



# CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting  
October 7, 2013

The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:05 P.M.

Present: Berman, Burt, Holman, Klein arrived at 7:10 P.M., Kniss arrived at 6:10 P.M., Price arrived at 6:15 P.M., Schmid, Shepherd

Absent: Scharff

Commissioners Present: Bacchetti, Chen, Ezran, Morin arrived at 6:10 P.M., O’Nan, Savage, Stone

Commissioners Absent:

## STUDY SESSION

1. Potential List of Topics for the Joint Meeting with the Human Relations Commission.

Chair O’Nan reviewed the role and Mission of the Human Relations Commission (HRC). Three primary responsibilities were outlined in the HRC's Charter: the Human Services Resource Allocation Program (HSRAP), the Community Development Block Grant (CDBG) Program, and the Palo Alto Mediation (PAM) Program. Key accomplishments during the previous year included evaluation of emerging needs in the City; simplification of the HSRAP application process; funding allocation recommendations for HSRAP and CDBG; and advocacy for additional HSRAP funding in the next fiscal year. In addition, the HRC approved the appointment of new mediators to the PAM Program; attended Question, Persuade and Refer (QPR) Suicide Prevention Training; hosted the first regional breakfast for all HRCs in Santa Clara County (County); and provided liaisons to Project Safety Net and the Palo Alto Police Department Citizens Advisory Group. In order to become more aware of and educated about community issues, the HRC instituted a learning series on affordable housing; received a briefing from the Palo Alto Police Department regarding crisis intervention training; co-sponsored Made Into America; and recommended the Council endorse a Constitutional amendment titled Corporations Are Not People and Money is Not Speech.

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The HRC held a Retreat in September 2013, which resulted in HRC Priorities of advocacy for increased HSRAP funding; learning about and advocacy for more affordable housing; and collaboration with strategic City and County partners. In addition, the HRC wished to increase its profile within the City.

Vice Chair Bacchetti reported the HRC was interested in increasing the visibility and the community value of the HRC through sponsorship of community events with other HRC organizations. The HRC wished to serve as the principle resource to the Council regarding matters within the HRC charge. The HRC sought a role and function in the foreground of significant human relations issues.

Chair O'Nan indicated the HRC wished to create a two-way dialog with the Council in order to provide advice and resources to the Council and to inform the Council regarding community issues. In the future, the HRC could align with a Council Subcommittee to enable the HRC to respond to the Council more efficiently and to inform the Council regarding needs in the community.

Norman Carroll noted the HRC's list of strategic relationships did not include a relationship with those not currently being served. Without that relationship, the HRC was not aware of many problems.

Cybele agreed with the prior speaker's comments.

Council Member Kniss commented that identifying which jurisdictions were responsible for different aspects of human relations issues was difficult. Much of the HRC's work depended on County programs. She inquired about the HRC's contact with the County and knowledge of the resources that the County could provide.

Chair O'Nan indicated the HRC began working with the County in the past few months. Speakers from County programs addressed the learning series and mentioned programs in which Palo Alto did not participate. The HRC wanted to facilitate a conversation with the City, developers and the County regarding programs available to Palo Alto.

Vice Chair Bacchetti added that the HRC was also working with other agencies that had relationships with County programs.

Council Member Kniss suggested the HRC meet with Supervisor Simitian or his staff to learn about County resources.

Chair O'Nan reported the assistant to the County HRC invited Palo Alto's HRC to participate in County subcommittees.

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Council Member Holman asked if the HRC identified viable prospects for additional HSRAP funding. Partnering with other HRCs in the County would be helpful. She suggested the HRC should place events on the City Council online calendar to reach a broader audience. One concern was a method to raise issues with the Council.

Chair O'Nan was conducting research into methods used in other communities to provide sustainable revenues for HSRAP. Potential revenue streams were a portion of some taxes and Stanford University Medical Center Development Agreement funds. The HRC hoped the City would commit to programs and ensure funding into the future. She was intrigued by the possibility of aligning the HRC with a Council Committee. The HRC did not have a clearly defined process for communicating with the Council.

Commissioner Savage Council reported Commissioners were assigned Council Members as buddies; however, busy schedules often prevented the two from meeting.

Vice Chair Bacchetti added that the HRC was also interested in receiving communication from the Council.

Commissioner Chen requested suggestions for communicating with the County and other government agencies, and inquired whether Commissioners could approach managers directly.

Council Member Kniss reiterated that meeting with Supervisor Simitian would be the best avenue.

Vice Mayor Shepherd noted the Council scheduled a Study Session with Supervisor Simitian for later in the year.

Commissioner Morin felt the learning curve for new Commissioners was steep; therefore, she was very interested in communicating with experienced Commissioners and Council Members.

Council Member Burt did not know whether the Council made a practice of aligning Standing Committees with Boards or Commissions. The Finance Committee worked with the HRC regarding HSRAP funding. The Policy and Services Committee would have the most alignment with HRC policy issues. By its Charter, the HRC had authority to initiate conversations with the Council. He encouraged the HRC to develop processes for addressing the Council regarding the HRC's recommendations and possible roles the HRC could play in Council discussions. He was not aware of the learning series,

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and suggested the City could assist in promoting the series. He inquired whether there was a continuing role for HRC representatives on the Homeless Services Task Force.

