



# CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Regular Meeting  
January 6, 2014

The Council of the City of Palo Alto met on this date in the Council Chambers at 7:28 P.M.

Present: Berman, Burt, Holman, Klein, Kniss, Price, Scharff, Schmid, Shepherd

Absent:

Mayor Scharff recognized the presence of Santa Clara County Supervisor Joe Simitian, Cory Wolback from Senator Jerry Hill's office, Jeremy Dennis from Assemblyman Rich Gordon's office, former Mayor Sid Espinosa, former Mayor Lanie Wheeler, former Mayor Peter Drekmeier, former Mayor Jean McCown, former City of Campbell Mayor and Council Member Evan Low, Cupertino Mayor Gilbert Wong, Menlo Park Council Member Kirsten Keith, Palo Alto Unified School District Member Camille Townsend, and many City of Palo Alto Boards and Commissions members.

## SPECIAL ORDERS OF THE DAY

### 1. 2013 Year in Review (Continued from December 16, 2013).

James Keene, City Manager reviewed the accomplishments of the Council for 2013. Since the recession in 2010, Hotel Occupancy rates rose 85 percent in 2014, Hotel Revenues rose by 76 percent, home sale values went up by an average of 46 percent, and the Property Transfer Tax increased at an annual growth rate of 19 percent. Recent office space in the downtown area sold for about \$900-\$1,100 per square foot, while assessed values for residential and commercial properties rose by 16.4 percent. As a result, there was increased traffic, neighborhood parking impacts, changes, and sense of loss; additionally, some not living in Palo Alto had the chance to build a business. Contrasting business, jobs, and work with neighborhoods and homes, there was opportunity, gain, stress, and loss. According to the National Citizens Survey conducted in August of 2013, Palo Alto rated excellent or good. Approximately 89 percent of the respondents rated living in Palo Alto as excellent or good. Palo Alto neighborhoods were ranked at a high score of 91 percent, Palo Alto as a preference of a place to live was ranked at 92 percent, and quality of life in Palo Alto was ranked at 91

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percent. The survey compared the residents of Palo Alto with about 36 other benchmark cities, and Palo Alto was above the benchmark criteria. Some high ranking scores were employment opportunities, Palo Alto as a place to work, and education. Palo Alto was by far the best in services provided by governments at the local level, when compared with State, and Federal government; Palo Alto ranked 84 percent, and the State government ranked at 33 percent. Some Business and work related highlights were new stores and rebuilding at the Stanford Shopping Center. A new Apple store opened downtown, with new retail locations and a few mixed-use projects that went through recent approval. Some new and expanding businesses formed were Tesla, VM Ware, Theranos, Survey Monkey, and Palantir. Regarding neighborhood highlights, the City responded to Crescent Park parking problems with the overnight parking restriction. This was connected to neighbor concerns regarding the Newell Bridge plans to pursue an Amortization Study that resolved the Consumer Price Index impacts on the adjoining Barron Park neighborhoods. There was greater outreach on planning projects, which included more descriptions and images on the City website. There were dramatic improvements on the Sidewalk and Street Maintenance programs, continued discussion on the long-term plan for the Cubberley Community Center, and the Council's action toward the homeless community. The City worked on planning for the Residential Permit Parking (RPP) program, made improvements on Safe Routes to School, and made progress toward the "Know Your Neighbor" grant program. Palo Alto built some Smart City relationships with competitive and leading cities around the world and there were 16 international visits that City Council and Staff hosted regarding learning more about the progress of Palo Alto. In 2013, the Council identified three priorities: 1) the future of downtown and California Avenue, with a focus on urban design, transportation, parking, and livability; 2) infrastructure strategy and funding; and 3) technology and the connected city. Regarding the future of California Avenue and downtown, the Development Center continued to make improvements in the downtown area. There were over 4,000 building applications in progress in 2013, there were changes in plan check and building permits, and the response to permit applications went down to approximately 24 days, in comparison with the response time of 102 days in 2007. In 2013 there were over 24,000 building inspections performed, an increase of 25 percent from the previous year; within that increase, the City was able to complete 99 percent of the inspections within the next day. In 2012 the average time to issue a Photovoltaic Permit was 82 days, as of November 2013 it took an average of one day. At the beginning of the year it took 33 days to issue an Electric Vehicle Permit, today it took one day. The Council continued to lead on the High Speed Rail project and to be an advocate in the face of State and national pressure. The importance of dealing with alternate transit modes

