



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
October 21, 2013

The City Council of the City of Palo Alto met on this date in the Council Conference Room at 5:34 P.M.

Present: Berman, Burt, Holman, Klein, Kniss, Price arrived at 5:57 P.M.,
Scharff, Schmid, Shepherd

Absent:

STUDY SESSION

1. Potential List of Topics for the Study Session with Senator Jerry Hill.

PUBLIC COMMENTS

Stuart Carl noticed heavier commercial airline noise over his home. After the Asiana plane crash, the Federal Aviation Administration required overseas flights to lower routes into San Francisco, which seemed to result in the increased noise. The closest noise monitoring station was located in Menlo Park.

Senator Jerry Hill reported the Legislative Session was successful. The State should complete the fiscal year with a \$2 billion to \$4 billion surplus. Educational funding would equalize after the enactment of Proposition 30. The Governor wanted to make some changes to the California Environmental Quality Act (CEQA); however, the proposed legislation was not successful. Senate Bill (SB) 375 regarding transit development areas would affect three concerns: aesthetics, parking and traffic. Concerns about hydraulic fracturing, "fracking," resulted in legislation creating standards that required permitting, monitoring and disclosure of proprietary chemicals. Legislation would allow \$500 million to be used as a manufacturing tax credit for businesses who wanted to locate or remain in California. Biotech and, Research and Development businesses would be eligible for a sales tax credit on manufacturing equipment. Tax credits were available for good paying jobs in economically depressed areas. Approximately \$100 million would be available for the Governor's use to attract businesses to the State.

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With respect to the release of state prisoners, legislation enacted a program to provide mental health and substance abuse services and job training to inmates. The pilot program saved approximately \$500 million and reduced the recidivism rate to less than 20 percent. Implementation of the Affordable Care Act in California was proceeding better than the Federal implementation. The Silicon Valley legislative delegation would send a letter to the Governor and to the Insurance Exchange to request use of independent, e-based companies. The water bond was scheduled for the 2014 ballot. He did not support the bond in the Assembly. Two proposed bills would improve water quality, provide water storage, and improve flood control. The main issue was those who benefited from improvements would pay for the improvements. He authored a bill to lower the approval threshold for school parcel taxes. By collective agreement the bill and similar ones were tabled until early 2014 to develop a strategy for a comprehensive approach. He authored legislation to codify the agreement related to the blended two-track system and funding for electrification.

Council Member Kniss requested Senator Hill elaborate regarding the Delta and land use along that pathway.

Senator Hill indicated there were two issues: levee restoration and maintenance, as well as conveyance of water to Southern California. The effects of the Governor's proposal and the Delta Plan on the Delta and the ecosystem of the Bay were serious concerns. The main problem was insufficient funding.

Council Member Burt noted SB 4 regarding fracking did not require treatment of surface waters. He inquired whether Senator Hill anticipated additional regulations to require controls on emissions.

Senator Hill explained that fracking was ideally a closed system. The problem occurred when water and chemicals stored in wells leaked into the water supply.

Council Member Burt reviewed two recent Attorney General positions regarding High Speed Rail (HSR), and asked if the Legislature had discussed the positions.

Senator Hill had not heard any discussion with respect to the Attorney General's opinion. He understood that funding for HSR would have to be appropriated by the Legislature.

Council Member Schmid believed the homeless issue involved many different levels of government. In comparing homeless surveys of surrounding

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counties, he learned that Santa Clara County provided about half the number of shelters as San Mateo and San Francisco. He requested Senator Hill comment on coordination of efforts among all levels of government.

Senator Hill recalled efforts to develop housing and services for the homeless in San Mateo County. He was not aware of State or Federal funding that was available for homeless programs or services.

Council Member Klein inquired about general prospects for tax reform and possible actions when tax increases expired in 2018.

Senator Hill indicated the dependence on corporate and personal income taxes skewed the State's fiscal picture. The budget surplus resulted from growth in the Silicon Valley and an improved economic outlook. The answer was not increasing taxes, but broadening the tax base.

Council Member Berman requested Senator Hill support inclusion of local infrastructure projects when considering legislation to lower the percentage threshold for local projects. Given the state of infrastructure across the nation and state, any assistance would be appreciated.

Senator Hill believed infrastructure projects would be important. Approximately 25 percent of the electorate would vote no to any tax increase, which increased the difficulty of obtaining a super majority vote.

Council Member Holman noted two issues with respect to local control were housing mandates and density bonus law. If the intention was to provide more affordable housing, then the basis was questionable. The density bonus law required communities to concede open space. She inquired whether the Legislature was considering local control and consequences of State mandates.

Senator Hill reported the Governor was attempting to enact local control related to education and realignment. In his opinion, certain areas of the Legislature and the Governor's Office were not sensitive to local issues. There had been efforts to create economic development opportunities for local governments.

Council Member Holman inquired about ways the Council could support Senator Hill in attempting to restore local control.

Senator Hill welcomed suggestions and ideas.

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Vice Mayor Shepherd felt the lack of local control affected the Council's relationship with its constituents. She inquired about ways the Council could improve its advocacy of local control.

Senator Hill stated the impression was that the League of California Cities was antagonistic towards the State. That antagonism could give the impression that the time was ripe for legislative changes. They needed to continue the conversation regarding issues relevant to local government.

Vice Mayor Shepherd understood that businesses were required to act as agents in transitioning employees to the Affordable Care Act, and inquired about streamlining the process so that businesses did not have to take on the agent role.

Senator Hill, as a business owner, had not found a burden placed on businesses as a result of implementation of the Affordable Care Act.

Council Member Price asked about Senator Hill's top priorities for the next Legislative Session.

Senator Hill reported his priorities were ensuring the safety of public utilities, developing the threshold change for voter approval and monitoring of water quality. In addition, he would follow up on legislation proposed in the 2013 session.

Council Member Price requested comments regarding sea level rise, particularly related to the Bay area.

Senator Hill noted the Environmental Quality Committee would review that topic in 2014.

Mayor Scharff requested Senator Hill be sensitive to local control issues. The community was concerned about the Association of Bay Area Governments (ABAG) mandates. There did not seem to be accountability for or legislative oversight of the California Department of Housing and Community Development (HCD).

Senator Hill would look into the problem and discuss how to effect change.

Mayor Scharff inquired about the Bay Area Rapid Transit (BART) strike.

Senator Hill indicated the number of unions created a problem for negotiations because of the politics of each union. Some solution needed to be found that protected labor's interests without inconveniencing the public.

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The City Council adjourned to the Closed Session at 6:34 P.M.

CLOSED SESSION

2. CONFERENCE WITH REAL PROPERTY NEGOTIATORS, CALIFORNIA GOVERNMENT CODE SECTION 54956.8

Properties:

Cubberley Community Center, 4000 Middlefield Road, Palo Alto 94306 (including 8 acres owned by the City of Palo Alto and remaining acres owned by the Palo Alto Unified School District); and Ventura School site, 3990 Ventura Court, Palo Alto 94306

Agency Negotiators:

James Keene, Pam Antil, Lalo Perez, Joe Saccio, Hamid Ghaemmaghani, Greg Betts, Rob De Geus, Thomas Fehrenbach, Aaron Aknin, Molly Stump

Negotiating Parties:

City of Palo Alto and Palo Alto Unified School District

Under Negotiation:

Lease and/or Purchase/Sale*
Price and Terms of Payment

*Purchase/sale is listed to comply with Brown Act legal requirements, and include various types of transactions including but not limited to easements, options, rights of first refusal and land exchanges.