Vice Chair Bacchetti believed there was a continuing role for the life of the Task Force. He hoped the Task Force could implement long-term strategies without becoming a permanent group.

Council Member Burt indicated that HRC representatives should have an ongoing role with the Task Force at a minimum. Perhaps the Council could consider a structure between the Task Force and the Council.

Chair O’Nan acknowledged Commissioner Ezran's suggestion for Commissioners to serve on committees as HRC representatives rather than private citizens.

Council Member Schmid remarked that the key question was how to enhance the HRC's interaction with the Council. The HSRAP process was an opportunity for the HRC to define the range of social services being delivered in the City. A second opportunity for interaction with the Council was the Housing Element. The HRC could provide information regarding populations in need and services associated with housing. The County census on homelessness and the annual City survey of the population were opportunities for the HRC to provide the pertinent information contained in those surveys. He suggested the HRC provide the Council with a report between the annual Study Sessions.

Council Member Price inquired about the time period between each Human Needs Assessment.

Chair O’Nan reported the HRC was planning to conduct a supplemental needs assessment, because community needs and demographics changed often. A full City-wide assessment was difficult to perform annually with no budget. A full Human Needs Assessment could be conducted every four to five years with a supplemental assessment in the interim.

Council Member Price stated human relations issues were not new and would continue into the future. She concurred with Council Member Burt's comments regarding organizing a process between the Council and the Task Force. Because the City relied on community-based organizations to deliver services, the HRC's role in coordinating services and understanding implications was critical.

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Vice Chair Bacchetti felt Palo Alto was in a position to do something important in terms of homelessness. The Task Force brought together many agencies in an attempt to implement long-term strategies to help homeless people rebuild their lives and achieve independence.

Council Member Price remarked that that jurisdictions, governmental entities and boundaries were inconvenient with respect to homelessness.

Chair O’Nan indicated issues such as homelessness recurred because the underlying problems were chronic. A sustainable funding source for services was needed, because people within the community would always be at risk.

Council Member Berman requested Commissioners contact him directly with concerns. He suggested the HRC collaborate with San Mateo County as well as Santa Clara County. The recent focus on homelessness was an opportunity to make strides in providing services.

Vice Mayor Shepherd recommended the HRC consult with Staff regarding the technicalities of Commissioners meeting with Council Members in order to maintain independence of thought. She agreed with Council Member Schmid that the HRC should report changes in the community. The HSRAP service report provided context for discussion of other topics. She wanted to understand the cases presented for mediation to provide further context.

The City Council adjourned to the Council Chambers at 7:10 P.M.

## AGENDA CHANGES, ADDITIONS, AND DELETIONS

None

## CITY MANAGER COMMENTS

Pamela Antil, Assistant City Manager, announced Bike Palo Alto 2013 was scheduled for Sunday, October 13, 2013 from 1:00 P.M. to 4:00 P.M. The Art Center would host an opening celebration of the fall exhibit Bibliophilia on Friday, October 11, 2013. The 2013-2014 Children's Theatre school outreach productions were underway at Juana Briones Elementary, El Carmelo Elementary and Hoover Elementary. The Palo Alto Art Center Foundation received a grant from the Creative Work Fund to support a residency project. Landscape contractors were scheduled to renovate King Plaza on Tuesday, October 15, 2013. October 6-12, 2013 was Public Power Week and Public Natural Gas Week.

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## COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Vice Mayor Shepherd reported that she attended the Terman Middle School Walk and Roll to School Event and that she was aware that several other Council Members attended as well.

Council Member Price announced that the Santa Clara Valley Transportation Authority Board unanimously voted on October 3, 2013 to hire Nuria I. Fernandez as the new General Manager. Ms. Fernandez will be the first female and minority to serve in that position.

Council Member Holman announced that she attended the Committee for Green Foothills 51<sup>st</sup> anniversary event.

Jaime Rodriguez, Chief Transportation Official said that Santa Clara County was undergoing an expressway study. The study was designed to make sure the expressway needs of the community would be assessed prior to the Valley Transportation Authority Plan Update. He served on the Technical Advisory Board representing Palo Alto and Mayor Scharff represented Palo Alto on the Advisory Board.

## ORAL COMMUNICATIONS

Grady Maggard could save money on his monthly water bill; however, Staff required a \$220 fee to replace a good meter. Meter replacements were covered by the monthly water charge. Staff used faulty logic to justify the meter fee.

Doris Dahlgren reported that the United Nations observed World Mental Health Day on October 10, 2013. She donated her paintings to events that benefited mental health research and programs.

Joseph Hirsch felt Mayor Scharff's editorial regarding Measure D contained incorrect information, because lots were not large enough to support a single dwelling under existing zoning. The development would be incredibly dense and out of character with the surrounding neighborhood. The Maybell Avenue Project allowed high density rezoning in residential neighborhoods.

Robert Moss believed Council Members were reluctant to question discrepancies in consultant reports and Staff Reports over the past few months. One example was the 2008 transportation model utilized in the Maybell Avenue Project. The Council should question insufficient background information in Staff Reports.