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led the City to pay more attention to Transportation Demand Management solutions. The City certified the Housing Element for the 2007 to 2014 planning period. The California Avenue Transit Hub Streetscape Design was completed. The City put in a bid for the historic downtown Post Office. If that bid was successful, the City was able to move the Development Center out and pay for the purchase and the rehabilitation of the historic Post Office building. The Council eliminated a number of its long standing parking exemptions and attempted to resolve some of its parking problems. The Council and Staff released a Request for Proposal (RFP) and awarded a contract for Phase One of the Downtown Coordinated Area Plan (CAP) Study; this was the first holistic analysis development of the Planning and Transportation Development policies in 25 years. Staff presented Council with an outline for an RPP program that might apply to the impacted areas of the City. The Jay Paul Project was withdrawn by the applicant in December 2013 and the discussion of the 27 University Office Towers in the Arts and Innovation District was dropped due to continued discussion about the height limit for the existing buildings. At the Council meeting on December 2, 2013, there was further discussion about the updates of the Comprehensive Plan, the Planned Community Zoning process, parking and traffic strategies. The Infrastructure Committee conducted eight meetings in 2013, conducted two Public Opinion Survey's, and was on track to make some decisions for infrastructure finance planning. The Mitchell Park Library and Community Center was a disappointment with regard to the contractor for the project. Although the project was very near completion, the City recently issued a notice of default and will be evaluating their next steps with the Council in the coming month. The Main Library renovation was progressing; the target completion date was set for the end of the year. The Street Maintenance Program made dramatic efforts to improve City streets. Under a pavement condition index measure, an index that measured street conditions, the City set a target of 85 or better and had an excellent score. This past year, the Annual Budget was raised to \$5.1 million; Staff cut two years off the goal for reaching their index. The City paved 41 lane miles of street across the City, almost 10 percent of the City. This improved the Pavement Condition Index (PCI) score to 78. Out of the 37 Santa Clara and San Mateo County jurisdictions, there were now only eight cities that had a higher PCI than Palo Alto. In fiscal year 2013, Council increased the budget by \$1 million for sidewalks and school routes. In 2013, the City replaced 98,000 square feet of sidewalk, compared to 51,000 square feet for the previous year. The City surveyed sidewalks, designated a Safe Routes to School, and used a separate contract to repair damaged areas; these improvements were in addition to the district-by-district Sidewalk Program. In relation to the Channing/Lincoln Storm Drain, there was the second of four stages of road completed in 2013. There was a renovation of Ventura

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Park that included additional play equipment, increased accessibility, and rubberized play surfaces. There was a restroom built at the Briones Park and the City worked with Open Space Staff at Byxbee Park to construct another mile of shared use maintenance and public trail, which was reclaimed by landfill closure that was ordered by the City Council. There were five wells that were part of the emergency water supply system that were rehabilitated. The City expected these wells to be complete by the end of December 2013, along with the new El Camino Real Reservoir well that was installed. The City opened a Household Hazardous Waste Facility in September 2013 and Staff began the Bonde Weir Fish Passage Project along the creek. Regarding Technology and the Connected City, there was renewed interest on a City-wide Fiber-to-the-Premise and Wireless networks. The existing Dark Fiber networks were built out to include Palo Alto Unified School District (PAUSD); all 18 networks were targeted to be completed and connected to the network by February 2014. Cogswell Plaza was part of the renovation and installation for free Wi-Fi. The City installed a powerful high-speed Wi-Fi service as a test for speed and reliability, which would be deployed throughout the City. In 2013, the City launched the Palo Alto Mobile application "311", which enabled people to report Public Works related issues 24 hours a day, seven days a week. The Event City Camp Palo Alto was launched and was part of the Nation's first national day of civic hacking. The City brought together local government leaders and organizations to focus on civic innovation in the application of technology. The City took the Geographic Information System (GIS) data and incorporated it into a data platform that made GIS data more accessible for the community and enabled it to be converted into developer related applications. This data included public tree information, paving and utility project information, land-use information, and permitting information. The Children's Theatre went to on-line ticketing systems and as a result, there was more than a 50 percent increase in youth participation in events. A Smart Grid pilot was instituted that involved giving residents access to advanced meters to monitor their usage and to enable the City to better track and make adjustments to their meters. Half of the Cities Light Emitting Diode (LED) Streetlight converters were installed; Staff anticipated having all the high pressure sodium street lights installed by the summer of 2014, which amounted to 85 percent of the Cities street lights. He encouraged people to follow the Police Department Twitter, as they have been keeping the community up-to-date. Palo Alto was one of the few entities that accomplished 100 percent Carbon Neutral Electricity. There were a range of initiatives instituted that were related to the Palo Alto Solar Programs, such as Palo Alto Green, Palo Alto Clean Local Energy Accessible Now Program. The City developed a new policy that required electric vehicle charging; there were about 100 new homes that were approved for vehicle

