



CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Regular Meeting
February 13, 2017

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:09 P.M.

Present: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Absent:

Special Orders of the Day

Mayor Scharff: The first thing we have on the Agenda is some Special Orders of the Day. We have one public speaker, Fred Balin. You'll have 3 minutes.

Fred Balin: This relates to Item Number 4 about Dr. Clarence Jones. Council Members, Dr. Jones, your family, honored friends and colleagues, thank you in advance for this indulgence. Nine years ago, Dr. Jones spoke from this dais to an overflow crowd at the dedication of King Plaza. "By honoring Dr. and Mrs. King, you honor yourselves," he graciously said. The concept to rename a Palo Alto public site in honor of Dr. Martin Luther King and Coretta Scott King came from Council Members Peter Drekmeier and LaDoris Cordell the year before. City Hall Plaza became the obvious, appropriate, and meaningful place. You may be surprised that neither in public discourse nor Council vote was their consensus. The motion passed 5-3 with one no-show. The dedication ceremonies helped change minds. Eight months later, after an unfortunate comment by the Police Chief sparked a sizable protest march beginning in East Palo Alto and culminating in a rally outside this building, the Kings' commemorative plaque situated a few feet away from Mayor Larry Klein, standing on a ledge in the midst of a large crowd with no microphone, provided, I believe, the needed oomph and sincerity as he said with conviction, "There will be no racial profiling in Palo Alto." Annual commemorations of the Kings continued inside City Hall for several years before petering out. In the summer of 2013, Dr. Jones, the subject of an excellent cover piece in *The Weekly* by Sue Dremann, had at least a hand and word in another remarkable event on this block, the commemoration of the 50th anniversary of the March on Washington. The event, sponsored by the City and funded by Jim Baer, saw Hamilton Avenue

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closed to traffic, viewing stands erected, speakers and performers on King Plaza, all culminating with a big-screen viewing of Dr. King's most famous speech, which brings me to a request for a different big screen reprise. In April 1967, Dr. King spoke at Stanford's Memorial Auditorium. It was a difficult time. Largely condemned by the press for opposing the Vietnam War, poverty program funding sapped, the FBI trying to destroy him, nonviolence losing ground to darker forces, King's speech *The Other America*, the America of poverty, unemployment, substandard housing and despair, in front of a packed house was filmed. On its 40th anniversary, LaDoris Cordell and the Aurora Foundation at Stanford played it. I can't adequately describe the feeling of sitting in the same Memorial Auditorium where students and faculty sat and stood in 1967, watching and hearing Dr. King speak, calm, eloquent and without notes, now on film and via the big screen. You could find it on the web, but I hope that others will have the experience as I and that it will be played again on the 50th anniversary in mid-April and in Memorial Auditorium. Thank you immeasurably to Dr. Jones and all those who keep the Kings' work and mission alive and relevant to the present.

Mayor Scharff: Thank you.

1. Fire Safety Month Poster Award Recognition to Palo Alto Unified School District Students for Excellence in Design, Art and Messaging (Continued From January 9, 2017).

Mayor Scharff: Now, we'll move onto the Fire Safety Month Poster Awards recognition to Palo Alto Unified School District students for excellence in design, art, and messaging.

Eric Nickel, Fire Chief: Good evening, Mayor Scharff and Honorable Council Members. I'm Eric Nickel; I'm your Fire Chief. I'm excited to introduce a group of extraordinary youth fire prevention leaders. As you walk through the hallway to the front lobby, I hope you had an opportunity to see the fire safety artwork created by the amazing artists I'm going to present to you this evening. This group of young artists and their parents are a demographic we typically don't see here in Council Chambers. These young community members, though, are an important part of the Fire Department's community risk reduction program. As you may know, October was fire prevention month, and it was established to commemorate the Great Chicago Fire of 1871 that killed more than 250 people and left 100,000 homeless. This year, the Palo Alto Fire Department sponsored a series of events including open houses, a City employee safety day, and of course our annual youth poster safety contest. This year's theme was Don't Wait, Check the Date, Replace Smoke Alarms Every Ten Years. The advance

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in smoke alarm and battery technology has allowed new alarms to last up to 10 years, except in the Vice Mayor's home. Those are two that we've taken care of. Smoke alarms save lives. Having a working smoke alarm cuts the chances of dying in a house fire in half. The United States Fire Administration has identified two high risk groups that we have here in this community—this is nationwide—those that are under the age of 13 and those that are over the age of 65. Unfortunately, these two high-risk groups account for almost 50 percent of all fire fatalities nationwide. The goal with our poster contest is to partner with the Palo Alto Unified School District in creating an atmosphere where students can both learn about fire safety and then take these messages home to teach. We have lots of great stories where the children are teaching their families about fire safety. The 114 men and women of the Palo Alto Fire Department are committed to education to reduce the community's risk from fire, especially in the high-risk youth and elderly groups. This program is bookended on the home safety visit program that City Manager James Keene shared with you 2 weeks ago. The home safety visit is focused and dedicated to our older community members seeking to maintain independence and safety. I would now like to introduce a couple of our team members, first apparatus operator Tammy Jasso, to tell you some more about the successful, artist-inspired, youth-led risk reduction program.

Tamara Jasso, Palo Alto Fire Department: Thank you very much for having us here. This is the second year we've done this in front of City Council, but we have been doing the poster contest for a couple of decades now. I've had the honor of being the coordinator for 11 years now. It's something that, I feel, is very important, and it's why I've continued to do it. I enjoy going out to the schools. We used to do the awards presentation in the classrooms, and it's really nice for the kids to be able to come here and get even greater recognition for their efforts. Every year they turn in some amazing artwork. It's really tough to pick winners from that group, but every year we do. It's usually myself and a group of other firefighters that get to try to do the tough job of picking the winners. Every year we get a lot of participation from all the students in the School District. It's been a great program and a great experience.

Mr. Nickel: I'd like to invite the Mayor to come down and help me hand out the awards and the certificates.

Ms. Jasso: We're going to start with the first graders. For second place in first grade, from Escondido Roman Woolfolk [phonetic]. University Arts has sponsored us for several years, and they provide gift certificates as prizes. First place gets a \$25 gift certificate; second place gets a \$15 gift certificate; and third place gets a \$10 gift certificate. For first place in the first grade

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from Nixon, Teyun Lee [phonetic]. Third place for second grade, Anja Covert [phonetic]. Second place for second grade, from Hoover Tenae Agarwal [phonetic]. First place for second grade, Victor Peng [phonetic]. Third place for third grade, Olivia Su [phonetic]. Second place for third grade, Zoya Raza [phonetic]. First place for third grade, Jeffery Fan [phonetic]. Olivia Su, third place third grade. First place for fourth grade, Seyona Dingra [phonetic]. Second place for fifth grade—hold on. Third place for fifth grade, Nishi Goyo [phonetic]. Second place for fifth grade, Royce Lee. Last but not least, first place for fifth grade, Michelle Kou.

Vice Mayor Kniss: Mr. Mayor, could you wait a minute? The City Clerk's Office has just announced that all the children who won tonight are going to get a City pin. Tell them not to leave until they're able to fasten it on. All of you who won tonight come on up here, and you'll get a City pin that the City Clerk will pin on you to take home. Thanks.

Mr. Nickel: Thank you, Vice Mayor. Thank you, Council.

At this time Council heard Agenda Item Numbers 3 and 4.

3. Proclamation of the Council of the City of Palo Alto Honoring Pastor Paul Bains.

Mayor Scharff: Now, Pastor Bains, welcome. We have a Proclamation for you. Council Member Holman is going to read the Proclamation. If you'd like to say a few words afterward, that would be great.

Council Member Holman: It's my honor to read this. I've known Pastor Bains for a while now and really wanted to read this. She read the Proclamation into the record. Congratulations and thank you.

Pastor Paul Bains: Thank you. I was told to show up here by my Executive Assistant, Nakia, over there. My wife, though, is co-founder of Project We Hope, and I want her to stand with me. Believe it or not, this Pentecostal preacher is a little speechless right now, which is a rare find. Mayor, Vice Mayor, City Council, Clerks, the Staff, we like to say that none of us is as strong as all of us. We could not do what we do if it wasn't for people in this room. That's Chief Burns, Chief Watson, Chief Ericson and the Police Department and the various other departments. Many hands make work light. It takes those many hands to make a difference in people's lives and the trajectory that they're on. Thank you for this honor. I don't know if my wife wanted to say anything. She doesn't want to say anything. Thank you, and let's continue to serve the less fortunate, the marginalized of our region, particularly here in Palo Alto.

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Mayor Scharff: Don't go anywhere yet, because I have to give you the Proclamation.

Mr. Bains: This is my first time receiving something like this here, so I don't know the protocol. Forgive me. Thank you for allowing us to serve.

4. Proclamation of the Council of the City of Palo Alto Honoring Clarence B. Jones.

Mayor Scharff: Now, I've asked Vice Mayor Kniss to read the Proclamation honoring Clarence Jones. Is Clarence Jones—come on up to the podium.

Vice Mayor Kniss: It'll be my great honor to read this to you, Clarence. Come right up; stand right where Paul stood. It's wonderful to have you here this evening. Thank you so much for being here. This is a Proclamation honoring Clarence B. Jones. She read the Proclamation into the record.

Clarence B. Jones: Thank you so much. I never forget that I am the providential, gratuitous beneficiary of having a relationship with perhaps the most extraordinary person in the 20th century. I just last month celebrated my 86th birthday. Dr. King's birthday was always 1 week later on the 15th. When I teach and I speak around the country, I try to give persons a summary description that they can take away about this extraordinary person. He was in the pantheon of the history of our country. I tell them this, and I tell you this. Hopefully you will remember. In 12 years and 4 months, from 1956 until April 4th, 1968, the date of his assassination in Memphis, Tennessee, with the exception of the presidency of Abraham Lincoln and the Emancipation Proclamation of 1863, Martin Luther King Jr. may have done more to achieve social, racial, political justice and equality than any other person or event in the previous 400-year history of the United States of America. Thank you very much.

Mayor Scharff: Thank you.

Mr. Jones: If I can just say one other—I'm glad to see you here because when the election was coming up, I kept getting all of these mailings with your pictures on it. I now am glad to see what you look like in person. Council Member Fine, I was especially delighted to be with the (inaudible) you made to see me yesterday at the Temple Beth Am rally refugee run. I was glad to hear you speak. I listened to you very carefully about your parents coming from Lithuania, I think I remember. Is that correct? I'm proud to have been there along with several hundreds if not a thousand people there yesterday. I am especially proud to see you there and to know

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that you're a member of the Council. I guess they did say it yesterday, but it didn't sink in. Thank you.

Mayor Scharff: I'm honored to give you this Proclamation.

Mr. Jones: Thank you. I'm honored to accept it, sir. By the way, Pastor Bains, who (inaudible) 2005 and 2006. He has been one of the persons that I've come to admire. A lot of people—as you know, I'm just speaking (inaudible) truth. A lot of people talk the talk, but there are not too many people that walk the walk. (inaudible) I'm very honored to receive a Proclamation at the same time (inaudible). Martin Luther King, I can tell you personally, would be so proud of the work that you've (inaudible). Thank you, Mr. Mayor, and thank you, members of the City Council. This means a great deal to me.

At this time Council heard Agenda Item Number 2.

2. American Construction Inspectors Association (ACIA) Presentation of the 2016 Industry Leadership of the Year Award.

Mayor Scharff: Now, we're going to move on to our Study Session. Did you collect the ...

Beth Minor, City Clerk: (inaudible) Item Number 2.

Mayor Scharff: Item Number 2, I forgot Item Number 2. I apologize. We're going to call Item Number 2, which is the American Construction Inspectors Association presentation of the 2016 Industry Leadership of the Year Award.

Peter Pirnejad, Development Services Director: Thank you, Council Member. Mayor, thank you. It's hard to follow an act like that, children, honoraria's. Our small, little piece of the presentations tonight is a humbling offering to the Council tonight. Peter Pirnejad, your Development Services Director, here. With me today are a few of your dedicated staff people. George Hoyt, your Chief Building Official—I would ask them to stand up—Bud Starmer, our Building Inspection Supervisor, and Rob Dunbar, our Building Inspection Specialist, and some of the other fine inspectors we have working out in the field. You guys stand up too. Let's give them a round of applause if you don't mind. It's an honor to share a bit of good news with you today, not as good as the news that you received in these last three presentations. As you may know, the Development Services Department is committed to enforcing all aspects of the construction codes while ensuring the process is efficient, effective, predictable, and transparent. In our continuing efforts to be leaders in the area of progressive Building Codes, we also seek to ensure today's complex buildings are built to comply with all aspects of the Building

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and other regulatory Codes. We do this by employing the most skilled and credentialed inspectors that must be vigilant in keeping their current status and their current certifications. We currently are one of only nine cities out of 14,000 rated agencies in the country that hold an ISO Class 1 credential. In California, we're one of four out of 297 agencies that have been rated by this organization. That award demonstrates the City's maintenance of the highest standards of structural safety, and it also provides a benefit for insurance holders of property owners in Palo Alto. Today, we are proud to bring another award that recognizes the outstanding leadership of your inspectors that have demonstrated leadership in the industry of inspection. I'm pleased to introduce Melvin Weidner, President of the American Construction Inspector's Association. The ACIA, established in 1954, is an organization of skilled and knowledgeable construction professionals. Mel will have a couple of words to say about an honor that we're here to share with you.

Melvin Weidner, FACIA RCI, American Construction Inspector's Association National President: Honorable Mayor, Council Members, I too am a bit stammered for words, and I normally am not. You've put me behind a national hero, a local hero, and a bunch of children. Thank you very much. The American Construction Inspector's Association is 60 years old. In the mid-70s, then Governor Ronald Reagan asked us to take over the licensing division, and that's the registered construction inspectors. We're an organization of architects, engineers, inspectors all throughout the state, construction managers all throughout the nation. Your City was nominated for an award. I'm the national president, so I started digging through and saying, "When has a city ever been nominated? I haven't seen this before." I'm a two-time president, been on multiple boards, been a local chapter president for 7 years, been on this board for 5 years. I asked our executive director to look into this for me. We could not find that it was ever done. Then I said, "Who nominated this city? Throw this back at me, let me do some digging." What I found out is that no one on your Staff, no one in your department, no one that lives in this City, no one that currently works here or has a job here nominated you. That really got my interest to find out why. I went through about seven pages of reasons and nominations, and you were nominated by a chief building official that does not work in this City and would like to remain nameless so that he can keep his job in another city for not nominating himself. I started developing and going through and asking why did they earn this. I found out that through your leadership, this City's leadership, you employ forward planning, advanced thinking, a proactive, a teamwork approach. That's the class I teach. I was told that if I came over here and networked with some of your inspectors, they would teach me. I got introduced to a few of your inspectors and got involved in no projects or anything else, just networking and found out that

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what you have in your Development Services Department, your Building Department, is infectious. I've never seen it before, never. I took the information back and the nomination and everything that was available to me, presented it back to the board, and the board unanimously picked the City of Palo Alto. There are no employees here. There's nobody here involved in projects. None of us are currently gaining or have previously, other than one that was here years ago, collecting employment from you. I would like to present the City of Palo Alto the Industry of the Year Award. By the way, you're the first city in 60 years that has gotten this. One municipality has gotten it before. This is quite remarkable. I'd like to say thank you because you have built a team that is second to none. I'm not sure that everyone here knows it.

Mayor Scharff: Thank you so much. We really appreciate it. Obviously, thank you to all of you in the Building Department. We're really proud of you.

Mr. Weidner: While investigating this and everything else, the Building Department most of the time is a thankless job because you have to enforce things. While doing so, it doesn't make everyone happy because sometimes a homeowner, a jurisdiction, a builder, a contractor has got to spend a few dollars to do things right. That's paramount because your safety should be their biggest concern, and it is. I'd like to present the leader of that department, who has allowed us the ability to communicate, to talk his forward thinking. I'd like to present George Hoyt. This is what it says for George: . for your teamwork, advanced planning, proactive approach to improve the building and inspection industry not only for your City but for statewide. I'll tell you real quick how he does that. His other two employees, working for him, I'd like to come up here. I'll keep talking while they come so I can get out of here because you're going to follow this up with kids, and I'm going to look like ... Robert Dunbar and Bud Starmer. What your department does, what your City does to improve the inspection and construction industry, you've produced books. You've produced inspection manuals. You've produced guidelines. You share those freely. Normally in the inspection industry, when you produce something like that, you kind of tuck it away. I've seen it. I don't do it. You tuck it away in your shirt, and you hold it back because you think you have the information that no one else has, that it makes you better. Your City doesn't feel that way. They try and make the industry better. These two gentlemen need to be recognized for it, Robert Dunbar and Bud Starmer. Thank you, gentlemen.

5. Appointment of Three Candidates to the Historic Resources Board (HRB) and Four Candidates to the Parks & Recreation Commission (PRC) for Terms Ending December 15, 2019; and Appointment of one

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Candidate to the PRC and one Candidate to the Planning & Transportation (PTC) Commission to two Unexpired Terms Ending December 15, 2018.

Mayor Scharff: Do we have any results on the voting?

Beth Minor, City Clerk: Yes, we do, Mayor. For the Historic Resources Board, rather than reading out what everybody voted for, David Bower, Beth Bunnenberg and Brandon Corey all received nine votes. They have now been appointed to the Historic Resources Board. I'm going to skip over to the Planning and Transportation Commission. Susan Monk has the appointment with seven. Going to the Parks and Rec Commission. We have Keith Reckdahl getting seven votes, Ryan McCauley with six votes, and Jeff LaMere with six votes. We have a tie on the last position. We'll have to do a second round for the final position on the Parks and Rec Commission.

First Round of voting for three positions on the Historic Resources Board with terms ending December 15, 2019:

Voting For David Bower: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For Beth Bunnenberg: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For Brandon Corey: DuBois, Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Voting For Pat DiCicco:

First Round of voting for one position on the Planning and Transportation Commission with a term ending December 15, 2018:

Voting For Dexter Dawes:

Voting For Claude Ezran:

Voting For Brian Hamachek:

Voting For David Hirsch:

Voting For Natasha Kachenko:

Voting For Gabriel Kralik:

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Voting For Susan Monk: DuBois, Filseth, Fine, Kniss, Scharff, Tanaka, Wolbach

Voting For Christian Pease: Kou

Voting For Jessica Resmini:

Voting For Reshma Singh:

Voting For Curtis Smolar:

Voting For Greer Stone: Holman

First Round of voting for four positions on the Parks and Recreation Commission with terms ending December 15, 2019:

Voting For Grant Dasher:

Voting For Rebecca Eisenberg:

Voting For Jeff Greenfield: DuBois, Filseth, Holman, Kou, Scharff

Voting For Doug Hagan: Fine, Tanaka, Wolbach

Voting For Jeff LaMere: DuBois, Filseth, Fine, Kniss, Scharff, Tanaka

Voting For Steven Lee:

Voting For Alice Mansell: Wolbach

Voting For Ryan McCauley: DuBois, Filseth, Fine, Holman, Kou, Tanaka

Voting For Don McDougall: Fine, Kniss, Scharff, Tanaka, Wolbach

Voting For Keith Reckdahl: DuBois, Filseth, Holman, Kniss, Kou, Scharff, Wolbach

Voting For Ellen Turbow: Holman, Kniss, Kou

Mayor Scharff: If you just got appointed and you want to stand up and be acknowledged, if you're here. I see Beth. I see Susan. If you want to just stand up, we'll acknowledge you and congratulate you. Now, we'll move onto our Study Session.

[The Council took up Item Number 6 and returned to this item.]

Mayor Scharff: Do we have a new Parks and Rec Commissioner?

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Ms. Minor: We do not have a majority. We need to do another ballot.

Second Round of voting for one position on the Parks and Recreation Commission with a term ending December 15, 2019:

Voting For Jeff Greenfield: DuBois, Filseth, Holman, Kou

Voting For Don McDougall: Fine, Scharff, Tanaka, Wolbach

Voting For Ellen Turbow: Kniss

Mayor Scharff: The Clerk just reminded me. I think, Council Members, it's a little confusing to me. I thought we were voting for five as well. We're voting for four. After that, we're going to take another vote for the unexpired term. Two more people will be elected; it's just whether or not they get elected for the full term or the not full term. We're just voting for one, and then we'll do another vote after that.

[The Council completed Item 6 and City Manager Comments prior to resuming this item.]

Mayor Scharff: You have the results of our Park and Rec?

Ms. Minor: I do have the results. Don McDougall has been appointed to the Parks and Rec Commission with a term ending 12/15/2019. We just passed out the ballots for the unfinished term.

Third Round of voting for one position on the Parks and Recreation Commission with a term ending December 15, 2019:

Voting For Jeff Greenfield: DuBois, Filseth, Holman, Kou,

Voting For Don McDougall: Fine, Kniss, Scharff, Tanaka, Wolbach

Mayor Scharff: Thank you.

[The Council proceeded to Oral Communications and returned to this item following the Consent Calendar.]

Ms. Minor: Jeff Greenfield with five votes has been appointed to the unexpired term on the Parks and Rec Commission.

First Round of voting for one position on the Parks and Recreation Commission with a term ending December 15, 2018:

Voting For Jeff Greenfield: DuBois, Filseth, Holman, Kou, Scharff

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Voting For Doug Hagan: Fine, Tanaka, Wolbach

Voting For Ellen Turbow: Kniss

Mayor Scharff: Thank you.

Study Session

6. Request for a Pre-screening Study Session to Rezone the Vacant Property at 4146 El Camino Real (Near Thain Way) From Low Density Multiple-Family Residence District (RM-15) to Medium Density Multiple-Family Residence District (RM-30).

Mayor Scharff: Do we have any speakers from the public? No speakers from the public—we have one. Jeffrey Eustis, if you want to come up and speak, to be followed by Herb Borock. You'll have 3 minutes.

Jeffrey Eustis: Good evening. My name is Jeff Eustis, and I own 539 Thain Way in the Barron Square condominium complex adjacent to the proposed project. I have previously submitted written comments which, I understand, are in the Council's package. I believe that the Council and the community need additional information early in the process, and that the present application needs to be supplemented. Specifically, I believe that a visual impact study with specific reference to Barron Square is necessary. I understand visual impact studies involve taking photographs from several specific points, which are called receptor sites, and then drawing the proposed structures on the photographs. My suggestion is to select receptor sites directly in front of the Barron Square buildings, closest to the proposed structures. In addition, the applicant should provide a shadow study to address potential reduction in direct sunlight to Barron Square units and common area during all 12 months of the year. I understand that the developer is proposing a relatively massive project, almost doubling the number of permitted units and utilizing multiple three-story buildings on a small 3/4-acre parcel. To fully evaluate the compatibility of the proposal and its context, I believe further studies are necessary in order for the Council to make a recommendation. Thank you for your service and for your consideration of these comments.

Mayor Scharff: Thank you. Herb Borock to be followed by Ari Cartun.