The City Council adjourned to the Council Chambers at 8:00 P.M.

Mayor Scharff announced there was no reportable action.

SPECIAL ORDERS OF THE DAY

3. Community Partner Presentation: Palo Alto Players at the Lucie Stern Community Theatre.

Patrick Klein indicated the Palo Alto Players was in its 83rd season.

Jeannie Smith introduced *God of Carnage* and invited the public to attend the show.

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AGENDA CHANGES, ADDITIONS, AND DELETIONS

None

CITY MANAGER COMMENTS

James Keene, City Manager, announced that the United Nations Association Film Festival would continue through October 27, 2013. Roger Stoller's artwork, *Cloud Forest*, was installed October 11-12, 2013 at the new Mitchell Park Library. Caltrain celebrated its 150th Anniversary the prior weekend. Palo Alto was named the Number 1 Most Livable City on the Top 100 Best Places to Live by the website livability.com. Joe Teresi, Senior Engineer was named as the City of Millbrae's 2013 Man of the Year. Jessica Sullivan was employed as the City's Parking Manager.

COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Vice Mayor Shepherd traveled with delegates from the Bay Area Council to the City's Smart City Partner in China. Speaking at a symposium, she explained the Smart City effect in Palo Alto. Chinese businesses and cities wished to emulate Silicon Valley. She visited the Chinese school that hosted Palo Alto students in 2013 and secured a relationship to continue the exchange program.

Council Member Price attended two Walk and Roll events which celebrated alternative transportation modes to schools. She spoke at the Ride to Recovery Program at the Veterans Administration Hospital. The Program acknowledged physical injuries and mental health impacts of military service. She acknowledged the Fire Department and partners for hosting a successful pancake breakfast. Funds raised at the breakfast would support Project Safety Net. The Teen Council was restructuring their work and goals to identify new concepts for events and activities.

Council Member Berman attended National Unity Day at Duveneck Elementary. Also at Duveneck Elementary, he chose raffle tickets for the Walk and Roll event.

Mayor Scharff traveled to Heidelberg and Enskede with City Manager Keene to sign Smart City partnerships. Universities in both cities were interested in learning about sustainability issues and start-up cultures.

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ORAL COMMUNICATIONS

Stephanie Munoz felt the Council should build senior housing rather than giving away development rights at 27 University Avenue and Buena Vista.

Paul Machado and his neighbors mapped parking in his neighborhood using City guidelines. The map did not include area projects that would further impact the neighborhood.

Winter Dellenbach urged residents to vote yes on Measure D. She was disturbed by misinformation regarding the campaign. The Maybell Avenue Project was an appropriate use of Planned Community (PC) Zoning to provide affordable housing.

Cheryl Lilienstein, President of Palo Altans to Preserve Neighborhood Zoning, opposed high-density rezoning of residential neighborhoods and Measure D. She asked when Ms. Gitelman would begin work as Director of Planning and Community Environment.

James Keene reported Ms. Gitelman would begin work on October 28, 2013.

Ms. Lilienstein requested the Council place a moratorium on the processing of all high-density building permits to allow Ms. Gitelman time to learn about the issues. Palo Altans to Preserve Neighborhood Zoning wished to schedule a meeting with Ms. Gitelman after the election.

Ruth Lowy requested the Council not create spot zoning, but to consider a comprehensive plan. Overzoning created problems for the City.

Mora Oomman invited the public to attend the California Avenue Trick or Treat and Halloween Carnival. The event was family friendly, and organizers hoped to build community.

MINUTES APPROVAL

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Price to approve the minutes of August 19, 2013.

MOTION PASSED: 8-1 Berman abstaining

CONSENT CALENDAR

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Price to approve Agenda Item Numbers 4-10.

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4. Approval of a Stewardship Agreement Between the City of Palo Alto and the Santa Clara County Fire Safe Council (FSC) in the Amount of \$50,000 from the Public Works CIP PO-12003 for the Initial Year of Services for Treatment Work Indicated in the Foothill Fire Management Plan (FFMP).
5. Policy and Services Recommendation to Accept the City Auditor's Office Fiscal Year 2014 Proposed Work Plan and Risk Assessment.
6. Policy and Services Recommendation to Accept the Report on the Status of Audit Recommendations (June 2013).
7. Policy and Services Recommendation to Accept the Auditor's Office Quarterly Report as of June 30, 2013.
8. Approval of a Utilities Enterprise Fund Contract with Efacec Advanced Control Systems, Inc. in the Amount of \$107,647 for Software and Hardware Support Services for the City's Utility SCADA System (EL-02010) and 10% Contingency of \$10,700 for Related, but Unforeseen Work; for a Total Authorized Amount of \$118,347.
9. Approval of Annual Report of Williamson Act Contracts Within the City of Palo Alto.
10. Council Direction on Selection of Voting Delegate for the National League of Cities Annual Business Meeting on Saturday, November 16, 2013.

MOTION PASSED FOR AGENDA ITEM NUMBERS 4-10: 9-0

ACTION ITEMS

11. Public Hearing: Parking Exemptions Code Review: Review and Recommendation to City Council to Adopt: 1. Ordinance to Repeal Ordinance 5167 and Amend the Palo Alto Municipal Code to Delete Sections 18.52.060(a)(2) and 18.52.060(c) Related to Parking Assessment Districts to Eliminate the "Exempt Floor Area" Parking Exemption Which Allows for Floor Area up to a Floor Area Ratio (FAR) of 1.0 to 1.0 to be Exempt From Parking Requirements Within the Downtown Parking Assessment Area and Floor Area up to an FAR of 0.5 to 1.0 to be Exempt Within the California Avenue Area Parking Assessment District. 2. Interim Ordinance to Amend Chapters 18.18, Downtown Commercial (CD) District, and 18.52, (Parking and Loading Requirements) to Make the Following Changes to be Effective for a

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Period of Two Years: a. Delete Sections 18.18.070(a)(1), 18.18.090(b)(1)(C) and 18.52.070(a)(1)(D) to Eliminate the 200 Square Foot Minor Floor Area Bonus and Related Parking Exemption for Buildings not Eligible for Historic or Seismic Bonus. b. Delete Sections 18.18.090(b)(1)(B), 18.52.070(a)(1)(B) and 18.52.070(a)(1)(C)(i) to Eliminate the Parking Exemption for On-site Use of Historic and Seismic Bonus. c. Amend Section 18.18.080(g) to Remove the On-site Parking Exemption for Historic and Seismic Transfer of Development Rights up to 5,000 Square Feet of Floor Area to a Receiver Site in the CD or PC Zoning Districts. d. Amend Section 18.18.120(a)(2) and (b)(2) Related to Grandfathered Uses and Facilities to Clarify that a Grandfathered Use May be Remodeled and Improved, But May Not be Replaced and Maintain its Grandfathered Status. e. Amend Section 18.52.070(a)(3) Related to Remove the Sentence Allowing Square Footage to Qualify for Exemption That Was Developed or Used Previously for Nonresidential Purposes but was Vacant at the time of These actions are exempt from the California Environmental Quality Act (CEQA) under Section 15061 and 15301 of the CEQA Guidelines.

