



# CITY OF PALO ALTO CITY COUNCIL ACTION MINUTES

Special Meeting  
June 15, 2015

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:08 P.M.

Present: Berman, Burt, DuBois, Filseth, Holman, Kniss, Scharff, Schmid, Wolbach

Absent:

## Special Orders of the Day

1. Presentation of a Donation Check from the Palo Alto Library Foundation to the Palo Alto City Library.

## Agenda Changes, Additions and Deletions

**MOTION:** Council Member Kniss moved, seconded by Vice Mayor Schmid to hear Agenda Item Numbers 14- PUBLIC HEARING AND PROPOSITION 218 HEARING: Adoption of Budget Amendment Ordinance for Fiscal Year 2016... and 15- PUBLIC HEARING AND PROPOSITION 218 HEARING: Staff Recommendation That the City Council Adopt a Resolution Amending Rate Schedules... before Agenda Item Number 13- Discussion and Direction to Staff Regarding Establishment of an Office/R&D...

**MOTION PASSED:** 9-0

## Consent Calendar

**MOTION:** Vice Mayor Schmid moved, seconded by Council Member Wolbach to approve Agenda Item Numbers 2-12A.

2. Approve and Authorize the City Manager or Designee to Execute the Following Energy Efficiency Evaluation Support Contracts in a Combined Not to Exceed Amount of \$250,000 per Year for a Three-

# ACTION MINUTES

Year Term With an Option to Extend Either or Both Contracts for an Additional Two Years: (A) TRC Engineers, Inc. in an Amount Not to Exceed \$210,000 per Year; and (B) Energy & Resource Solutions, Inc. in an Amount Not to Exceed \$40,000 per Year.

3. Approval of Contract No. C15158881 for \$270,000 With Palo Alto Housing Corporation for Provision of Below Market Rate (BMR) Administration Services Over a Two Year Period.
4. Approval of Amendment No. 2 to Contract No. C09124501 With GreenWaste of Palo Alto That Would Increase Zero Waste Services, Increase Efficiencies, Increase the Annual Costs by Approximately \$1,366,000 in FY2016, to Support Composting and Anaerobic Digestion Programs; and Extend the Contract Term for an Additional Four Years to End June 30, 2021; Adoption of Resolution 9517 Entitled, "Resolution of the Council of the City of Palo Alto to Revise Utility Rules and Regulations No. 2, 3, 11 and 24 to Reflect New Zero Waste Service Changes."
5. Approval of a \$9,500 Grant From Silicon Valley Creates, a \$9,600 Grant From the National Endowment for the Arts, a \$45,000 Contribution From the Friends of Palo Alto Children's Theatre and Adoption of a Related Budget Amendment Ordinance 5328 Entitled, "Budget Amendment Ordinance of the Council of the City of Palo Alto to the General Fund in the Amount of \$64,100."
6. Approval of a Contract With Graham Contractors, Inc. in the Amount of \$1,311,073 for The FY 2016 Preventive Maintenance Project, the First of Four Contracts in the FY 2016 Street Maintenance Program Project (CIP PE-86070).
7. Approval of a Three-Year Contract With an Option of Two, One-year Extensions With American Guard Services, Inc. in the Amount Not to Exceed \$321,215 Per Year for the First Two Years, and \$328,624 for the Third Year and Authorization for Additional But Unforeseen Work Not to Exceed \$32,121 Per Year for the First Two Years and \$32,862 for the Third Year.
8. Confirmation of Appointment of Edward Shikada as Assistant City Manager and Approval of Employment Agreement.

# ACTION MINUTES

9. Resolution 9518 Entitled, "Resolution of the Council of the City of Palo Alto Authorizing Public Works Department to Submit a Function Classification Request to Caltrans to Formally Add the Streets Reclassified as Part of the 1998 Comprehensive Plan to the Caltrans System Map."
10. Approval of Contract Amendment No. 1 to Contract No. S14152995 in the Amount of \$14,949 With Balance Hydrologics, Inc. for the Design and Implementation of an Enhanced Flood Warning System for the San Francisquito Creek Watershed.
11. Adoption of Fiscal Year 2016 Investment Policy.
12. Resolution 9519 Entitled, "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Water Utility Financial Plan and Amending the Water Utility Reserve Management Practices;" 2) Resolution 9520 Entitled, "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Wastewater Collection Utility Financial Plan and Amending the Wastewater Collection Utility Reserve Management Practices;" 3) Resolution 9521 Entitled, "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Electric Utility Financial Plan and Amending the Electric Utility Reserve Management Practices;" and 4) Resolution 9522 Entitled, "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Gas Utility Financial Plan and Amending the Gas Utility Reserve Management Practices."
- 12A. Approval of a Three-year Contract With Municipal Resource Group (MRG) for Council Appointed Officers Evaluations for an Amount Not to Exceed \$123,000.