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charging. The City expanded the Disposable Bag Ordinance, shifting all bag use to paper. There was a Two Cart Collection Pilot program that shifted a significant amount of organic waste from landfill to recycling, which eliminated one bin of garbage collection; that significantly reduced the cost for garbage collection. The Council approved an expansion to the Percent for Art program to include new residential projects of five units or more, as well commercial projects that were upwards of 10,000 square feet and had a cost of \$200,000 to build; developers needed to set aside one percent of the estimated cost of their projects for public art. In relation to the Cubberley Community Center, Palo Alto contributed more funding to Santa Clara County for housing for homeless individuals in Palo Alto. The Council extended the ban on smoking to all public parks, which included the Golf Course. The City purchased 52 Automatic External Defibrillators, 12 of which were deployed in patrol vehicles, the remaining were installed in other parts of the City. The Council raised the Rainbow Flag during the Supreme Court Hearings to show Palo Alto's support for same-sex marriage. Some special events included the installation of the Aurora art project in front of City Hall and the 50<sup>th</sup> anniversary of the Dr. Martin Luther King Jr.'s "I Have a Dream" speech. He reported that Palo Alto has a balanced Budget and the Council set policies on how to deploy development funds as part of the Stanford Hospital agreement. The City maintained a AAA Bond Rating, the highest rating of one of a few in the State of California. The City received a Beacon Award from the League of California Cities for addressing and solving climate change issues at the local level. The City was recognized by the California State Municipal Finance Officer and the Governmental Finance Officers Association (GFOA) of America for innovation for Open Budget and web-based data visualization regarding government spending. The City received the GFOA award for excellent year-end financials and an Alliance for Innovation National award for excellence in innovation and local government. Livability.com did a comparative analysis of a range of cities across the Country and ranked Palo Alto as number one most livable City in the Country. At the National League of Cities (NLC) Conference in Seattle, Washington, Palo Alto received the Center for Digital Government award for 2013 as the number one City of its size and population for best use of technology in government. The NLC stated that next to the city of Boston, Palo Alto would have come in second for all jurisdictions of its size for efforts made. Palo Alto was honored by the White House for Open Government and Civic Hacking program. Looking forward, Mitchell Park Library was scheduled to open in 2014. There was an Infrastructure Funding Plan that was being put together to close the gaps on infrastructure and the 18 month long Infrastructure Blue Ribbon Committee. The City planned on concluding the discussion with PAUSD regarding the Cubberley Community Center and the potential renewal of its lease. Palo Alto needed to adopt a new Housing

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Element and to focus on alternative modes of transportation. The City Staff planned on designing a Residential Permit Parking program. There were discussions planned on how to reform the Planned Community Zone and how to create funding for parking lots and shuttles. There were 18 different Bike Capital Improvement plans scheduled for 2014. Construction was to begin on the California Avenue Streetscape project. Phase One of the downstream portion of the San Francisquito Creek Joint Powers Authority project was a notable discussion for 2014. This project discussed how Palo Alto addresses potential funding challenges and permit issues. The Main Library was scheduled to re-open in 2014. The airport planned transfer from the County to the City was scheduled to take place. The Urban Forest Master Plan drafted in 2013 was scheduled for adoption in the Parks and Recreation Master plan.