Herb Borock: Mayor Scharff and Council Members, this process on this Study Session item is opposite of previous Study Sessions where the public speaks last after hearing the presentation from the City Staff and the Council's questions and comments. The idea of a Study Session is primarily for the Council's benefit, so the Council can comment on the proposal. By

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having the public speak after the Staff presentation, the public would have the opportunity to comment on anything that Staff says. I believe something is missing from this set of information that you have on this project, and that is comparing the proposed project that's available on the presentation you're going to see with what can actually be built under the current zoning. The current zoning, as with other residential projects, can take advantage of the State Density Bonus Law. However, if based on this Study Session, the applicant goes ahead and files an application for zone change and the Council adopts it, the applicant can then throw this project proposal in the garbage and come forward with a different application that takes advantage of the State Housing Density Bonus Law. The applicant doesn't want you to believe that, so you should believe what the applicant is giving you, which is a project that doesn't use the Housing Density Bonus Law. You should compare that to the existing zoning with the Housing Density Bonus Law. I believe you will find for the most part that the project's objectives would be met and whatever objections neighbors and others might have would be mitigated by the fact that the applicant is currently entitled to build under the zoning with the Density Bonus Law. If the applicant's intent was to fool you and give you one project to get the zone change and then come in with another project, that would be like, to paraphrase Chairman (inaudible), picking up a rock only to drop it on your own foot. Thank you.

Mayor Scharff: Thank you. Ari Cartun to be followed by Ruth Lowry [sic].

Ari Cartun: Hi, I'm Ari Cartun, 3506 Emerson. I walk around the City a lot. I use it for my primary transportation if I can; I use it for exercise. I know how long it takes to get from that particular lot to any kind of major transportation. Yes, there is a bus going up and down El Camino, but to get to the nearest train station will take the average walker about 25 minutes. I walk it. That's the one that's under the bridge over in Mountain View. All I want to say is I live next to the Alma Plaza development. I saw that go up. I saw the total lack of parking for people to come and visit people. I don't understand why the City Council even has zoning regulations if you're not going to try to figure out where people are going to actually live and how they're going to live and where they're going to put their cars and where their friends are going to put their cars when there's a party or when there's a visit or when the parents or the in-laws or whatever come over. It doesn't make any sense. To squeeze twice as many housing units into this little lot as you could possibly ever imagine under any zoning law doesn't make any sense unless we're going to stop having zoning and start building straight up with maximum density all up and down the Peninsula. That doesn't make any sense. I do know that there are exceptions granted for putting things in transportation corridors. This is not one of them. People will not take buses

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to go to work. If you think that all the 21 whatever units can fit in that little bitty space with one or two people per home who need to get somewhere, I just don't think that's going to happen. I don't have any problem with somebody making a lot of money on their property. That's totally fine, but they can have two or three or four big houses or whatever, and they'll make pretty much the same kind of thing. There's a limit to how much you want to build in this City, how much we need to build in this City if we're not going to provide people a place to put their cars, get to and from, invite their friends over, and make this a living place. If this were near a transportation hub, I'd have a different thought about it. Thank you.

Mayor Scharff: Thank you. Bob Moss.

Ruth Lowy: Good evening, Council. I'm Ruth Lowy. I live in south Palo Alto in the Barron Park neighborhood. I urge you not to increase the zoning to RM-30 for this lot. RM-30 is intended for larger parcels, and this is not a large land parcel. The 4146 lot facing El Camino Real is small. In fact, it's 3/4 acre. I urge you to keep the RM-15 zoning and insist the project conform to the 3/4-acre limits. RM-15 zoning will better allow for more adequate underground parking for residents and for their guests and for more open space above. One RM-15 acre allows up to 15 units. Three-quarters of an acre allows for 11-12, which amount is reasonable on a small lot. Fewer units would keep population density increase at a reasonable pace. It will not cram more people into smaller spaces. Over density will negatively impact increasing traffic in this congested section of town. Fewer units will be better for the new residents and will provide more outdoor space and quality of life. It would better conform with the adjacent neighborhood and will keep parking from creeping into the surrounding neighborhoods. Eliminate one tower with perhaps six buildings, three units to make 18. I suggest that the north-most tower be eliminated to create more space between the massive building and the adjacent surrounding ones. Parking could be improved such as no tandem parking. The Council's history of allowing under-parked buildings is impacting all neighborhoods such that we now need permit parking plans. Don't let this happen here. If zoning is increased to RM-30, remember that the Comprehensive Plan supported the concept that lower unit amounts within the formula should be the outcome, so that we don't have runaway growth. If RM-30 allows 23 units, then 3/4 acre would allow 17, getting close to my suggested 18. I would like to acknowledge that the architect did meet with our neighbors, listened to our concerns, and used some of the information in planning the project. Unfortunately, the number of units are still too many. Please keep it at RM-15.

Mayor Scharff: Thank you. Bob Moss. Bob.

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Bob Moss: Thank you, Mayor Scharff and Council Members. There's a couple of problems with this particular project. I think Arthur Keller had some very good points. One of them is traffic. If you drive along El Camino during rush hour, that area is totally blocked. Putting an up-zoning on the site, increasing the number of car trips by 100 to 150 a day is not going to be good. It's going to be a problem. The traffic on Maybell, traffic on Arastradero in addition to El Camino is very bad right now. Second, even though the design that was shown to you is not actually before you for approval, there's some things about it that concern me. One of them is that the access street is only 18 feet wide. The normal requirement for a street serving five or more units would be 30 feet. Why is the street so narrow? The street behind the buildings is 25 feet, again less than the 30 feet required. Any project which goes in there should be required to have adequately wide streets. Second, the various plans that they show have different numbers of parking spaces. In one case, the parking is about 24 parking spaces. In another, it's 40. How many parking spaces are really going to be on the site? You have to have adequate parking for everybody plus guests. Ten of the parking spaces that they're showing are dual spaces, which means they're only going to be accessible if both people who have parking there live in the same apartment. If they're different people, different apartments, you could have somebody parking there and blocking this access and egress from the car in front of them. I think this has got to be looked at very carefully. I don't see any justification for doing the up-zoning to RM-30. There have been several projects proposed in the past, which were approved by the Council, for development at that site at the RM-15. RM-15 works on that site. It's been approved before. The projects didn't go forward not because of anything that the City or the City Council did, but because the property owner backed off. I think you should be very careful about doing this up-zoning in an area which is as congested as this is. It's going to have so many problems on the adjacent streets and in the neighborhood.

Mayor Scharff: Thank you.

[The Council returned to Item 5.]

Mayor Scharff: Back to Staff, if you want to give the presentation.

Sheldon Ah Sing: Good evening. I'm Sheldon Ah Sing; I'm a planning consultant assisting the City with projects. I do have a PowerPoint presentation for you. The applicant also has a PowerPoint presentation after mine. The applicant does seek preliminary feedback from the City Council concerning a rezone of the property from an RM-15 to RM-30 designation. The lot's approximately three-quarters of an acre size. The purpose of this

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meeting and the prescreening is to allow the public and the Council to preview the proposal and provide some preliminary feedback on some issues that may arise. In summary, the project site is surrounded by residential on one side of El Camino, and then there's commercial on the other side. There's predominantly two-story, three-story development in the area. The current zoning does allow a maximum of 11 units. The proposed zoning would permit a maximum of 23 units on the site. As you did hear, the State does have a density bonus for affordable housing. It's a sliding scale if certain criteria is met. That bonus would be 35 percent more than what the zoning does allow. For the maximum of 11 units, you're looking at four additional units. In the case of the 23, you'd be looking at an additional eight units. Some background on the project. What's proposed in the Packet is 21 three-story unit buildings. There's seven buildings. This project was presented before the ARB in a preliminary form back in May of 2014. At that time, it did also require a zone change. The ARB was supportive of the project with a need to study the building frontage, rhythm and connection to the street as well as they did stress a pedestrian connection between the Barron Square and El Camino Real. Neighbors at the time did have some concerns similar to what you're hearing today, indicated that they wanted to see a visual impact study as well as the project may be too big for the area. The project does provide site plan elevations for preliminary consideration; however, they should not be considered the final designs. The applicant will go over more of that. The site does show seven buildings fronting El Camino Real with some surface and tucked-under parking below grade. Just to provide a little bit more perspective on the elevations. It shows a three-story project, what it would look like. It would be consistent with some of the adjacent development. For instance, at 4100 El Camino Real, we'll have that photo for you. Some of the key issues to consider for the up-zoning of the site and the intensification would be, in terms of the height, an additional 5 feet that would be allowed for buildings. The rezone would also allow for additional floor area for the site. For this site specifically, you're looking at about 3,300 square feet. The rezone would allow for the additional units on a site. As I mentioned, it would be an additional 12 units more than what the current Zoning Code would allow. The rezone would result in about 1,700 fewer square feet in open space. This photo does provide an aerial context, demonstrates some of the development in the area. You've got a hotel there at the intersection; it's two stories. Behind it, you have two-story residential. There's Thain Way as an access road, but it is gated off. Adjacent to that, along El Camino, is a three-story residential project. Across the street is commercial. You can see, looking at the site, the gated-off access and the two-story development. Below that is the 4100 El Camino site that has three-story residential nearby. Looking across the street from the project site is the commercial with the Starbucks and other commercial.

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As you heard with the public comments that we've received, have a visual simulation, a shadow analysis. These are things that typically you do see in applications that go forward to the ARB, so that would be considered. Some of the next steps would be tonight receive the comments from the applicant and the public, Council Member comments. There's no formal action that's requested. Next steps would be that the applicant would consider comments and submit plans for ARB review or the Planning Commission to Council consideration. That considers my presentation. I'd be happy to answer any questions you may have. Thank you.

Mayor Scharff: Thank you very much. Now, we'll return to Council. I just want to remind Council colleagues that the purpose of this session is to give the applicant feedback if you have concerns. The applicant would probably go out and spend a lot of money on this kind of stuff. If you're not supportive of the rezoning, I would encourage you to say you're not supportive of it. If you are supportive of it with conditions or any concerns that you have, I think it's a good time to give the applicant some sense of where we are so they don't go down the wrong path, frankly, and spend a lot of money. I think that's the purpose of these. Council Member DuBois.

Council Member DuBois: Can we ask a lot of questions first (inaudible) comments?

Mayor Scharff: It's comments and questions. We're sort of behind on time. We have two big items tonight. Ask all the questions you want. Make all the comments you want. Then, we can just move down.

Council Member DuBois: Generally, I like to hear people's answers to questions before I make comments.

Jonathan Lait, Planning and Community Environment Assistant Director: Excuse me. I'm sorry.

Council Member DuBois: I'll give it a shot though.

Mr. Lait: Excuse me, Council Member. Typically we hear from the applicant. They give a brief presentation.

Mayor Scharff: I did forget about the applicant. You're right. Why don't you give a brief presentation. We normally give the applicant 10 minutes. Is that correct?

Mr. Lait: Yes.

Mayor Scharff: That's what I thought.

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Ken Hayes, Hayes Group Architects: You already have it up. Great. Perfect. Thank you and good evening, Mayor Scharff, members of the Council. My name's Ken Hayes with Hayes Group Architects. I'll be making the presentation on behalf of our clients, the Juan family. I think this is an opportunity for better land use, for increasing residential density, for much needed housing on a vacant site, on a major transportation corridor with amenities and services nearby. The site is on the west side of El Camino Real. It's currently in the—land use is multifamily. It's zoned RM-15, allowing a yield of 11 units as Staff had said. The site's also on the Housing Element housing inventory, allowing up to 20 dwelling units per acre, which would yield for this site about 15 dwelling units. The site is also considered a node site, a pedestrian node site, in the South El Camino Real plan. This is a guiding plan that we use. It's located in the triangle area. These pedestrian nodes are envisioned as areas of increased density. If you read the South El Camino Real Guidelines, those zones are nodes that offer amenities and services to people that live there. Existing zone across the street is CN; however, we do have some RM-30 up the street, in fact, a smaller parcel between us and the corner parcel. To the south, there's a CS zoned site, and there's others as well. CS zone, as you know, allows an RM-15 residential density. We're kind of an anomaly on this side of the street. We're right there, again RM-15. To the rear of us is the Barron Square portion—to the west I should say—consisting of 65 condos on 6 1/2 acres, roughly a density of 10. We did meet with them, as one of the speakers indicated, and they expressed their concerns to us. Really no access from Thain Way to this project and move the project as far away from Thain Way as possible to minimize sightline issues. These are views of the site. I think we've seen those already. I'll go through those more quickly. The 2015-23 Housing Element identifies challenges for housing in Palo Alto being there's a jobs/housing imbalance of more than 3:1. We know all that. It's taxing the infrastructure. There's a high cost of land. Smaller lot sizes make residential development difficult. Lack of affordable housing obviously for all segments of the population. There's limited land, nearly built out. I think the Housing Element says 0.5 of 1 percent is developable land still remaining. This is a diagram out of the Housing Element. It shows some of those vacant parcels. I don't know if they're all still vacant. Our site is right here. North on El Camino there's one other vacant site at Kendall. In accordance with the California Housing Element law, the Regional Housing Needs Allocation for Palo Alto through 2022 is 1,988 units of those various breakdowns. Annual rate of housing production in Palo Alto, however, since 1970 has never produced more than 240 units per year. The average is 163 units per year. At that rate, you're not going to meet the housing requirement until 2026. I see this as an opportunity again. The Housing Element strategies. They talk about strategies. Those strategies are listed here. Goal H-2, support construction of housing near schools, transit, parks,

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shopping. Programs to get there would be to allow increased residential densities and mixed-use developments where you have adequate urban services. It goes on to say in the next program there, as part of planning of the future of El Camino, explore the identification of pedestrian nodes consistent with the South El Camino Real Guidelines. It's right there. That's why we thought this made a lot of sense. We do have transit that provides bus service. VTA Bus 22, 176 trips per day; VTA 88 does 24 trips per day; VTA 522, 127 trips per day. The Stanford shopping express, Marguerite, does 8 trips per day. A lot of those are almost 24 hours a day. This is just a diagram of Bus 22. Our site is there. It provides access to the Palo Alto, obviously, Caltrain station. There's connections to the San Antonio train station, and the route ends up at East Ridge Shopping Center down in the far right-hand corner, after passing through the San Jose train station in downtown San Jose. Bus 522 does essentially the same thing, so I won't go through that. These are the bus stops right in our block, essentially, for this project. The site is there. You can see the bus stops located there. As a previous speaker pointed out, from our site a car ride to San Antonio station is 6 minutes; a bike ride's 8 minutes; a bus ride is 11 minutes. If you walk, he said 25. I googled it at 30. The program here is a zone change from RM-15 to RM-30, develop 21, multifamily, one and two-bedroom residential units instead of 11. We'd have 7 one bedrooms—it may change slightly—at 618 square feet and 14 two bedrooms at 1,100 square feet. We want to provide three BMR units instead of just the one and provide outdoor common space. We're going to park it in accordance to the Ordinance. I understand the comments that were made tonight, and they were good ones. It's hard for me to read this now up here. The zone change from RM-15 to RM-30. Really the big issues are—the only real differences are height. We have an increase of 5 feet in height. Essentially, we have an increase in the floor area that's allowed, from 16,770 to just over 20,000, 3,300 square feet more. However, it allows us to move from 11 units to 23. What that means is instead of having 11 units at an average size of 1,525 square feet per unit, we would have potentially 21 units at 875 square feet as an average. That average unit size comes down. These are RM-15 sites. You're going to build the floor area. They're big units. One way to make those units smaller is to increase the density and just slightly bump the floor area. Here's our proposal that we showed the ARB. We're going to go back and work on it. We understand that there were comments made. We like this idea of trying to pick up the rhythm of El Camino. We want to push it away from the Barron Square neighborhood. We want to create outdoor space at the back for solar access. We want to reinforce that El Camino Real edge consistent with the Grand Boulevard Plan and create actual yards on that side too. The main entrance is there. We'll look into the width of that driveway. Entrance from the garage there. From the street, the main entrance would come in between the buildings to the elevator core and then

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provide access to the units themselves. A nice, big, sunny outdoor common space at the back. We felt like El Camino might not be the best spot for the assembly area for the neighbors, but we do have those yards in front. This is a view from El Camino Real showing the 4100 project just to the north. It's a three-story project. The hotel here to the south. Our project is here in the center. Staff just showed this, a series of three-story buildings that actually appear two stories because the third floor is set back. It creates a third-floor balcony. This is just a diagram that is in your packet, that shows we could have our building right here on a 10-foot setback under an RM-30 or an RM-15 scenario. If we did, the building would be much, much closer to the Barron Square project. In this case, this is where we're estimating the closest Barron Square home or condo to be. We're going to be at least 60, 65 feet away from that back property line. You can see it's a very, very slight angle. I think it says 11 degrees sight angle. If we plant trees here, I don't think you'll see much of the building at all if that's their desire. Just some 3-D views. You can see the terraces; they're two stories in front on El Camino Real; although, I'm not an opponent to being three stories on El Camino Real. This is a view from the back. You can see the outdoor spaces. Another view from the front and so on and so forth. One of the comments the ARB made was they'd like us to lower it a couple of feet, to get it down a little bit closer to the sidewalk. Thank you. I look forward to your discussion. Thanks for the time.

Mayor Scharff: Thank you. Council Member DuBois.

Council Member DuBois: Let's see here. A question for Staff. What would be possible under the State Density Bonus Law?

Mr. Ah Sing: Again, that is a sliding scale. The applicant would have to have a program where they would be wanting to provide very low, low, moderate income types of units. It's not a requirement that they do so; although, the City does require at least—in this case it would be three units to be affordable. In the case of—depending upon what level of affordability and the amount of units, they could have up to 35 percent of a density bonus. In the case of RM-15, that would equate to four additional units. In the RM-30, that's an additional eight. That's again assuming the maximum, that they're providing a lot of affordable.

Council Member DuBois: It's been a while since we saw one of these. Under that, they could pick different forms of exceptions to add additional FAR for those units. Is that correct?

Mr. Ah Sing: That's correct.

Council Member DuBois: It could either be higher or less setbacks.

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Mr. Ah Sing: Or it could be parking or some other development standard.

Council Member DuBois: Are these proposed to be ownership or rental units?

Mr. Ah Sing: Actually, I think the applicant would be best to ...

Mr. Hayes: May I? Ownership.

Council Member DuBois: I did see the plans. There were two parking configurations. There was an underground one with like 42 spots. What's the planned parking?

Mr. Hayes: The plan is to park in accordance with the Ordinance. Right now, you go down. It descends, and you park below an elevated podium.

Council Member DuBois: There's one sheet that shows 20 spots and one that shows 42 spots.

Mr. Hayes: It'll be closer to 42.

Council Member DuBois: What are the two sheets? A1.1 and A1.2.

Mr. Hayes: 1.1 actually shows the parking spaces that are under the podium. 1.2 is a view from above the podium. You wouldn't see them; they're tucked underneath.

Council Member DuBois: Got it. Thanks for clarifying that. I did hear some comments from the public about desire for privacy. More of a comment would be if this building is higher than the surrounding buildings and the hotel, make sure there's privacy screens or try to keep as many trees as possible. A question for Staff. What's Staff's basis for considering rezoning the lot?

Mr. Lait: The findings that are required or ...

Council Member DuBois: I'm just wondering why you're even considering the rezone.

Mr. Lait: The Code stipulates that any applicant who is interested in doing a rezoning request has to go through this prescreening process. We're not before you with any recommendation. We're just going through the process of presenting this before you.

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Council Member DuBois: One last question, and then I have some comments. Do you know how the Zen Hotel, which is I guess a PC zone, came to be?

Mr. Lait: I don't have that information.

Council Member DuBois: It's kind of interesting. It's a one-story hotel. I do think context is important. You have this pretty established community behind the property, Barron Square, two-story condos. You've heard concern about not crowding it. I wouldn't encourage a cut through there unless the residents there wanted it. There is a lot of housing there. There was pictures of the Starbucks. Behind that there is apartments, senior housing. It's very crowded already back there residentially. I would encourage being fully parked with room for guests. My biggest concern is really the State density law. My gut feeling is that we should keep the zoning as is and encourage you to look at more affordable housing, to use those bonuses to increase the density. I think we want to encourage affordable housing. Just going ahead and giving an up-zone and then potentially having it come back with even additional density from the State law, I think we'd get way beyond what would fit in the context there. The last thing. I know it's a small lot, and I think it's below the open space requirements. I see what you're doing in the front there. If there's any way to have more green space for the residents there, that would be appreciated. Thank you.

Mayor Scharff: Council Member Kou.

Council Member Kou: I'm not really clear about the parking and the ramp down. There was another picture that showed three arrows from El Camino going into the property. Can you better explain that to me? Where does it go and is that a one-way?

Mr. Hayes: Do you see the diagram up here right now, Council Member Kou?

Council Member Kou: Yes.

Mr. Hayes: As you pull off of El Camino, the driveway will begin to descend. As you get behind the project, you'll be eventually low enough to be able to park. If this is the car coming in, you'll turn here. You're down far enough by the time you get here that you'd be able to park underneath.

Council Member Kou: Underneath you have—how many spots are you anticipating?

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Mr. Hayes: It's going to change just because I want to incorporate comments before ...

Council Member Kou: The other question then would be is per unit usually two cars, two parking spaces? How do you count—what is the formula for that?

Mr. Hayes: One bedrooms' require 1 1/2 spaces.

Council Member Kou: Say that again, I'm sorry.

Mr. Hayes: One bedrooms' require 1 1/2 spaces, and two bedrooms require 2 spaces. There's a guest parking component that is 1 space plus 10 percent of the number of units, so three.

Council Member Kou: Thank you. Do you anticipate that you'd be able to provide that for (crosstalk)?

Mr. Hayes: That's our intention, yes.

Council Member Kou: One more thing. The trees that you have mentioned, that's going to be going in, is that going to be mature trees that you're putting in so when this project goes up it won't be as visible for the neighbors and there will be some shielding?

Mr. Hayes: The trees at the back, many of those trees exist. There are lots of trees along that back fence line. We would be supplementing that with another planting zone on our property. We can certainly focus on trees that are faster growing and have bigger canopies.

Council Member Kou: Don't be offended by this. I was just wondering is there any way that you can have a different design instead of contemporary with flat roofs? Maybe something slightly different and start a new trend maybe.

Mr. Hayes: We have to get our RM-30 Zone change first.

Council Member Kou: We'll see about that. Thank you.

Mayor Scharff: Council Member Fine.

Council Member Fine: Thank you. Thank you, Staff, and thank you to the applicant for bringing this before us. With respect and not joking, it's nice to see a housing project in Palo Alto again. I think this is an exciting project, and we should actually pursue intensification of housing on this site for a number of reasons. I've heard a lot the term up-zoning tonight. I think we

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need to reevaluate using that term. This is an intensification of use and a more efficient use of scarce land for an important social and economic good, housing. It's one of our Council Priorities for the year. I think the applicant, at least in my opinion, should be willing to consider even higher than RM-30, if not RM-40. This is designated as a multifamily residential use in the Comp Plan. In the Zoning Code, it's only RM-15, which is the bare minimum. Yet, this is a site that's identified as an opportunity site. It's near El Camino. It's near the node on South El Camino. It's near services, jobs, the 522 services. I think this is a pretty ideal site for housing density actually. I'm actually not concerned about it perhaps getting into intensification of housing use and the Density Bonus Law. That's the whole point of the Density Bonus Law, that when you allow more housing you get more affordable housing. To produce affordable housing in this community, we actually have to produce more housing overall. I think there are legitimate concerns that the site should be adequately parked, and the residential areas behind have real concerns about access and shadows. I encourage you to keep working with the neighborhood to figure those out, but I really do believe these concerns can be addressed while pursuing an RM-48 designation of the site. We create more affordable housing by creating more housing overall. That's my encouragement on this site. I think this is an exciting project. I think it would be great to have housing instead of a vacant lot on El Camino. Thank you.

Mr. Hayes. Thank you very much.

Mayor Scharff: Council Member Filseth.

Council Member Filseth: This is an RM-15 to an RM-30 that we're discussing which, after density bonus, is basically an RM-20 to RM-40. I think it was mentioned before. One thing that was mentioned was the cost of housing. You mentioned that these are going to be sale units. How much do you anticipate these units selling for?