**MOTION PASSED:** 9-0

## Action Items

14. PUBLIC HEARING AND PROPOSITION 218 HEARING: Budget Amendment Ordinance 5329 Entitled, "Budget Amendment Ordinance of the Council of the City of Palo Alto for Fiscal Year 2016, Including Adoption of Operating and Capital Budgets and Municipal Fee Schedule;" Five Resolutions, Including: 1) Resolution 9523 Entitled, "Resolution of the Council of the City of Palo Alto Adopting a Dark Fiber Rate Increase of 2.7 Percent and Amending Utility Rate Schedules

# ACTION MINUTES

EDF-1 and EDF-2;" 2) Resolution 9524 Entitled, "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain Rates by 2.7 Percent Per Month Per Equivalent Residential Unit for Fiscal Year 2016;" 3) Resolution 9525 Entitled, "Resolution of the Council of the City of Palo Alto Adopting a Wastewater Collection Fee Increase of 9.0 Percent and Amending Utility Rate Schedules S-1, S-2, S-6, and S-7;" 4) Resolution 9526 Entitled, "Resolution of the Council of the City of Palo Alto Adopting Residential Refuse Rate Increases Ranging Between 9.0 Percent and 19.0 Percent, and Amending Utility Rules and Regulations 2, 3, 11, and 24;" 5) Resolution 9527 Entitled, "Resolution of the Council of the City of Palo Alto Amending the Salary Schedule Attached to the 2014-2016 Compensation Plan for Management and Professional Employees, as Amended by Resolution No. 9053 to Add One New Position and Change the Title of Two Positions; Amending the 2013-15 Memorandum of Agreement Service Employees International Union (SEIU), Adopted by Resolution No. 9398 to add One Position and Correct the Salary of One Position; and Amending the Terms for the Utility Management Professional Association, as Amended by Resolution Nos. 9492 & 9503 to Correct the Salary for One Position and Add Two New Positions; and Refer to the Finance Committee a Discussion of Changes to the Public Art Ordinance to Simplify the Calculation of the Public Art Fee and a Discussion of Usage and Replacement of Pool Vehicles (Continued From June 8, 2015)."

Public Hearing continued from June 8, 2015.

Public Hearing closed at 5:31 P.M.

Council Member DuBois advised he would not be participating in the budget as it related to Stanford University because his wife is employed by Stanford University.

**MOTION:** Vice Mayor Schmid moved, seconded by Council Member Kniss to approve the Finance Committee and Staff recommendation that the City Council adopt the portions of the Police and Fire Department Budgets and CIP relating to Stanford University for the Fiscal Year 2016 and related Ordinance and Resolution portions.

**MOTION PASSED:** 8-0 DuBois not participating

# ACTION MINUTES

**MOTION:** Council Member DuBois moved, seconded by Council Member XX to remove fees for Single Story Overlay applications from the budget.

**MOTION RESTATED:** Council Member DuBois moved, seconded by Council Member Kniss that there will be no planned revenues from Single-Story Overlay applications included in the Fiscal Year 2016 Budget.

