeguards if the Council denied the entitlements. The City's Housing Fund provided the monies for the loans, and use of those funds was limited to this purpose. In addition, those funds were generated by in-lieu fees on housing or commercial developers. Staff urged the Council to take advantage of the opportunity to provide affordable senior housing.

Molly Stump, City Attorney, explained that the Council faced constraints under State law when it considered an application of this type. The Housing Accountability Act limited the City's ability to deny an application for certain types of housing projects. The purpose of the Act was to constrain local government decisions that would deny affordable housing projects. Under the Act, the City could deny a qualifying affordable housing project only under circumstances listed in the statute. She then read the circumstances under which a project could be denied.

Gary Black, President of Hexagon Transportation Consultants, wished to respond to concerns raised in a letter submitted by another traffic consultant on behalf of neighbors. The Santa Clara Valley Transportation Authority (VTA) Traffic Study Guidelines required traffic studies for projects expected to generate more than 100 peak hour trips. The Project was estimated to generate approximately 20 peak hour trips. The traffic study was performed in conformance with the VTA traffic study requirements and procedures. He actually counted trips at three affordable senior housing projects in Palo Alto to determine trip generation and parking characteristics, and then utilized those rates in the traffic study. A great deal of consideration was given to bicycles and pedestrians, resulting in recommendations for sidewalks, parking and other enhancements. The letter concluded that additional study needed to be performed. He strongly disagreed. The Council had all the information needed to make a decision on the Project.

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Eduardo Martinez, Planning and Transportation Commission Chairman, reported on May 22, 2013 the P&TC heard the application for the PC at Maybell Avenue. The Commissioners present at the meeting unanimously supported the Project. Commissioner Panelli suggested the P&TC recommend reducing the number of housing units to 12 so that each lot would be larger and two story houses could be considered. The remaining Commissioners felt that was not the significant factor in whether to recommend approval or denial of the Project. The P&TC supported the Project and found that it was compatible with the Housing Element.

Council Member Burt held discussions with three members of the neighborhood and with a representative of PAHC. Any information he obtained in those conversations was a matter of public record.

Council Member Klein had contact with two members of the PAHC Board of Directors and one neighbor, and received no information that was not in the public record.

Council Member Berman spoke with numerous members of the neighborhood and PAHC Staff, and received no information that was not made public.

Vice Mayor Shepherd spoke with a couple of neighborhood members and PAHC, and received no new information.

Mayor Scharff also spoke with several members of the PAHC Board of Directors and several members of the neighborhood and the public, and received no information which was not public.

Council Member Kniss spoke with PAHC, visited the site with three residents, and received only public information.

Council Member Schmid met with one group from PAHC and one group from the neighborhood. The information he received was available in the public record.

Council Member Holman had telephone conversations with representatives from PAHC, one PAHC Board Member, and members of the neighborhood. All information was available in the public record.

Council Member Price had not received any new information. She lived in Barron Park and talked with many neighbors, friends, a PAHC member, and Staff.

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Mayor Scharff requested members of the public supporting the Project stand, and then members of the public opposing the Project stand.

The Public Hearing opened at 8:41 P.M.

Candace Gonzales, Palo Alto Housing Corporation Executive Director, stated PAHC provided affordable housing for the community for more than 43 years. PAHC properties always blended well with the neighborhood and were true community assets. She requested the Council remember the need for affordable housing when approximately 20 percent of seniors were living at or below the Federal poverty limit. The Project would provide 60 affordable senior units plus other amenities. PAHC would apply for tax credits in July, and she felt PAHC had an excellent chance of winning that round. The Project would be a solution to the existing problem in the neighborhood. She reviewed changes made to the Project over the past year to benefit the neighborhood.

Jessica de Wit, Senior Project Manager Palo Alto Housing Corporation, reported PAHC held three community meetings, participated in a City Council study session, and held a preliminary ARB meeting in an effort to work with the community and the Council. The density of the senior housing was similar to other senior housing properties at 50.8 units per acre. The density for the Project as a whole was 31.3 units per acre. The front setback for single family homes along Maybell Avenue was 17 feet. When neighbors expressed concerns about the size of three-story homes along Maybell Avenue, PAHC reduced the size of the third story and moved it back 35 feet from the curb. Homes fronting Maybell Avenue would have driveway aprons. The parking ratio for the senior housing was 0.78. Low-income seniors had lower impact on traffic, because they drove less often and fewer seniors owned vehicles. Public transportation and shopping were located near the Project.