Mr. Hayes: I have not done their financial pro formas. I would just be guessing \$1,000 to \$1,500 a square foot; I actually don't know. The last analysis I saw was for the VTA site. Those were just about \$1,000. This was 2 years ago when we were working with the Pollock Financial Group.

Council Member Filseth: I remember when the VTA site came up. We asked the applicant how much the units would sell for, and the applicant had no idea. It's surprising that somebody considering investing many millions of dollars into a construction project like this actually wouldn't have much of an idea how much (crosstalk).

Mr. Hayes: I'm sure they do (crosstalk) with me.

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Council Member Filseth: As we consider this, the key is what's going to be the benefit to residents of a rezoning here. The priorities for residents tend to continually be traffic, parking, and the cost of housing here. On traffic, it's probably a negative. Basically any time you add people you add more traffic. Parking, as we'll hear more about later this evening I'm sure, the City's parking Ordinances, not everybody in town has full confidence in them, so we're not sure exactly what to do with that. As far as the cost of housing here, it's an unknown at the moment. The arguments in favor of this that we've heard so far are intensification and density. I haven't yet seen a compelling benefit to residents of Palo Alto why the up-zoning makes sense. I would be delighted to support a high-quality project that meets existing zoning. Thanks.

Mayor Scharff: Council Member Wolbach.

Council Member Wolbach: I think the first and most important thing about any future project on this site is that it's properly parked, whatever happens with the zoning. It's no secret that I'm probably as in favor of more housing in Palo Alto as anyone on the Council. I'm not excited about changing the zoning for this location. I'm not 100 percent sure I'm against it, but I'm not really excited about it. I haven't heard a compelling case yet in favor of encouraging this project to move forward as it's been proposed. It's not near real transit. I know we talk about El Camino as a transit corridor. I was on the Policy Advisory Board for El Camino Real Bus Rapid Transit. We struggled to, even among that Board, even recommend a pilot of a very toned down vision for Bus Rapid Transit along El Camino Real. While I'd love to see El Camino be a more efficient and effective transit corridor in the future, I'm still not sure how we're going to get there and what that would look like in the future and how we can do that in a way that helps congestion. That's the transit context that we're looking at. I do know that this is in the triangle area. It's considered one of the potential future nodes for greater intensity of use, but I think that's something that's further down the line. Improving congestion and transportation in that area is something I'm going to need to see at least a path towards. That's not something that you guys, the applicant, is going to be able to do, but I think I'm going to need to see more of a path towards that before I get instantly excited about greater intensity of use at a site, at a location like this. That's just from the traffic and the transportation side of things. Five years from now, 10 years from now, that might have changed. We might have something on El Camino that moves people more efficiently; at that point, I might be more open to that. You guys are bringing forward a proposal now, so that's what we're looking at. As far as the density compared to the neighbors, the proposal here is certainly much more dense than the neighbors right behind you. You did point out and it is true that there are other locations not far

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from there that are RM-30. As far as how it fits into the context of the area, it's a mixed bag. Again, I guess I'm looking for a more compelling argument in favor of seeing the change there. As far as the style goes, I'm not enthusiastic about the style. I don't think the neighbors in Ventura and in Green Acres and in Barron Park are going to be excited about this stylistic approach either. I think that's an important thing to be extremely sensitive to in proposing any project in this area. We did see at least one letter from the public suggesting that a fully below market rate project be proposed here. Obviously the architect isn't going to make that decision, and I don't think the current applicant is interested in doing that. The suggestion was that if the up-zoning is allowed, that be in the context of going to essentially fully below market rate. Given the proximity to the infamous Maybell site and how that turned out, I frankly have a hard time envisioning any affordable housing developer getting excited about putting in a bid to this developer to buy the project and then bring forward a future, fully BMR project there. I don't see a real path forward for that as much as I'm in favor of more BMR housing even in that part of town. I just don't see a path towards that becoming a reality unfortunately. I guess what I'm left with is thinking that either the current zoning or something less than the proposed zoning change is the range that I'm more excited about. I would like to see this be something other than a barren lot. I would like to see it be housing or include housing. I'm just not excited about this particular proposal. Again, the lack of what I see as real transit options in there right now and the design are two of my primary concerns.

Mayor Scharff: Vice Mayor Kniss.

Vice Mayor Kniss: It's always interesting to have run for office in the fall where we all spoke about the need for housing, but now we're approaching this very, very delicately for whatever reason. I think we probably all have our own reasons. I'm actually going to start with something Lydia Kou mentioned, which is the design. I have a feeling a more—I'm not even sure what kind of design to call it. It might fit in more with that particular area, whatever that might be. It's always hard to say what we really would have liked was something that looked like this or like that, whatever that might have been. I am not sure what others would say, but it probably looks too modern.

Mr. Hayes: The design can take any shape.

Vice Mayor Kniss: I actually like the idea of looking at the intensification as Adrian Fine just said. The intensification of the area and how we can begin to look at this is something we have said we would do. I don't know if Cory's idea would work, that we do something between 15 and 30. I don't

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know. I think this is one of those areas where we ought to look at more rather than less. I'd like to see a different kind of design. I don't know. I guess, Lydia, you didn't have any particular idea either. I don't know. Maybe it should be—who knows what? To go on from that, I don't see the transportation issue as a problem. That's right on the major bus route. When I was on that same committee that you were on, which means Bus Rapid Transit never seems to go anywhere, nothing to do with you or I. In that particular sense, I think this is a pretty good corridor for that. I am not sure what it would be that would be appealing. If anyone can think of something like that, I think you could.

Mr. Hayes: I didn't even know whether we should put this particular design option in the package and just talk about density increase. I didn't want you to get fixated on this idea from 2 1/2 years ago. It's always better, I guess, to have something to look at.

Vice Mayor Kniss: I would say I don't land too far from that, sort of in the middle. I'm not sure. I hesitate to even say this, but there was a time in the past when we might have looked at something like this in the old terminology of planned community, where you would have looked at perhaps you could do something far more creative in some way because you had a variety of different options in the end or different kinds of proposals you could make. We're a little limited at this point. To be honest, we haven't discussed housing for quite some time, and that makes quite a difference. We're, I think, out of the habit of it. I'm intrigued that you brought it forth. I'm not sure it's quite ready for prime time. Maybe what we're giving you as feedback tonight can help with that.

Mayor Scharff: Council Member Holman.

Council Member Holman: Thank you. Good evening. Through the Mayor to the applicant, Ken, when you were talking about ownership, you weren't talking about ownership BMRs, were you?

Mr. Hayes: There would have to be three with the rezone to RM-30.

Council Member Holman: The BMRs wouldn't be ownership. They would be rental?

Mr. Hayes: I'm not sure how that would have to—I don't know. I think it's a condo project, so they would be condo BMRs.

Council Member Holman: The reason I ask that—maybe it's a question for Jonathan. I think we've had some issues with ownership BMRs and

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sometimes the sale of them even. Do you know what the market is for ownership BMRs?

Mr. Lait: The price point for selling or ...

Council Member Holman: Just people being able to buy ownership BMRs.

Mr. Lait: I think there's a waiting list for that, yes. We do have a waiting list for ownership units.

Council Member Holman: I know in the past we've had some issues with that. To cut to the chase here, it's kind of tempting to say we need housing. We've got a piece of land here. Let's get a few more units instead of the RM-15 zoning. I think actually, though, as applicants, to be perfectly frank, I think you all could have done yourselves some great good favor if you had brought forward what you were going to do with a commitment of what you're going to do. With the State Density Bonus Law, we don't know what we're going to get. We don't know if we're going to get more height, less parking, less open space. We just don't know what we're going to get. I think that could have been a help to all of us. There are just a lot of unknowns. In a perfect world, this could be treated sort of like a horizontal mixed use, but that would require some kind of—ideally that would have some kind of employment agreements to the extent that they could be arranged with adjacent business owners or land owners. I'll repeat what somebody else said, a couple of other people have said. The access street being 30 feet instead of 18, I think, is correct. The design, I'm not going to pick on what the design looks like particularly. I think it's been used a fair amount, so it's a little—you said it's a few years old. I grant you that. That said, my real issue with it is it's very, very repetitive. Whatever you come back with at whatever zoning you end up doing, we've talked about this a lot at the Council. Whether it's in commercial areas or residential areas or El Camino, it's the same thing. Just don't make it look all the same because in one big, large development there's no character to people's places of residence. There's no personalization to people's spaces or from the street either. I do like the setback from the Barron Park residences. Personally, because we talk about pedestrian nodes—you mentioned pedestrian node. There's a wall proposed as I looked at the plans at least and looked at some comments. There's a wall proposed for the front of this. The one that's associated with the Stanford housing development on El Camino further towards Downtown is set back further off El Camino, as I recall it.

Mr. Hayes: California or the one ...

Council Member Holman: No, on El Camino.

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Mr. Hayes: North of Stanford Avenue?

Council Member Holman: Yes, yes. It's set back further off the street. If you have a wall right near El Camino and you're pushing the housing forward to get away from the housing in the back, putting a wall there seems really unfriendly and un-pedestrian friendly.

Mr. Hayes: A seat wall?

Council Member Holman: It still seems kind of off-putting. Maybe some landscape. I don't want to give that kind of detail, but that's something I was like "Mm." I think that's it. At this point in time and knowing what I know, I think I could not commit to anything beyond an RM-15.

Mr. Hayes: Thank you.

Mayor Scharff: Council Member Tanaka.

Council Member Tanaka: Thanks for bringing this project forward. I found it interesting. I could consider something more than RM-15, perhaps even RM-30. I do think it makes sense to have higher density here in terms of units. You might have known, but I think micro units make a lot more sense. Smaller units make more impact on a housing crisis. With that said, when we are looking at an up-zoning, which is what you're asking for, getting neighborhood buy-in is super important. If this were to come around with RM-30 and the project something like it is and you wanted at least my vote on it, I would say that you really need to get the neighborhood to buy into it, the neighbors around there really to buy into it. If they didn't buy into it, I probably would not vote for the project. To get neighborhood buy-in, I think there's a couple of ideas I have for you. These are kind of dramatic from what you have right now. I noticed that the project doesn't have full basement parking. It only has it under a portion of the condo units. If there is a parking situation there—I don't know if there is or not—you could extend it all the way under the whole condo structure and, thus, make maybe some public spaces available, giving a public benefit as a way to get buy-in from the neighborhood. That's one idea. The other idea I had is there's a Walgreens there. You look across the street, and there's a bunch of retail facing El Camino. El Camino is one of the busiest streets in Palo Alto. In general, putting housing right against traffic is never a good idea. Housing doesn't love traffic, but retail does, hotels do. A lot of other types of land uses love traffic, but not housing. I'm not a huge fan of actually putting a bunch of housing right against traffic. I just think it's not terribly compatible. Another idea I have for you is perhaps front-facing. This is not a big lot unfortunately. Another idea is to actually have that retail or some sort of neighborhood-serving retail. The reason why would be trying to get

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neighborhood buy-in. That might not do it. I don't know. Right now, most of the retail is across the street. People have to cross a busy El Camino to get there. There is Walgreens. There's a Tesla just nearby as well. There's a hotel right next door. There is some continuity. Perhaps having some retail obviously on the front face of it. I think you would have to do a lot of neighborhood outreach. There has to be some sort of benefit for the community. It could be extra parking. It could be retail facing El Camino. In general, I do like the idea of smaller micro units, much smaller than what you have actually, maybe 300 square feet type of range. To do that, you really need to get neighborhood buy-in. I don't know if that's possible. In terms of design, I don't actually have a big preference. For design, I would also say community buy-in. You're asking for an up-zoning, so you need to get that. Thank you.

Mayor Scharff: I think everyone's spoken, so I'll just speak briefly. I wouldn't say I'm excited about this project. I also agree with the style issues. I do like the fact that we get more housing. I'd like to point out to my colleagues that it's not the—if you want more housing, it's the FAR that matters. This has a slight increase in FAR. It's not a big increase in FAR. Going from 15 to 30 seems like a lot, but all we're doing is driving down the size of the units. We're only ending up with 3,354 square feet of more FAR. The reality is the up-zoning done makes smaller units. On the Council, many of us have said we prefer to have smaller units. What we're doing there is making more affordable units instead of having—his number of 1,000 to 1,500 a square foot was probably pretty accurate. If you chose somewhere in the middle there, the smaller the units obviously you could do the math and figure out what the affordability is. It's substantially more affordable if you have more units within the same FAR. For me, that's a positive of the project. I, however, agree with Council Member Tanaka. I'd like to see retail with housing as well. I'm much more supportive of a mixed-use type project. I'm not really that supportive of just a wall of housing on El Camino. When they did the Ricki's Hyatt site, I heard all negatives from the community. If that was more of a mixed-use site with some retail there that the community could use, people would be more enthused about it. I do think if you go forward, it'll be really important to make sure that you have a fully parked project. I heard you say you want to. I do think if you want to sell it to the Council—I guess I wanted to ask Staff this question. When they came forward, would the rezoning occur concurrently with the project? A lot of people complained, saying you could come forward with the density bonus. We'd see that project. We would know what we're getting at the moment we went to the rezoning. I think that's a positive. I don't think I have the concerns that you would suddenly spring on us a higher density with more FAR at the last minute because we wouldn't rezone until we saw—it would be all concurrent. I did think that—

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Council Member Holman and I have also heard in the community was raising an issue that I've heard. My understanding is that when we do ownership BMR units, it creates long-term problems in the homeowners associations in terms of upgrades or maintenance issues or seismic retrofit, all of those issues. I actually think, in terms of being more inclusive, that rental BMRs work better. With the Palmer decision, we don't get many rental BMRs built into that because we can't require it. I was going to ask Staff—I was unclear. I think currently what we do when we have a condo project is we basically put a deed restriction on it, and it is for-sale housing. If we said nothing, that would be the direction that would occur in this. At least that's the ones I've seen. I don't know if that's correct, but that was sort of my understanding of it.

Mr. Lait: For projects that would comply with the City's BMR requirements, they would be restricted. Yes.

Mayor Scharff: One of the things I think—I was intrigued at Council Member Holman. When I went to the Palo Alto Neighborhood (PAN) meeting recently, this issue was raised with me as well. I would be interested if we could restructure our BMR program. I don't know if we can, but I'm assuming we can. On condo projects, we contract with somebody to manage those units, whatever they are, probably Palo Alto Housing Corporation. Those units become rental units within the condo complex, and then procedures are put forward on that rent and that kind of stuff, that allows for maintenance and all of that and payment of the homeowners association, and that we set up a system that works better. If not, I think we need to set up some sort of a system for people who have the BMRs, that the maintenance and the improvements can be made, that aren't a financial hardship for them at the same time. With that, I think we're done. I hope that was helpful.

Mr. Hayes: Thank you.

Council Member Holman: (inaudible)

Mayor Scharff: Go ahead.

Council Member Holman: Just one clarifying question please. Considering the Council Members' comments this evening, if the project were going to be up-zoned, would that happen concurrent with or separate from the project review? A multifamily housing project doesn't get reviewed by the Council. I don't know that the applicant is going to want to do a lot of design work on something when they don't know if they're going to get an up-zone or not. Would you explain what the process would be?

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Mr. Lait: Yes. If the applicant were proposing greater density than allowed by the current zoning, they would need a text amendment. That application would be filed concurrently. Today's process is that the ARB would review the project, and there would be a condition imposed that it's subject to approval of the Council approving the text amendment. There is an amendment coming forth to the City Council in March, I believe, that would require any project that requires Council approval all come together so that you would see the whole package and be able to approve the entirety of the package.

Council Member Holman: Thanks for clarifying.

Mayor Scharff: Thank you.

Agenda Changes, Additions and Deletions

Mayor Scharff: Now, we're at Agenda Changes, Additions, Deletions. I don't see any.

City Manager Comments

Mayor Scharff: City Manager Comments.

Ed Shikada, Acting City Manager: Thank you, Mayor. Members of the Council, I do have a few timely items of information I'd like to share with you. I've got a photo of what's affectionately known as the trash rack. This is the installation of a piece of infrastructure located adjacent to the West Bayshore Road bridge over San Francisquito Creek. Just briefly, while it's certainly good news for the drought, the recent heavy rains have created some significant challenges in our area with road closures, landslides, power failures and the like. Late last week, this trash rack as Caltrans has named it had been installed to prevent logs and other debris from getting stuck under the Highway 101 project, which is remaining in construction over several years. This is a photo from this morning of Caltrans contractor removing a broken section of this rack that had broken free during the last storm beneath the West Bayshore Road. Tomorrow will begin to remove the debris that has accumulated under West Bayshore, Bayshore, and Highway 101. The objective is to complete the repairs as well as debris removal before this Thursday, when additional rain is expected to return. With another series of storms forecast to arrive later this week, for which the National Weather Service has issued a hazardous weather outlook statement, we'd like to encourage everyone to review safety information provided on the City's website, www.cityofpaloalto.org/storms and to get prepared and stay informed. That page also contains direct dial numbers to report trees down, utility outages, and other storm-related situations so that

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we can keep our 911 lines free for imminent life-safety emergencies. City Staff is working in close coordination with Caltrans, as this photo was taken off of our City's website, and other agencies to monitor and respond to evolving conditions. We'll continue to update the Council as well as use other communications, social media channels, with the latest storm information as they develop. With regard to Edgewood Plaza, this morning there was an administrative hearing earlier with the Hearing Officer, Lance Bayer, conducting an administrative hearing on Sandhill Property's appeal of the citations levied against them for violations of the Planned Community Ordinance requiring provision of a grocery store at Edgewood Plaza. Mr. Bayer accepted evidence and arguments from representatives of both Edgewood Plaza and the City as well as neighborhood residents and members of the press in attendance to listen in. Among the arguments advanced by Sandhill Property's legal representatives were arguments based on the wording of the applicable PC Ordinances, administrative citations, and the City's ability to increase penalties as well as the property owner's efforts to locate a new grocery tenant. Parties agreed to continue the hearing for several weeks in all likelihood before concluding the hearing about 4:00 p.m. today. When the hearing process is over, Mr. Bayer will have 30 days to render a decision, which is then subject to judicial review. A couple more transportation notes, one relating to VTA's Next Network. The public comment period for VTA's Next Network planning effort ends next Monday, February 20th. City Staff has drafted two letters that we'll be sending to the General Manager, Nuria Fernandez, this week, one on behalf of the City Manager and one from the Mayor to reflect prior discussions from the Council. We will provide copies of these letters with the Council Members and believe you'll agree that they capture the substantive issues that were discussed at your Study Session on January 23rd. As discussed at that Study Session, we hope those of you who represent the City with VTA bodies will also find opportunities to communicate concerns at upcoming meetings. With regard to Caltrain modernization funding, another transportation issue that has recently become news is the funding and some discussion among Congressional members of Caltrain electrification. We understand this funding has been threatened in Washington based upon input from the California Republican members of Congress. Staff will be crafting a letter to the new Secretary of Transportation voicing the City's support for the electrification project as a prerequisite for expanding capacity along the Caltrain line and more frequent service along the corridor. Finally, with all kinds of issues both nature and the like, weather permitting, there will be Santa Clara County vector control district activities this week potentially with application of a biological control agent and insect growth regulator by helicopter in certain marshes of the coastal areas of the county, currently planned for this Thursday, February 16th, to reduce the emergence of adult mosquitoes. The treatments are scheduled to start at approximately 7:30

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a.m. in the Palo Alto marsh areas and may continue into the afternoon at Zanker Marsh. If needed, operations may be extended into the morning of Friday the 17th. The areas to be treated are the ITT marsh, Palo Alto flood basin, and Zanker Marsh near Alviso. Approximately 725 acres in Palo Alto will be treated with water-based formulations of environmentally safe products. Products are mosquito-specific and short lived in the environment, effectively control the immature mosquitoes but are not harmful to birds, fish, other wildlife. A map of the area and additional information is available on www.sccvector.org. That concludes my comments.

Mayor Scharff: Thank you.

Oral Communications

Mayor Scharff: Now, we'll move to Oral Communications. We have a number of oral communications. You'll only have 2 minutes. We're an hour behind. We need to vote. That's right. We need to talk about that.

[The Council returned to Item Number 5 before proceeding with this item.]

Mayor Scharff: For Oral Communications, items not on the Agenda, Fred Balin to be followed by Tim Mulcahy. You'll have 2 minutes.

Ed Shikada, Assistant City Manager: Mr. Mayor, members of the Council, as Mr. Balin's coming up, if I might make one addendum to my earlier comments. Apparently we just received notice that the County may be delaying the vector control spraying to next week, given anticipated weather.

Mayor Scharff: Thank you. Mr. Balin.

Fred Balin: Thank you. A quick heads up to the public about the General Use Permit. The deadline for the scoping session or the deadline for the scoping of the project is this Friday, February 17th. Council had been scheduled to have a Study Session on this item last week; it was pushed back now to, I believe, next week or the week after. The public will not have the benefit of Council's input if they want to make separate comments to the County. Also, last Wednesday the County held a scoping session over at the Art Center. It conflicted with the Mayor's speech, so that may have limited people who wanted to comment at that. The purpose of the scoping is to allow the public and agencies to provide input on the scope and content of the project's Environmental Impact Report. This is a big project, as you know. It is 2.2 million new net square feet of academic and support space, 3,100 new on-campus housing units, 40,000 new square feet of childcare space. If you can grab the project, take a look at it, comment on how the

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EIR should be conducted, how should traffic be looked at, how should other impacts be evaluated in the best way, please do it, get them in this Friday. Go to the County website, scc.gov. You can download the Notice of Preparation and information to write to there. The Council will receive an extension. They will get a report from City Staff. It's not ready yet, and it's not clear what input you'll be able to have on that when you come here and speak on that day. Best to put your own comments in separately. The deadline is this Friday. Thank you.

Mayor Scharff: Thank you. Tim Mulcahy to be followed by Gianni Maxemin.

Tim Mulcahy: Good evening, Council Members. Later on tonight, you're going to be discussing changes, issues in the Downtown RPP program. I would like to remind the Council that the Evergreen RPP program needs some important changes before permits are issued in March and the project starts in April. Currently, the California Avenue Parking District wait list has 400 people on it. They will take up all the 125 permits allowed. That means that the dentists and my office, any office won't be able to get one permit. Healthcare businesses have been left out of discussions and solutions. I ask why. We provide emergency services for our patients at the time of need. We're first responders in emergency. We have community-based healthcare, and we've been there for 9-20 years. There are eight dentists that could be affected. Our employees can't afford the cost of housing here and have to drive anywhere from 40-70 miles in order to get to the office. Some go through the robust transportation system. I have two in my office, but the others can't do it for some reason. We are fighting a healthcare shortage even without this issue. Without parking, reasonable parking, we will lose these employees, and we will not be able to thrive here in Palo Alto. We will have to move. It may not happen right away, but it's pretty quick. A petition has recently been circulated in Palo Alto and signed by your Palo Alto constituents. We're over 1,000 people signing this petition. We need a better solution. We need to go back to the drawing board at least, at least visit some other solutions. Thank you very much.

Vice Mayor Kniss: Thank you. You'll also notice that the names are up on the board. If you can read them from where you are, the next person is Gianni Maxemin, if I got close, followed by Stan—I won't try the last name—and then by Sea Reddy. Good evening.

Robert Mazzola: Hi, good evening. Good evening, Council Members. Unfortunately, Gianni had to step out for a phone call. As his corporate counsel, I get stuck with the task of an impromptu speech here. My name's Robert. We've been listening to ...

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Vice Mayor Kniss: Just leave your name with the Clerk, though, when you're done.