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Stephanie Munoz felt the rules favored the fortunate and penalized the less fortunate. Because of the lack of housing and jobs, people were homeless. The showers at Cubberley were taken away from homeless people for no reason.

Cybele asked if the Council identified one area where the homeless population at Cubberley could move to. The State of California required each city to identify zoning for a shelter. She asked if a shelter was identified and did citizens know about it.

Wayne Douglass remembered Willie Branch, who overcame homelessness through Palo Alto's generosity.

## CONSENT CALENDAR

**MOTION:** Council Member Holman moved, seconded by Council Member Schmid to pull Agenda Item Number 8.

### **MOTION FAILED DUE TO LACK OF A THIRD**

**MOTION:** Council Member Kniss moved, seconded by Council Member Berman to approve Agenda Item Numbers 3-11.

Council Member Holman registered a No vote on Agenda Item Number 8.

Council Member Schmid registered a No vote on Agenda Item Number 8.

Pamela Antil, Assistant City Manager, noted that responses to Council Member Holman's questions regarding Agenda Item Number 8 had not been provided to Council prior the meeting and were being distributed.

Art Liberman requested Agenda Item Number 2 be removed from the Consent Calendar. The City Auditor should investigate whether funds paid to Palo Alto Housing Corporation (PAHC) were used for projects not approved by the Council, and investigate Staff's relationship with PAHC.

Trina Lovercheck noted the contract between PAHC and the Council was longstanding. PAHC was no different from Avenidas and Palo Alto Community Childcare with regard to receiving City funding.

Stephanie Munoz did not believe the City should sell zoning; however, Palo Alto needed housing. She suggested PAHC fulfill senior housing needs.

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Robert Moss expressed concerns regarding the 10 percent increase in the contract amount, the high rate of turnover in PAHC managers, the lack of adequate maintenance of units, and the lack of oversight of vacant units. The Council should ask these questions.

Council Member Berman inquired about the timing of the contract with PAHC.

Cara Silver, Senior Assistant City Attorney, understood the contract with PAHC expired July 31, 2013. Because of scheduling issues, approval of a new contract was delayed to the current time. PAHC could not be paid for services provided since July 31 until a new contract was executed.

Council Member Berman asked if PAHC provided services without being paid for them.

Ms. Silver answered yes.

Council Member Berman asked if the contract contained assurances that PAHC would use funds only to manage the Below Market Rate (BMR) Housing Program.

Ms. Silver reported all City contracts contained a specific scope of services. The scope of services attached to the PAHC contract itemized services PAHC was to provide and for which PAHC would receive payment.

Council Member Berman inquired whether payment would be lump-sum or periodic.

Ms. Silver indicated PAHC would provide services and submit a monthly invoice to the City for those services. PAHC would receive payment for the actual hours worked, up to the maximum amount of the contract.

Council Member Berman requested a brief history of the City's partnership with PAHC and the program.

Council Member Burt referenced Mr. Liberman's insinuations, and asked if Staff had any concern regarding the appropriate use of funds, whether over the entire history of the program or in recent history.

Ms. Silver reported PAHC was a well-qualified provider of services. The City had a longstanding partnership with PAHC. To Staff's knowledge, PAHC had not expended public funds in violation of the contract or City grants issued to PAHC. An attorney representing PAHC informed Ms. Silver that PAHC was

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forming a political action committee. The attorney advised PAHC that all funds raised for the political action committee would be from donations. He assured Ms. Silver that no City funds would be used for any political activity.

2. Approval of Agreement with PAHC Housing Services, LLC for Administration and Consulting Services for Up to Two Years in an Amount Not to Exceed \$175,000 Per Year for the Below Market Rate Housing Program.
3. Approval of a Contract with D & D Pipelines, Inc. in the Amount of \$675,700 for Clara Drive Storm Drain Improvements, Capital Improvement Program Project SD 06104.
4. Approval of a Purchase Order with Priority One Public Safety Equipment in the Amount of \$287,782.65 for the Purchase of Six Fully-Outfitted Police Patrol Cars.
5. Submittal of Mitchell Park Library and Community Center Bi-Monthly Construction Contract Report.
6. Rejections of Bids for the Administration Building Electrical Systems Upgrade Project at Regional Water Quality Control Plant - Capital Improvement Program Project WQ-80021.
7. Approval of a Three Year SAP Software Maintenance Contract in the Amount of \$258,260.66 per year, Not To Exceed \$774,781.98 for the Support and Maintenance of SAP, Including Industry-Specific Solution for Utilities (IS-U), SAP Enterprise Central Component (ECC 6.0), Customer Relationship Management System (CRM), Business Intelligence System (BI), Utilities Customer Electronic Services (UCES), and Business Software, Inc. (BSI) U.S. Payroll Tax (IT).
8. Approval of Contract for the Downtown Development CAP to Dyett & Bhatia Urban & Regional Planners in the Amount Not to Exceed \$200,000.
9. Approval of Amendment Number Two to Contract S13149314 with TruePoint Solutions, LLC in the Amount of \$495,000, to Provide Deployment and Transition Support for Accela Citizen Access and Future Blueprint Enhancements, for a Total Contract Amount not to Exceed \$652,800.