Aaron Aknin, Acting Director of Planning and Community Environment, reported Staff recommended the Council not proceed with Section 2d of the proposed Ordinance related to the grandfather status, which uses facilities to clarify that a grandfathered use may be remodeled and improved, but may not be replaced and maintain its grandfathered status. After meeting with the City Attorney, Staff believed additional review was necessary and would return with a recommendation. In the Downtown area, the Exempt Floor Area Ordinance allowed properties to build an amount of square footage equal to the lot size without providing parking. Approximately one year ago, the Council enacted a moratorium on use of the Ordinance, which would expire at the end of December 2013. Staff recommended the Ordinance be permanently deleted from the Municipal Code. The Ordinance applied to a lesser degree to California Avenue. The Planning and Transportation Commission (PTC) recommended the Ordinance be permanently deleted. The Minor Floor Area Exemption was a 200-square-foot exemption applied to any property that was not eligible for a historic or seismic rehabilitation bonus. Staff recommended deletion of the exemption for the two-year interim period in order to study potential impacts. Transfer of Development Rights (TDR) sites were eligible for either historic or seismic rehabilitation. With rehabilitation, property owners were allowed a 2,500-square-foot bonus onsite for either category to build floor area beyond the amount allowed under current Code provisions without providing parking. Staff recommended elimination of the parking exemption associated with the floor area bonus. Transfer of rights to a receiver site would be allowed for the

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floor area provision and not the parking provision. The Vacant Space provision allowed property owners to tear down vacant space and rebuild without providing parking. The value of the Minor Floor Area Exemption would equal approximately \$60,750, the price of the current in-lieu fee. The value of the bonus TDR was approximately \$600,000. Transfer or use of the maximum amount was valued at approximately \$1.2 million. The Vacant Space was valued at \$500,000 or less. When the moratorium was enacted for the 1.0 to 1.0 Floor Area Exemption, the Council did not subject projects with planning entitlements to the moratorium. Projects in the pipeline were subject to the moratorium. Staff proposed a similar policy in that projects with planning entitlements would not be subject to the interim ordinance.

Public Hearing opened at 8:53 P.M.

Matthew Harris requested the Council create a blue ribbon task force with respect to planning and design.

Herb Borock noted in Attachment B the recommended sunset provision counted the effective date as 31 days from the first reading, rather than 31 days from the second reading. He suggested the correct date be included at the time of the second reading.

Ken Alsman welcomed the proposed changes. If the Council adopted the proposed Ordinance, then it needed to take three additional steps. One was to stop all existing construction projects in the pipeline, because the projects would add another 200-400 cars in the neighborhoods. Second, the Council should stop providing full credit in the Assessment District for a 1.0 to 250 ratio. Third, the Council had to stop accepting California Environmental Quality Act (CEQA) conclusions of no impact.

Elizabeth Wong indicated the parking shortage needed to be resolved by all stakeholders with costs shared by property owners in Downtown and surrounding areas. The proposals would not solve the parking shortage, but would prevent retailers from coming to Palo Alto.

Dr. Paul Karol stated the parking situation was borderline critical at the current time. After completion of projects in the pipeline, the parking situation would become a disaster. He requested the Council gather data before making any decisions.

Katie Morganroth believed the proposed Ordinance was unfair and one-sided. Neighbors and developers were working toward a plausible solution. The proposed Ordinance would result in the loss of square footage for her commercial project, the breaking of commitments with tenants, and the loss

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of four jobs. She asked the Council to exclude pipeline projects from the proposed Ordinance and to postpone a vote until February 14, 2014.

Ken Hayes believed many projects would not have been developed without seismic or historic bonuses. Residents, businesses, commercial property owners and parking advocates should collaborate to find a creative solution. The proposed Ordinance was one-sided and unfair. He requested the Council postpone its vote for a defined period while stakeholders developed a creative solution fair to all.

David Kleiman reported his project was fully parked and compliant with all City Codes, but would be severely impacted by the proposed Ordinance. The Council did not have sufficient time to receive adequate input on the economic effects of the proposed Ordinance. The solution should include increased availability of parking spaces, access to an offsite lot for lower-paid employees, permit parking in key neighborhoods and metered parking.

James Lin felt the proposed Ordinance did not solve the parking problem and was unfair. He asked the Council to exclude pipeline projects from the proposed Ordinance.

Jaime Wong stated developers followed the City's rules to add value and provide a vibrant and exciting Downtown. Without development, the City would lose businesses. Developers could be creative and could compromise.

Andrew Wong indicated the proposed Ordinance was patently unfair. Staff did not address the benefits provided by the exemptions. He proposed the Council not apply the proposed Ordinance to pipeline projects. The proposed Ordinance did not address the parking issue.

Jason Holleb asked the Council not to impact the defined pipeline projects. The Council should allow time for development of a parking solution.

Neilsen Buchanan spoke regarding saturated parking in neighborhoods. If the Council passed the proposed Ordinance, it would receive goodwill and collaboration.

Michael Griffin urged the Council to eliminate the parking exemptions adopted to encourage development in the Downtown area. The price of a vibrant Downtown was parking issues in surrounding neighborhoods.

Stephanie Munoz suggested the Council refund fees paid by projects in the pipeline. The Council should take back the parking obligations.

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Eric Rosenblum felt removing the parking exemptions would be bad for the neighborhood and harmful to Palo Alto's interests. Parking should be decoupled from buildings, and parking cash-outs could be used to allow greater capacity for residents in under-utilized buildings.

Robert Moss suggested the Council pass the proposed Ordinance with a few modifications. First, projects which received Council approval should be allowed to proceed. Second, the Council should set a time limit to provide a corrective action. Third, the Council had to determine long-term methods for improving parking.

Adina Levin, Friends of Caltrain, reported Palo Alto was moving towards requiring self-parking of buildings. An unintended consequence was increased driving. The development community was willing to work towards a solution.

Sal Giovanotto did not believe the moratorium was fair. The City was fine without any changes.

Public Hearing closed at 9:31 P.M.

Council Member Kniss inquired about the general impact on the six projects in the pipeline.

Mr. Aknin indicated Table 5 on page 11 of the Staff Report showed the projects with planning entitlements. Those projects would not be subject to the proposed Ordinance. Table 6 showed other projects in the pipeline without approval. Those projects would be subject to the proposed Ordinance. The project affected by the most impacts would be 240 Hamilton Avenue with nine spaces. The remaining projects would have no impact or a one-space impact in terms of fees. The majority of projects used grandfather square footage paid into the Assessment District or existing TDRs. Those would not be subject to the proposed Ordinance.

Council Member Kniss requested Staff address the 200-square-foot former exemption.

Mr. Aknin believed the Ordinances adopted in 1986 initially allowed small expansions to a building, not necessarily a new building. The exemption was now applied to new projects. Staff's recommendation was to eliminate the exemption, because the incentive was not needed for new buildings.

Council Member Kniss asked if projects other than 240 Hamilton Avenue were running one or two spaces.

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Mr. Aknin responded yes.

James Keene, City Manager, suggested Staff clarify impacts to projects.

Mr. Aknin reported that the proposed Ordinance did not prevent projects from proceeding. Projects would have to pay an in-lieu fee equivalent to the amount of the exemption. One parking space was equivalent to \$60,000. The 240 Hamilton Avenue project was impacted by more than \$500,000.