Mr. Mazzola: Sure. We've been listening to the people's concerns about parking. I work with a company called Pied Parker. We've been trying to create a technological solution to the problem here. We're a shared economy parking application. What we do is we get homeowners and commercial business owners to rent out their private parking spaces. Parking is responsible for up to 30 percent of people's transportation issues. Folks lose almost 2 days a year in looking for parking. We've been working with people and Council Members in Long Beach. We've been successful there in reaching out and getting people to license the use of their private parking spaces. We hope to come here and work together to get a solution to try and help the concerns of the City for addressing the commercial parking issues as well as the private citizens' issues with being able to park for coming to town for their businesses. If anyone's interested in learning more about Pied Parker, let me know. My name's Robert Mazzola. I have some business cards I can share with you. Thank you.

Vice Mayor Kniss: Thank you. Now, Stan Belalojic [sic]. Am I close even? Are you the person?

Stan Bjelajac: Yes. Bjelajac, it's silent "J"s. Good evening, all. I'm a dentist in Evergreen Park. I work on behalf of our dental society and worked with residents most recently Downtown and hope to work with all of you going forward. I wanted to provide you with a quick update as far as the Evergreen district goes. As things stand right now, since it's been passed, we have done the research on our end. Our offices that are at the far end of the edge and most that are closer to California Avenue are left with absolutely zero permits. We spoke with some of the founders of this program, of the original RPP program. We were told that the design of the RPP program as loosely defined in the '60s but the California Vehicle Code was to provide for residents and merchants. We were told that the idea was never zero permits but to have balanced parking. We want to be a part of that solution. I can tell you right now we have an opportunity of 2 months to make this right for our residents and for our offices as well. It might be an administrative burden to this, but the important thing that we gathered from talking with some of the residents Downtown is we have to improve the process. I've sent you the information on this as far as, I guess, we've got to say we put the residents first. Our residents have spoken just in the Mayfield—from that petition that's got over 1,000 signatures of Palo Alto residents just from Mayfield and Evergreen districts alone, we have over 200 supporters for our offices. We have to explain to them how we're going to be left with zero permits. We have worked to find solutions for this. We

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hope that the City can make a constructive effort to work with us. Having worked with Mr. Buchanan, Neilson, Downtown, I can assure you that if you provide us with a construct through which we can work together, there is no problem that we can't solve to the benefit of all. We can decrease traffic, allow for the core businesses to remain, and still provide for sustainable growth. You guys have to give us a platform to work on that.

Vice Mayor Kniss: Thanks for being here.

Mayor Scharff: Sea Reddy.

Sea Reddy: Good evening, City Council and citizens of Palo Alto. I'd like to take a minute or two to get away from the City of Palo Alto issues and talk about things of the world. I think we have a wonderful City. I want to commend the Mayor for giving a great speech. That's wonderful. He articulated well, perfect communication. I would give him a 10 for the way he communicated. I also see a sea of change in the City Council, how they're interacting with each other. Not everybody is a pundit. We are taking inputs. I think that's a good healthy change. Of course, we are all different, and the leadership is different, but I do see that. It's a great thing. Going to the world issues. I think it's a great opportunity for President Trump to think outside the box and negotiate a peace deal between ...

Mayor Scharff: You have more time. That was—keep going.

Mr. Reddy: ... a peace deal between North Korea and South Korea. There's no reason why they have to be separate. There are egos involved. They'll save billions of dollars of potential deception due to nuclear arms race. I think some of you are very effective leaders in the community. You can contact the Congressman, Congresswoman and Senators and express your desire for peace talks. Thank you.

Mayor Scharff: Thank you. Stephanie Munoz to be followed by Bertha Petersen-Perez.

Stephanie Munoz: Good evening, Mayor Scharff and Council Members. I have a couple of things to suggest to you, that I think might help you do what you want to do in housing, that is put in more people for fewer cars and a little bit less congestion, certainly less traffic congestion. The first thing you might think about is much the same—differentiating between commercial and residential. You know how people are saying now that Prop 13 should have been different for commercial and for residential because the result is that people in homes are spending more proportionately in taxes than they used to relative to commercial. In the case of the housing, if you

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had the density bonus different for commercial and for housing, if you had the height limit different for commercial and for housing, you'd get more of what you want because commercial always wants more because they can make more money. That's just natural. That's not—there's no sin in that. What you want is for people to be housed. I believe that if you work on small is beautiful and having the companies build at least one bedroom for each person, that means SRO units. What I'm here to tell you is that they could be really pretty, and they could be something that you could be proud of. We've got Marc up in the State Legislature, and they could change that density bonus. I'd recommend that we ask him to do that. Thank you.

Mayor Scharff: Thank you. Bertha Petersen-Perez.

Bertha Petersen-Perez (Mark Petersen-Perez): Bertha Petersen-Perez could not make it here this evening. As counsel, she's my client, and I'll be representing her. This would be Petersen-Perez versus Assistant Police Chief Patty Lum. If you throw the picture of my mother up on the wall, please, up on the screen. This is my mother at 92 years old. My mother was 80 when abused by Patty Lum. As you know, she's the Interim Police Chief. There really should be no police officer anywhere across the nation that should be abusing anyone, our youth, our teenagers, and especially our most vulnerable, my mother. I'm going to show beyond all reasonable doubt that Patty Lum abused my mother. In the next video that you're going to be seeing, it's going to tell you the voice of several young people and what they had to say concerning the abuse that police officers potentially can meet out. Could you show the video please? [Video shown.] Back in 2004, Patty Lum abused my mother. I'm sure that anyone here in the court of opinion would probably be very angry about that and would be standing here just like me. I believe, Council Members, that Patty Lum should be summarily terminated this evening. She needs to turn her badge in now along with her sidearm, and someone in payroll issue her an immediate check. Again, no police officers should abuse an older individual, especially my mom. There will be more in the future on this subject. Thank you.

Mayor Scharff: Dr. Eric Wu.

Dr. Eric Wu: Evening, Mayor and Council Members. I'm an orthodontist in the Evergreen Park area and wanted to speak to you this evening about some concerns that I have about the current iteration of the proposed RPP program in Evergreen Park. As dentists, local healthcare providers, we are resident-serving businesses that are really about working with the residents of the immediate community. We really want to work with the residents in the immediate neighborhoods to open up conversations about the issues we're having with the parking situation. As local small business owners,

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we're really the mom and pop shops who give back to our communities. We're really here to take care of you. Please help us help you. As some of my colleagues earlier this evening have pointed out, with the current iteration of the RPP program in Evergreen Park we currently have no recourse in which to purchase parking permits for our staff and employees. This is a serious problem. We respectfully request the Council to identify that local resident-serving, healthcare providers are essential to preserving the current quality of life in Palo Alto. Therefore, it should be protected by somehow amending the RPP program proposed to allow resident-serving businesses to purchase parking permits for their employees and for their staff. Additionally, moving forward we do ask the Council to not approve any additional building developments in the future that don't have adequate parking to support its own use. Thank you very much.

Mayor Scharff: Thank you.

Minutes Approval

7. Approval of Action Minutes for the January 28, 2017 Council Meeting.

Mayor Scharff: Now, we're at Minutes Approval. Can I have a Motion to approve the Minutes?

Vice Mayor Kniss: So moved.

Mayor Scharff: Second.

MOTION: Vice Mayor Kniss moved, seconded by Mayor Scharff to approve the Action Minutes for the January 28, 2017 Council Meeting.

Mayor Scharff: Vote on the board. That passes unanimously.

MOTION PASSED: 9-0

Consent Calendar

Mayor Scharff: Now, we're at the Consent Calendar. I have one speaker on the Consent Calendar, Herb Borock, speaking to Item Number 8.

Herb Borock, speaking regarding Agenda Item Number 8: This is on the request for Resolution on a loan repayment pledge. I heard the presentation of Staff before the Utilities Advisory Commission. I support their desire to obtain these funds as soon as possible to be able to fund these worthwhile projects at the lowest possible interest rate. City Staff believes that the Water Board will accept the payment pledge that's in the Resolution; however, that doesn't match the language that the Water Board requested.

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The Water Board requires that the City pledge the net revenues of its wastewater system with system defined to include all wastewater collection and treatment. The bond counsel confirmed the City's ability to pledge revenues; however, the draft Resolution only pledges the revenues of Palo Alto's collection enterprise and not from the other five partners to the wastewater fund. The letter to me from the Water Board in response to my Public Records Act request says that they've withheld additional correspondence that is determined to be exempt from disclosure due to attorney-client privilege and attorney work product privilege. With Palo Alto being the only collection fund pledged, if there's a default by any of the partners, it's our collection enterprise alone that would have to make up any shortfall, while the other non-defaulting partners would share the burden only if their collection enterprise funds were also pledged. City Staff may be right that the Water Board staff will accept the Resolution with the pledge of only Palo Alto's collection enterprise revenues. If not, the loans might be obtained faster if pledges from the other collection enterprises are obtained first and included with the information sent to the Board. Thank you.

Mayor Scharff: Thank you. Now, if we can have a Motion on the Consent Calendar.

Council Member Wolbach: So moved.

Council Member Kou: Second.

MOTION: Council Member Wolbach moved, seconded by Council Member Kou to approve Agenda Item Numbers 8-13.

8. Resolution 9667 Entitled, "Resolution of the Council of the City of Palo Alto Establishing Pledge Sources of Revenue for Repayment of State Revolving Fund (SRF) Loans for Planning, Design and Construction of Wastewater Treatment Enterprise Fund Facilities at the Palo Alto Regional Water Quality Control Plant (RWQCP), and Repealing Resolution Number 9631."
9. Policy and Services Committee Recommends That the City Council Accept the Auditor's Office Quarterly Report as of September 30, 2016.
10. Finance Committee Recommends That the City Council Accept Macias Gini & O'Connell's (MGO) Audit of the City of Palo Alto's Financial Statements as of June 30, 2016.
11. Approval of an Amendment to Stewardship Agreement Number S13147834 With Santa Clara County Fire Safe Council for an Additional Amount of \$181,500 Annually for Three Years for a Total Amount Not-

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to-Exceed \$987,630 to Implement Elements of the Foothills Fire Plan (an Interdepartmental Initiative of Fire, Community Services, and Public Works) and Extend the Term two Years to June 30, 2020.

12. Resolution 9668 Entitled, "Resolution of the Council of the City of Palo Alto Approving the 2017 City of Palo Alto Utilities Legislative Policy Guidelines."
13. Approval of an Amendment of an Existing Funding Agreement With the Palo Alto Transportation Management Association (PATMA) and Silicon Valley Community Foundation Extending the Term of the Agreement for two Years (to December, 31 2018) and Providing \$100,000 per Year.

Mayor Scharff: If we could vote on the board. That passes unanimously.

MOTION PASSED: 9-0

Action Items

14. PUBLIC HEARING: Adoption of an Ordinance Amending Chapter 18 of the Palo Alto Municipal Code Making Permanent Interim Urgency Ordinance 5330 (Limiting the Conversion of Ground Floor Retail and Retail Like Uses), With Some Modifications; Extending the Ground Floor Combining District to Certain Properties Located Downtown; Modifying the Definition of Retail; Adding Regulations to Improve Pedestrian Oriented Design Standards in the Downtown; and Related Changes. The Proposed Ordinance is Exempt From the California Environmental Quality Act (CEQA) per Section 15308. The Planning and Transportation Commission Recommended Approval of the Proposed Ordinance.

Mayor Scharff: Now, we're at Item Number 14, which is a public hearing. Adoption of an Ordinance amending Chapter 18 of the Palo Alto Municipal Code making permanent Interim Urgency Ordinance 5330, limiting the conversion of ground-floor retail and retail-like uses with some modifications; extending the ground-floor combining district to certain properties located Downtown; modifying the definition of retail; adding regulations to improve pedestrian-oriented design standards in the Downtown and related changes. Do we have a presentation?

Beth Minor, City Clerk: Mayor Scharff?

Mayor Scharff: Yes.

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Ms. Minor: Do you want to do the ...

Mayor Scharff: Yes, let's do the vote.

[The Council completed Item Number 5 before proceeding with this item.]

Mayor Scharff: If Staff wants to proceed.

Jonathan Lait, Planning and Community Environment Assistant Director: Thank you, Mayor. I'm going to introduce Jean Eisberg with Lexington Planning, a consulting group that is assisting City Staff with this project.

Jean Eisberg, Lexington Planning: Good evening, Mayor Scharff and members of the Council. Again, I'm Jean Eisberg with Lexington Planning. Based on the City Council's direction, Staff has prepared a draft Ordinance for permanent retail protections to replace the retail interim Ordinance when it expires. Tonight, we're requesting that you review and consider an Ordinance to protect ground-floor retail conversion Citywide, design standards in two combining districts in the Downtown and on California Avenue, and modify the ground-floor boundary Downtown. The Ordinance is very narrow. It's a very narrow zoning intervention to address one issue affecting retail. It responds to the Council's concerns about office and nonretail uses replacing retail, installing window shades and films that were reducing the vibrancy particularly Downtown. There are a number of other policy interventions that could help support retail and development, but those are not contemplated as part of this Ordinance. Just looking back at the interim urgency Ordinance, this was prohibiting conversion of ground-floor or basement retail or retail-like uses Citywide to any nonretail use. It was adopted during a period of time when the City, particularly Downtown, was undergoing these conversions and seeing vacant retail spaces replaced with office uses. This Ordinance will expire at the end of April. The interim Ordinance defines retail and retail-like uses as shown here. You'll see in the proposed Ordinance this same list of uses appears. The Council twice discussed priorities for permanent retail protections in Downtown, (South of Forest Avenue) SOFA II and Citywide. These are the key outcomes shown here that drove the draft Ordinance before you. Looking at the input along the way. The Architectural Review Board discussed potential design standards at a Study Session, generally supported standards that supported transparency in addition to the existing design standards and guidelines that are already in place. The Council directed Staff to conduct informal outreach to solicit feedback on the Ordinance. The project has a website, a mailing list, and we interviewed stakeholder groups, individuals, developers, property owners, architects, residents, store managers, and retail business owners. While some stakeholders supported the idea of extending the GF

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boundary to strengthen the retail core, others thought it was overly prescriptive and unnecessary. Similarly, many stakeholders tended to favor more flexibility in finding tenants based on current market conditions and expressed concerns about potential vacancies as a result of the Ordinance. The Planning Commission met twice on the topic and was generally split. Some Commissioners expressed support for the draft Ordinance, specifically the intent to prevent these conversions of retail space to nonretail uses as a way to promote vibrancy, particularly Downtown and in other commercial districts. Other Commissioners objected to the premise to the Ordinance, that it presented too broad a reach and recommended additional analysis to focus and refine retail preservation and retail policies that would support more neighborhood-level analysis. Additionally, several Commissioners were dissatisfied with the scale of the stakeholder meetings and wanted to see a broader community outreach effort. Ultimately, the Commission recommended approval but asked the Council to direct them to study the issue further. I'm just going to run through the key points of the Ordinance, and we can come back to any items that you have questions about. First, broadening the definition of retail, removing the extensive list of retail uses. This was intended to respond to the changing nature of retail in Palo Alto, that's starting to focus more on restaurants and experiences and on services. Second—this is really the heart of the Ordinance—this continues the Citywide moratorium on conversions with one notable change. The draft Ordinance only protects uses that are permitted or conditionally permitted in the retail zone; whereas, the interim Ordinance protected any retail even if it was not permitted in the underlying zone. The Ordinance maintains the economic hardship threshold that requires documentation of an unconstitutional taking but also provides an opportunity to consider an alternate, viable, active use. The proposed revisions for expanding the GF district purposes is intended to capture the contribution of architectural forms, such as transparency, pedestrian orientation, that create a vibrant commercial district. In terms of Downtown, the draft Ordinance continues the interim urgency Ordinance provision to restrict the conversion of basements but only in the Downtown GF CD-C district. Also in Downtown, there are a number of modifications to the design standards in the GF district. One, restricting dance, art, and fitness studios from locating on University Avenue; removing the provision that allows 25 percent of the ground-floor area not fronting on the street from being used as office or other nonretail use; and then requiring clear glass or a low E glass transparency; requiring 70 percent of any sidewalk-fronting façade to have transparent window and door openings; and prohibiting window coverings during business hours. I'm going to run through a series of maps. The Ordinance also proposes to modify the GF boundary on Alma Street and Hamilton Avenue. This is intended to expand the Downtown core where ground-floor retail would be required. This is the proposed map, and we'll

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come back to it. Looking back briefly at this evolution. Before 2009—you can see the circled areas at the bottom—the GF boundaries included the areas around the University Avenue circle and on Emerson. In 2009, you see some changes in green removing these designations and in red adding the designations along Emerson and Hamilton. In 2013, the vacancy rates have dropped for retail, and the Council voted to add the GF designation parcels onto Emerson here. The result today that we're looking at, the pink is showing the existing ground-floor boundaries. Now, you're seeing the proposed addition in yellow of the parcels, bringing those back around University and Alma and then additionally linking along Hamilton. Notably, some of these properties along University are currently occupied by uses that would not be permitted in the GF overlay such as office, financial services, real estate offices. As a result, these properties would become nonconforming with respect to use until those uses discontinued, and they'd be required to meet the requirements of the GF. Notably, some of these properties were not designed for retail; they were designed as offices and do not have the architectural features, storefront windows, transparency, that make retail viable. One note on the SOFA II plan. Currently, the SOFA II plan prevents new ground-floor office in the Homer-Emerson corridor. This Ordinance would extend those protections to other retail uses in SOFA II outside of that corridor, namely along Addison Street on the southern end of the plan area. The alternate viable use waiver process would also be permitted in this area. Lastly, in the report there's an additional Staff recommendation to allow property owners at that southern portion of SOFA II in the RT-35 district to replace retail uses with private educational facilities. The Council had previously expressed support for this specific provision this fall, and Staff is now recommending to include it in the draft Ordinance to provide some additional flexibility outside of the core. Just a quick look at our timeline. As mentioned, the Ordinance does expire at the end of April, looking to have the permanent Ordinance in place prior to that expiration. Lastly, today you received some correspondence—it's also in the back of the room—from several individuals. I'm just going to summarize briefly. Correspondence objecting to the expansion of the GF designation; a request to allow housing as a nonretail use given the housing crisis; a recommendation to focus protections outside the retail core; a request for more flexibility in allowing various uses depending on market conditions; a request to increase the number of students threshold for fitness studios. This is that trigger for the CUP requirement. In conclusion, Staff recommends approval of Attachment A, which is the Ordinance. I'm happy to answer any questions. Thank you.

Mr. Lait: Mayor, I'll note that Chair Michael Alcheck is in the audience from the Planning Commission (PTC) if you want to hear from the PTC comments.

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Mayor Scharff: Michael, would you like to come forward, Chair Alcheck?

Michael Alcheck, Planning and Transportation Commission Chair: Good evening, Mayor Scharff. Good evening, Council Members. How can I help you today? I'll tell you a little bit about this meeting. We reviewed ...

Mayor Scharff: Could you speak closer to the microphone?

Mr. Alcheck: I can tell you a little bit about our two meetings on this topic. I think I can speak for everyone on the Commission. We felt that there was an opportunity missed here to spend a great deal more time evaluating the Ordinance that was in front of us. There was a sense shared amongst us that the interim Ordinance was put in place in a—I don't want to say a rushed manner, but in an effort to quickly address something. The idea was that it would come back to us so that in that interim period of time we could evaluate how to address any issues that came up. I think there was some consensus around the premise that the effort to really evaluate what is working and what isn't working or whether we should involve maybe a stakeholder group like the 2009 effort was missed. In an effort to make that recommendation, there was a lot of division on the Commission. There wasn't support for recommending that you don't move forward; although, that motion did come before us. The follow-up motion was that you do move forward and concerns with specifics were suggested. The overarching suggestion was is there a framework by which we could review this in the future, is there a creative way where we could incorporate a stakeholder group like the 2009 group. There were suggestions that essentially asked you to allow us to participate in this process with a little bit more stakeholder involvement. There are specifics in our recommendation about neighborhoods where the Ordinance should be more specifically looked at, Cal. Ave. for example, SOFA. I'm happy to answer other questions. I think largely our takeaway was that we'd like to be of more service to this process. There was a sentiment that we didn't have this sort of involvement from local business owners that we would have liked to have seen. Is there anything else I can provide you with?

Mayor Scharff: Thank you. Now, I'd like to hear from the public. We have a number of public speakers. I'm going to give you all 3 minutes. If everyone could get their cards in as soon as possible, that'd be great. Our first speaker is Roxy Rapp, to be followed by Chop Keenan.

Public Hearing opened at 8:42 P.M.

Roxy Rapp: Thank you for being, number one, the oldest person in the room. I'd like to talk about retail. My parents moved here in 1947, had a little leased shoe department in Walster's Department Store. When I was

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going through school, I used to work in the shoe store. After graduating Menlo College, I went into the shoe business. We built a large family shoe store, about 10,000 square feet under one roof of family shoes. From there on, I opened up my own clothing store while I was still running that shoe store, called Roxy's in Carmel and also in Palo Alto, very young clothing and shoes. I was lucky to be in the starting of the athletic shoe business. I started a chain of stores called the Athletic Shoe Factory, built 68 stores in California, Arizona, and Nevada, and fortunate enough to sell it to the Foot Locker. Working 6 days a week, 7 days a week, I loved it, and I had a tremendous passion for retail. That's what it takes to be successful in retail. You have to have a passion because it's hard work. Today for young people to be in retail, it is so hard. It's so hard to get financing. It's just a real struggle. I was having coffee this week with a good friend of mine that used to be president of Clark's of England. You probably have all wore Wallaby shoes or Clark shoes over the years (inaudible) most of you. He sits on a couple of boards, and one's a large shoe chain. He was quoting an article from *Forbes*, which he's going to try to get me a copy of. I'd love to forward it to you. It was about the United States and retail. Per capita, we have 50 square feet of retail space in the United States. In Europe, they have 2.5. I've been saying to myself for years now, because I did a lot of traveling when I had all these stores, that we're over-retailed. We've got too much retail. Retail is changing radically. You've all grown up in it and seen how it's changed with the internet. They're having 30, 40, 50 percent increases every year. Retail is going down and down. Today you don't need a large, 10,000-square-foot shoe store because of inventory control or shipping. It's even going to change in the future. I'm talking in the next few years. When you walk into a shoe store, you're going to have a scan done of your foot. You're going to choose the material you want. You're going to choose the heel height you want. The scan's going to go right to the factory, make the shoes, and it's going to be shipped the next day to you. That's what the future's going to be. I think you have to realize that retail is changing. It's changing fast. It's very tough to be in the retail business. To expand the core, you're just going to hurt—to expand out of the core, you're just going to hurt the existing retail. I think you need to be aware of that. One other thing ...

Mayor Scharff: Roxy, we're over the 3 minutes.

Mr. Rapp: I want to just tell you one more thing that's going to be the most important thing. You've got to be very careful on your decision-making. The atmosphere that the retailer makes, the experience inside the store is going to be so important in the future. Be very careful when you're talking about windows and glazing and lights and whatever. Thank you.

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Mayor Scharff: Thank you. Chop Keenan to be followed by John Shenk.