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10. Nomination of Council Member Gail Price to Seek Appointment as the Northwest Cities Group 2 Representative to the VTA Board of Directors.
11. Finance Committee Recommendation to Approve Fiscal Year 2013 Reappropriation Requests to be Carried Forward into Fiscal Year 2014.

**MOTION PASSED to approve Agenda Item Numbers 2-7 and 9-11:** 8-0 Scharff absent

**MOTION PASSED to approve Agenda Item Number 8:** 6-2 Holman, Schmid no, Scharff absent

Council Member Holman voted no because scoping for the Downtown Development CAP should have been presented to the Council. She was concerned that the 27 University Avenue Project was not included in the area and that the study gathered data on only existing conditions. A full analysis of data should include the impacts of previous projects in the area. The Council needed to understand whether it was successful in evaluating the impacts of projects.

Council Member Schmid recalled that in prior Council discussions regarding the Downtown Development CAP and the 27 University Avenue Project, Staff promised to present a scope of services for the Request for Proposal (RFP) to the Council for review prior to releasing the RFP. Agenda Item Number 8 purposely excluded a Council discussion on the scope of services. Development was a critical issue before the Council. To use the Consent Calendar to exclude Council review of the scope of services was a major preemption of Council policy.

Council Member Burt requested a reconsideration of the vote on the Consent Calendar. He wished to support removing Agenda Item Number 8 from the Consent Calendar. Council received responses to Council Member Holman's questions after consideration of the Consent Calendar, which did not follow normal procedure.

Molly Stump, City Attorney, reported a Motion to Reconsider could be made at any time during the meeting in which the action was taken. The Motion must be made by a Council Member on the prevailing side of the vote, with a second by any Council Member.

**MOTION TO RECONSIDER THE CONSENT CALENDAR VOTE:** Council Member Burt moved, seconded by Council Member Schmid.

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Council Member Burt noted the Council did not have Staff responses to Council Member questions prior to voting and did not hear the rationale of Council Members opposing Agenda Item Number 8 prior to voting. It was appropriate and in the best interests of the Council to hold additional discussion regarding the item.

Council Member Schmid concurred with Council Member Burt. The item was an important policy issue and worthy of discussion.

Council Member Kniss suggested discussion of Agenda Item Number 8 should be held at a later time as Staff was not present to participate in the discussion.

**MOTION TO RECONSIDER THE CONSENT CALENDAR VOTE PASSED:**  
7-1 Kniss no, Scharff Absent

**MOTION:** Council Member Burt moved, seconded by Council Members Holman and Schmid to pull Agenda Item Number 8 from the Consent Calendar.

Ms. Stump indicated the Vice Mayor had discretion to hold discussion on Agenda Item Number 8 during the current meeting or at a later meeting.

Vice Mayor Shepherd announced that Agenda Item Number 8 would be scheduled for the following Council Meeting.

**MOTION:** Council Member Berman moved, seconded by Council Member Kniss to approve Agenda Item Numbers 2-7 and 9-11.

**MOTION PASSED to approve Agenda Item Numbers 2-7 and 9-11:** 8-0 Scharff absent

## ACTION ITEMS

12. Public Hearing: Adoption of (1) a Resolution 9374 entitled "Resolution of the Council of the City of Palo Alto Certifying a Final Supplemental Environmental Impact Report"; (2) an Ordinance Amending Section 18.08.040 of the Palo Alto Municipal Code to Approve an Amendment to Planned Community (PC-5150) Mixed use Project to Allow Reconstruction of One of Two Historic Eichler Retail Buildings (Building 1); and 3) Approval of a Final Map to Subdivide Two Commercial Parcels Into Eleven Parcels to Include a Commercial Parcel with a Public Park and Ten Single Family Properties, for a 3.58 Acre Site

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Located at 2080 Channing Avenue (Edgewood Plaza Mixed Use Project). \* Quasi-Judicial.

Elena Lee, Senior Planner, reported Staff returned to the Council with the revised project and subsequent environmental clearance as directed by the Council. The original project proposed rehabilitation of the existing shopping center. A final Environmental Impact Report (EIR) was approved for the project. Contrary to the City's approval requirements for the project, Building Number 1 was demolished. Subsequently, the Council authorized continuation of the project to include construction of Building Number 3, rehabilitation of Building Number 2 subject to monitoring, and construction of six single-family homes. The Council's authorization was subject to an amendment to the Planned Community (PC) Zone and a Supplemental EIR. Fresh Market now occupied Building Number 3 and was open for business. Building Number 2 was under construction with close supervision by Staff and the City's historic consultant. The historic sign was approved for rehabilitation. Building Number 1 would be reconstructed as originally approved but with all new materials. Other components of the project remained the same. The applicant proposed to retain all the original public benefits with the exception of Building Number 1. The Supplemental EIR focused on the changes to Building Number 1 and the mitigation requirement regarding windows. In order to certify the EIR, the Council must adopt a statement of overriding considerations. The Historic Resources Board (HRB) recommended certification of the final EIR and approval of the PC Amendment. The Planning and Transportation Commission (PTC) also recommended certification of the final EIR and the PC Amendment. With respect to public benefits, the PTC recommended a penalty of \$94,200 be applied to future restoration of a public building or to sidewalk improvements along West Bayshore Road. Staff recommended certification of the final EIR and approval of the PC Amendment. Staff analyzed three options for the penalty. The applicant's savings totaled \$52,800; however, Staff recommended a penalty of \$94,200 in accordance with the PTC recommendation.