Kate Young, Director of Resident Services Palo Alto Housing Corporation, indicated affordable housing residents came from a variety of backgrounds. PAHC residents often worked at essential jobs that paid only modest wages.

A.J. Lumsdaine, speaking on behalf of a group, referenced policies from the City's General Plan. Neighbors were not opposed to a senior housing project at the site. They were opposed to the PC zoning and massive scale of the Project. The benefit of the Project was entirely for the City. If the City wanted to build affordable housing at the site, then it should pay the cost.

Allan K. A. Marson did not oppose the Project, just the location of the Project. The area was crowded with pedestrians, bicycles and cars. The traffic study was flawed.

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Ree Dufresne opposed rezoning the site for the Project. The City did not own the land necessary to make Maybell Avenue a safe street for pedestrians and cyclists.

Soroor Elonesajjad opposed rezoning the site. He thought the Project would cause problems for the neighborhood with respect to density and size. If the City contributed to the cost of the Project, then PAHC could reduce the density.

Lisa LaForge read an excerpt from the Hexagon traffic study. The May 2012 dates of the study did not accurately represent the traffic on Maybell Avenue.

Robert Moss stated the private street requirement did apply to the Project, because the senior housing building had no frontage on a public street. Under the terms of the City's annexation of Barron Park, Barron Park property owners must approve any sidewalks constructed in Barron Park. Providing services to the Project would cost the City more than \$150,000 per year.

Karen Routt worked as a senior housing professional and supported the Project.

Barbara Kurth wanted to remain in Barron Park when she needed to move to senior housing, and supported construction of the Project.

Fran Wagstaff was happy to report that neighborhood concerns often did not materialize. Senior housing had minimal impacts to neighborhoods. The traffic study was consistent with her experience working with senior housing.

Nancy Medina supported the affordable housing development. Living in Tree House Apartments had a positive impact on her life.

Shiloh Ballard, Housing Action Coalition, sought sound housing proposals and encouraged support of those proposals. She supported the Project and encouraged the Council to support it.

Kimberly Hurt did not have any issues with bike and pedestrian safety or traffic. She supported the Project.

Doris Dahlgren felt the most important part of the Project was the residents.

John Caruso supported affordable housing in Palo Alto. Few seniors living in affordable housing owned cars, and they did not drive during commute hours.

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Craig Bright felt senior housing was a civic good and provided benefits. PAHC made concessions in response to neighbors' concerns. He supported the Project.

Reverend Annamae Taubaneck was interested in the Project because of its proximity to the Veterans Affairs Hospital where she received medical services.

Lydia Klussman supported the Project and did not believe it would harm the neighborhood. Development of the property as market rate homes would cause much more traffic.

Thomas Panilla, Stevenson House Executive Director, reported Stevenson House became an integral part of the community and provided a multicultural richness to the community. He encouraged the Council to approve the Project.

Kevin Hauck, speaking on behalf of a group, was concerned about glaring factual omissions and the lack of data in the traffic report. The traffic study reported that hundreds of pedestrians and bikes used the Maybell corridor, with no analysis or counts. The trip generation data was outdated. The traffic study was fatally flawed and utilized outdated data. Staff's recommendations were based on the inaccurate study. He supported the Project under the existing zoning.

Don Anderson stated the issues had an impact on traffic and safety, design appropriateness for the neighborhood and degree of need for senior housing. No one proposed an alternative use for the site that would provide less traffic impact. The proposed design was not be a blight for the neighborhood.

Michael Lowy expressed concerns about quality of life. Rezoning was an attack on quality of life.

Ruth Lowy reiterated that neighbors opposed rezoning the site to high density. The lack of sidewalks and narrow roadway was dangerous for senior citizens. She questioned the manner in which senior citizens carried their purchases from stores or the bus stop.

Barb Luis stated the Project was based on bad traffic data. The development should be appropriate to the neighborhood.

Mid Fuller supported the proposal to build low-income housing on Maybell Avenue. The opportunities to build affordable housing in Palo Alto were few and far between. There did not appear to be tangible evidence that the

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Project would increase existing risks to students biking or walking to schools. He urged the Council to approve the Project.

Warren Kirsch reiterated that neighbors opposed the configuration and financing of the Project. He thought the single family homes were substandard and incompatible with the neighborhood. The residents' traffic consultant identified at least 14 flaws in the traffic study. He recommended the Council defer a vote on the Project until a proper traffic study was completed.