Chop Keenan: Good evening. Chop Keenan, 700 Emerson. The Downtown is a classic mixed-use district, very mixed, retail, office, hotel, residential and City Hall. The one-size-fits-all proposed Ordinance for Downtown, SOFA II, Cal. Ave., Midtown and El Camino is definitely mixing apples and oranges. SOFA II was a 3-year specific plan and EIR. There is no parking district in SOFA. To change the zoning without an EIR is very problematic. Densification on University Avenue has been very successful since 2009 and then '13. The City and stakeholders performed an exhaustive 6-month review, face block by face block, building by building. The Zoning Map was ultimately drawn with a laser, not a spray can. Retail by mandate won't fill the space in light of the current big box and internet retail environment. What to do explained in 3 minutes. Eliminate the one-size-fits-all Citywide Ordinance. The Downtown core and SOFA II are already highly regulated and shouldn't be included in the Ordinance except to expand the allowable retail uses definition in the core and SOFA, all without a CUP. Delete onerous City modifications including the counterproductive design guidelines and the 25-percent ground-floor exemption off California Avenue due to our very deep lot sizes. Whole Foods, CVS, Walgreens, Aquarius would all be in violation of this new design guideline. Signs are more important than storefronts. Sign Ordinance needs to be modernized. Incidentally, we have just concluded new long-term leases with Aquarius, Whole Foods and HanaHaus. Return to the 2009, 2013 retail only map. Everything else can go either/or, startup, service, commercial or even retail. The proof is in the pudding. Every year since 2009 our Downtown resale tax revenues have increased. The Downtown proposed Ordinance is a classic solution looking for a problem. Eliminate the new grandfathering or alternate means of snap-back retail regulation, in other words the nonconforming aspect. The idea of continuous ground-floor retail is simply not achievable; it's not on the ground now. Thank you very much.

Mayor Scharff: Thank you. John Shenk to be followed by Brad Ehikian.

John Shenk: Thank you, Mayor Scharff and members of the City Council. Thank you for this chance to speak on this. I am not the retail guru. I have been in real estate a long time. Maybe I should mention I'm John Shenk, address 629 Emerson, and the CEO for the Thoits family who have been retailers in Downtown for over 100 years, civic citizens, helped the City become a city, on the back wall, all those good things. We care about this City, and we care deeply about the Downtown and its vitality. As I read this Ordinance, I too thought, as Chop mentioned a minute ago, that it really was a solution looking for a problem. It seemed to me going back to 2015 and looking at the facts and findings or whatever it is, the Council said,

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"We're concerned about something. Staff, would you go tell us if we ought to be concerned?" Two months later, there's an urgent Ordinance adopted, and a month later or 2 months later it's turned into a 2 1/2-year-long thing. Where's the problem? As I talk to our retailers, they don't say there's a big problem other than parking and wayfinding, things that are solutions in the works. They comment that the Council, despite voicing "we're trying to help," has just burdened them with the RPP. That's been painful for them. Raising the minimum wage, the business tax, the registry. They struggle to get their signs approved. We have so many things that you all ought to be focused on, that are low-hanging fruit that we could fix and help the retailers and not try to tell them what their storefront glass ought to look like. I really think we're off target here. Please don't adopt this Ordinance. If you still feel like there's things that need to be studied or the maps that have been walked in laser-like focused lines drawn in the past, if that needs to be revisited, let's engage the community, and let's go do that. You heard from the Planning Commission; it's the same thing. It's just unfortunate that here we are at the eleventh hour, and you all are looking at an Ordinance that isn't baked. I'll leave it there. We all love the retail. We want it to thrive. We want a diverse Downtown. I just don't think we need to do this. Thank you.

Mayor Scharff: Brad Ehikian to be followed by Jon Goldman.

Brad Ehikian: Thank you. My name is Brad Ehikian, and I'm with Premier Properties. I went back through and reviewed some of the meeting notes from the 2009 stakeholders committee on this issue. I was really blown away by the level of depth and participation that they went into for that study. Unfortunately, I don't believe that happened this time. I was able to participate in the 2016 study. It was a 45-minute phone call. I noticed really none of my comments or concerns really made it into the report. In my mind, this report fails on a number of levels. This report fails to really highlight the important relationship that we have between our retailers and our offices. It fails to address the changes in today's retail environment. In fact, some experts believe that the fate of retail is less retail or reduced size retail. It fails to do anything that actually helps our retailers. In fact, expanding the district will only really dilute our existing businesses, and it would drive foot traffic out of our core area. Really TMA and RPP low-income permits were the first step in providing any relief to our retailers. It's unfortunate that we're here tonight to talk about removing parking from our employees in the RPP district, but I guess we'll get to that later. This report fails to identify any negative impacts of the CUP process along Cal. Ave. To date, I'm not aware of any CUP applications, which is just yet another barrier to entry. It fails to take into consideration that some sites are just inadequate for retail in today's environment, especially outside the core of

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Downtown. Because of this, we need broad uses, not restrictive. Downtown just lost two of our major national retailers, North Face and Anthropologie. Both left for Stanford. They're going to pay probably three times the amount in rent, but they're going to probably get 500, 1,000 times the amount of foot traffic. To retailers, that is huge. This Ordinance is just way too broad. As a personal example, I had a strong retailer that was interested in the North Face building. In order to accommodate them, I had to provide additional parking for them to succeed. I designed a plan to demolish 2,000 square feet at the rear of my building to accommodate a mechanical garage that would add the additional parking that would allow the retailer to be successful. Unfortunately, Staff could not support that idea because the interim Ordinance prohibited any reduction of retail and provided no discretion to Staff even when the reduction was sensible and beneficial. The space has been vacant for over a year. This is the world we're living in of unintended consequences. Again, without some flexibility I'm concerned that we'll see continued vacancy or marginal tenants that bring little benefit to our community. It's time to really slow down and ask the question what is the intent. I urge Council to set up a real, true stakeholder committee that was done in 2009 and not rush this issue. Thank you.

Mayor Scharff: Simon Cintz and Ben Cintz after Jon Goldman.

Jon Goldman: Thank you. I've worked in Downtown Palo Alto in property management and retail leasing for 20 years. I just had my anniversary last month. I was a member of the 2009 stakeholder group. Frankly, that was a great experience. We had property owners, residents, retailers, City Staff. I think that's the right way to do it. Right now, it feels like there's a focus on fast-tracking what I consider a pretty big bundle of changes to the Ordinance. I just want to address a few of the issues where I think it's a little bit being fast-tracked. To prepare for tonight on a beautiful sunny day in Palo Alto, I went for a walk so I could think about the design elements, the design standards. No window coverings, clear glass. I walked on Ramona Street and Emerson Street between University and Hamilton. The following businesses had window shades: Shoji Sushi, Jing-Jing, Rangoon Ruby, Patxi's Pizza, Palo Alto Creamery, Edge Salon, Juut Salon, Three Seasons, Osteria, Cardinal barber shop, Pace Gallery, Amber Dhara, Opa, Natural Mattress Store. Pizza My Heart has extreme dark glazing. That's in 2 blocks. Those design standards, in my mind, are unworkable. With regard to the use provisions, I think they are very strict. They don't just prevent office conversions. Why are art, dance and fitness studios limited to 15 customers? Retail-like uses can't be reduced even to make way for housing or parking. There are extreme restrictions. For example, film, data, and video processors can't process any items for offsite stores. If they have a

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branch store, they're not allowed to work on product for that store. That seems super picky. Tutoring services have been treated by the City as personal services. They're absent from this Ordinance. Schools, I guess, now it's being discussed, but that's something that's worthy of considering outside of the core district. There's no consideration of housing-only projects or affordable housing projects. Some properties would be appropriate, especially in neighborhoods. Things like North Face or S.O.S. Market are in the middle of a neighborhood; perhaps they should be considered for 100-percent housing. The sites proposed to be added to the GF retail zone are the same ones that were removed from the zone at the recommendation of the 2009 stakeholder group. Having been in the group, I can tell you that the reason those sites were removed from the GF zone was because, as you approach Palo Alto, most of them were typically vacant. It gave a very bad first impression to visitors. The idea was let them have a little bit more flexibility for the pride of the town. Thank you for your time.

Mayor Scharff: Thank you. Simon Cintz and Ben Cintz. You're speaking together and only one 3 minutes. If you spoke separately, you'd get it twice.

Simon Cintz and Ben Cintz: If we were twins? My name is Simon Cintz, my brother Ben Cintz. Ben is a resident here in Palo Alto. Both of us grew up in Palo Alto. We own four small commercial properties in Palo Alto. The blanket Citywide prohibition against any and all ground-floor retail conversion is a one-size-fits-all approach to retail preservation. It doesn't matter what type of retail. It doesn't matter where the retail is located. It doesn't matter whether or not the retail is viable in this location. It ignores most of the issues that should be considered in a carefully thought-out process. Is this the way Palo Alto wants to do zoning and City planning? It's important to note that almost all of Palo Alto's existing retail is currently protected by current zoning and other Ordinances. This Ordinance only serves to protect the very small portion of Palo Alto's existing retail, including retail property where retail is no longer viable. What is the real benefit of this proposed Citywide Ordinance against ground-floor retail conversions? It's also important to note that the Ordinance mentions that 70,000 square feet of retail has been lost since 2008. Let's put this in perspective. Ms. Jean Eisenberg [sic] told me there is about 2.6 million square feet of retail in Palo Alto. This means that only 2.7 percent has been lost in about 6 or 7 years. This isn't much considering the rapidly changing nature of retail in these last few years. Let's imagine what would happen if this Ordinance was in place when our family converted our 1960s auto garage to a 3,400-square-foot medical/dental office at 882 Emerson in SOFA. We now have two dentists and one doctor. A majority of their patients are Palo Alto residents. It cost us hundreds of thousands of dollars

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to do the conversion, which we could only do because of the increased rent from medical/dental space. If the Ordinance had been in place at that time, you'd still have or we would still have—the City of Palo Alto would still have an auto garage there. You tell me what is more beneficial to the City, having two dentists and a doctor or having an auto garage with a number of wrecked cars parked along the side because they weren't going to go anywhere. We really hope that this blanket restriction against converting retail will be turned down and this Ordinance and that you will take actions to support retail. The major thing you can do is help retailers by fixing the parking problem, not making it difficult for their employees to park and find a place to park and be hired, not making it difficult for their customers who visit the many stores, for example, in the Downtown to find parking and be part of the Downtown environment. Thank you.

Mayor Scharff: Thank you. Judy Kleinberg to be followed by John McNellis.

Judy Kleinberg: Good evening. Thank you very much. I want to call your attention to a letter that the Chamber sent to every one of you. I understand some of you haven't read it yet. Rather than read it to you, I encourage you to read it because it's a thorough discussion of some of the high points that we wanted to call to your attention with this new proposal. I just want to say is any of you a retailer. Have any of you ever been a retailer? Been a retailer, run a business? Not a lawyer, that's different. In terms of running—I know that's different. This isn't the first time that you've heard from the retail community. They've been coming for a couple of years, from the first time that this emergency Ordinance was proposed. There are not that many here tonight because they've come over and over, and they don't really believe that you're listening. I thank you for listening tonight. There have been a number of comments made about suggestions that you should look at carefully, that have to do with density issues, different uses that are being allowed, the design standards that are, I pointed out, not even energy efficient standards, the 21st century commercial reality. Our retailers are having a tough time competing with online. I think this Christmas season was the first time that online sales outdid regular retail. The retail businesses like Bloomingdales are finding out that smaller spaces are what works. Malls work because they're pedestrian friendly. Don't increase the size. I've heard retailers here over the last couple of years tell you don't extend the retail, compress it. That's why malls work. Make it pedestrian friendly. I'm not going to read you all the different comments, but what I will tell you—please do read it and pay attention to the people who have come to speak both sides. I think the people who are worried about retail leaving are just as valid as anybody else. We obviously represent retailers. We want them to succeed. Here at the Chamber we get calls from all over the country. I just got a call from

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Fort Collins, Colorado. How do we get that kind of vital downtown that you've got? Don't ruin it, please. I know you care deeply. You want to do the right thing. This Ordinance isn't ready. In fact, I don't think this Ordinance is necessary. That's what everybody has been telling you. If you must continue to look at it, please send it back to a really careful, collaborative cross-sector study discussion, the way it was done in 2009. That would really, really get you something that would protect the retail, not harm it. Thanks very much.

Mayor Scharff: John McNellis to be followed by Lund Smith.

John McNellis: Good evening, ladies and gentlemen. Sitting here for an hour and a half reminds me that the nine of you have a really tough job. I would like to thank you. I don't think City Council's get enough praise and gratitude for everything you do for us in a city. It is a difficult decision. I think I would really like to just second Michael Alcheck's Motion and restudy this. I think we should have a blue ribbon panel. What you have before you, unfortunately, is fatally flawed. I could give you chapter and verse or I could just point out a couple of things. I called Yoga Source; I called Yoga Works. They agreed they'd go broke if they only could have 15 students in a class. Just a small thing. Retail basements haven't worked since 1950. Nobody warehouses onsite anymore. Forget about basements. The glazing, some of you remember—and signage—when I last came before you with Alma Village. You let me get away—we had to cover those windows. Every retailer, you heard John say—clear glass is lovely for planters. It's lovely for architects. It's lovely for portfolio pictures, but it's not what helps retailers. What we really need to do, if we're going to do this right, is appoint a blue ribbon committee, get people who actually lease retail space, maybe people who have no financial interest in Palo Alto at all, young leasing brokers and say, "Who can you actually lease this space to?" The point I made to you, which the Post picked up—I'll just say I have personally developed 4 million square feet of retail space. That's more than in all of Palo Alto. We still own a couple million square feet. We have a number of projects here. Every single day I'm confronted with retail tenants who are leaving. Every single day I'm confronted with the reality that my time is almost up, that it's food and it's services. What we really need to do to make our Downtown great and keep it great is embrace anybody that brings people to us, anybody that has patients, customers, patrons, students. We need to open it up. That's the retail of the 21st century. We have a wonderful opportunity to really do something swell for our Downtown so people from Fort Collins will continue to call us and say, "How the hell did you pull that off?" We can do that, but not with this Ordinance today. If you have any questions of me, you've got to ask me now because I'm about to go home. Thank you very much. I appreciate it. It's a tough decision.

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Mayor Scharff: Lund Smith to be followed by Jaime Wong.

Lund Smith: Good evening, Mayor and City Council Members. My name is Lund Smith. I'm here tonight representing the property owners, Boyd Smith and Dick Jacobson, of 425 Portage Avenue. As you may recall, our property was discussed in the Council hearing last year, where we requested that our property be excluded from the retail Ordinance. I'm here tonight to make a similar request but also to address a lot of the same issues that have been discussed here as to why the retail Ordinance is flawed and should not be adopted. I want to read a letter first—some highlights from a letter that was sent to you earlier today from the owners of Pet Food Depot that, I think, highlights one of the issues of this Ordinance and why it doesn't work. The one-size-fits-all approach does not work. I'm just going to read some highlights. I'm Hegnar [phonetic], and my father, Harry, is the owner of the Pet Food Depot. I've helped my father run our family business since 2001. In January of 2012, we moved from our El Camino Real location, where Equinox now sits, to the 425 Portage site. Since our occupancy at the 425 Portage Avenue location, our business has struggled to survive. We've not been able to attract new customers because it's not a retail location, giving us lack of visibility, lack of parking, and the fact that the building is a warehouse. We have no doubt that a new business trying to establish itself here would fail given the constraints we mentioned above. Our landlord, Mr. Boyd Smith, has been very generous and helpful. He even substantially reduced our rent in order to help. Despite our landlord's help and reduced rents and despite our making every effort to make the business profitable, retail just doesn't work here. A few years ago, we approached the City about purchasing the City's pet supplies from our store. We were told the City does its purchasing online. It's unfortunate that the City of Palo Alto does not support its own small businesses. This property is not conducive as a retail business location. Our experience has shown that this property should be used for nonretail use that does not require visibility, parking and can operate in a warehouse building. I bring your attention to this letter because, as you can see from the letter, Pet Food Depot did not survive at 425 Portage, largely because it is not a retail location. This Ordinance puts us as owners in an impossible situation because you're telling us that we cannot even lease the building out as a warehouse. We've tried to market this space as retail for over a year. We've put ads in the Palo Alto Daily, Palo Alto Weekly, virtually no interest. I know we are just one location of many impacted by this Ordinance. This is an example of why the Ordinance cannot be a Citywide Ordinance. It has to be specific to the retail corridors and focus on just those locations. We allowed Pet Food Depot to come into our warehouse at reduced rent from day one as an accommodation because they had no place to go. We are now being severely penalized because we can't go back to just a warehouse building. With the risk of being locked

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into retail forever, no property owners including us will make that accommodation again. Mandating that all retail or retail-like locations stay that way indefinitely is ridiculous because it takes a one-size-fits-all approach. It doesn't allow for change. Retailers change a tremendous amount, as many have pointed out. Quite frankly, the City trying to claw back more space to support retail won't change that. At the very minimum, the Council should just focus on the major retail corridors. They also need to acknowledge that retail is changing and should greatly expand the definition of retail to allow for businesses to adapt. Thank you.

Mayor Scharff: Thank you. Jaime Wong to be followed by Robert Wheatley.

Jaime Wong: Good evening. Jaime Wong. I'm here to ask you not to adopt this Ordinance and add my voice to the many thoughtful remarks you heard today, the suggestions, the thank you also. My family has been both a lessor and a retailer. On both sides, there's a fine line between success and financial disaster. It is dangerous to legislate retail because retail changes, and landlords and retail tenants need the freedom to adapt quickly to these changes. The internet is constantly and instantly changing the rules of retail. No City Ordinance could save the typewriter business; IBM couldn't. Another point. Creating design standards for retail, I think, is a big waste of time and a big waste of resources. You will need to create another big bureaucracy to deal with all the requests, the complaints, the exceptions, the hearings. With all due respect, the ARB does not have the means to create successful retail, neither can the PTC or Council, not without ongoing input from landlords and retailers. The current boundaries of the ground-floor combining district were carefully drawn back in 2009 because of the traffic patterns, both auto and pedestrian. The areas around the circle in Palo Alto at Alma and University has not changed. This area will not support retail. The buildings at 102-116 University that you want to put back under the Ordinance, which my family represents the ground floors of, were built not with retail in mind. They were removed from the area in 2009. They have large, opaque glass windows throughout, which do not draw pedestrian traffic. Because of the way the circle was designed, Downtown foot traffic mostly bypasses the building going to Caltrain and Stanford. It's just a crappy location for retail. One consideration I have not heard is that my family's biggest partner, our bank, underwrote the loan to this building as an office building. If we change it to a retail building, the financial and contractual conditions will no longer be true, and the existing loans are then subject to recall. Opening and operating a retail business is difficult already. Attracting and renting out to retailers is also difficult. Mandating retail where it is not suitable will not make it happen. Please do not extend the ground-floor combining district to the circle where 102-116 University is. Don't bother creating more retail and pedestrian-oriented design standards.

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It's a waste of City resources and will not help retail. Please do broaden the definition of retail. Thank you.

Mayor Scharff: Robert Wheatley to be followed by Christian Hansen.

Robert Wheatley: Hi. My name is Robert Wheatley. I've had an office in Palo Alto since '86. I grew up here. I've shopped on University Avenue since the early '60s, bought toys there, got my hair cut there, went to Rapp's Shoes to buy my shoes where I was fit by Lou Rapp several times for my shoes. I enjoy the pedestrian district now with my wife. We come down and walk Hamilton, University, those areas. What I don't do is walk 5 blocks south and enjoy any retail 5 blocks south of here. All the speakers that have spoken tonight and said this should not be passed are correct. The 2009 very precise plan that showed retail core areas was the correct area to focus on. It should go back to that. People say you could get a waiver—a wavier process. Going through the City to get a waiver for something is just a death sentence to any kind of deal that would ever be done with a tenant. No one wants to wade through that. No one wants to wait. No one wants the uncertainty. That is not any kind of solution. Left out of the summary of Council direction was that the Council has considered this several times, back in August and again in the fall. The conclusion was that more uses should be allowed in the Addison and Alma area. I happen to be one of the owners of the old Anthropologie site, where they've moved out as has been noted. There was action given to study a solution and get that education use somehow in. Then, there was something brought to say let's do it, but it only didn't pass because it required a supermajority to override the interim Ordinance. There's been broad support. It's been voted positively on twice by the Council. It was voted 5-1 by the Planning Commission in support of those ideas. There's broad support, but it isn't adequately mentioned in this report. I would encourage the educational use. Other flexibility in uses in the non-core areas would be very beneficial both to businesses trying to locate here and to owners who are trying to have a viable economic plan. I appreciate all your consideration. Please do not allow this interim Ordinance, which was put in place as a temporary solution, to become permanent and do permanent harm to the City of Palo Alto. Thank you.

Mayor Scharff: Christian Hansen to be followed by Terry Shuchat.

Christian Hansen: Good evening, Council Members and Mayor. I just wanted to share with you my experience of me and my partner. We purchased the Anthropologie building a couple of years ago. We did that knowing that there was a good chance that Anthropologie might move out. When we purchased the building, we looked at the zoning closely, and we saw that the SOFA II allowed for flexibility. It didn't allow 100 percent office

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in our building, but it did allow us to put a different use. If we put a retail tenant—it's a 10,000-square-foot building, Anthropologie's building. The current zoning allows us to put a smaller retail tenant in the front along Alma where they'd get good frontage. It gives us flexibility to put a different use in the back of the building. With this retail Ordinance, we've now been marketing the building for over a year. We have not yet received an offer from a retail tenant to lease the entire building, which is extremely concerning for us. It's not because it's priced too high. We've gone out to the market with an unpriced marketing package to bring all offers, because we really want to see who would like to lease this building. The interest that we've had from restaurants and from fitness centers and from other uses were not allowed by the City. We are facing significant economic hardship. I come to you tonight pleading with you to please look at what was done in 2009. Each of these areas, Midtown, South El Camino, the Downtown corridor, are all so different. To say that they're all the same and to preserve retail in all these areas, you've heard it tonight several times. It's a one-size-fits-all approach. For our building specifically and for other buildings mentioned tonight, the North Face site and the Pet Food Depot site, it's not working, and we're trying. Please, please take this under consideration. One last thing to speak to the waiver provision. As you know, time is of the essence when leasing a building. Right now, if I want to go down and lease our Anthropologie building to another tenant under zoning if this emergency Ordinance wasn't in place, it'd take me a week maybe two to get a tenant. With this waiver, it's could take months. If we go down that road and we get 2 months down the road and get denied, guess what? We start over, and we're looking at significant vacancy. The provision waiver will not work. We need a very broad, robust definition. We need to broaden retail and really make it so that we can lease our buildings. Thank you for your time.

Mayor Scharff: Thank you. Terry Shuchat to be followed by Loren Brown.

Terry Shuchat: Good evening, Council Members. As you all know, retail is really changing in Palo Alto. Judy put it best that most of you, in fact it would almost appear all but one, have never really had any retail experience. Retail is getting terribly difficult. For 51 years, I had a camera store on California Avenue. At one point, we were one of the top 25 sales tax producers in Palo Alto. However, as time went on and the internet became more and more powerful, our business shrunk. It finally shrunk to a point that I closed the business. Everybody in Palo Alto, if you ask them, will say, "Yeah, I want the hardware store back. I want the jewelry store back. I want the five and dime store back." However, they're gone because people didn't support them. Without the support, it's really hard to get good retail tenants. California Avenue has a little special clause that says chain

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stores cannot come to California Avenue. To me, that is a huge mistake. California Avenue does not have a place for giant chain stores, but places like Pete's Coffee, a chain store could not come to California Avenue. There are a number of smaller chain stores that are large in number, yet they only take up 2,000, 3,000 square feet. In a period of time, independent retailers are going to be pretty much gone. I was born in Palo Alto just a few years ago. As I was growing up, so many businesses were owned by local residents, and those same residents owned the buildings they were in. I was fortunate enough to own my building, so I didn't ever have to talk about the nasty landlord that raised the rent so high. I purely went out of business due to lack of business. With this lack of business and the increase on the internet, I foresee a lot of empty retail space. Expanding the retail area is really a big mistake. I agree that retail has to be concentrated in a certain area to make it vibrant. Of course, parking is rather difficult in this City regardless of which shopping area you go to. We are all in dire need of more parking. Shopping centers have the advantage. They attract people because of parking. California Avenue, University Avenue have gotten very difficult to park in. We truly need more parking. The parking would certainly potentially encourage more retailers.