Public Hearing Opened at 8:31 P.M.

John Tze, Applicant, had no intent to disregard a known public benefit. He accepted responsibility for the demolition of Building Number 1. He agreed to add expensive custom detailing to all wood storefronts. If the Council deemed it fair to assess a further contribution, he would reluctantly accept it. He requested the City's historic consultant provide background information regarding the condition of the historic buildings.

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Charlie Duncan, Carey & Co. Architects, reported Building Number 1 was in worse physical condition than Building Number 2. Wood beams in Building Number 1 could not be saved due to the extent of deterioration. The only effective loss from demolition of the building was the steel columns. After rehabilitation, Building Number 2 was almost identical to its original state.

Gayle Olson supported the project. The shopping center was enhanced through the project and provided services to nearby elderly residents.

Heather Rosmarin noted safety issues along West Bayshore Road. The shopping center could increase pedestrian, bicycle and motorist traffic. Forty Palo Alto residents signed a petition in support of sidewalks along Bayshore Road.

Brenda Erwin supported a sidewalk or bicycle path along Bayshore Road.

Public Hearing Closed at 8:42 P.M.

Council Member Holman observed Building Number 1 being demolished rather than deconstructed. The demolition violated the California Environmental Quality Act (CEQA), the PC Zoning Ordinance, the project approvals and the provision of public benefits. She inquired about the cost of improvements along Bayshore Road and the person designing the changes.

Jaime Rodriguez, Chief Planning Official, indicated Staff had not completed a proposal to begin a design process. A rough estimate of the construction cost was \$250,000 to \$300,000.

Council Member Holman asked what action Staff recommended the Council take.

Mr. Rodriguez stated that Staff requested the Council accept the penalty amount but not dedicate it. Staff would return with a recommendation for use of the penalty amount in six months.

Council Member Holman noted the estimated construction cost of improvements was \$250,000, yet the penalty amount was only \$94,200. She inquired about potential sources for the remainder of funding for improvements.

Mr. Rodriguez could identify funding sources when Staff returned to the Council.

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Council Member Holman asked if the construction cost estimate could be charged to the applicant as the penalty amount.

Mr. Rodriguez reported the Council could consider that.

Council Member Holman asked when Staff could provide a construction cost for Bayshore Road improvements.

Mr. Rodriguez could provide an engineer's estimate within two to four weeks.

Council Member Holman commented that the historic sign was to be moved as part of the original application, and inquired whether it could be returned to its original site.

Ms. Lee reported relocation of the sign allowed the reconfiguration of the parking lot and provided improved visibility of the site. Returning the sign to its original location would require reconfiguration of the site.

Council Member Klein noted the Agenda Item title did not mention the fine or a use of the fine, and asked if the Council could consider those two items.

Molly Stump, City Attorney indicated the fine was incorporated into the revision of the PC Ordinance.

Cara Silver, Senior Assistant City Attorney, explained that typically a fine was levied at an administrative level and was not presented to the Council. The proposed fine amount was equivalent to the community benefit as described in the Staff Report, the Resolution and the PC Ordinance.

Council Member Klein felt the fine should have been mentioned in the title of the Agenda Item as it was a concern to the community. The Council should not decide how penalty funds would be used in the current discussion, because little to no notice was given to the general public.

Ms. Stump anticipated the Council would want another policy discussion regarding use of the fine. It was permissible under the item and its notice for the Council to impose the fine and direct Staff to return with a future policy discussion regarding use of the monies.

Council Member Klein believed the Council needed to decide whether to discuss uses of the penalty amount at the current time.

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Vice Mayor Shepherd suggested a Council Member move to continue discussion of the uses of the fine.

**MOTION:** Council Member Klein moved, seconded by Council Member Kniss to limit discussion to everything but potential use of the fine and for Staff to bring a recommendation back in 90 days.

Council Member Kniss felt the Council should decide the penalty amount, and at another time decide the use of the penalty funds.

Ms. Stump understood that Staff identified the amount of a payment that would be a component of the public benefit to replace the lost public benefit. The Motion proposed to determine the amount of the penalty and continue the policy discussion regarding use of the funds to a later time.

Council Member Kniss referenced public comments in favor of a sidewalk along Bayshore Road. It would be unfair to vote on the penalty amount only while allowing the public to believe the funds would be spent only on sidewalks.

Ms. Stump indicated Council Member Kniss' description was the appropriate way for the Council to proceed, and presumed the recommended penalty amount was fair.

Council Member Holman inquired whether the Motion proposed future Council discussion of the amount of the penalty.