John Barton, Community Working Group President, read a Resolution by Community Working Group in support of the Project.

Ray Bacchetti stated the City needed to provide living options across a spectrum of age and economic capacity. Proceeding with the Project would make Palo Alto a better place, responsive to an aging population, more inclusive and sound stewards of land. He urged the Council to approve the Project.

Maurice Green, speaking on behalf of a group, supported senior housing but did not support rezoning the site. The renderings of the Project were inaccurate. The Arbor Real townhomes were a better representation of the homes proposed for Maybell Avenue. Staff indicated increased traffic on Maybell Avenue resulted from increased school enrollment; however, enrollment figures actually decreased.

Elaine Heal expressed concerns that parking provided at the site would not be adequate. She questioned the impact of having less than 100 percent occupancy by seniors.

Mark Sabin felt the current zoning situation contributed to the high cost of homes in Palo Alto. The Project was a creative opportunity to provide housing for the full economic spectrum.

Trina Lovercheck supported the Project. PAHC had a long history of providing housing that fit the neighborhood.

Richard Evans indicated the Project should not be approved until sidewalks could be constructed, and recommended that the market-rate homes be eliminated. He was concerned about the amount of parking that would be needed.

Gail Combs reported housing was not affordable for the average person in Palo Alto. She supported the Project.

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Bonnie Packer, Palo Alto Housing Corporation Board Member, stated development of the site with market rate homes would have a greater impact on the neighborhood than the Project. Not approving the PC zone would be a disservice to the neighborhood. Less dense affordable housing was not feasible.

Julie Lythcott-Haims stated neighborhood concerns should not override the greater good.

Cheryl Lilienstein suggested developers be charged a fee to subsidize public transit and traffic improvements or be required to incorporate affordable housing at suitable locations.

Kenneth Schulz supported senior housing and a higher density for the senior housing. He questioned whether fewer but larger single family homes would provide the same amount of money for PAHC as the proposed homes. The proposed single family homes were not compatible with the neighborhood.

Yvonne Burtness reported 3,200 children traveled along Maybell Avenue each morning on the way to school. She requested the site not be rezoned.

John Elman believed the root of the traffic problem on Maybell Avenue was the narrowing of Arastradero Road. He suggested rezoning parts of El Camino Real for a grocery store or a hardware store.

Jennifer Fryhling, speaking on behalf of a group, supported affordable housing. PAHC said they could build 45 affordable senior units under existing zoning at the site. The proposed single family homes were not compatible with the neighborhood. The hypothetical alternative of 34 single family homes was not unappealing. She questioned the accuracy of PAHC's statement to the P&TC regarding car/bike accidents.

Scott Souter requested the Council delay voting on the Project until they could receive accurate and additional information. The Project would exacerbate traffic congestion. Parking for the Project was insufficient.

Mary Alice Thornton, League of Women Voters President, supported diverse economic housing opportunities in Palo Alto, and urged the Council to approve the Project. Providing high-quality low-cost housing was in the best interests of the Palo Alto community.

Janet Negley requested that Council not rezone the site. She considered the Project as a developer's project of which one small portion was senior housing. She thought the proposed single family homes were not

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compatible with the neighborhood. It would be impossible to construct a sidewalk all the way to El Camino Real.

Mayor Scharff reported the Agenda Item would most likely be continued once the Public Hearing closed.

Jim Jurkovich questioned why the Project was appropriate for the location when so many exceptions were proposed. The City's Comprehensive Plan discussed size and scale of projects in relation to the existing neighborhood. The Project seemed to completely change the neighborhood concept.

June Chen indicated that the traffic on Maybell Avenue was bumper-to-bumper. She suggested the site be solely senior housing.

Kathy Eisenhardt suggested the Council obtain a better traffic study. The barrier on Clemo Avenue would have to be removed. The City Council created the traffic problem on Arastradero Road and Maybell Avenue. The site was not close to any facilities for seniors. The single family homes were not appropriate for the neighborhood.

Joe Rolfe favored the Project. Many senior citizens lived in homes whose taxes were protected by Proposition 13. If they moved into senior housing, their houses would be resold at market rate and the City would collect market rate taxes on the houses.

Alice Smith believed the proposed housing should be restricted to low-income people. She listed the things she wanted PAHC to provide as part of the Project.

Stephanie Munoz felt the City Council gave developers gifts of rezoning property, especially when the projects could have constructed senior housing.