## **MOTION WITHDRAWN BY THE MAKER**

**MOTION:** Council Member Scharff moved, seconded by Council Member Berman to approve the budget including \$50,000 for Automated External Defibrillators (AED), and amendments as discussed:

- A. Budget Amendment Ordinance which includes:
  - 1. City Manager's Fiscal Year 2016 Proposed Operating and Capital Budget; and
  - 2. Amendments to the City Manager's Fiscal Year 2016 Proposed Operating and Capital Budget; and
  - 3. Revised City Table of Organization; and
  - 4. Fiscal Year 2016 Proposed Municipal Fee Changes; and
- B. Resolution Adopting a Dark Fiber Rate Increase of 2.7 Percent and Amending Utility Rate Schedules EDF-1 and EDF-2; and
- C. Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain Rates by 2.7 Percent Per Month Per Equivalent Residential Unit for Fiscal Year 2015; and
- D. Resolution Adopting a Wastewater Collection Rate Increase of 9.0 Percent and Amending Utility Rate Schedules S-1, S-2, S-6 and S-7; and
- E. Resolution Adopting a Refuse Rate Increase of 9.0 Percent and Amending Utility Rate Schedule R-1; and
- F. Resolution Amending Salary Schedules for the Management, Professional, and Confidential Unit, the Utilities Managers of Palo Alto

# ACTION MINUTES

Professional Association, and the Service Employees International Union:

- G. Refer to the Finance Committee a discussion of changes to the Public Art Ordinance to simplify the calculation of the Public Art Fee and a discussion of usage and replacement of pool vehicles.

**MOTION PASSED:** 9-0

**MOTION:** Council Member Kniss moved, seconded by Council Member DuBois to:

- A. Refer to the Finance Committee consideration of stronger encroachment fees for construction that impact portions or all of a city street or sidewalk; and
- B. Keep the Code Enforcement-Lead position in the Fiscal Year 2016 Budget; and
- C. Direct Staff and the Finance Committee to return in six months with an update on the Animal Shelter; and
- D. Direct Staff to investigate increasing Business Registry participation up to and including increasing late fees; and
- E. Include an additional \$80,000 for Project Safety Net.

**MOTION PASSED:** 9-0

- 15. PUBLIC HEARING AND PROPOSITION 218 HEARING: Resolution 9528 Entitled, "Resolution of the Council of the City of Palo Alto Amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service from Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master-Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service) to Increase Average Water Rates by 8 Percent (Continued From June 8, 2015)."

Public Hearing continued from June 8, 2015.

Public Hearing closed at 6:33 P.M.

# ACTION MINUTES

**MOTION:** Vice Mayor Schmid moved, seconded by Council Member Wolbach to approve Staff recommendation to adopt Water rates.

**MOTION PASSED:** 9-0

13. Discussion and Direction to Staff Regarding Establishment of an Office/R&D Annual Growth Limit Applicable to Downtown, the California Avenue Area, and the El Camino Corridor on an Interim Basis (Continued From June 1, 2015).

Council Member DuBois advised he would not be participating in this Agenda Item as his wife is employed by Stanford University and the exclusion of Stanford Research Park could provide a benefit to Stanford University.

**MOTION:** Council Member Scharff moved, seconded by Council Member Wolbach to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries, and the Development Cap will not apply to any area in which the City has adopted at time of development a Coordinated Area Plan, Specific Plan, Master Plan or Precise Plan.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to replace in the Motion, "Specific Plan, Master Plan or Precise Plan" with "or Specific Plan."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "with the exception of the South of Forest Area Coordinated Area Plan, Phase Two (SOFAII) and Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap."

**AMENDMENT:** Mayor Holman moved, seconded by Council Member Burt to remove from the Motion "Specific Plan."

**AMENDMENT RESTATED** to remove from the Motion, "Coordinated Area Plan or Specific Plan."

**AMENDMENT AS AMENDED FAILED:** 4-4 Burt, Filseth, Holman, Schmid yes, DuBois not participating

**MOTION AS AMENDED FAILED:** 4-4 Berman, Kniss, Scharff, Wolbach yes, DuBois not participating

# ACTION MINUTES

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss that projects generating less than 2,000 square feet of net new office space will be exempt from the Development Cap.

**MOTION PASSED:** 8-0 DuBois not participating

**MOTION:** Council Member Kniss moved, seconded by Council Member Scharff to apply the Development Cap to these Land Uses defined in Municipal Code Section 18.04.030: Research & Development, Administrative Office Services, General Business Office, Medical Office and Professional Office.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to remove from the Motion, "Medical Office."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "Medical Office over 5,000 square feet" after "General Business Office."