Council Member Klein explained that the Council would discuss whether to impose a fine and, if so, the amount of the fine.

Council Member Holman clarified that the Motion continued discussion of the use of the monies.

**MOTION PASSED:** 8-0 Scharff absent

Council Member Schmid referenced the original valuation of the property of \$600,000 and the current valuation of approximately \$942,000. He asked if the value reflected a market value of the property to users.

Ms. Lee responded no. The value was the amount Staff anticipated the applicant would utilize to generate a building permit fee.

Council Member Schmid inquired whether a statement that the reconstructed building had an enhanced value was reasonable.

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Ms. Lee agreed there would be increased value. She understood the applicant to indicate that the building needed new materials whether constructed according to the original PC Ordinance or according to the amended PC Ordinance.

Council Member Schmid felt it would be fair for the Council to share equally in an enhanced value of the new building. With a difference in value of \$300,000, perhaps a penalty of \$150,000 would be more appropriate.

Ms. Lee indicated the amount of the fine was within the Council's purview.

**MOTION:** Council Member Klein moved, seconded by Council Member Kniss to approve: 1) the Resolution (Attachment A), certifying the Final Supplemental Environmental Impact Report; 2) to adopt an Ordinance (Attachment B), approving the amendment to the Planned Community project to allow the reconstruction of Building number one with all new materials, where installation of replicas of the original detailed wood window frames; 3) to require the developer to pay the sum of \$94,200 with respect to the improper demolition of building number one; and 4) to approve the Final Map. Furthermore, to direct Staff to make necessary corrections in the resolution and ordinance.

Council Member Klein believed the applicant made a serious error in demolishing the building. The project was an improvement over the derelict shopping center. The key topic was the amount of the fine. The fine was not a public benefit. The Council had no guidance with respect to setting the amount of the fine. The \$94,000 amount seemed reasonable. The fine was large enough to discourage future developer mistakes; yet, not so large as to be punitive.

Vice Mayor Shepherd requested the word contribution be replaced with the word fine.

Ms. Silver assumed the Motion directed Staff to make necessary corrections in the Resolution and the Ordinance.

Council Member Kniss agreed it was difficult to determine an amount for a fine. She hoped a fine would discourage future contractors from doing the same thing. The amount of \$94,200 seemed to be fair.

Council Member Holman shared ways other communities determined amounts of fines. Council Member Schmid mentioned a reasonable method

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to determine the amount of a fine. She was not convinced that \$94,000 would deter a developer from taking similar action in the future.

**AMENDMENT:** Council Member Holman moved, seconded by Council Member Schmid to assess a penalty of \$170,000 instead of \$94,200.

Council Member Schmid felt the historical resource was removed. A replication of the building was not the same as the original building. Because of an improved economy in Palo Alto, the property received an increased valuation. Sharing the increased value was logical.

**AMENDMENT TO MOTION FAILED:** 2-6 Holman, Schmid yes, Scharff absent

Council Member Price inquired whether the calculation for the penalty would be codified as a means to assess future penalties.

Ms. Stump indicated that the structure was part of the PC Ordinance for the project. There was not sufficient basis to generalize the calculation to other potential penalties. The Council and Staff should have a broader discussion regarding potential future penalties.

Council Member Price asked if the topic of that discussion should be the whole issue of penalty and codifying approaches for the future.

Ms. Stump responded yes. In the case of this project, the existing Code structures were inadequate. The Motion did not amend the Code; it was specific to the project. The Council should have a broader discussion to amend the Code.

Council Member Klein suggested the Motion be revised to add a new item after Item Number 2: "3) to assess a fine against the developer of \$94,200 with respect to the improper demolition of Building Number 1." He requested the City Attorney's opinion regarding that language.

Ms. Silver reported an existing fee structure indicated the fee for demolition of a historic structure was \$500. In order to assess this as a fine, the Council would need a corresponding amendment to the fee structure. The Council could assess this as a payment in connection with the overall PC Amendment.

Council Member Klein inquired whether the language "require the developer to pay the sum of \$94,200 with respect to the improper demolition of Building Number 1" would be appropriate.

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Ms. Silver replied yes.

Vice Mayor Shepherd appreciated the improvements to the shopping center and an adjacent property. Determining a payment for demolition of the building was complicated. She was concerned about the method for calculating the payment.

Council Member Berman did not doubt the applicant's statement that the original materials in Building Number 1 needed to be replaced with new materials. However, the City could not confirm that statement, because the building was demolished. He preferred the amount of any future payment remain within the Council's discretion.

**MOTION PASSED:** 7-1 Holman no, Scharff absent

13. Recommendation for One-Time Additional Allocation in the Amount of \$250,000 Over Two Years in Support of Intensive Case Management in Connection with Housing Subsidies to be Provided by the County of Santa Clara for Palo Alto's Homeless.