## ACTION ITEMS

### 2. Election of the Mayor for 2014.

Mayor Scharff said Council Members were able to nominate themselves or other Council Members for the position of Mayor; there was no second required for the nomination. After collecting the nominations he planned on inviting people to speak in the following order: Council Members who made the nomination, Council Members that were nominated, any other Council Members, and members of the public. After the discussion there would be a vote for Mayor. The appointment of the Vice Mayor was to be handled in the same way, and then the meeting was to be handed over to the new Mayor.

**NOMINATION:** Council Member Kniss nominated, seconded by Council Member Klein to elect Vice Mayor Shepherd for Mayor for 2014.

Council Member Kniss noted that if Vice Mayor Nancy Shepherd was elected, she would be the 12<sup>th</sup> woman Mayor. She spoke about Vice Mayor Shepherd's history, experience, credentials, and qualifications. She felt that the new Mayor needed to be tough and resilient, and that described Vice Mayor Nancy Shepherd.

Council Member Klein agreed with Council Member Kniss and said one problem that Council faced was meeting length. Vice Mayor Nancy Shepherd was a good candidate because she responded to citizens, she reached out to people, she was energetic, and was diplomatic regarding major issues that faced the Council in past; she was able to disagree without being disagreeable.

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Mayor Scharff appreciated Vice Mayor Nancy Shepherd as Vice Mayor. He felt Vice Mayor Shepherd showed strong regional leadership ability, especially in relation to High Speed Rail; she engaged internationally, she created an internship with the Smart City in Yangpu China, and was involved with the Governor's Office and the Bay Area Council.

Council Member Schmid commented that Council Committees were important and out of the three new Committees formed in 2013, three Council Members were appointed to all three new Committees. He asked Vice Mayor Shepherd if she planned on having all Council Members share in the Committee experience.

Vice Mayor Shepherd stated yes.

William Byron Webster endorsed Vice Mayor Shepherd as the new Mayor. She was qualified to deal with regional issues, especially interaction with East Palo Alto and parking in the Crescent Park area. She showed leadership with neighboring cities, especially with regard to the Stanford Medical Center and the impacts on East Palo Alto.

## **NOMINATION PASSED: 9-0**

Mayor Shepherd thanked the Council for her appointment. She thanked the former Mayor for his strong leadership in shaping Council meetings and his ability to tackle big issues in Palo Alto. She mentioned the rigor that each Council Member put into their work. There were many Items coming up in 2014; she wanted to get Palo Alto mobile and to use the mobility techniques to enrich the quality of life.

### 3. Election of the Vice Mayor for 2014.

**NOMINATION:** Council Member Price nominated Council Member Kniss for Vice Mayor for 2014.

**NOMINATION:** Council Member Burt nominated Council Member Holman for Vice Mayor for 2014.

Council Member Price noted Council Member Kniss' long established elected official history and talked about she was aware of how politics worked and was able to achieve policy and project outcome. Council Member Kniss

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served on the Valley Transportation Association Board, Caltrain Board, and was on the Board of Santa Clara County Supervisors.

Council Member Burt discussed the merits of Council Member Holman to be the Vice Mayor. She protected the qualities of the community in an effort to preserve the quality of life. She had nine years of service on the Planning and Transportation Commission and five years of leadership in the Council; that established her as exceptional and credible in the community.

Council Member Kniss said she continued to serve because she enjoyed the governing process, in particular in Palo Alto. The coming year was going to be sobering; it gave her an opportunity to rise to the occasion and to provide the best for all.

Council Member Holman said the role of Mayor and Vice Mayor was more than ceremony, it meant work with Staff to set Agenda's. While setting policy was the role of Council, it was influenced by how Agendas were set, timing of Items, and the order in which Items appeared. She thought it was important to be listening to each other, to the community, and to Staff.

Council Member Scharff remarked that Council Member Kniss showed great leadership capability and has much respect regionally. She has an ability to reach out to the community and has much grace and charm. He ended by saying that both Council Members were qualified but urged the Council to vote for Council Member Kniss.

Council Member Schmid supported Council Member Holman for Vice Mayor and said she held a critical position in the Planning Commission, which was central in what made the City work. Council Member Holman brought a strong sense of environment and history, the things that made the community work well. He remarked on her respect for community characteristics, the quality of life, and the details of the community.