Mayor Scharff: Loren Brown to be followed by Jonathan Saddle [sic].

Loren Brown: Thank you. I'm here to talk about 3241 Park Boulevard this evening. I sent you an email on Friday. I received one response; thank you. I'd like to second the comments that were made by Michael Alcheck, Chop Keenan, Lund Smith. The one-size retail Ordinance is just not going to work. 3241 is kind of in the backwater of Palo Alto. It's a half mile south of California Avenue. It's a half mile off of El Camino. There's no retail around it. We were swept into this by virtue of the occupancy of Park Avenue Motors. My business is Vance Brown; we're a general contractor. We've been in Palo Alto since 1932. We've been in the Park Boulevard area since 1950. We were at 2747 for 35 years. We started with 2,000 feet and, over those 35 years, we expanded to 5,000 feet when we were busting at the seams. We got an opportunity in 1990 to move to 3197, which is next door to the property in question. We got ourselves 10,000 feet, and we thought it would last us a long time. It's now been 27 years, and we're sort of starting to feel like we're running out of space. When Park Avenue Motors decided to quit business, the owner approached me and said, "We noticed we're right next door to you. If you ever want to expand, this would be a great property for you." It's the same zoning, GM zoning, so I took him up on it. We bought the property with the idea that we would have future expansion space. Park Avenue Motors had given their notice they were going out of business, but they were still operating on that date when the arbitrary Ordinance was put into place, so we got swept up into it. It's really

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a poor location for retail for all the reasons everybody said. I just urge you not to pass this Ordinance or at least—we were also told by City Staff that there would be a study that would go look at all the properties individually on a case-by-case basis, and that study has never been done. At the least, you ought to have Staff go back and look at all the properties that really don't make sense and get them out of this Ordinance. Thank you.

Mayor Scharff: Thank you. Jonathan Satz.

Jonathan Satz: Thank you, Council Members, for the opportunity to speak on this matter. My name is Jonathan Satz. It's S-A-T-Z. I work for AltSchool, a private, independent educational facility located in the SOFA II zone of Palo Alto. I think you've heard from mostly property owners tonight. Hopefully, I can offer a tenant's perspective. We opened our doors in 2015, and we now serve a population of around 80 families. We're proud to be located in the Downtown core and to offer the community a vibrant and active use. This coming fall will mark our third year in operation. When we started our site in 2015, we always anticipated adding another small middle school Downtown. Our current facility, which is only 5,000 square feet, was never meant to house an entire K-8 population. We call it a micro school. However, with the adoption of the retail Ordinance in 2015, searching for an additional location has become incredibly difficult as we're prevented from converting out of retail to educational uses. Furthermore, people who own properties that have office uses on the ground floor, which we would otherwise lease, are no longer willing to lease to non-office users given the fear that they will not be able to convert back to that office use once we leave. Because of how difficult it has been to find any new location, we would support an exception that allows conversion to educational uses within the SOFA II area, in the areas that Staff has recommended. With that said, it's still a very narrow exception and does not provide as much flexibility to schools looking for new locations. We hope Staff and Council consider a broader exception for educational facility in the future. Thank you.

Public Hearing closed at 9:27 P.M.

Mayor Scharff: Thank you to everyone that came out and spoke on this item. We'll now return to Council for a questions and comments round. Council Member Kou.

Council Member Kou: It's a question for Staff. I heard that there's—somebody said that there was 70,000-plus square footage of retail space that was lost between 2008 and 2014. Was it about 534,000 square feet of office space that was created after that?

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Ms. Eisberg: I don't think I have those numbers. That comes from a finding at the front of the Ordinance for retail. I don't have a number. I might be able to look something up quickly if you want me to come back to it.

Council Member Kou: I'd appreciate that because, I think, that was addressed in the previous Council meeting. While we lost 70,000 square feet of retail space, we actually gained about 534,000 square feet of office space, which is why the emergency Ordinance came into place. Additionally, say for example the school, the last gentleman that spoke—are you fully parked? Is there a circulation issue?

Male: (inaudible)

Mayor Scharff: You have to ask the Mayor before you ask them.

Council Member Kou: I'm sorry.

Mayor Scharff: I'm happy to allow it, if you want to come to the mike and answer it. Do you have questions for him?

Council Member Kou: I think he answered it.

Mayor Scharff: He answered.

Council Member Kou: Thanks. Sorry about not knowing the procedure.

Mayor Scharff: No worries.

Council Member Kou: I kind of look at this—this is comments and questions, Mayor?

Mayor Scharff: What'd you say?

Council Member Kou: Comments and questions?

Mayor Scharff: Yeah, comments and questions.

Council Member Kou: Somebody earlier mentioned that the City needs to solve this parking problem that we have. In the last few years, the last decade, we've been building consistently office space with under-parked facilities. Just last week, the Council passed 429 University that is grossly under-parked, and they have retail space. They have office space. They have housing. I don't know how we can continue on without some sort of interim rule in order to fix the problems that you're all talking about. We have dentists here today, that are not able to find parking spots. People are displaced from their retail stores and then can't open anything else simply

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because rents are too high. The gentleman also just said office property owners are not willing to rent to him because they're worried that they won't be able to get it back as an office space. We're being very counterproductive here when you guys come in and say, "We want this, but we're not going to provide that." Paying into the Parking Assessment District is paying for parking spaces that are phantom. It's not out there. You're actually circling the neighborhoods and taking up actual parking spaces and permits from the dentist employees, from Channing House nurses and aides. I really hope that you give a chance in order to work something out rather than pushing the problem to a different place.

Mayor Scharff: Vice Mayor Kniss.

Vice Mayor Kniss: Let me also go to Staff and ask a number of questions. It's pretty clear that we're getting substantial push back from the business community. One of the things I would remind us is that, as sympathetic as I am with doctors and dentists and so forth, there's no sales tax there whatsoever. We run on sales tax; we run on businesses who function and function well in our community. That's really important. I'm very concerned with a very different kind of Ordinance that, as many have said tonight, is a one size fits all, which would mean that we're applying it not only on California Avenue. Who talked about Pete's on California Avenue? It was—thank you. I keep thinking why can't we have a Pete's on California Avenue. I'd forgotten why. I prefer Pete's to Starbucks; many of you know that anyway. Looking at this from an overall City standpoint, we're talking about anything on El Camino, we're talking about anything on California Avenue. How about Midtown? Midtown is about as funky as they come, and that is where I do a lot of my shopping. I have a feeling almost any one of those would have trouble staying as they are. We're a quirky town, and we're very different from this end of town to the far end of town where there is a Pete's at Charleston Shopping Center. I'm very inclined to support what Chair Alcheck mentioned early on. Is this really ready for prime time? I realized it was passed as an emergency Ordinance. I know I was here when that was passed. I'm not going to indicate that was done before my time. I think this is one of those that we need to rethink. I'm extremely concerned about the number of things that are bought online. How many of you have bought—now, be honest. How many of you have bought online in the last month? I mean my colleagues too. There's no one who's not buying online any more. You frequently go and look at a store, and then you buy online. That's what's happening. I'm older. My kids don't know that you could actually—I don't think they know anything other than how to buy online. That's what they do. My daughter will say, "Mom, if you need new shoes, why aren't you online? Why would you go Downtown and look for them?" Who said it earlier? Roxy? Did you mention how we'll buy shoes in the

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future? I think that's true. I think we need to think this through. We're now 2017. We are becoming so automated that I do worry about our retailers. I'm glad they're still here. I'm glad Fort Collins is calling. We are known all over the world, but I think we have to protect this asset that we have. I think we need to think it through carefully. It sounds like to me we need to think it through one more time. Was that a question or a comment?

Mayor Scharff: You could do either.

Vice Mayor Kniss: I did.

Mayor Scharff: Council Member Filseth.

Council Member Filseth: Thank you. I have a couple of questions for Staff. On the Ordinance proposed, there was a bunch of discussion about design standards and window tinting and so forth. Why? What's the thinking behind that? Why would we regulate that?

Ms. Eisberg: The concern was specifically about opaque or translucent window films on uses that were covering existing windows so you can't see inside.

Council Member Filseth: That's an issue, if I understand that right, of somebody that's supposed to be retail but actually isn't, and you can't see in. Is that the issue?

Ms. Eisberg: That's right.

Council Member Filseth: The next one I wanted to ask was the yoga studios. There's a delineation between 15 and under members versus over that. If it's over that, it's defined as commercial recreation. If it's under that, it's defined as a form of personal service. Why? What use are you trying to filter with that?

Ms. Eisberg: This is an existing interpretation that's now being codified in the Ordinance. The idea is at the threshold of 15 students, it becomes a conditional use permit. There may be different review and requirements provided around parking or other occupancy—other provisions that would get triggered at the CUP level.

Council Member Filseth: It's not a question of we want to segment these uses from those uses. It's more along the lines of let's make sure how much parking it's going to take.

Ms. Eisberg: Right. How it's implemented.

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Mr. Lait: Council Member, I might add that's exactly right. I think the interest there was also to create an opportunity for those types of businesses to get established without going through a more rigorous conditional use permit process, which would be the alternative if we considered a commercial recreation use.

Council Member Filseth: Finally, one of the speakers commented on the 25-percent issue. He said that actually CVS and Whole Foods would be in violation of that. Do you know if that's true?

Ms. Eisberg: No. I believe that would be an incidental—in that case, if it's a Whole Foods and there's an office in the back for the Whole Foods, it's not a separate tenant. It's an incidental use to the retail use or the food service use in the front versus leasing to a separate office tenant in the ground floor.

Council Member Filseth: The provision is specifically for subleases?

Mr. Lait: In the Code before the interim Ordinance, you could use the rear 25 percent of the tenant space for an office use, for instance. That was eliminated with the interim Ordinance. It's also proposed to be eliminated with the Ordinance that's before you. We make some comments about that in the Staff Report, about some of the opticians and people who might want to use some of that space for that. I believe the speaker was also talking about some other aspects related to the design requirements. Those probably would not be in compliance with the window transparency requirements that we're proposing.

Council Member Filseth: Thank you.

Mayor Scharff: Council Member Holman.

Council Member Holman: Thank you. Chop, we're going through this together again. Thank everyone for coming tonight, for expressing what the concerns are. To Council Member Kou's points about the 70,000 square feet of retail lost, those were numbers I was given also by Staff a couple of years ago. That square footage was lost between 2008 and 2015. Just a little bit of background here. Before we applied the ground-floor retail protections to the block of Emerson between Hamilton and Forest, we lost Fraiche, which had to move. That became office. We lost a shoe store there; it was sort of a nonprofit shoe store sort of thing. We lost that to office, and we lost the cleaners at 204 Forest at Emerson. We lost that also to office. We also have—I don't remember if it was this packet or the packet before—a report from the Auditor that Palo Alto's overall sales and use tax revenues for the first quarter of 2016 increased by about \$273,000 or 4.6 percent compared

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to the first quarter of 2015. Palo Alto sales and Use Tax revenue totaled 27.4 million for the year ending March 2016, an increase of 6.6 percent from 25.7 million during the prior 1-year period. Something good is happening in retail. This just came out, so something good is happening regarding retail. I didn't raise my hand to your question, Vice Mayor Kniss, about buying online because I almost never do. I encourage everyone that I know don't buy online. Go to the brick and mortar because we need the sales tax dollars, they need the support. What constitutes retail has changed. What constitutes personal service has changed. Some specific questions for Staff. There are some places in the Ordinance itself that reference ground floor and some places that reference GF but don't reference R, which is what California Avenue has. Is there a reason for that?

Ms. Eisberg: The design standards are referenced ...

Council Member Holman: I'm talking about uses primarily.

Ms. Eisberg: The only use changes are in the GF district. There are no use changes proposed in the California Avenue R combining district.

Council Member Holman: If we don't want to have, let's just say, a—I know we have a new one there. If we don't want to have a trade school on California Avenue, why would we—excuse me. If we don't want to have a trade school on University Avenue, why would we want to have it on California Avenue? It's disruptive, it would seem, to retail.

Ms. Eisberg: That could be a modification to the Ordinance, but right now we haven't proposed any use changes (crosstalk) combining district.

Council Member Holman: Clarification. On the Ordinance, Page 5 talks about entrances and lobbies, reception areas serving non-ground-floor uses. Currently there's no square footage limitation to that, and there are some instances where that seems to be quite sizable even on University Avenue. Would Staff be amenable to putting either a square footage limit or something like the amount needed to serve the upper floors? Would Staff be amenable to that?

Ms. Eisberg: Yes. I think you could have a square footage cap or a cap that's related to the width of the façade. Some of these frontages that are larger, maybe there's a percentage of that frontage that could be a lobby, but the other percentage would be retail.

Council Member Holman: Is there any—just to answer a question also that Chop brought up. I agree with him, and I've brought this up a number of times myself (inaudible) Architectural Review Board (ARB) members. Do

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you have any kind of idea or plan for updating the sign Ordinance? It is outdated. If you look around the whole City, probably fully half of our signs are illegal. Is there any timing on that that's considered?

Mr. Lait: No, it's not a part of our current work program. I do understand some of the concerns that have been expressed about the Sign Code.

Council Member Holman: A question about the North Face site, and it's a question for Staff. If there isn't enough parking there for retail, although, North Face was there for a long time. If it were to flip to office, would there be enough parking then either?

Mr. Lait: I don't know the specifics about the site. I do recall meeting and talking to Mr. Ehikian about that site. Generally, retail has a higher parking requirement than office.

Council Member Holman: I understand that. I was just wondering if there would be enough parking. I think it's probably an under-parked building no matter what goes there, but I don't know that to be clear.

Mr. Lait: I don't recall enough details about the site to answer that.

Council Member Holman: The changes regarding Addison, a couple of questions. I guess one of them is a comment as much as it's a question. I don't understand how we could change what the allowed uses are in this Ordinance because that's a part of the SOFA II cap. It seems to me we would have to amend the SOFA II cap. That's one. Those two properties have not gone through the waivers and adjustments as called for in the Ordinance.

Mr. Lait: What was the second part of your question?

Council Member Holman: Those two properties also have not gone through the waivers and adjustment process that's identified in the Ordinance.

Mr. Lait: That's correct on the second part. Actually we've received a formal request for 100 Addison. The Council considered that. That's the only property that has formally requested a waiver, and that was not supported. No other property has formally requested a waiver under the interim Ordinance.

Council Member Holman: The Addison Antiques site hasn't gone through this process, so we wouldn't be making that action tonight anyway. Plus, it would be—wouldn't it require an amendment to the SOFA II cap? How could we make a change with this Ordinance?

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Mr. Lait: Just so we're clear, the 100 Addison site did previously request a waiver pursuant to the existing Ordinance, and that was not supported.

Council Member Holman: You're saying it was not supported.

Mr. Lait: By the Council. Instead, we got direction to amend the Urgency Ordinance to come back with the public school—excuse me, the private school provision. As you recall, that failed 5-4. It needed eight votes to pass. That one was sort of asked and answered. It was not supported. Again, that was under the constitution—the waiver that we have in the interim Ordinance is this constitutional taking standard, which is a really high standard. The proposed Ordinance introduces a second standard that the barrier, while still a high bar, does allow opportunities for these outlier properties to be evaluated for possible removal from the protections of the Ordinance.

Council Member Holman: Clarification. We're not taking any action on that tonight, on those Addison properties tonight?

Mr. Lait: That's correct.

Council Member Holman: Good to get clarification on that.

Mr. Lait: I'm sorry. Just so I'm perfectly clear, we're not taking any action with respect to waiver. There is the statement that we have in the Staff Report about the private schools. That's not included in the Ordinance before you but could be if the Council were interested in pursuing that.

Council Member Holman: Got it. One question about Ordinance Page 7, at the very top of the page. We're going back—it's okay. I can start there. Top of Page 7, Number 1 there talks about any ground-floor retail or retail-like use could be replaced. I think that's redundant to what's down in "C" below, it seems like. Is it not?

Ms. Eisberg: The top of Page 7, Number 1 is redundant with Part C?

Council Member Holman: Yes, it seems to me.

Ms. Eisberg: Number 1 is really the core idea of the Ordinance, that retail or retail-like uses can only be replaced by other retail or retail-like. Part C is about the two paths for a waiver, one, this economic hardship or, two, this alternate viable use that's consistent with the purposes of the district. That would allow for another type of use, whether it's private school or ...

Council Member Holman: To make it clear for just this reader, it would read clearer to be may be replaced only—never mind, I got it. I got it. I think

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that's just about ... Just to clarify. Somebody said something about Yoga Source or whichever one it was. They wouldn't survive if they had to go through a process. Yoga Source is on Hamilton, so they would be allowed anyway. It's not an issue for that. I guess last question. Conditional uses, business or trade schools, commercial recreation, daycare, it seems like we would not want to have those on California or University Avenue. I don't see that restriction in here. Do I misread it or overlook something?

Mr. Lait: While Jean's looking at that, I believe they're not allowed on California Avenue because that's in the R overlay. That only allows retail and personal service uses. With respect to University, that is a change that we noted in the Staff Report, that we wanted the Council to pay attention to. In the interim Ordinance, you're not allowing these conditional uses. The proposed interim Ordinance—excuse me. The proposed permanent Ordinance would create an opportunity for somebody to request a CUP for those types of uses. If it is the Council's interest to still not allow conditional uses on the ground floor on University Avenue, that's direction we would need to make a change to the Ordinance.

Council Member Holman: I think that's it. Thank you. I have a Motion when it comes time.

Mayor Scharff: Other people do too. Council Member Fine.

Council Member Fine: Just two quick questions and then some comments. Thank you for the report. Does Staff have an estimate of how much basement retail space we have?

Ms. Eisberg: We have a draft report from a consultant that looked at it with a very wide range. We don't have a final version of that report. I don't know it off the top of my head. It was sort of a shot in the dark, and we're working to refine that.

Council Member Fine: This may be to my colleagues or to Staff. Do we know how long the 2009 stakeholders group took to come forth with their recommendations?

Ms. Eisberg: I believe it was a series of two meetings. I don't know how long that period was, but a series of two meetings.

Vice Mayor Kniss: You mean in '09?

Council Member Fine: Mm hmm. Does anyone up here know how long that process took?

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Ms. Eisberg: The people behind me might know.

Council Member Fine: Mr. Mayor, if some of the members (crosstalk).

Mayor Scharff: Go ahead if someone knows.

Council Member Fine: Six months, 9 months?

Mayor Scharff: If you want to come and use the mike if you're going to speak so other people can ...

Council Member Fine: It'd be helpful.

Mayor Scharff: You better identify yourself.

Mr. Goldman: Jon Goldman. It was quite a long time ago, but I think I personally attended about five meetings. I know there was also a tour where groups went all over Downtown looking at individual properties. I couldn't really tell you the complete timeframe, but it was a number of months.

Council Member Fine: Thank you very much.

Mr. Goldman: You're welcome.

Council Member Fine: I think that's really helpful. It does seem like in 2009 the City did produce some good results here in protecting ground-floor retail in the commercial core. I think our City is facing a fundamental problem about the amount and location of retail in our City. Yes, we've lost retail across parts of the City. We are acknowledging there is a changing nature of retail businesses, pressure from offices and, in some case, a lack of customers. I'm wondering—this is just a question I'll float out there. Perhaps we need to think about right-sizing our retail spaces and reinforcing a healthy dense core of retail but not expanding this Citywide, in a sense, allowing more flexibility of retail uses in the GF core and across the City otherwise. As some other Council Members have mentioned, there are other things we could look at and focus on such as a signage Ordinance, perhaps getting an economic development manager in place. Tonight, the only thing I would be willing to support is expanding the types of acceptable uses in GF and other areas. I wouldn't support extending to Citywide and enlarging the GF area or adding new requirements like the window designs. At the moment, we probably would be wise to kick this back to PTC or perhaps form another stakeholders group that does diligent work like we see in this 2009 plan Ordinance and boundary. I don't think we're going to help our

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retail environment by adding more restrictions and requirements to these businesses at the current time.

Mayor Scharff: Council Member Tanaka.

Council Member Tanaka: The good news is that everyone in this Council Chamber wants the same thing, which is a vibrant retail environment. I think everyone here on the dais wants the same thing as well. I think the challenge is how do we get there. There is a carrot and a stick. The stick here is mandating it. Where's the carrot? I want to just ask Staff does Staff have any idea of how many vacancies we've gotten as a result of this Ordinance. Has Staff studied that?

Ms. Eisberg: The retail vacancy right now is about 2 percent, between 2 and 3.

Council Member Tanaka: Do we know what properties have been—we had some people who spoke about properties that are vacant because of the retail emergency Ordinance. Do we know what those are?

Ms. Eisberg: We know of at least three waivers as a result of this but have vacancies that haven't been filled. Those would be Downtown, SOFA II area.

Council Member Tanaka: I had a chance to review this on PTC, not the latest draft but the one before. I still think it's not ready. It's kind of half baked. There's a lot of issues and challenges with it. It's going to be hard for us up here to actually re-engineer this on the fly. I agree with my fellow Council Member Fine about forming some sort of working group, maybe getting the PTC involved to figure out how to make this really work. We need not just a mandate of retail, but we need ways to actually encourage retail to be vibrant and successful in the City. One thing that's really missing and something maybe this working group could come up with is thinking about the curation of retail. If we look at Stanford Shopping Center or we look at Town and Country, retail in that area has been incredibly vibrant because retail has the co-tenancy, it has the—right next to retail. That's very important. It's harder for us to do that as a City because there's obviously independent property owners. I think we could definitely think more about the curation of retail as well. That could help. I want to ask the Mayor. Are you looking for motions now or are you just ...

Mayor Scharff: Nope, not looking for motions. Council Member Wolbach.

Council Member Wolbach: It sounds like we might—hard to say where the motions are going to go. I'm not going to make one right now. It sounds like there's some skepticism about whether we're ready to move forward or

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what moving forward would look like. However if we move forward or don't tonight, I just wanted to mention a couple of things. I heard a couple of comments from colleagues earlier. One that I thought was—I just wanted to follow up with Staff on paying into the Parking Assessment District is paying into phantom spaces. I was wondering—the Parking Assessment District has helped build parking garages in Palo Alto. Correct?

Mr. Lait: Yes.

Council Member Wolbach: Real parking garages?

Mr. Lait: Yes.