Minka Van Der Zwaag, Community Services Senior Program Manager, reported on August 13, 2013, the Policy and Services Committee discussed additional expenditures for homeless services. The Committee discussed approaches to address homeless issues Citywide with special consideration of resolving issues at Cubberley Community Center. At the Policy and Services Committee meeting, Staff presented two alternatives for a multi-agency and service provider partnership. The first option was the concept of a homeless outreach team utilizing a cross-functional group of providers to move homeless people into housing. The second option was a funding match for housing subsidies provided by the County of Santa Clara (County) to support intensive case management. Service providers commented that an outreach team was only one approach to addressing homelessness, and was meant to open a multi-agency dialog on homelessness. A local organization offered to convene a newly formed Homeless Services Task Force to bring forth other ideas to the Council. The Policy and Services Committee recommended that the full Council consider an investment in the creation of a multi-agency homeless outreach program not to exceed \$250,000, and requested Staff return with a specific plan to address the issue. Staff worked with the Homeless Services Task Force and the County to present a recommendation for the Council's consideration. The County would provide housing funds to assist individuals who had contact with the criminal justice system, had a high chance of recidivism, significantly impacted County, State or local resources and were currently homeless or at

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risk of becoming homeless. These factors were required by the County's funding source for housing subsidies. Local service providers informed Staff that the guidelines would not be a barrier to assist many of their clients. The County subsidies could be utilized for permanent support of housing or long-term transitional housing. With permanent support, an individual would receive an ongoing rental subsidy, and an intensive case manager would assist the individual to obtain services to remain housed. Long-term transitional housing most often ended after a two-year period and was targeted to individuals who needed assistance in leaving the streets. With the assistance of a housing subsidy and an intensive case manager, it was hoped individuals would transfer from the subsidy to a non-subsidized unit. Staff expected to provide assistance to 20 individuals. The County budgeted \$518,000 for subsidies and administration costs over the next 24 months. An intensive case manager would work with an individual to ensure the client's needs were met in a variety of contexts. The County would require the City to utilize a case management agency that was part or would agree to be part of the Care Coordination Project of the Housing 1000 Campaign. The Care Coordination Project was developed to ensure the effectiveness of services for the homeless population by coordinating and monitoring intensive case management services. The Care Coordination Project required case management agencies establish data collection and performance standards and required weekly meetings of all case managers. The Project allowed the City to access security deposits, move-in assistance, flexible housing funds and potentially other housing resources for chronically homeless clients. InnVision Shelter Network, Downtown Streets Team and Momentum for Mental Health were designated as part of the Care Coordination Project. Staff recommended the City enter into an agreement with the County's Mental Health Department to release the Request for Proposal (RFP) and provide oversight of the intensive case management agencies. The City would retain the ability to create and oversee the referral process. The City and the County would oversee the project. Experts indicated that access to housing was the most important aspect of solving homelessness. The \$250,000 one-time investment would leverage County funds to support and house 20 individuals.

Chris Richardson, Downtown Streets Team, indicated the closing of Cubberley facilities and the impending vehicle habitation ban created a short-term crisis. Case managers would work on successful housing retention strategies so that clients would remain in housing. The Homeless Services Task Force planned to continue to develop a long-term plan for the rest of the homeless and low-income individuals in the community.

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Cybele appreciated the Homeless Services Task Force's efforts. She supported Mr. Richardson's request for additional time to create long-term strategies.

Norman Carroll received housing through County homeless programs and helped others receive housing. Homeless programs needed to be implemented properly. The proposed funding amount was insufficient.

Edie Keating questioned actions that would be taken at the end of two years. The proposal would not house the entire homeless population in Palo Alto.

Stephanie Munoz agreed with Ms. Keating's comments. The City's planning was inadequate in that it did not consider housing for workers. Another issue for the homeless population was mental illness.

Council Member Price indicated one highlight of the homeless discussion was the opportunity to learn about homelessness. Clearly a comprehensive approach was needed. Collaboration and communication would be critical to achieving meaningful outcomes. Partnerships in seeking funds was also important. With respect to the Care Coordination Project, the City would be pushing the onus toward the County in terms of coordinating an RFP for services. She inquired about periodic updates to the Council regarding interim outcomes and performance measures.

Ms. Van Der Zwaag stated City Staff would be involved in choosing the agencies to provide services and including specific items related to Palo Alto in the RFP. The RFP could contain reporting structures to Staff and the Council. The City's oversight of service providers should not be an issue.

Ky Le, Director of Homeless Systems for the County of Santa Clara, explained that the Care Coordination Project identified several outcome measures, primarily related to retention of housing, days to housing, and connection to supplemental security and to health services. Those metrics could be incorporated into the RFP and reported to City Staff.

Council Member Price asked if the process would consider outside peer review of RFPs.

Mr. Le envisioned that the panel would include himself, City Staff, and perhaps other community experts.

Council Member Price suggested the panel include experts from outside the county to provide fresh insight.

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Mr. Le indicated the County could attempt to accommodate that request from the Council.

**MOTION:** Council Member Kniss moved, seconded by Council Member Price to approve a one-time City allocation of \$250,000 to be disbursed over two years for support of its homeless outreach and placement plan and that the Fiscal Year 2014 allocation in the amount of \$125,000 is authorized to be paid from the City Council Contingency due to the urgency of providing this service. The homeless outreach and placement plan will be comprised of intensive case management in connection with housing subsidies for the homeless to be provided by the County of Santa Clara (County). Further, the City Council directs staff to bring forward a Budget Amendment Ordinance in November to increase the City Council Contingency in the amount of \$125,000 with a corresponding decrease of the General Fund Budget Stabilization Reserve and include funding of the Fiscal Year 2015 allocation in the amount of \$125,000 in the FY 2015 Proposed Budget.