Art Lieberman urged the Council to delay approval of the Project. The single family homes were not compatible with the neighborhood, and PAHC would not agree to redesign them. PAHC was able to renovate an existing complex to house 100 seniors for the same cost as building a new complex to house 60 seniors.

Aram James welcomed the diversity of senior housing in the neighborhood and supported the Project.

Jeff Rensch strongly supported the Project, and believed it would not impact the quality of life in the neighborhood.

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Lydia Kou urged the Council to cease all rezoning applications. The Project was filled with improprieties. Approving the Project would add to pollution, fuel consumption, road rage and emergency response times.

Manoj Bose supported the senior housing Project. Traffic was always going to be a problem in Palo Alto, and the Project should not be delayed based on that argument. The location was perfect for senior housing.

Litsie Indergand supported senior housing and the Project.

Eddie Keating hoped the Council would consider whether the neighbors' concerns were accurate and significant. The Project would have the least impact on traffic of any alternative proposal. The neighborhood already had density issues. She requested the Council approve the Project.

Wynne Furth asked the Council to approve the Project. As a land-use and environmental lawyer, she was convinced the Project would be better than any other development.

Carol Gorsten felt the Project was high density and not compatible with the character of the neighborhood; however, affordable housing was needed in Palo Alto. She requested the Council make changes to the Project and then approve it.

Jean Marlowe noted the single family homes were part of the Project to assist with paying for the Project. Removing one or two single family homes would not significantly increase the value of the homes.

Joseph Hirsch, speaking on behalf of a group, relayed that the neighborhood was rightly concerned about the number of units, parking, traffic and streetscape resulting from the Project. He suggested the Council create a working group to reconcile the two groups and craft a solution.

Jill O'Nan reported that the Human Relations Commission discovered an urgent need for senior low-income housing in Palo Alto. As a resident of the neighborhood, she felt some of the neighbors' concerns were confused or inflated. Neighbors were frustrated by the traffic patterns in the area. She hoped the Council would approve the Project.

Cedric de la Beaujardiere generally supported the Project. He suggested access to Maybell Avenue be conditioned on an increase in traffic and school start times be staggered. The suggestion of a working group to find consensus was reasonable.

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Ms. Gonzales explained higher densities were needed for affordable housing. Almost all senior and affordable housing in Palo Alto required PC zoning. She urged the Council not to delay a decision on the Project. PAHC participated in at least six public hearings, a Council study session, a preliminary ARB hearing, two P&TC meetings, at least three voluntarily community meetings and several one-on-one meetings with respect to the Project. PAHC planned to apply for tax credits in July 2013. The next opportunity to apply for tax credits would occur in March 2014.

Council Member Burt inquired whether PAHC was willing to consider reducing the number of homes and stories fronting Maybell Avenue.

Ms. Gonzales was open to discussing those topics.

The Public Hearing closed at 11:16 P.M.

Mr. Keene reported the Agenda for the June 17 Council meeting was crowded.

Mayor Scharff suggested the item could be continued to a date uncertain.

Mr. Keene felt it would be better to continue the item to a specific date for public information. Staff could continue some items from the June 17, 2013 meeting Agenda.

Council Member Burt inquired whether it was realistic to continue the Agenda Item to June 17.

Mr. Keene recalled the Project was subject to time constraints.

Council Member Holman inquired whether PAHC could timely apply for tax credits if the Council continued the discussion to June 17 and potentially changed the Project.

Ms. Gonzales reported PAHC could apply with some conditions of approval, but the PC Zoning Ordinance was needed and a second reading of the Ordinance could move the matter into July.

Ms. Stump noted two business days, June 24 and 25, 2013, were available for a second reading of the Ordinance.

Mr. Keene indicated only five Council Members were needed for a second reading of an Ordinance.

Mayor Scharff suggested the Council could postpone its Retreat and schedule this Agenda Item for that night.

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MOTION: Council Member Kniss moved, seconded by Council Member Berman to: 1) continue Agenda Item Number 16 "Public Hearing: Consideration of 567-595 Maybell Avenue Planned Community(PC), including: (1) Approval of a Mitigated Negative Declaration; (2) Adoption of a Planned Community Ordinance Amending the Zoning Map to Change the Zone Designations from R-2 and RM-15 to Allow a 15 Unit Single Family and 60 Unit Affordable Rental Development for Seniors, including Two Concessions under State Density Bonus Law (Building Height and Daylight Plane); and (3) Approval of a Resolution Amending the Comprehensive Plan Designation for a Portion of the Site to Single Family Residential (from Multifamily Residential), for the Project Located at 567-595 Maybell Avenue" to Thursday, June 13, 2013 at 6:00 PM at City Hall, and 2) move the City Council Retreat, currently scheduled for June 13, 2013 to a date in the first two weeks of August.