Council Member Wolbach: I just wanted to double check on that. Also, we might have a tendency to mix and match our various concerns and their impacts. There's obviously a lot of concern, very legitimate concern, that I share about parking issues in Downtown in particular. We're taking up that item hopefully tonight as well. We also have a lot of concern about maintaining a healthy retail environment. The conversion of retail to office is not what's responsible for our parking problems, because retail actually creates more of a parking impact than office does. Frankly, I think it's worth managing that. I'm okay with having a little bit more parking impact especially in areas like Downtown for the benefit of maintaining a healthy retail environment. It's worth doing, but I want to make sure that we're all conscious of the tradeoffs that come with these things. Office is not responsible for all the problems, and retail doesn't provide all the solutions. They each have their own benefits and their own problems. I just want us to make sure we have a nuanced understanding of that and are thoughtful about that. As we continue the conversation later tonight about parking, think about the importance of how that works with the retail environment, understanding that retail and restaurants do have a pretty big parking necessity because you've got the employees, and then you also have customers coming and going. There are a few issues that I just wanted to highlight, that I share some of the concerns and uncertainty about. One is something that in the past I was very much onboard with wanting to make sure we didn't lose basement or back room space. I'm hearing more from—we've heard tonight from people who work in or work with retailers that the necessity of large onsite storage is changing. By the way, there was a question earlier about who here has been a retailer and owned a retail business. Nobody on Council—maybe one person on Council suggested they had. At least myself and others may have worked in retail even if we weren't the owners of retail business. I haven't worked in retail in a few years, so it's quite possible that the environment has changed since I worked in the industry. The question of what we do with and how we manage

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or restrict how people use their back rooms or their basement space is one I'm not as sure about as I used to be based on what we're hearing from the business community. On the question of 15 people per class for yoga or martial arts or dance studios, etc., it was actually really interesting to hear that explanation, that exchange between Council Member Filseth and Staff. Looking at that, my first question really is do we want to restrict to under 15. If the idea is to encourage the small ones to at least get started and then they can go for a Conditional Use Permit (CUP), I'm not sure that's the best approach. I'm trying to think of a better one off the top of my head, and I can't. Again, that's a question we might want to explore. If our goal is to encourage vibrant activity, having a small class—let's say you're a coffee shop owner, a restaurateur, talking to the gentleman who runs Printer's Café on Cal. Ave. They have an athletic place that went in next to them. I thought that would be great for them. They've got people coming in, going to have class, get out, and then they're going to be hungry and want to go get some coffee or food. What I'm hearing is that because it's a small group of people in there or very few people in there at a time, it actually doesn't create a lot of foot traffic and doesn't add to the vibrancy. Especially on Cal. Ave. itself and on University Ave. itself, unlike the side streets, I would want to make sure that any studios for martial arts or (inaudible) or other athletic things—make sure that we encourage ones that have denser use of people in whatever size space they have. A moderate to small space with a lot of people is probably the best thing to create customers who walk out of their workout hungry and then spend their money in the restaurants. I share the concerns and really care about how we make sure we maintain flexibility about how people treat their windows and use those. We should maybe be a little bit more flexible on how we restrict signs. I'm skeptical about expanding the area, particularly into the SOFA II area because a lot of work went into that. I don't think we've done enough thinking about whether we want to mess with all the time that went into developing that coordinated area plan. The issue of making sure that waiver applications can be handled in a more timely manner is really important.

Mayor Scharff: Council Member DuBois.

Council Member DuBois: First of all, I want to say I appreciate the opportunity to have questions and discussion. This is an important issue. I know we want to get to the RPP, but this really deserves some time. I appreciate that. I had a question on the new kind of hardship case or the active viable use. Is that a CUP process? How would that be administered?

Ms. Eisberg: It's not a CUP process; it's a separate process. The idea was that the economic hardship threshold was very high. To show an

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unconstitutional taking was a really high threshold. This is intended to allow an opportunity for a waiver where the use is still meeting the purpose of the district and the Comprehensive Plan land use designation and encouraging that pedestrian-oriented, active use. The documentation requirement that's proposed in the Ordinance puts the burden on the applicant to show—one, they would have to show a 10-year history of the occupancy of the building. Has it been retail in the past, and has that been—the idea being has that been a viable use. A map that indicates all of the existing surrounding uses and their zoning. If you're just a one-off retail business not surrounded by other retail, you might not have the foot traffic and there may be more propensity to allow an alternate use.

Council Member DuBois: Some of these examples we heard, I guess, would fit into this new process, it sounds like.

Ms. Eisberg: Maybe. For example, if there was an existing retail or retail-like that was surrounded on both sides by office or other uses that were nonretail, then perhaps that would be more of a reason to allow a waiver where there's just not the foot traffic to support it.

Council Member DuBois: I saw there was an addition in the Ordinance to measure use annually. Don't we already do that through the Business Registry?

Ms. Eisberg: I think that was in relationship to the annual reporting, so yes. One, through the Registry, but also the Downtown monitoring report looks at retail use. It looks at retail uses in addition to vacancy, sales tax.

Council Member DuBois: It just wasn't clear if we were basically adding a second annual survey.

Ms. Eisberg: No, no. That came out of a recommendation from the PTC just to add that.

Council Member DuBois: We would just do it as part ...

Ms. Eisberg: Part of that Downtown monitoring report.

Council Member DuBois: Real quick, on Page 421 could you explain the PC zoning issue? At the top.

Ms. Eisberg: Right now the PC zone is—this was a recommendation from Council to consider how this Ordinance would affect the PC zone. Basically, because a PC is applied to a parcel, essentially this—sorry. The question from the Council last fall was about how the PC zoned parcels would align

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with the GF or P district. Right now, there's no combining districts applied with a PC zone. Right now, those provisions—for example, the design standards that are proposed here in the GF would not apply to a PC zone that doesn't have that overlay.

Council Member DuBois: This would align it, I guess (crosstalk).

Ms. Eisberg: No, no. This is listed under the issues that would have to be studied later. A PC zone that was adopted 10 years ago doesn't have this GF overlay. You can see in the map that there are some locations where there's sort of a hole in the GF because there's a PC designation. The GF would not apply.

Council Member DuBois: Would you say a clear window requirement is uncommon for retail areas?

Ms. Eisberg: Are common?

Council Member DuBois: Is it uncommon to require that?

Ms. Eisberg: No. When we reviewed this with the ARB, we looked at some comparable cities, San Francisco, Santa Monica, San Carlos, that have similar window transparency, some percentage requirement similar to what's proposed here.

Council Member DuBois: Does Staff have any response to some of the concerns that were raised in terms of the sun being too bright or whatever?

Ms. Eisberg: I think two things. One, you look at the Apple store, and you have this huge amount of window transparency, because 100 percent floor to ceiling. In that case, you don't have any fixtures in front of those windows. It's just not the type of use that has a tremendous amount of materials or equipment being sold. You think about other uses that require racks or where you have tables and you're trying to maybe hide certain things that aren't as attractive from the outside and you want a lower bulkhead on the bottom of the retail space or you want some privacy to allow a changing room or whatever it is. The 70-percent requirement between that 2 1/2 to 10 feet is trying to allow for some of those fixtures or other elements.

Council Member DuBois: Did you say the current vacancy rate is 2 percent?

Ms. Eisberg: Let me just look for that number. It's been between 2 and 3 percent over the last couple of years. Downtown, that's right. It really fluctuates tremendously depending on where you are in the City.

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Council Member DuBois: Just some quick comments. First of all, a quick clarification on the Parking Assessment District. I think there's about a 1:10 correlation between parking units and parking spaces. Sometimes those numbers have been conflated, so that's where the phantom comes in, that parking units don't equal parking spaces. We've been working on this since 2015; this is the third time it's come to Council, I think. We've had a lot of (inaudible), so I hope the new Council Members had a chance to read through some of those Minutes and discussions. Hopefully on PTC, you saw those discussions. Last time, I think we voted 8-0 with Eric Filseth absent. We've all kind of—Staff has taken our direction and come back with what we asked them to do. I would say 2 percent vacancy is highly successful retail. We have very vibrant retail. The reason we got here is we just couldn't keep up with the dynamics of office space. By the time we do a study or send it to another blue ribbon committee, it's too late. We lose businesses that actually are still open; they just move to Redwood City or Mountain View. That was kind of what motivated this discussion in the first place. I would like to point out that I am sensitive to a lot of the comments we heard tonight. There is a lot to like in this Ordinance when you really read the Ordinance. We heard a lot of comments about the changing nature of retail. What we got in this Ordinance is a much more flexible definition of retail than we've ever had before. You talk about foot scanning services, and we have things like the Beta Store, Yoga Source. This Ordinance allows those kinds of thing. In the past, they might not have been allowed. Basically, it says that retail service is anything open to the public during business hours engaging in retail sales, service, processing. I think it's a strong step in the right direction to allow a much greater variety of retail. We also are streamlining the waiver process, which I heard a lot of concerns about and basically looking at whether a location is viable for retail or not. We've added a lot of flexibility there. In terms of expanding the area, we've heard a lot of positives about the 2009 study. This new map is basically putting back spaces that were in the 2009 map. We're filling in holes, especially Downtown. It seems to be making a much more viable retail, kind of what we hear people asking for. Finally, I do think we really need to consider affordable business. We talk about affordable housing all the time, but we're losing secondary retail, more affordable retail, for those locally serving businesses. In terms of carrots, I think we did provide a lot of carrots, a lot of flexibility that wasn't there before. There's been a lot of time for feedback on the Ordinance. We've been working on this since 2015. I do think Staff has called it a fairly narrow Ordinance, and I would agree with that. Reading the PTC Minutes, they really wanted to expand the scope. I think we could consider that separately. I think the Ordinance itself is fairly narrow. Finally, this idea about visible, inviting retail. There's plenty of situations where you walk Downtown where it's clear that there are offices behind opaque windows. That was the driver behind that. We asked Staff to come

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back with a proposal to avoid that. Again, I would just say 2 percent vacancy, we're doing very well Downtown. I'd like to find some places maybe for better locally serving retail. Thanks.

Mayor Scharff: I have a bunch of questions. The Staff Report talks about pipeline projects. The Ordinance has been 2 years. We have pipeline projects still?

Mr. Lait: There's actually, I think, only one pipeline project. That is going through the process now. It's on El Camino.

Mayor Scharff: There's one pipeline project on El Camino.

Mr. Lait: I believe so, but we've included that provision just in case there's something that we ...

Mayor Scharff: There was retail ...

Mr. Lait: There were three—there was ...

Mayor Scharff: The one on El Camino is doing away with retail, is that it?

Mr. Lait: It's the Compadre's site.

Mayor Scharff: They're doing away with retail on the ground floor?

Mr. Lait: The restaurant use.

Mayor Scharff: The way the Ordinance would work, if they were doing away with a ground-floor restaurant and they wanted to put other retail there, they could.

Mr. Lait: Yes.

Mayor Scharff: On that site, they're doing away with retail on the ground floor?

Mr. Lait: Actually, I think they're proposing a small amount of retail, but it's not to the same size as the restaurant that was there.

Mayor Scharff: The way the Ordinance works is it's the same amount of retail. That's why it's a pipeline project.

Mr. Lait: Yeah. That was filed before the Council took its action.

Mayor Scharff: I guess I'll start with the broad things. I was just curious about the pipeline projects. First of all, I'd like to commend Staff. I know

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you guys put a lot of effort and time into this. There is a lot to like in this Ordinance. The Ordinance does a lot of what we wanted. I personally think it needs a little tweaking, not much. It's a good job, and I appreciate the effort you put into it. I also think it is clear that our retail is extremely vibrant in Palo Alto. Between Stanford Shopping Center, Town and Country and Downtown Palo Alto, those are incredibly vibrant areas where retail is doing extremely well. California Avenue in its own way does well on retail. A lot of people really enjoy the retail there. It's more of a challenge on California Avenue for the retail. In thinking about all that, this Ordinance does do some of those things in terms of making things more flexible. In going through this on a more granular level, I am concerned about the requirements and concerns about encourage clear glass in the storefront windows only because of the comments made by people today, frankly. A retailer probably to be successful has their own sense of the best way to make that work. It would be a little mistaken of us to say you have to do that. On the other hand, the nonconforming uses should absolutely have to have clear glass in their windows, should have to have—if they don't want clear glass, they have to have displays. Is there any reason we couldn't do that?

Mr. Lait: That is the intent here, that we establish the standard, and then we have something that we can go to those businesses and say, "This is what the standard is, and we need you to comply with those standards."

Mayor Scharff: I say in the Ordinance—I guess I should turn to the Ordinance. We talk about nonconforming uses. Why couldn't we put that section just in the nonconforming use? What I don't want to do is be broad enough to say to some retailer on—I don't know if it counts or not. The shoe store, King's Shoes, for instance. They have all the shoes in the window; you can see the shoes. I assume that's okay. I don't want to catch-up some retailer and tell them how to run their business when they're actually doing retail and they're trying to be successful in the Downtown. What I do want to do is catch all the nonconforming people and make them do clear storefronts and make them actually see it. That would be under nonconforming uses. There's a bunch of stuff—I'll let you answer the question.

Male; What Packet Page is that?

Mayor Scharff: I'm looking at Packet Page 433 where they call out nonconforming uses. That's where I wanted to put that in there.

Mr. Lait: In discussing it here at the desk, we believe that there needs to be a consistent standard that would apply to the nonconforming uses and new

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uses coming in. Separating out a certain development proposal for these nonconforming uses seems problematic for us. However, one of the things—I think we mentioned this in the Staff Report. We would come back to the City Council with possibly amendments to the Municipal Code that would give the City the authority to then—let me back up one step. If this Ordinance goes forward and is approved with respect to this aspect that we're talking about, City Staff would do courtesy outreach and inform property owners and tenants of this change and our interest in having them voluntarily comply with the new regulations. We would focus our efforts on the tenants that are, I would say, grossly negligent in complying with that. Should King's Shoes, for example, be noncompliant, that's not where we're going to focus our effort because they have a substantial amount of glazing available. If you go to Forest and there are some areas there that have obscure windows, we're going to focus on the obscurity of those windows regardless of the use to establish that standard.

Mayor Scharff: How about the Wells Fargo building, which is probably the most obscured use on ...

Mr. Lait: Wells Fargo would be one where ...

Mayor Scharff: The windows are black.

Mr. Lait: Depending on how we draft that regulation, we could go after Wells Fargo, but I want to take another look at the Ordinance.

Mayor Scharff: I'm just going to start at the beginning of the Ordinance and go. If I was looking at the Ordinance, on Packet Page 429, "H," fitness or exercise studios. We've had a little bit of comment about 15. I understand where Staff was going with this. Traditionally, you've been looking at this and saying smaller uses. As retail has changed, I can say that one of the most vibrant retail uses on California Avenue is the yoga studio. That brings more traffic and activates that street more than a lot of uses. I see so many people who arrive to go there as a destination and then go have coffee, go do other things. Those classes are not 15 or below. I also think Yoga Source, where I happen to go, classes are not 15. They're quite above 15 for a lot of those classes. I think that's a good thing. As Council Member Wolbach says, that activates things. Is there any reason we couldn't just say fitness and exercise studios or similar uses and leave it at that?

Mr. Lait: Council certainly could. You would be carving out these types of establishments from the commercial recreation definition. I just think you might want to have some kind of threshold so that we know which one is going to require a CUP.

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Mayor Scharff: Why would we care if we have a CUP for recreation uses?

Mr. Lait: The concern for a commercial recreation is mostly about the intensity of vehicle trips and parking. If you have, say, a large commercial fitness studio, like an LA Fitness or something like that—do they have those out here?

Mayor Scharff: That takes a lot of space.

Mr. Lait: It could, but there's—the spinning courses that take place don't require a tremendous amount of room. You can put a lot of bikes in there. It's just a question of how you want to regulate the balance between the number of trips and parking.

Mayor Scharff: Isn't what we want in retail, to be successful and have a lot of trips? That's sort of what you want retail to have. The other thing I wanted to address is retail parking. At least in the Downtown, I don't think retail creates more trips than office. That's a mistaken thought. I realize that people think that because they're assuming every car for every person. 15 percent of the people Downtown—I think it's probably higher than that. It seems to me that a large number of people who are Downtown are already there for being in the office uses, for being in—whatever reason you're Downtown already are the people who go to those different retailers. There's not a specific trip that you're taking in a car for a vast majority of people for the Downtown. I don't think we necessarily create that many more trips than we do for retail. Anyway, I have a concern with "H." I have a concern, as the gentleman who was with Vance Brown. I do think it's a mistake to add in automotive services as defined in section whatever as a retail-like use. I think we're capturing people like Vance Brown where they lease to an automotive use that is really not a retail-like use. We shouldn't basically have that. That's "K" on Page 430 of the packet page. What else was I going to say? The basement space I'm not sure of. I understand that there's a lot of issues, that people are saying that's not being used by retailers any more. I heard a lot of people talk about that. I'm not really sure about that. When we get to Page 434, that was the waiver process. I'm concerned that the waiver process, frankly, is too easy. I'm concerned that going to the Director's decision makes it too easy and too much pressure and too easy to frankly change it. It should be that it go to either the Planning Director who then refers the matter to the City Council or I'm fine if the Planning Director makes a decision, and then that goes on Consent, but then Council Members can pull it if they have a problem. It's just too easy to lose track. The reason I feel so strongly about this is what happened on California Avenue where Plantation Café was. That was a really nice plaza, and so many people used that on the street when they

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went to the café. We turned it into an optometrist based on a Director's decision, and that part of town is sort of dead frankly. That was a real mistake. I'm not quite comfortable with just having a Director's decision on that. I did want to briefly focus a little bit on the issue of the following regulations on Packet Page 438. It says the following regulations restrict businesses that operate or have associated activities at any time between the hours of 10:00 p.m. and 6:00 p.m. where such site abuts or is located within 50 feet of residentially zoned properties. That's Packet Page 438. My concern there is we talk about building residential in the Downtown. If we're going to put residential in the Downtown, are we going to restrict the night— basically (inaudible) past 10:00? We need to be really thoughtful about that if we're going to have residential and say that's not going to apply in our Downtown as we move forward on that, if we move forward on having more residential. I think those were my comments on that. I also agree that we should look at a sign Ordinance when we get a chance at it. I'm not sure that Staff has the bandwidth right now to take on a sign Ordinance, but I do think at some point we may want to look at that. I did want to briefly comment on the parking assessment since people brought it up. I forget what it is, but I think we have \$4 million in our parking assessment Downtown, which is going towards the parking garage. I don't believe it's phantom parking. I believe that the parking actually gets built. It's delayed parking, which has its own issues, but it does actually get built at some point. The PTC recommendations. The PTC recommended a couple of things on Packet Page 414. They recommended approval but we send it back to the PTC for further study, refinements to the Ordinance including evaluating nonviable retail. I actually don't support that, and I don't support that we request the Council direct the PTC to review the impacts of the Ordinance. I view both of those, frankly, as eating up a lot of Staff time and probably not making the Ordinance any better or giving us more information that we don't already have. I don't support either of those. I did want to briefly comment on secondary retail. I agree with Council Member DuBois that having more retail provides more opportunities for secondary retail, more marginal retail, to get established. I see no negative to that and see real positives for that where retail has managed to establish themselves and then move, frankly, to a better location later. I don't think that's a negative. Retail in Palo Alto on the whole does fairly well. I don't buy this notion that we should push the retail in, in the Downtown. The Downtown is doing just fine. Expanding the retail will do just fine as well. Those were my comments. Now, we return to Council for Motions, more comments, etc. Council Member Filseth.

Council Member Filseth: Thank you. I would like to move the Staff recommendation. I hope that some of the issues we just discussed will come up as amendments.

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Council Member DuBois: I'll second that.

MOTION: Council Member Filseth moved, seconded by Council Member DuBois to adopt the Retail Preservation Ordinance.

Council Member Filseth: I should speak to my Motion?

Mayor Scharff: Yes, wait. Council Member Filseth, speak to your Motion.

Council Member Filseth: First of all, I want to thank the Staff as well. The Staff has done a very thorough and diligent job on this as well as the PTC, which reviewed it in detail in at least two meetings and, I thought, very thoughtfully. A couple of comments on this. First of all, I believe that Staff—I concur with Staff that this is a very narrow Ordinance. It says if it's already ground-floor retail, it should stay that way. It doesn't say we have to put retail in such-and-such places where it isn't really right now. It doesn't do things—the suggestion that we should concentrate retail in some areas and not other areas, that does that, but this doesn't do that. This is not expected to keep retail in town. This is not what somebody on the PTC described as a retail master plan. It limits one of the pressures on retail, which is competition from other kinds of uses that can, frankly, afford to pay more money per square foot than most retail can. There's a variety of reasons for that. Retail is very, very important to this community. It's a very, very important part of our DNA in Palo Alto. As a lot of people have pointed out, it is under a lot of pressure. The goal of this Ordinance is to manage one of those pressures, not to fix all our retail problems. I don't agree that this is putting restrictions on retail. It puts restrictions on other kinds of uses than retail, but not on retail itself. A few comments in general. First of all, I appreciate the outreach Staff did. It looked to me like the stakeholder group was quite heavily weighted to developers and property owners. I understand why that contingency would want more flexibility and uses, which to some extent this Ordinance decreases. That characterizes also and maybe even more so the speakers we had tonight. I was very glad we had a couple of retail speakers, in particular Mr. Shuchat, who made a comment in the PTC meeting. He said in terms of his building he's getting tons and tons of calls for office space but very few for retail. What that means for the City is if we want to have retail in town, then we do need to be active in this area. I don't think we should wait for a couple of years to do more study and so forth. We may well do more study, but we should have this Ordinance in place before we do that. One of the big discussion points has been the viability of different locations for retail in town. It's kind of a curious discussion. It seems to me the question we're fundamentally asking is are there locations where there's existing retail, but it's not viable, which is kind of an odd question. You have to assume things about things

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changing. We talked about the Anthropologie site. That one's kind of an interesting one for me. There's two things that really jump out. There's not a lot of foot traffic, Alma Street and so forth. Hassett Hardware is one block away on Alma Street. I go there all the time, and it's always busy in there. That seems like that business at that location is viable. The other one that jumps out at me also on Alma Street is the grocery store. I think Micki's lasted 4 months or something like that down there. There was a lot of discussion about is retail viable in that location, it's far away from everything. Grocery Outlet has been there a couple of years, and that place is going gangbusters. We shop there. It's been there a long time. It suggests that it's not just location but which retail business is there is also an important factor. It's kind of interesting. I'll bet if you took Hassett Hardware and put it in the Stanford Shopping Center, it would fail. It seems to me more complicated than the issue of location. Again, none of this is easy. This is going to be very hard. I'm struck by Mr. Wheatley's comment about permanent harm to the community, when he was up a few minutes ago. What's the downside if we get this wrong? If we are too conservative, then the downside is we're going to get some vacancies. There aren't any right now, or there aren't very many. Somebody brought up in the PTC meetings the issue of a vacancy turns into a blank office space. That's also a detriment to retail as well. If we're too conservative and we end up with vacancies, then we can adjust as was done in 2009 to take action against that. If we get it wrong the other way, then we're going to lose retail forever, and it will never come back. We should pass this tonight. We had the interim Ordinance; obviously it hasn't been a disaster. We should do this tonight. If more study is required, that's a discussion worth having. We should have this in place while we have that discussion as opposed to we take a year or two to study things, and in the meantime we lose a bunch of retail. Thank you.

Mayor Scharff: Council Member DuBois.

Council Member DuBois: First of all, I appreciate the Mayor going through the Ordinance and focusing on specific issues. Maybe anticipating some amendments, I have questions, comments. The yoga, exercise 15-person limit, I'm not sure 15 is the right number. Having some threshold—if you cram 100 people into a space, what's that going to do? I understand what Staff was doing there. Again, when you trigger to the next level where you need a CUP, it's still possible. It's not prohibiting. I'd be open to some change there, but there should be some threshold. On "K," the automotive use, when I looked at that I looked at the new waiver process, which says if there's one automotive place and nothing else around it, then maybe it's not a viable retail location. I felt like that was covered, and I'm not sure if we should strike the use. The one about noise near residential was a really

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interesting point. The question for Staff, can we differentiate between mixed-use locations and quiet residential locations, if the concern is housing Downtown?