Mayor Scharff inquired whether pipeline projects would lose 200 square feet of Floor Area Ratio (FAR) and have to redesign projects or if projects simply have to pay for parking spots.

Mr. Aknin stated yes, as currently drafted.

Mayor Scharff asked if projects would have to be redesigned to deal with that issue.

Mr. Aknin answered yes. If projects were over the FAR amount, applicants would have to redesign projects or buy existing TDRs to backfill that amount.

Council Member Klein inquired whether the two projects in Table 5 were excluded from the proposed Ordinance.

Mr. Aknin indicated they would be excluded as recommended by Staff.

Council Member Klein asked if the two projects could proceed.

Mr. Aknin replied yes.

Council Member Klein counted seven projects in the pipeline.

Mr. Aknin noted the 261 Hamilton Avenue project was shown twice in the table; therefore, only six projects were in the pipeline.

Council Member Klein asked if the six projects could proceed if the applicants paid the parking in-lieu fee.

Mr. Aknin needed to determine whether applicants would have to reduce overall square footage in terms of FAR when the 200 square feet was applied to both floor area and the parking situation. From a parking standpoint, the applicants could pay the in-lieu fee and proceed with the project.

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Council Member Klein inquired whether the project at 240 Hamilton Avenue would be exempt from 26 spaces under previous law.

Mr. Akin answered yes.

Council Member Klein requested an explanation of the lower fee for the project at 240 Hamilton Avenue.

Mr. Akin reported the applicant could proceed with the project because of existing TDRs. With respect to actual parking exemptions, the grandfathered mezzanine level accounted for eight spaces and the bonus FAR accounted for one space. With those reductions, the lower fee amount was correct. The mezzanine level would also be removed from FAR; therefore, the applicant would have to reduce the building by that square footage as well.

Council Member Klein asked if the applicant for the project at 429 University Avenue would be charged for the 20 spaces covered by the TDR.

Mr. Akin indicated that the applicant paid that amount to someone else, so it would not pay the City anything for those.

Council Member Klein inquired whether the applicant would be charged a parking in-lieu fee for one space at \$60,000.

Mr. Akin replied yes.

Council Member Klein requested comment on the project at 640 Waverley Street.

Mr. Akin explained that the project was covered by the 200-square-foot bonus. The project was also grandfathered, which Staff did not propose to remove in the current recommendation. The project also had a mixed-use parking reduction, which Staff did not propose to remove. The project would have to comply with the 200-square-foot bonus.

Council Member Klein understood the project at 500 University Avenue had the same situation.

Mr. Akin agreed. The applicant recently submitted an application indicating construction of an additional floor underground; therefore, the project would be over-parked by approximately 21 spaces.

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Council Member Klein did not understand the furor as the impact appeared to be at most \$60,000 to two or three projects. He asked if the changes had been explained to everybody.

Mr. Akin remarked that adding \$60,000 in a pro forma was a major concern for developers. A second issue was likely related to the FAR itself. The Council could determine that the bonus would remain for FAR but not for parking. In that case, developers would lose 200 square feet.

Council Member Klein had difficulty understanding the majority of the applicants' concerns. He assumed each and every applicant met with Staff.

Mr. Akin talked to a handful of people who provided comments.

Council Member Klein inquired whether pipeline projects were being treated consistent with past Council actions.

Molly Stump, City Attorney, reported in 2012 the Council faced a considerable pipeline issue when it suspended use of the 1.0 to 1.0 exemption. In that case, the actions were consistent with proposed actions for this item. Legally, the vested right applied only once a building permit was pulled and substantial work performed under the building permit. None of the projects in either Table 5 or Table 6 were at that point. Staff proposed projects in Table 5 proceed with no change. The remaining projects had submitted applications but had not received final planning entitlement.

Council Member Klein recalled that in 2012 the Council applied a different standard for pipeline projects than in previous years.

Ms. Stump understood that actions taken a year ago were a change from the traditional approach.

Council Member Klein inquired about the impact to projects contained in Table 6 if the pre-2012 pipeline policy was applied to them.

Cara Silver, Senior Assistant City Attorney, indicated that in the seven to eight years prior to 2012, the Council exempted projects that filed an application. All projects in Table 6 had formally filed an application, but had not received planning entitlement approval.

Council Member Klein asked if other projects could be included in Table 6 under the old standard.

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Mr. Aknin was not aware of any other projects.

Vice Mayor Shepherd noted the tentative Council schedule included a Residential Parking Permit (RPP) Program, and inquired about the timing for that discussion.

Mr. Aknin reported Staff was working on the framework for a Citywide opt-in Ordinance. Staff hoped to present it to the Council by the end of 2013.

Vice Mayor Shepherd agreed some of the Ordinances needed to be amended; however, she questioned whether the amendments should be contemporaneous with other relief. She understood that a TDR could still be utilized for a project not in the pipeline if the developer had already purchased a TDR but not designed it into a building.

Mr. Aknin concurred.

Vice Mayor Shepherd understood a developer could not sell a TDR if the Council enacted the proposed Ordinance with the parking exemption. The TDR purchaser would have to pay for the parking exemption when he made the application.

Ms. Stump explained that TDRs created as of the effective date of the proposed Ordinance could be used under the old rules.

Vice Mayor Shepherd requested an explanation of "created."

Ms. Stump indicated the TDR was certified because work had been performed to seismically or historically rehabilitate the building even if the TDR had not been sold.

Vice Mayor Shepherd stated a TDR could be sold if the building was not seismically retrofitted; however, the developer would need to provide parking onsite or pay an in-lieu fee.

Ms. Stump agreed. New seismic or historic projects would not be able to generate parking relief. They would generate the FAR.

Vice Mayor Shepherd inquired whether the proposed RPP Program would apply only to Professorville or also to Downtown North.

Mr. Aknin reported the goal was to offer first a Citywide opt-in Ordinance. He believed the first neighborhoods to opt into the Ordinance would be the residential neighborhoods surrounding the Downtown area.

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Council Member Price asked if neighborhoods around California Avenue would be allowed to participate in the RPP Program.

Mr. Akin believed neighborhoods surrounding California Avenue would follow shortly after the Downtown area once a Citywide opt-in Ordinance was enacted.

Mr. Keene explained that a Citywide Program would have metrics associated with parking intrusion. Neighborhoods would have to meet performance criteria to be eligible for an RPP Program.

Council Member Price requested Staff clarify public comments regarding additional architectural and design fees.

Mr. Akin indicated the primary concern was reducing the building size by a certain amount of square feet. For example, the 240 Hamilton Avenue project would spend additional architectural fees for new drawings to reduce the building if the applicant was not allowed to rebuild the 2,000 square foot mezzanine level into normal floor area and not allowed to build the new 200 square feet.

Ms. Stump noted the Ordinance as drafted deleted both the 200 square feet and the parking from the Code. The Council could retain the 200 square feet and indicate the project had to be parked.

Mr. Keene stated the developer would pay the \$60,000 parking in-lieu fee and the 200 square feet would remain in the building.

Mayor Scharff asked if that could apply to the 2,000 mezzanine as well.

Council Member Price felt the concept of cash-out for parking was a valid approach. She asked if the Council could discuss that approach in the current item or if Staff would review that as part of a Transportation Demand Management (TDM) Program for the private sector.