**MOTION AS AMENDED PASSED:** 8-0 DuBois not participating

**MOTION:** Council Member Wolbach moved, seconded by Council Member Berman to exempt from the Development Cap, self-mitigating projects; projects providing sufficient rental housing such that the job/housing balance would improve, and which would also provide substantial Transportation Demand Management plans (individually or in cooperation with others).

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "to improve the current parking and traffic impacts."

**MOTION AS AMENDED PASSED:** 6-2 Filseth, Schmid no, DuBois not participating

**MOTION:** Council Member Kniss moved, seconded by Council Member Scharff to:

- A. Establish a procedure by which applications are accepted and processed as they are currently; and



# ACTION MINUTES

- B. Except that, no applications received after July 1 or the effective date of the Ordinance would be approved until after March 31 of the following year; and
- C. At that point, if the square footage proposed by all applications combined would exceed the annual limit, completed applications that have been recommended for approval by an appropriate advisory body such as the Architectural Review Board would be ranked based on scoring criteria and provided to the City Council for evaluation and action; and
- D. If the square footage proposed by all applications combined would not exceed the annual limit, the completed applications that have been recommended for approval would be acted upon using the usual process.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to remove from the Motion Part B, "such as the Architectural Review Board."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion Part B, "or the effective date of the Ordinance" after "July 1."

**AMENDMENT:** Vice Mayor Schmid moved, seconded by Council Member XX to add to the Motion Part C, " give preference to projects that have a jobs/housing ratio of 2.3:1 or less" after "at that point."

**AMENDMENT FAILED DUE TO THE LACK OF A SECOND**

**MOTION AS AMENDED PASSED:** 7-1 Schmid no, DuBois not participating

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss to evaluate applications subject to the annual limit using the following criteria:

- A. Their intensity of use; and
- B. Their ability to avoid or address potential impacts on traffic and parking; and

# ACTION MINUTES

- C. The quality of their design, including their attention to human scale where the building(s) meet the street, their compatibility with surroundings, and their overall architectural quality; and
- D. Their environmental quality; and
- E. The monetary and/or non-monetary value of public benefits offered.

**INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "Mixed use projects including substantial housing."

**INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "Mixed use projects including retail."

**INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER** to replace in the Motion Part A, "their intensity of use" with "intensity of use in the context of underlying zoning and its surroundings."

**INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER** to replace in the Motion Part A, "intensity of use" with "density of development."

**INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios."

**MOTION AS AMENDED PASSED:** 8-0 DuBois not participating

**MOTION:** Council Member Scharff moved, seconded by Council Member Berman to exempt projects in the pipeline since 2013 or 2014 from the Development Cap.

**AMENDMENT:** Council Member Burt moved, seconded by Council Member XX to add to the Motion, "which the application is complete" after "or 2014."

**AMENDMENT FAILED DUE TO THE LACK OF A SECOND**

# ACTION MINUTES

**SUBSTITUTE MOTION:** Mayor Holman moved, seconded by Council Member Filseth to exempt projects in the pipeline that received project approval by July 1, 2015 or the effective date of the Ordinance.

**AMENDMENT TO THE SUBSTITUTE MOTION:** Council Member Scharff moved, seconded by Council Member Berman to replace in the Substitute Motion, "received project approval" with "were submitted in 2013 or 2014 and complete."

**INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to replace in the Substitute Motion, "received project approval by July 1, 2015 or the effective date of the Ordinance" with "applied for in 2013 or 2014, which the applications were complete March 31, 2015, from the Development Cap; and for projects with applications complete June 15, 2015."

**INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Substitute Motion, "as one of the criteria considered as part of the 50,000 square foot Development Cap" after "June 15, 2015."

**SUBSTITUTE MOTION AS AMENDED AMENDMENT PASSED:** 7-1  
Schmid no, DuBois not participating

**MOTION:** Mayor Holman moved, seconded by Vice Mayor Schmid to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff.

**MOTION FAILED:** 4-4 Berman, Kniss, Scharff, Wolbach no, DuBois not participating.

**MOTION:** Council Member Wolbach moved, seconded by Council Member Scharff to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff and; the Development Cap will not apply to Office Space approved as part of a Coordinated Area Plan or Specific Plan, with the exception of the South of Forest Area Coordinated Area Plan, Phase Two (SOFAII) and Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap.