Council Member Berman remarked that although Council Member Holman was thorough and well versed in history of development issues, he supported Council Member Kniss as Vice Mayor due to the commitment he saw her display.

Mayor Shepherd noted that the City Clerk would hand out the ballots.



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Donna Grider, City Clerk announced that Council Member Kniss with 6 votes was elected as Vice Mayor for 2014.

Council Member Holman announced that she would like the votes for her to be given to Council Member Kniss making it a unanimous vote.

The Council by acclamation unanimously voted Council Member Kniss as the Vice Mayor for 2014.

4. Resolution 9387 entitled "Resolution of the City Council of the City of Palo Alto Expressing Appreciation for Outstanding Public Service to Greg Scharff as Mayor."

Mayor Shepherd read the proclamation for Greg Scharff as Mayor.

Jeremy Dennis spoke on behalf of Assemblyman Rich Gordon and extended his thanks to former Mayor Scharff. He expressed thanks for his work, in particular the work on the Housing Element. He looked forward to working with the new Mayor and Vice Mayor.

Cory Wolbach spoke on behalf of Senator Jerry Hill and extended thanks for the new Mayor and Vice Mayor and for the hard work of the former Mayor. Senator Hill has a great working relationship with the Council and the City of Palo Alto.

Mayor Shepherd remarked that Council Member Scharff was an alternate for Association of Bay Area Grants (ABAG) Board. One of the components of ABAG was to have a certified Housing Element, which was objected in Palo Alto. She thanked him for his work and his influence because they were critical for the City of Palo Alto.

**MOTION:** Mayor Shepherd moved, seconded by Council Member Schmid to adopt the Resolution of the City Council Expressing Appreciation for Outstanding Public Service to Greg Scharff as Mayor.

**MOTION PASSED:** 9-0

Council Member Scharff remarked that people in the community were engaged and had a lot to add to Council discussions; Palo Alto had much respect internationally and regionally. He thanked City Staff, the City

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Manager, the Office of the City Clerk, and his fellow Council Members. The difference between Palo Alto and other cities was policy because it outweighed personality and politics, which was a good thing. There was always someone on the Council that looked deeply into the details and someone that was looking at things from a higher level. All Council Members put in much effort and having nine Council Members brought a variety of views.

## ORAL COMMUNICATIONS

Wynn Grcich cited a news article that talked about highest healthcare pay-outs for previous Council Members. She noted a building plan that she disapproved of and talked about harmful chemicals being used.

Cheryl Lilienstein looked forward to Council Member Scharff's mention of a moratorium on limiting density for Planned Community Zoning. She thought density was not necessary because the housing inventory was adequate. She suggested a full Council discussion about how commercial development greatly increased density and how that was going to impact the character of Palo Alto. She wanted the Council set-aside density proposals that harmed the City.

Tom Dubois asked that the Council read the Ordinance amending Title 18 of the Zoning on the Housing Element because of the consideration of the environmental impact or other elements of the General Plan. The State Mandate enabled many buildings to exceed the current zoning. He asked Council to wait to adopt the change tied to the upcoming comprehensive plan updates and wanted to know why citizens would limit the mixed-use units to the Architectural Review Board approval only.

Andy Vought discussed the sudden increase in overnight guest parkers at Edgewood Drive and Newell Road and added that the temporary overnight parking ban gave people back their neighborhood. He suggested Council move forward with the replacement of the Newell Bridge and urged the City to focus on a smaller bridge which would preserve the functionality of the existing bridge, but would not overwhelm the neighborhood.

Stephanie Munoz emphasized accepting civic responsibility and not forgetting the obligations of the faith communities. Homelessness was part of growth and was the result of industry; industry did not leave behind work-housing for its workers. Other communities and the County were helping the homeless; the role of religion was to tell people what to do and how to behave.

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Bob Moss noted how the Council needed to take into account, as a regular process, developments that were brought forward. A major reason why 27 University Avenue and 395 Page Mill Road were pulled was because former Mayor Scharff decided that Planned Community Zoning needed to have a careful evaluation. People needed to take a careful look at the impacts of development.

Shani Kleinhaus wanted to see more recognition of natural areas in Palo Alto, especially in connection with the Comprehensive Plan. She wanted to see more attention given to nature in 2014.

ADJOURNMENT: The meeting was adjourned at 9:26 P.M.