Mr. Akin indicated that approach would be part of a TDM strategy. It was a proven strategy that worked well. A cash-out approach was separate from the current discussion.

Council Member Price recalled that a number of community members were willing to engage with the City regarding these items. She inquired about a method for Staff to utilize the expertise and enthusiasm offered by stakeholders.

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Mr. Aknin suggested stakeholders participate in the Downtown Development CAP process and contact him to schedule meetings.

Council Member Price requested Mr. Aknin provide his phone number and email address.

Mr. Aknin stated his email address was aaron.aknin@cityofpaloalto.org and his direct line was 650-329-2679.

Council Member Burt did not believe the proposed Ordinance would encourage people to utilize modes of travel other than driving. Projects other than the 500 University Avenue project involved small amounts of change. He inquired whether Staff assumed applicants would pay in-lieu parking fees rather than make design changes.

Mr. Aknin answered yes. He did not have exact numbers about how the 200 square foot FAR would affect projects. As the City Manager and the City Attorney mentioned, the Council could proceed with the FAR bonus separate from the parking exception.

Council Member Burt requested Staff explain how the Staff recommendation with respect to the 200 square foot exemption would change parking issues.

Mr. Aknin explained that Staff wished to review parking exemptions to determine which ones were no longer necessary to incent development. The 200-square-foot exemption in particular was originally directed at minor building expansions.

Council Member Burt inquired about the net impact for pipeline projects if the Council did not include the 200-square-foot exemption.

Mr. Keene suggested there would be no real impact as long as the parking in-lieu fee payment was retained. The applicant kept the square footage but paid the in-lieu parking fee.

Council Member Burt recalled that Ken Hayes implied that the impacts of these changes would be much more significant than Staff indicated. He asked Mr. Hayes to clarify the impacts to projects given Staff's clarifications and retention of the 200-square-foot exemption for pipeline projects.

Mr. Hayes indicated his clients were concerned that projects in the application process were in jeopardy to a certain extent. The issues were

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not knowing whether TDRs would continue to be exempt from parking and whether that would apply to projects in the pipeline.

Council Member Burt asked Mr. Hayes to focus his response on the impact to pipeline projects if the Council retained the 200-square-foot exemption along with a parking in-lieu fee.

Mr. Hayes stated the impact on all the projects in which he was involved, with the exception of the 240 Hamilton Avenue project, would be payment of in-lieu fee, the \$60,000.

Council Member Burt inquired whether Mr. Hayes was interpreting the impact the same as Staff.

Mr. Hayes responded yes.

Council Member Burt commented that engagement of Downtown property owners was a positive development. The impact of the proposed Ordinance was nominal compared to the impact of RPP Programs and a TDM Program. There was a need to fund and construct an additional garage Downtown; however, he did not want to see the parking garage increase the number of trips to Downtown. There would be some degree of crisis with implementation of an RPP Program if Downtown property owners did not identify a solution.

Council Member Holman agreed that engagement of commercial property owners was positive. Payment of in-lieu fees did not solve the parking problem. In theory cash-outs were a good idea; however, they were not effective without monitoring and enforcement. Parking saturation in neighborhoods affected property values. Once TDRs were created, they were entitled entities. She asked if TDRs were a real asset.

Ms. Silver explained that TDRs were created at the time that the building was certified as historically renovated or seismically retrofitted. At that point, the City recorded a document that required historic rehabilitation and seismic retrofitting to remain in place and created the TDR. Under Staff's proposal, any TDR that was formally created following the effective date of the proposed Ordinance could be transferred or used onsite for bonus square footage; however, it would not have the additional parking incentive.

Council Member Holman understood that if a project used a TDR, the City could not charge the project in-lieu fees because the TDR was an asset that had been paid for.

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Ms. Silver indicated that was not the analysis. The Council had some discretion on the issue. Staff recommended that certification was an appropriate dividing line. If the Council wished to change that benchmark, Staff would evaluate it. It was not entirely clear where the benchmark should be as a legal matter. It was more of a policy matter.

Council Member Holman asked if Staff considered the impact of eliminating the parking exemption for bonus square footage and TDRs related to Planned Community (PC) projects. She inquired whether the Council's granting of additional square footage as part of a PC destroyed the value of TDRs and bonus square footage.

Ms. Stump understood Council Member Holman's question to relate to the TDR program and bonus square footage. That consideration was not within the work performed for the item. The item responded to Council direction to proceed with parking issues in the near term.

Council Member Holman simply wanted to voice her concern and consider possible unintended consequences.

Council Member Berman inquired about the timeline for someone paying in-lieu fees.

Mr. Aknin stated the applicant paid in-lieu fees at the time it obtained a building permit.

Council Member Schmid noted that Tables 3 and 4 provided the TDR bonuses used. The 532 amount of parking exemptions seemed to be the number of TDRs used in Downtown.

Mr. Aknin agreed.

Council Member Schmid asked if 147 TDRs were originated but had not yet been used.

Mr. Aknin answered yes.

Council Member Schmid inquired whether 274 TDRs would be originated under the new terms without the parking exemptions.

Mr. Aknin explained that eligible properties were on either a seismic list or a historic property list, but the improvements had not been made. Those properties would not be able to claim the parking exemption, only the FAR exemption.

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Council Member Schmid asked if the middle group, the 147, could still claim the parking exemption.

Mr. Akinin replied yes.

Council Member Schmid referenced the parking exemptions in Attachment C of the March 5, 2012 report, and asked about a cause for the gap between 323 exemptions and 532 TDRs.

Mr. Akinin noted the March 5, 2012 report was part of the annual report to the Council. Staff performed the most in-depth analysis of TDRs that had ever been performed in preparing the Staff Report.

Council Member Schmid inquired whether the annual reports might have some questionable data.

Mr. Akinin indicated that the annual reports considered parking that came online since the TDR. The table within the Staff Report only showed the number of TDRs used. It did not show any offset from parking built Downtown.

Council Member Schmid was interested in the dynamics of the current situation. People from Downtown North and Professorville indicated there was a dynamic in the neighborhoods that was quite different than in the past. He asked if the gap between exemptions reported in the annual reports and in the Staff Report was a possible explanation of the changing dynamic.

Mr. Akinin suggested the change in dynamic was affected more by the change in occupancies within buildings than by the new floor area. Downtown Palo Alto contained approximately 3.5 million square feet of non-commercial area in 1986. The growth rate was less than 10 percent over the last 30 years. Obviously the parking problem grew by more than 10 percent. A change in use had a greater proportional effect than TDRs on the overall parking situation.

Council Member Schmid commented that the Council could proceed with the proposed Ordinance; however, the future would bring bigger issues. Good data would be critical to making good decisions.

Mayor Scharff asked how Section 3 related to losing 2,000 square feet of FAR as it only mentioned parking. Section 2e disallowed the parking

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exemption; whereas, Section 2a mentioned the floor area bonus and related parking.

Ms. Stump suggested the problem was in the drafting of the proposed Ordinance. After additional review, Staff now recommended the Council separate those two pieces. It was a matter of drafting an Ordinance quickly and working through the language of the Code.

Mayor Scharff assumed Staff could amend an Ordinance in any manner with appropriate Council direction.

Ms. Stump indicated the vacant property piece was slightly more complex, because Staff could not provide the implications in the Downtown Commercial (CD) Zone for that exemption.

Mayor Scharff asked why the Council could not simply require the applicant to park the project.