**MOTION FAILED:** 4-4 Burt, Filseth, Holman, Schmid no, DuBois not participating

# ACTION MINUTES

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss to continue this Agenda Item to a date uncertain.

**SUBSTITUTE MOTION:** Council Member Filseth moved, seconded by Council Member Wolbach to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff; and the Development Cap will not apply to Office Space approved as part of a Coordinated Area Plan or Specific Plan, with the exception of SOFAII. Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap; and any coordinated area plan which allows net new square footage of Office/R&D Space, the 50,000 square foot Development Cap will be reduced by that amount.

**AMENDMENT TO THE SUBSTITUTE MOTION:** Council Member Wolbach moved, seconded by Council Member XX to add to the Substitute Motion, "half of" after "reduced by."

**AMENDMENT TO THE SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND**

**AMENDMENT TO THE SUBSTITUTE MOTION:** Council Member Filseth moved, seconded by Council Member XX to adjust to compensate for timeframes involved.

**AMENDMENT TO THE SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND**

**SUBSTITUTE MOTION FAILED:** 4-4 Berman, Scharff, Holman, Kniss no, DuBois not participating

**SUBSTITUTE MOTION:** Mayor Holman moved, seconded by Council Member Kniss to refer the Office/R&D Cap boundaries to the Planning and Transportation Commission.

**SUBSTITUTE MOTION PASSED:** 5-3 Berman, Scharff, Filseth no, DuBois not participating

16. PUBLIC HEARING: Adoption of an Ordinance 5330 Entitled, "Ordinance of the Council of the City of Palo Alto Extending for 22 Months and 15 Days Urgency Interim Ordinance 5325, Placing a Temporary Moratorium on the Conversion of Ground Floor Retail and

# ACTION MINUTES

"Retail Like" Uses to Other Uses Citywide; Exempt from the California Environmental Quality Act Under Section 15061 and 15308."

**MOTION:** Council Member Kniss moved, seconded by Council Member Scharff to adopt an Ordinance extending the Urgency Interim Ordinance placing a moratorium on the conversion of ground floor retail and retail-like uses to other uses citywide.

Public Hearing opened and closed without public comment at: 10:33 P.M.

**MOTION PASSED:** 9-0

17. PUBLIC HEARING: Approval of a Mitigated Negative Declaration and a Site & Design Review and Design Enhancement Exception Application for a Three Story Mixed-Use Building on a 27,000 Square Foot Site Zoned Service Commercial (CS) At 441 Page Mill Road. The Project Has Been Revised to Contain 19,093 Square Feet of Commercial Space, 91 Off-Street Parking Spaces, and 16 Apartment Units, Including Five Below Market Rate Units, and Includes a Request for Three "Off Menu" Concessions Under Palo Alto Municipal Code Section 18.15 and the State Density Bonus Law and Based on a Revised Economic Analysis Environmental Assessment: A Mitigated Negative Declaration was Prepared.

Public Hearing opened at 10:46 P.M.

Public Hearing closed at 11:26 P.M.

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss to approve:

- A. The Mitigated Negative Declaration (MND) and Addendum; and
- B. The Mitigation Monitoring and Reporting Plan (MMRP); and
- C. The revised Site and Design Review application; and
- D. The two Design Enhancement Exceptions (DEEs); and
- E. The three density bonus concessions for the revised project at 441 Page Mill Road, based on Architectural Review (AR), Design

# ACTION MINUTES

Enhancement Exception (DEE), Context Based Design Criteria and Density Bonus Findings, and subject to the conditions in the draft Record of Land Use Action.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "the following change(s) to the Revised Draft Record of Land Use, Section 8. Conditions of Approval: Number 6, sentence three, replace "City may also" with "City shall also." New Part F

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion Part F, "Number 7, sentences one and two change 'three units' to 'five units.'"

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion Part F, "Number 11, last sentence change 'but normally mitigated' to 'but shall be mitigated.'"

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion Part F, "Number 26, add at the end 'All trees proposed on the plans shall be maintained for the life of the project.'"

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "Below Market Rate units will remain below market rate units for 50 years."

**MOTION AS AMENDED PASSED:** 5-4 DuBois, Filseth, Holman, Schmid no

Adjournment: The meeting was adjourned at 12:59 P.M.