Vice Mayor Shepherd inquired whether a second reading of the Ordinance would be held on June 24 if the Council approved the Project on June 13.

Mr. Keene answered yes.

Vice Mayor Shepherd asked if the remainder of the Agenda should be continued to June 13 as well.

Mr. Keene indicated Staff would reschedule items for the meetings scheduled on June 13, 17 and 24.

Council Member Schmid inquired whether there would be 72 hours to notice the meeting.

Ms. Stump reported 24 hours were needed to notice a special meeting.

Council Member Klein would not agree to including other items on the June 13, 2013 Agenda, because of the lack of notice to the public.

Mr. Keene agreed with Council Member Klein.

Mayor Scharff noted Agenda Item Numbers 15-18 would be continued to June 13, but no new Agenda Items would be added.

Council Member Klein felt the Council needed the Retreat.

Mayor Scharff understood the Retreat would be held in August 2013.

Council Member Klein would like a commitment that a Retreat would be held in August, because the date moved from April to June and now to August.

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Council Member Price also felt strongly about holding a Retreat as soon as possible.

Mayor Scharff reported the current meeting could not have started prior to 7:00 P.M., because the Public Hearing was noticed for 7:00 P.M.

MOTION PASSED: 9-0

Mr. Keene said that Staff recommended moving Agenda Item Number 15 to Thursday, June 13, 2013 per the At Places Memo which documented changes to the assessment roll. These changes were made after the packet was printed with the Public Hearing date because of an input error in the assessment software. One parcel owner did not receive proper notification so continuing the item until Thursday will allow Staff time to notify the owner.

MOTION: Council Member Klein moved seconded by Council Member Berman to move Agenda Item Number 15 "Public Hearing – Assessment for California Avenue Area Parking Bonds - Plan G: FY 2013-2014; Adoption of a Resolution Confirming Engineer's Report and Assessment Roll, California Avenue Parking Project No. 92- 13 (For Fiscal Year 2013-2014)" to Thursday, June 13, 2013.

MOTION PASSED: 8-0 Kniss absent

17. Continued Public Hearing and Proposition 218 Hearing: Adoption of Budget Amendment Ordinance for FY 2014, including Adoption of Operating and Capital Budgets and Municipal Fee Schedule; Adoption of 6 Resolutions, including: Adopting a Dark Fiber Rate Increase and Amending Utility Rate Schedules EDF-1 and EDF-2; Adopting a Water Rate Increase and Amending Utility Rate Schedules W-1, W-2, W-3, W-4 and W-7; Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Klein to continue Agenda Item Number 17 "Continued Public Hearing and Proposition 218 Hearing: Adoption of Budget Amendment Ordinance for FY 2014, including Adoption of Operating and Capital Budgets and Municipal Fee Schedule; Adoption of 6 Resolutions, including: Adopting a Dark Fiber Rate Increase and Amending Utility Rate Schedules EDF-1 and EDF-2; Adopting a Water Rate Increase and Amending Utility Rate Schedules W-1, W-2, W-3, W-4 and W-7; Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain" to June 13, 2013.

MOTION PASSED: 8-0 Kniss absent

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18. Public Hearing: Adoption of a Resolution Adopting the 2007-2014 Housing Element of the Comprehensive Plan and Approving a Negative Declaration (continued from May 20, 2013) STAFF REQUESTS THIS ITEM BE CONTINUED TO JUNE 17, 2013.

MOTION: Council Member Berman moved, seconded by Council Member Klein to continue Agenda Item Number 18 "Public Hearing: Adoption of a Resolution Adopting the 2007-2014 Housing Element of the Comprehensive Plan and Approving a Negative Declaration (continued from May 20, 2013)" to June 17, 2013.

MOTION PASSED: 8-0 Kniss absent

19. Discussion and Consideration of an Additional Council Meeting on June, 24, 2013.

The Mayor announced that the Council decided by consensus a Special Council Meeting would be held on June 24, 2013.

ADJOURNMENT: This meeting was adjourned at 11:33 P.M.