Council Member Kniss felt County involvement was important. Inherent within the Motion was working with the County to provide housing subsidies. The funding source for the allocation would be the Council Contingency Fund. The program would be different from previous efforts and would involve many groups.

Council Member Price concurred with Council Member Kniss' comments. The collaboration component was critical and could not be accomplished by the City alone. The Council was making a commitment for two years, and future debate would include the issue of sustainable funding.

Council Member Schmid believed this was a follow-up discussion to the Vehicle Habitation Ordinance and closure of community centers. He supported spending \$250,000 for the model of outreach teams. His calculations indicated \$1,250 would be available to each individual for a monthly rent voucher. However, low-income housing was in short supply in Palo Alto. He asked where individuals would find low-income housing. The proposed program would not be a solution to the homeless problem, and the Council could not determine a solution without working with the County. Perhaps the Council should direct the Homeless Services Task Force to examine County programs to determine reasons for the lack of shelters.

**AMENDMENT:** Council Member Schmid moved, seconded by Council Member Holman to remove the words "one-time," changing the Motion to read "...to approve a City allocation of \$250,000..."

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Council Member Kniss was comfortable with the allocation being one time, because the Council agreed it would be a pilot program.

Council Member Schmid believed removing "one-time" would indicate the Council's good faith efforts to resolve the homeless issue.

Council Member Holman supported removing "one-time" because it provided no harm, and the message was more open and clear. She did not want to send the message that the Council would only provide an allocation of \$250,000.

Council Member Burt felt the Council's intentions were to allocate \$250,000 over two years at the present time, and in the future the Council would determine an ongoing commitment. He preferred to remove "one-time."

Council Member Klein noted "one-time" was included in the recommendation from the Policy and Services Committee. By removing it, the Council was indicating that the program would continue.

Council Member Price concurred with Council Member Klein. The Council wanted to see the results of the program before considering additional funding. Including "one-time" placed pressure on stakeholders to consider other funding models.

**AMENDMENT TO MOTION FAILED:** 3-5 Burt, Holman, Schmid yes, Scharff Absent

Council Member Holman inquired whether the Homeless Services Task Force would continue its efforts.

Ms. Van Der Zwaag replied yes.

Council Member Holman asked why the Sunnyvale Armory was closing.

Ms. Van Der Zwaag reported a long-term housing project would be implemented at the site.

Mr. Le noted that the Cold Weather Shelter Program would operate in 2013. Two affordable housing projects would be developed on the site of the Sunnyvale Armory.

Council Member Holman inquired about the number of housing units that would be developed at the site.

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Mr. Le indicated both projects would provide 118-120 units. The Sunnyvale Armory's current capacity was 125 beds.

Ms. Van Der Zwaag stated a group was attempting to find other locations for the shelter program.

Council Member Holman requested an update regarding the possibility of expanding the Hotel de Zink Program. She suggested the Homeless Services Task Force report twice a year to the Human Relations Commission (HRC) to inform the Council and the public and to monitor the homeless program.

Ms. Van Der Zwaag agreed that the Homeless Services Task Force could report to the HRC; however, the Homeless Services Task Force would not oversee the homeless program.

Council Member Holman intended for Staff to report on services being provided through the homeless program.

Ms. Van Der Zwaag would provide the recommendation to the Homeless Services Task Force.

**AMENDMENT:** Vice Mayor Shepherd moved, seconded by Council Member Kniss to delete "Further, the City Council directs staff to bring forward a Budget Amendment Ordinance in November to increase the City Council Contingency in the amount of \$125,000 with a corresponding decrease of the General Fund Budget Stabilization Reserve and include funding of the Fiscal Year 2015 allocation in the amount of \$125,000 in the FY 2015 Proposed Budget."

Vice Mayor Shepherd felt use of the Council Contingency Fund was appropriate.

Council Member Kniss indicated use of Council Contingency Funds provided a good message.

Council Member Klein explained that the Council Contingency Fund was used to fund an initiative that was not included in the Budget. The homeless program fit that category. He was unsure whether Council Member Kniss included the language in the Motion.

Council Member Kniss did not include it.

Council Member Price seconded the Motion as written.

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Council Member Klein believed Staff's suggestion was consistent and appropriate with the budgetary scheme; however, he did not understand why it was included in the Motion. Unused monies in the Council Contingency Fund reverted to the reserves.

Council Member Holman understood Council Member Klein to say the language should not have been included in Staff's recommendation, and asked if he agreed with the Amendment to delete the language.

Council Member Klein responded yes, but for different reasons.

## **AMENDMENT WITHDRAWN**

Council Member Berman felt this was a good short-term program. It was important for the Council to monitor the program to determine its success.

**MOTION PASSED:** 8-0 Scharff absent

ADJOURNMENT: The meeting was adjourned at 10:21 P.M.