Ms. Stump stated in theory the Council could require that. Staff could do that as a policy matter if the Council wished to make that policy direction.

Mayor Scharff inquired whether deleting "and selected" from Section 2a would allow retention of the 200-square-foot exemption.

Ms. Stump recommended the Council describe changes in conceptual terms in a Motion and allow Staff to work through the Code. There were places where the Code looped around on itself. Staff requested the opportunity to ensure an Ordinance was drafted correctly.

MOTION: Mayor Scharff moved, seconded by Council Member Burt to adopt:

1. An Ordinance to amend the Palo Alto Municipal Code (PAMC) to permanently delete Sections 18.52.060(a)(2) and 18.52.060(c) related to Parking Assessment Districts to eliminate the "Exempt Floor Area" parking exemption which allows floor area up to a floor area ratio (FAR) of 1.0 to 1.0 to be exempt from parking requirements within the Downtown Parking Assessment Area, and floor area up to an FAR of 0.5 to 1.0 to be exempt within the California Avenue area parking assessment district (Attachment A); and
2. An Interim Ordinance (Attachment B) to amend PAMC Chapters 18.18, Downtown Commercial (CD) District, and 18.52 (Parking and Loading Requirements), to make the following changes, to be effective for a period of two years:

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- a. Delete Sections 18.18.070(a)(1), 18.18.090(b)(1)(C) and 18.52.070(a)(1)(D) to eliminate the parking exemption related to the 200 square foot Minor Floor Area Bonus for buildings not eligible for Historic or Seismic Bonus (keep sq footage but eliminate parking exemption).
- b. Delete Sections 18.18.090(b)(1)(B), 18.52.070(a)(1)(B) and 18.52.070(a)(1)(C)(i) to eliminate the parking exemption for on-site use of Historic and Seismic Bonus.
- c. Amend Section 18.18.080(g) to remove the on-site parking exemption for floor area bonuses derived through historic and seismic upgrades via the transfer of development rights (TDR) program (where up to 5,000 square feet (SF) of floor area for each type of upgrade is allowed for receiver sites in the CD or downtown PC zoning districts).
- d. Amend Section 18.52.070(a)(3) to disallow the parking exemption for floor area developed or used previously for non-residential purposes and vacant at the time of the engineer's report during the parking district assessment. (keep sq footage but eliminate parking exemption).

Mayor Scharff felt it was important to eliminate out-of-date ordinances. The Council wanted to move toward projects fully parking themselves, a robust TDM program, an RPP Program and a parking garage. Holistically, those were the components of a resolution for the parking issue. With respect to grandfathering projects, last year the Council did not grandfather in the two projects. It would be unfair for the Council to treat pipeline projects in 2013 differently than it treated pipeline projects in 2012. It became a money issue in terms of paying in-lieu parking fees as opposed to redesigning the project.

Council Member Burt recalled in July 2012 the Council gave a general notice of intention to change regulations. In March 2013 the Council provided additional direction. He was interested in why colleagues would not second the Motion.

Council Member Kniss inquired whether the project at 240 Hamilton Avenue was on appeal.

Mr. Aknin responded yes.

Council Member Kniss noted the Council would discuss several items related to parking. The amendments along with an RPP Program and a TDM Program should be considered together. The five pipeline projects would pay a total of \$300,000 for in-lieu parking fees.

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Mr. Akin indicated a couple of pipeline projects had zero impact.

Council Member Kniss felt the only pipeline project affected by a major impact was 540 Hamilton Avenue at approximately \$540,000. She was undecided regarding the Motion and wished to hear colleagues' comments.

Vice Mayor Shepherd requested the Mayor split Motion Items One and Two for purposes of voting.

Mayor Scharff agreed to split the Motion for purposes of voting.

MOTION SEPARATED FOR THE PURPOSE OF VOTING: Mayor Scharff bifurcated the Motion to allow separate votes for Item Numbers One and Two.

BIFURCATED MOTION: Mayor Scharff moved, seconded by Council Member Burt to adopt:

1. An Ordinance to amend the Palo Alto Municipal Code (PAMC) to permanently delete Sections 18.52.060(a)(2) and 18.52.060(c) related to Parking Assessment Districts to eliminate the "Exempt Floor Area" parking exemption which allows floor area up to a floor area ratio (FAR) of 1.0 to 1.0 to be exempt from parking requirements within the Downtown Parking Assessment Area, and floor area up to an FAR of 0.5 to 1.0 to be exempt within the California Avenue area parking assessment district (Attachment A); and

MOTION PASSED: 9-0

BIFURCATED MOTION: Mayor Scharff moved, seconded by Council Member Burt to adopt:

2. An Interim Ordinance (Attachment B) to amend PAMC Chapters 18.18, Downtown Commercial (CD) District, and 18.52 (Parking and Loading Requirements), to make the following changes, to be effective for a period of two years:
 - a. Delete Sections 18.18.070(a)(1), 18.18.090(b)(1)(C) and 18.52.070(a)(1)(D) to eliminate the parking exemption related to the 200 square foot Minor Floor Area Bonus for buildings not eligible for Historic or Seismic Bonus (keep sq footage but eliminate parking exemption)
 - b. Delete Sections 18.18.090(b)(1)(B), 18.52.070(a)(1)(B) and 18.52.070(a)(1)(C)(i) to eliminate the parking exemption for on-site use of Historic and Seismic Bonus.

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- c. Amend Section 18.18.080(g) to remove the on-site parking exemption for floor area bonuses derived through historic and seismic upgrades via the transfer of development rights (TDR) program (where up to 5,000 square feet (SF) of floor area for each type of upgrade is allowed for receiver sites in the CD or downtown PC zoning districts).
- d. Amend Section 18.52.070(a)(3) to disallow the parking exemption for floor area developed or used previously for non-residential purposes and vacant at the time of the engineer's report during the parking district assessment. (keep sq footage but eliminate parking exemption)

Vice Mayor Shepherd expressed concern about the possible unintended consequences of incentivizing people to seismically retrofit their historic buildings. She wanted to understand whether the amount of in-lieu fees was appropriate. Generally she disagreed with moratoriums. She also was having difficulty with not allowing the 540 Hamilton Avenue project to proceed.

Mr. Keene remarked that use of a parking exemption as an incentive was outdated. He recommended the Council direct Staff to return separately with other incentives related to historic and seismic improvements. There might be other credits the City could offer.

Vice Mayor Shepherd questioned whether the revisions should be delayed and presented with a TDM Program. She could support a Motion with better incentives and inclusion of a TDM Program.

Council Member Holman did not agree with delaying revisions, but did agree that other programs needed to be brought forward. She inquired about the reason for a two-year effective period.

Mr. Aknin explained that the Downtown Development CAP Study Phase 1 and Phase 2 would require one to two years.

Council Member Holman recalled reading in PTC Minutes that Phase 1 would require six months and asked if 1 1/2 years were needed for Phase 2.

Mr. Aknin indicated between one and two years was needed.

Mr. Keene stated the application, interpretation and policy changes generated by Phase 2 would take time.

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Council Member Holman requested a timeline for presentation of the RPP and TDM Programs.

Mr. Aknin reported Staff planned to provide an Ordinance regarding an RPP Program to the Council in December 2013. Some time in spring to early summer 2014 a program could be implemented. He did not have an estimate for a TDM Program. The initial portion could be effective sometime in 2014. It would take time to provide a thorough TDM Program.

Council Member Holman inquired about better utilization of parking garages.

Mr. Aknin stated Staff was issuing a Request for Proposal (RFP) for attendant parking at Lot R. Staff would consider different methods throughout 2014.

Council Member Holman was sensitive to bonus square footage for seismic and historic improvements and TDRs. The City Manager mentioned consideration of other ways to incentivize improvements and TDRs. She asked about the difficulty of pipeline projects to park required spaces rather than paying in-lieu fees.

Mr. Aknin noted the 500 University Avenue project was now fully parked. The 240 Hamilton Avenue project was utilizing lifts to provide parking for residents. To provide that incremental space or two might require digging further into the ground, which would add a disproportionate amount of cost. Within Downtown, it would be best to have parking spread out.

Council Member Holman requested Staff consider cooperative use of private garages.

Council Member Schmid favored proceeding with the proposed Ordinance. The Council should give the public a clear signal that these issues were important.

Council Member Berman was inclined to support the Motion. These measures were the beginning of a solution. He wished to ensure that Council decisions did not cause applicants to redesign projects. This process was similar to past processes in similar situations. Removing the grandfather issue mitigated the negative consequence for applicants. The increased number of single-occupancy drivers was the cause of parking problems. He did not wish to incentivize single-occupancy car trips.

AMENDMENT: Council Member Klein moved, seconded by Vice Mayor Shepherd to exempt the pipeline projects at 240 Hamilton Avenue, 261

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Hamilton Avenue, 429 University Avenue, 640 Waverley Street, 500 University Avenue, 301 High Street as listed in Table Six of the Staff Report.

Council Member Klein wished to refute the Mayor's arguments with respect to pipeline projects. He was concerned because the City's integrity was at stake. The City had a policy that projects in the application process had some rights, and the Council should not change that policy to remove those rights. The Council had an overriding obligation to be fair to people.

Vice Mayor Shepherd did not support giving away free parking. The Council needed to adjust to the knowledge-based economy by building garages in Downtown and building up Downtown infrastructure.

Council Member Kniss commented that consistency and predictability made a City successful. The City apparently did not know how to handle success and needed a long-term solution to a cyclical problem.

Council Member Holman felt it was reasonable to support the Motion. The Council had a practice, rather than a policy, not to include pipeline projects. The practice as changed in 2012 was appropriate to follow in this situation. Fairness was important. With the Council's discussion of parking issues over the past year, applicants had to know changes were coming.

Mayor Scharff concurred with Council Member Holman's comments. If the Council moved forward with the new approach, then people would have the sense of consistency. It was important for the Council to address parking solutions. Each project should pay its fair share for parking.

AMENDMENT TO MOTION FAILED 4-5 Klein, Shepherd, Kniss, Price yes

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND THE SECONDER to add to 2b and 2c "to have Staff return with replacement incentives for historic and seismic bonus" to read as follows:

- b. Delete Sections 18.18.090(b)(1)(B), 18.52.070(a)(1)(B) and 18.52.070(a)(1)(C)(i) to eliminate the parking exemption for on-site use of Historic and Seismic Bonus and to have Staff return with replacement incentives for historic and seismic bonus.
- c. Amend Section 18.18.080(g) to remove the on-site parking exemption for floor area bonuses derived through historic and seismic upgrades via the transfer of development rights (TDR) program (where up to 5,000 square feet (SF) of floor area for each type of upgrade is allowed for receiver sites in the CD or downtown PC zoning districts)

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and to have Staff return with replacement incentives for historic and seismic bonus.

Council Member Burt inquired whether Vice Mayor Shepherd was adding language to the Motion.

Vice Mayor Shepherd responded yes.

Council Member Holman suggested that language should also apply to 2c

Ms. Stump agreed that 2b and 2c were a pair.

Council Member Klein felt the Council should not wait for other aspects to be presented. The proposed Ordinance would not change the main problem, but was the beginning step.

MOTION AS AMENDED PASSED: 8-1 Kniss no

12. Public Hearing: Adoption of Eight Ordinances: (1) Repealing Chapter 16.04 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.04, California Building Code, California Historical Building Code, and California Existing Building Code, 2013 Editions, and Local Amendments and Related Findings; (2) Repealing Chapter 16.05 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.05, California Mechanical Code, 2013 Edition, and Local Amendments and Related Findings; (3) Repealing Chapter 16.06 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.06, California Residential Code, 2013 Edition, and Local Amendments and Related Findings; (4) Repealing Chapter 16.08 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.08, California Plumbing Code, 2013 Edition, and Local Amendments and Related Findings; (5) Repealing Chapter 16.14 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.14, California Green Building Standard Code, 2013 Edition, and Local Amendments and Related Findings; (6) Repealing Chapter 16.16 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.16, California Electrical Code, 2013 Edition, and Local Amendments and Related Findings; (7) Repealing Chapter 16.17 of the Palo Alto Municipal Code and Amending Title 16 to Adopt a New Chapter 16.17, California Energy Code, 2013 Edition, and Local Amendments and Related Findings; and (8) Repealing Chapter 15.04 of the Palo Alto Municipal Code and Amending Title 15 to Adopt a new Chapter 15.04, California Fire Code, 2013 Edition, and Local Amendments and Related Findings.

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Peter Pirnejad, Development Services Director, reported Staff recommended the Council adopt eight Ordinances which would adopt by reference the various parts of the 2013 California Building Standards Code. Seven of the Ordinances contained proposed local amendments to the State Model Codes along with the necessary findings of fact supporting each local amendment. Every three years, the State of California adopted new building standards, codified in Title 24 of the California Code of Regulations. Upon publication of the new Building Standards Codes, local jurisdictions were allowed 180 days to amend the modern State Codes to enact more stringent local building standards. Local amendments had to be supported with findings based on unique local, climactic, geologic and topographic conditions. Staff worked with neighboring jurisdictions to ensure consistency and uniformity of Code enforcement throughout the region. Staff planned to hold technical training sessions to discuss details of the changes on October 30, 2013 and, if needed, in November 2013.

Council Member Klein left the Council meeting at 11:10 P.M.

Public Hearing opened and closed with no speakers at 11:11 P.M.

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Kniss to adopt the following:

1. Ordinance repealing Chapter 16.04 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.04, California Building Code, California Historical Building Code, and California Existing Building Code, 2013 Editions, and Local Amendments and Related Findings.
2. Ordinance repealing Chapter 16.05 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.05, California Mechanical Code, 2013 Edition, and Local Amendments and Related Findings.
3. Ordinance repealing Chapter 16.06 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.06, California Residential Code, 2013 Edition, and Local Amendments and Related Findings.
4. Ordinance repealing Chapter 16.08 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.08, California Plumbing Code, 2013 Edition, and Local Amendments and Related Findings.
5. Ordinance repealing Chapter 16.14 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.14, California Green Building Standard Code, 2013 Edition, and Local Amendments and Related Findings.
6. Ordinance repealing Chapter 16.16 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.16, California Electrical Code, 2013 Edition.

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7. Ordinance repealing Chapter 16.17 of the Palo Alto Municipal Code and amending Title 16 to adopt a new Chapter 16.17, California Energy Code, 2013 Edition.
8. Ordinance repealing Chapter 15.04 of the Palo Alto Municipal Code and amending Title 15 to Adopt a new Chapter 15.04, California Fire Code, 2013 Edition.

MOTION PASSED: 8-0 Klein absent

13. Approval of Contract for the Downtown Development CAP to Dyett & Bhatia Urban & Regional Planners in the Amount Not to Exceed \$200,000 (Continued from October 7, 2013).

Neilson Buchanan felt the vision, scope and funding for the first phase was light. The parking in Downtown North was saturated between 9:00 A.M. and 4:00 P.M. He was concerned about the unintended consequences of disenfranchising several hundred workers through permit parking.

James Keene, City Manager, noted a misstatement in the Resource Impact on page 5. The anticipated cost was \$250,000. Phase 2 involved decision making and was the more complicated piece of the study. For the most part, Phase 1 would occur in 2014. The second phase would not cost \$50,000. It could cost considerably more.

Aaron Aknin, Acting Director of Planning and Community Environment, reported the Downtown Development CAP was presented to the Council because of a study completed approximately 30 years ago. A Development CAP was implemented as a result of the study and included a number of other provisions. The Downtown Development CAP was associated with the Downtown Commercial (CD) District and limited growth to 10 percent of 3.5 million square feet of commercial space. The Comprehensive Plan, the Zoning Code and the 1986 study indicated an analysis should be performed to determine impacts. In accordance with Council direction, Staff presented the Request for Proposal (RFP) scope of work to the Planning and Transportation Commission (PTC), who modified the scope of work. Staff presented an informational report to the Council in March 2014 and proceeded with the process in the May-June timeframe. The Phase 1 analysis would encompass review of historic documents, analysis of existing conditions, and an analysis of projected conditions. In terms of impacts, the study had to include potential developments in the 27 University Avenue Arts and Innovation District, the South of Forest Area (SOFA) and in Menlo Park. Staff recommended the contract be awarded to Dyett & Bhatia, a well-known planning firm.

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Council Member Price asked if the ten-year period would encompass 2003-2013.

Mr. Aknin explained that the consultant would perform an economic analysis for the projected conditions analysis to determine the demand for development within a five-year and ten-year period, 2013-2018 and 2013-2023.

Council Member Price inquired about Staff's proposed use of a series of focus groups.

Mr. Aknin indicated some type of steering committee would be formed at the end of the Phase 1 analysis. Staff would return to the Council with additional recommendations related to the steering committee and additional scope related to Phase 2.

Council Member Price had worked with Dyett & Bhatia and felt they were very good with good reputations.

MOTION: Vice Mayor Shepherd moved, seconded by Council Member Price to approve and authorize the City Manager or designee to execute contract with Dyett & Bhatia Urban & Regional Planners (Attachment A) in the amount of \$200,000 for the Downtown Development Cap Study - Phase 1 project.

Vice Mayor Shepherd noted the first phase involved data gathering. Staff did not improvise any policy questions for Council. She wanted to proceed with the study before the holiday traffic began in order not to skew the data.

Council Member Price stated the scope of services was clearly stated and looked forward to seeing the results of the first phase.

Council Member Holman indicated the 27 University Avenue and Menlo Park projects were not included on the map or referenced in the language of the scope of services. She asked if Staff could amend the contract to include those projects.

Mr. Aknin agreed. Staff expected the consultants to perform the traffic analysis for those projects.

Council Member Holman stated the contract only collected data for existing conditions. The square footage added to Downtown did not have the same type of impact because of changes in pattern. Comparing the prior Level of

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Service (LOS) to the amount of added development could be a good indicator of the impacts of development.

Mr. Akin explained that Phase 1 would review background documentation, including the 1986 report and Environmental Impact Report (EIR). The EIR contained all traffic information associated with the 1986 report. The Phase 1 analysis would include a scientific poll of Downtown office uses to determine the average per square foot office density for workers.

Council Member Holman did not recall the contract referencing the 1986 study and EIR.

Mr. Akin indicated it was contained in the background document review.

Council Member Holman asked that the contract be revised to include that information.

Mr. Akin expressed concern that stating the documents to be reviewed could limit which documents the consultant reviewed. He preferred broad language so that other documents could be reviewed as needed.

Council Member Holman asked if the intention was to consider some LOS studies.

Mr. Akin stated the consultant would have to review the previous EIR, which contained the traffic analyses.

Council Member Holman noted that the scope of services mentioned analysis of up to eight intersections. She inquired about the intersections to be analyzed and the rationale for analyzing only eight intersections.

Mr. Akin reported that Staff had not defined the intersections to be analyzed. Once the contract was approved, Staff would meet with the traffic team to identify those intersections. Within the current model, Staff had more than 50 intersections with data. That information could be input and additional details gathered regarding the eight specific intersections within the Downtown and immediately surrounding area.

Council Member Holman asked if Mr. Akin could assure the Council that the consultant would review data for up to 50 intersections with additional analysis for up to eight intersections.

Mr. Akin indicated that the contract budgeted a detailed analysis of up to eight intersections. He could not commit to which eight intersections.

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Council Member Schmid referenced Item 3d, Parking Analysis, regarding the Urban Land Institute and Institute of Transportation Engineers (ITE). He viewed the ITE as the Bible of planning and transportation. Urban Land Institute sustaining members were all large developers, large builders, financiers and mortgage brokers. He inquired about Staff's intentions with respect to the Urban Land Institute and ITE.

Mr. Akin commented that in general planners were hesitant to apply ITE trip generations, because they were nationwide averages focused on standalone uses in suburban areas. Suburban modes of transportation and travel patterns generally were inconsistent with modes of transportation and travel patterns in urban areas. The Urban Land Institute focused more on downtown areas, while ITE trip generation focused more on standalone uses.

Council Member Schmid believed new cars, new parking and new workers occurred because of changes in the workplace. He asked if that should be mentioned explicitly, and whether Staff had suggestions for the consultant to help the City with that problem.

Mr. Akin explained that results from surveys of parking habits and employment density would be utilized to determine parking and transportation demand management (TDM) requirements. Parking and TDM requirements would need to be equally weighted, because each parking space equaled one car trip into Downtown.

Council Member Schmid did not understand that Task 4 would be performed prior to Task 2.

Mr. Akin stated Task 4 would be one of the first items performed.

Council Member Schmid noted the traffic modeling utilized LOS; however, the 1988 Land Use Transportation Survey in Palo Alto, the 1998 Comprehensive Plan EIR and the Stanford Traffic Plan utilized different measures. He inquired about a method to determine the historical pattern of change.

Mr. Akin reported modeling and measurements changed over the prior 30 years. The more important thing was to review the EIR and how it discussed each intersection to obtain a qualitative analysis of how the intersections were functioning.

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Council Member Schmid asked why the study would not utilize point-to-point measurements as recommended by the ITE and as used in Menlo Park's latest traffic study.

Mr. Akin indicated the study would consider both intersections and roadway segments. The measurements pertained to the intersections themselves. Another consideration was determining how intersections operated for pedestrians and bicyclists.

MOTION TO CALL THE QUESTION: Council Member Burt moved, seconded by Vice Mayor Shepherd to call the question.

MOTION TO CALL THE QUESTION PASSED: 6-2 Schmid, Holman no, Klein absent

MOTION PASSED: 7-1 Schmid no, Klein absent

ADJOURNMENT: The meeting was adjourned at 11:39 P.M.