Mr. Lait: With respect to noise, I believe the section that the Mayor was citing in the Ordinance had to do with the CS, CN zoning districts, CC zoning districts. That's existing language, and that was not something we looked at and are not proposing to adjust. There's also a provision in the Municipal Code dealing with our performance standards, which deals with late-night uses and activities, which has a whole set of—a purpose and requirement section related to retail and when certain planning permits are required in different zones. I feel like we have that—I don't know of that being an issue that needs to be solved unless the Council has heard of some concerns related to that.

Council Member DuBois: The other one I wanted to come back to is the 18.30C.040, which was this very specific thing about doing a survey annually in September. The Business Registry's in spring, and I just don't want to see us duplicate effort.

Mr. Lait: There is the potential for some duplication there as we think about the Business Registry. I don't think that we were contemplating that when it was presented at the PTC. We do annually report on the vacancy rate. That's something that we do. The added provision of "and use" is probably not necessary.

Council Member DuBois: I'd make a quick Motion if it's acceptable that we just strike the "and use" part and we would get that from the Business Registry.

Male: (inaudible)

Council Member DuBois: This is Packet Page 432, 18.30C.040.

Mayor Scharff: 432?

Council Member DuBois: Yeah.

Mayor Scharff: Eighteen what?

Council Member DuBois: 30C.040, annual monitoring of ground-floor retail. I think the intention was good. It's just we don't need to capture the data twice.

Mayor Scharff: You're striking that whole provision?

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Council Member DuBois: No, just the "and use" part. Is that clear to people?

Mayor Scharff: Yeah.

Council Member Filseth: You're assuming the Business Registry covers that.

Council Member DuBois: Yeah.

Council Member Filseth: Staff comment, does the Business Registry cover that?

Mr. Lait: I believe that we're still working on how that ultimate report comes out, but this is the Business Registry that we do some reporting on. I'll just take a moment here. The Business Registry, we're still working on some of the details of the reporting for that. I would be hard pressed to say it is a—we've never done this, what was presented by the PTC. We're still working out some of the reporting details on the Registry. That's also a self-reported inventory. The inventory that we would do—we'd probably pull up County codes, SIC codes. It would add some work and effort to our vacancy report.

Council Member Filseth: If I can ask it a different way. If I understand what Council Member DuBois is suggesting, if we leave the words "and use" in there, do you guys have to do a bunch of the same work twice?

Mr. Lait: This would be more of a manual effort as opposed to the Registry, which would be more of an automatic process. This will generate more City Staff time to do this as opposed to the Business Registry, I believe.

Council Member DuBois: If Staff wants to propose some—I was just trying to leverage the data and not duplicate use. If there's a better way to word that ...

Mr. Lait: It's hard to say because we're not doing it in practice yet. We'd have to see how it plays out.

Council Member Filseth: I think it's premature to accept the Amendment. I think I'll turn it down.

Council Member DuBois: That's fine. I think I understand the intent. Thanks.

AMENDMENT: Council Member DuBois moved, seconded by Council Member XX to add to the Motion, "remove from Section 18.30(C).040, 'and use.'"

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AMENDMENT WITHDRAWN BY THE MAKER

Mayor Scharff: I have a note here from Council Member Kniss, who has been talking to Staff. Right?

Vice Mayor Kniss: I am the Vice Mayor.

Mayor Scharff: Right, Vice Mayor Kniss. Staff is interested in moving the next item because of how late it's going. Was that correct? Do we want to move forward on that? I'm conflicted out, so I'm not leading this thing. I just thought we should have that discussion.

Ed Shikada, Assistant City Manager: Certainly at the pleasure of the Council, recognizing the hour, we have conferred and believe that the 27th of February could be a viable alternative should the Council want to defer discussion of the RPP. We are confronting a deadline for the transition to the next phase of permit issuance. As such, would like to get this item discussed and directed from the Council as soon as possible. Again recognizing the hour and desire to maximize the effectiveness of the input you receive.

Council Member DuBois: Could we hear public comment with people that are here?

Mayor Scharff: That would be my suggestion. When we finish this item, whoever who wants to speak and stay could give public comment. I will leave the dais, turn it over to Vice Mayor Kniss, and then we could take public comment. We would move it if that's the pleasure of the Council. I think we need a motion to continue—to hear public comment and then continue the item to February 27th or is it a Motion to a date uncertain?

Mr. Shikada: You can do that at that time, either at the beginning of the item or after.

Mayor Scharff: We'll do that. We'll let that happen then. I just wanted to inform the people here. When we move it to another date, you don't have to speak tonight. You can, obviously, speak. If you speak tonight, you probably can't speak then. That's normally the way we do it. Was that clear to everyone? For public comment, when we get to that item when this is done, if you want to stay tonight and give public comment on the RPP, you're welcome to. If you want to come back when we hear it—Staff was talking about February 27th—you'll be able to—Neilson, you're not recognized right now. You'll be able to speak again. You'll be able to speak then as opposed to now. I hope that was clear. Council Member Holman.

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Council Member Holman: Thank you. I do have—I sent them to David. I do have as part of the Motion—I don't know if you can cut and paste what I sent. There are five amendments; they're all fairly small. One of them is consistent with one of the Mayor's comments. One of them is Section—we're going to have a hard time here with people moving around, I think. One of them is in Section 2. This is on Ordinance Page 2 or Packet Page 428.

Mayor Scharff: Could you say that again?

Council Member Holman: Sorry?

Mayor Scharff: People are moving around, so why don't we give them a few minutes?

Council Member Holman: That's what I was saying. On Packet Page 428 under Section 2, it's under personal services, "B," self-service laundry and cleaning services. I'm just not sure we want that on University or California Avenues. The rest of the—laundry and pickup or all that sort of stuff is fine. We have it now; it works really well. I'm not really sure we want a laundromat, basically, on our main retail streets, University Avenue and California Avenue. I'm suggesting deleting that use. Is that agreeable to the maker? Basically it's a laundromat.

Council Member Filseth: I understand. I shudder to draw this out because of the hour and so forth. I think we should vote on it.

Council Member Holman: Can't hear you either.

Council Member Filseth: I'm loathe to draw this out because of the hour, but I think we should vote on that.

Council Member Holman: You want it as a separate amendment is what you're saying?

Council Member Filseth: Yes, please.

Council Member Holman: Is there a ...

Mayor Scharff: Council Member Holman has made a Motion and needs a second if she wants—if someone wants to second it.

Council Member Holman: To take laundromats off University and California Avenue. Jonathan?

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Mr. Lait: When we start getting to the point of actual language, we might have some suggestions about what that looks like. For the concept ...

Mayor Scharff: Right now, we need to get a second for even the concept.

Vice Mayor Kniss: I'd second that, to get them off the avenue, right?

Council Member Holman: Yeah, off California and University Avenues. Thank you.

Mayor Scharff: To not have laundromats on California Avenue. To not allow that.

AMENDMENT: Council Member Holman moved, seconded by Vice Mayor Kniss to add to the Motion, "add to Section 18.04.030(114)(B), 'not allowed on University Avenue or California Avenue' after 'cleaning services.'"

Vice Mayor Kniss: We could have them off the side streets.

Council Member Holman: Side streets, it's fine.

Mayor Scharff: Anybody want to speak to the Motion? You want to speak to your Motion?

Council Member Holman: If people just think about laundromats that they've seen in this town or other towns, I just don't think that's a type of use that we want to have on our two main streets. Zone for what you want, which I'll repeat later again.

Mayor Scharff: You seconded. Do you want to speak to your second?

Vice Mayor Kniss: I don't think I need to.

AMENDMENT RESTATED: Council Member Holman moved, seconded by Vice Mayor Kniss to add to the Motion, "preclude laundry and cleaning services on University Avenue and California Avenue." (New Part A)

Mayor Scharff: Seeing no further lights, you want to vote on the board? That passes on a—someone didn't vote—6-3 vote with myself, Council Member Tanaka and Council Member Fine voting no.

AMENDMENT PASSED: 6-3 Fine, Scharff, Tanaka no

Council Member Holman: Thank you. Moving ...

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Mr. Lait: If I could just interrupt for a moment? I believe we were voting on the concept of prohibiting the laundry uses on the ground floor on California and on University. We would like to have a chance to comment on the language because the section that's being amended here is the definition section. We don't typically put regulations in definitions. We would propose some sections where that language ...

Council Member Holman: That's fine.

Molly Stump, City Attorney: We just need the language to clean up the language. It'll be difficult to remember what was done tonight. We want the concept but not the specific amendment of that language.

Council Member Holman: I did talk with Jonathan about this earlier. Number 2 is retain the retail service examples. There's just not—is that acceptable to the maker? It just provides good guidance for the kinds of things. It's not a self-limiting proposal.

Council Member Filseth: (inaudible)

Council Member Holman: Packet Page 429. It's 125, retail services. It gives a list of such as or including but not limited to. It just gives guidance to the kinds of things we're looking for. Again, it's not limited. We've broadened the definition.

Council Member Filseth: I suspect some of these are likely to come up for further discussion and may go off this list.

Council Member Holman: I'm fine with the Staff saying these aren't applicable anymore, and we'll delete those. I'm fine with Staff doing that.

Council Member Filseth: I accept that.

Council Member Holman: Tom?

Council Member DuBois: It's actually cleaner without it. I'm sorry. I think we should vote on this one separately as well. Again, I like the increased flexibility here about retail changing.

Council Member Holman: Again, Staff was okay with keeping it in earlier discussion.

Council Member Filseth: I guess I won't accept that, and we should vote on it.

Mayor Scharff: Is there a second?

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Council Member Kou: Second.

AMENDMENT: Council Member Holman moved, seconded by Council Member Kou to add to the Motion, "retain in Section 18.04.030(125), Retail Service examples."

Mayor Scharff: Any discussion? You want to speak to your ...

Council Member Holman: It's fine to have the general language and the broad language. I think that's fine. It's so broad, it's good to have some examples to provide to Staff to use as a basis. Again, I talked with Staff earlier about this, and they were fine keeping it in. I'm fine with the Staff editing out the ones that don't apply anymore because those kinds of businesses don't exist anymore. I'm fine with that. That's the purpose.

Mayor Scharff: Council Member Kou, do you want to speak to your second?

Council Member Kou: No.

Mayor Scharff: Just briefly, I'll say I agree with Council Member DuBois that some of those don't make sense. It gives more flexibility not to have them in; it makes more sense. That fails on a 6-3 Motion with Council Members Kou, Filseth, and Holman voting yes.

AMENDMENT FAILED: 3-6 Filseth, Holman, Kou yes

Council Member Holman: The next one is something I mentioned earlier, which is on Ordinance Page 5, Packet Page 431. It's "C" in about the middle of the page. That has to do with entrances and lobbies or reception areas serving non-ground-floor uses may be located on the ground floor. Again, adding language that limits the square footage needed to serve upper floors. The reason I'm proposing this is because we do have some occasions Downtown where a considerable amount of the ground floor is not in retail use; it is a lobby. This is to preclude that from happening.

Council Member Filseth: I think we should vote on that one too. There was some discussion on this at the PTC meeting, so we should vote on that one too.

Mayor Scharff: Is there a second?

Council Member DuBois: I would second it with an Amendment, if you're willing to hear it. Rather than prescribe what it is tonight, maybe we'd direct Staff to come back with a proposal to address this.

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Council Member Holman: I'm fine with that.

Council Member DuBois: I would support that.

AMENDMENT: Council Member Holman moved, seconded by Council Member DuBois to add to the Motion, "direct Staff to return with revised language to address the size of lobbies." (New Part B)

Council Member DuBois: Just to talk to it briefly. Having some—other cities do this—limit on the amount of street space that's used by a lobby makes sense, but it needs some refinement.

Mayor Scharff: Are we ready to vote on the board? That passes on a 7-2 vote with Council Members Tanaka and Fine voting no.

AMENDMENT PASSED: 7-2 Fine, Tanaka no

Council Member Holman: Just a couple more here. On that same page, Packet Page 431 under conditional uses, one, two and three, in other words business or trade school, commercial recreation, daycare, we clarify that those three uses are also not allowed. I'm not saying this is the place to do it. Those three uses are not allowed on University Avenue or California Avenue. They are side street functions.

Council Member Filseth: I think we should vote on that one too.

Vice Mayor Kniss: What's commercial recreation? I might second it.

Council Member Holman: Commercial recreation is larger fitness facilities, for instance.

Mayor Scharff: She wants to not allow it on University Avenue and California Avenue. Is that correct?

Council Member Holman: Yes, but they're fine on side streets.

Mayor Scharff: It takes a CUP to do it, correct?

Council Member Holman: Yes. Remember how we got—much as we like Institute for the Future, we don't want that on University Avenue.

Vice Mayor Kniss: Second.

AMENDMENT: Council Member Holman moved, seconded by Vice Mayor Kniss to add to the Motion, "add to Sections 18.30(c).030(1),

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18.30(c).030(2), and 18.30(c).030(3), 'except on University Avenue or California Avenue.'"

Mayor Scharff: You seconded it?

Vice Mayor Kniss: Yeah.

Council Member Filseth: Institute for the Future is a commercial recreation?

Mayor Scharff: No, Institute for the Future is not a commercial recreation. I actually am going to vote against this. California Avenue is not as vibrant, and it requires a CUP. It would take some thoughtful decision on that, and it reduces flexibility by putting it in our Ordinance. By having a CUP, we get where we want to be.

Council Member Holman: By the way, Institute for the Future, I think, got in through some kind of—I'm not exactly sure—business or trade school, not ...

Mayor Scharff: Shall we vote? That fails on a 6-3 vote with Council Members Kou, Kniss and Holman voting yes.

AMENDMENT FAILED: 3-6 Holman, Kniss, Kou yes

Council Member Holman: The last one up here is one that Mayor Scharff also mentioned. On Ordinance Page 8, that is Number 3 just above the middle of the page. It has to do with the waivers and adjustments. I agree with you, and I am amenable certainly to a change of language here. What I proposed was that the Planning Director refer the matter to the City Council, and then delete the last sentence. It would just come straight to the City Council because it is a zone change after all. It isn't a zone change; it's an allowed use change. I'm amenable to a change in language. If the maker of the motion would accept that with that caveat.

Council Member Filseth: I think we should vote on it, but I might second it.

Council Member Holman: That would mean you would be accepting it.

Mayor Scharff: No, it doesn't.

Council Member Filseth: No, it doesn't.

Vice Mayor Kniss: It does if the seconder accepts it.

AMENDMENT: Council Member Holman moved, seconded by Council Member Filseth to add to the Motion, "replace the second two sentences of

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Section 18.04.160(c)(3) with, 'the Planning Director to refer the request to the City Council.'"

Council Member Filseth: Do you care to speak to your Motion?

Council Member Holman: Do I have a second then?

Mayor Scharff: He seconded it.

Council member Holman: You are seconding it. It's addressing exactly what the Mayor spoke to earlier. This is potentially contentious. It puts the Director in a very difficult position. These are very important decisions that the community is going to want to know about. We should do them in a much more transparent manner than putting the Planning Director in a difficult position to make these on their own.

Council Member Filseth: Let me ask a question. Let me speak to my second briefly. Let me ask a question. I thought actually the Planning Director putting it on Consent so it could be pulled off. Does this language allow that?

Mayor Scharff: No, it doesn't.

Council Member Holman: No, but I'm amenable to that. I said I'm amenable to changes.

Council Member Filseth: I would support language that does that.

Council Member Holman: Okay. Planning Director, but it comes to Consent on Council.

AMENDMENT RESTATED: Council Member Holman moved, seconded by Council Member Filseth to add to the Motion, "update Section 18.04.160(c)(3) to require the Director's Decision be placed on the Council's Consent Calendar, subject to existing procedures." (New Part C)

Mr. Lait: The Director will make a decision; it'll show up on your Consent Calendar. Three or more Council Members could choose to schedule it for a discussion.

Council Member Holman: I'm good with that. Does Staff want to provide the language? It would be the Planning Director ...

Mr. Lait: We'll come up with some language. The sentiment that I'm understanding is that the Director will make a decision. It'll be transmitted

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to the City Council on your Consent Calendar. We'll follow the existing process that we have today where three Council Members need to pull it.

Mayor Scharff: Right, but we should put the language in now.

Council Member Holman: Yes, we should.

Mayor Scharff: Do you want me to put the language in?

Mr. Lait: We can. We're not putting the language in on some of these other ones.

Mayor Scharff: We need to go back and fix it. It doesn't have to be in the Ordinance, but it has to state what needs to be done.

Ms. Stump: All of these items—yes. You're describing the concept. Staff will—not at 11:00 at night—carefully draft language. It will come back on your Consent for a second reading.

Mayor Scharff: No one's considering drafting the language for the Ordinance, but the concept is not there yet.

Council Member Holman: It should say the Planning Director refer the request to the City Council on Consent. If we just add the words "on Consent," we're probably there. I realize if we're doing this only, though, we're saying that the Director will make a decision, will be put in the position of having to make a decision and then putting it on Consent. The Director may actually want to refer it to Council or make a decision and put it on Consent. There may be some that are so contentious that the Director might like them to come here first.

Mr. Lait: If you don't mind, Mayor, we would also include a provision that subject to the Director's decision it be forwarded to the Council. Seeing how your agendas are, it'd be better if the Director just makes a decision, and you have the opportunity to consider it or not, rather than we force it on you.

Council Member Holman: The only thing that I'm thinking about is there have been some things in the last year, year and a half, that the Director has forwarded to Council because they were too contentious or too unclear. She had the option, and she did bring things to Council.

Mr. Lait: Yes, and we do have an amendment that is coming forward to the Council in March. I had referenced it before. This is your Planning Code amendment. We're actually adding some more specific language about the Director being able to refer items to the City Council.

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Council Member Holman: All right. Last question for Staff. What was at the very top of my Motion was to apply the R, which is the California Avenue retail requirement or overlay, to references having to do with ground-floor retail where GF is also referenced.

Mayor Scharff: We do need to vote on that.

Council member Holman: I'm sorry?

Mayor Scharff: We need to vote on this, Council Member Holman.

Council Member Holman: I'm so sorry. I was thinking it was accepted.

Mayor Scharff: Right now, you've spoken to your Motion. You've spoken to your second. Council Member Tanaka will now speak.

Council Member Tanaka: It's about 11:00. We just bumped an item. We disappointed a lot of members of the community. A lot of people came here to speak on RPP, and we just bumped it. I know all of us want to do good things. One thing that's really important for Council to do is learn how to delegate. I'm not going to support this Motion mainly because we need to trust Staff. We need to empower our Staff and our Commissions to make decisions.

Mayor Scharff: We need to speak to the Amendment, not the ...

Council Member Tanaka: I'm speaking to the Amendment. That's why I think for an Amendment we need to empower our Staff. If we don't want to keep bumping items and disappointing the community and staying here 'til 1:00 in the morning, we need to delegate. We need to trust people. We're dealing with (inaudible) here. That's why I'm not going to support it.

Mayor Scharff: Council Member Fine. No, okay. Let's vote on the Amendment. That passes on a 6-3 Motion with Council Members Kniss, Tanaka and Fine voting no.

AMENDMENT PASSED: 6-3 Fine, Kniss, Tanaka no

Council Member Holman: The very last thing was—I'm not going to go into detail about this tonight. I'd like Staff to come back, when they bring this back to identify places where there might be opportunities missed or guidance missed maybe, where the GF exists in the Ordinance that also might include R. R is California Avenue. The reason I bring that up is because there's some places in the Ordinance where GF is referenced. It talks about ground-floor retail, but it doesn't include the R, which is

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California Avenue. We're treating the two districts differently, which may or may not be okay. I'd just like something to come back from Staff.

Council Member Filseth: Staff comment on that?

Mr. Lait: It's probably just because it's getting late. I'm not fully understanding what the specific direction is on that. We are changing the GF areas as it relates to design standards and permitted uses on University. With respect to the R combining district, we're making changes only, I believe, as it relates to the design standards. You'll recall that we have made some other changes to the California Avenue area since the interim Ordinance was established with the chain stores and moving some of the personal service uses off of California onto the side, supporting streets. We weren't proposing any use changes on California Avenue, only design changes in that district.

Council Member Holman: What I was asking was when Staff brings this back, if you'd just take another look at that and see if there are any things that maybe on a second look might be preferable.

Mr. Lait: I could answer that for you now. It would probably stay the same as it is now because, as it's drafted, it reflects what we believe was the Council's intent and direction. Since we're coming back for the second reading and it's not going to be a public hearing, if there's a specific change that you're interested in, we would need that specific direction to effect that change.

Council Member Holman: You captured the Council's direction. Are there things that Staff would recommend, though, that the Council didn't cover?

Mayor Scharff: Council Member Holman, do you have a Motion?

Council Member Filseth: I think I'm not going to accept that.

Council Member Holman: Actually I wasn't asking it as an Amendment. I was just asking Staff if they would do that.

Mayor Scharff: We can't really give direction to Staff if it's not in the Motion. Is there more? Council Member Wolbach.

Council Member Wolbach: Before we wrap this up, I just want to make sure a couple of things are addressed. I wanted clarification about—just to make sure I'm really clear on the map. In the map that we're proposing, I heard Council Member DuBois say—I'm sorry if I missed it in the Staff presentation

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and the Staff Report—that we're essentially filling in from the 2009 recommended map. Did I understand that correctly?

Ms. Eisberg: No. Let's just pull up the 2000 ... The parcels in yellow are proposed to be added. In 2009, those were removed.

Council Member Wolbach: In 2009, those were removed?

Ms. Eisberg: They were removed. This is the pre-2009 condition.

Council Member Wolbach: The 2009 one was ... It's really just like those handful of spots on High, University, and Hamilton.

Ms. Eisberg: Right. These are actually new. The idea here is extending this ground-floor retail so it's on both sides of the street. These are existing retail sites now. Those were not previously designated.

Council Member Wolbach: It's really just those yellow sites; those are the only ones.

Ms. Eisberg: Just the yellow sites that are proposed to be added now. Nothing in SOFA II, just University, Alma, Hamilton.

Council Member Wolbach: I think I'm comfortable with that. Going back to this question of how many students do you want in a class if you're having a class, I almost want to flip it and say we want a minimum number of people. What we don't want is just one person doing personal training alone in a big empty space, like that spot right next to Printer's Café, where it's now a dead zone right on an important corner. Staff, do you want to weigh in on that, before I make (crosstalk) Motion?

Mr. Lait: That was a challenging item for us, the one on California.

Council Member Wolbach: We're still grappling with it.

Mr. Lait: One of the things that I have thought about since then is one of the things that's guided us in the past was the size of the tenant space. The one on California is huge. The ones that we typically see are about 1,000 square feet, give or take a couple hundred. If we added an addition to that definition section of X number of people and no more than a tenant space of, say, 1,000 square feet, that would solve that California Avenue issue.

Council Member Wolbach: Or phrase it in a way that it's a minimum of X persons per space. I'm not sure how to word it. I'm not sure how to add that to the Motion or if it's worth adding.

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Mayor Scharff: I would just say fitness and exercise studios or similar uses.

Council Member Wolbach: Just remove the number? I'd actually just say remove the "15 or fewer students/customers at a time" language.

Mr. Lait: Is there an interest in a regulation on the size of the tenant space? Otherwise, we can end up with that California Avenue (inaudible) again.

Council Member Wolbach: Could we change it to "excluding low density"? It's a tricky one. How exactly do we word this? I'm not sure, and I'm open to other ideas from colleagues. Do you see where I'm trying to go?

Council Member Filseth: I'm shuddering because it's 11:10. I think this is getting detailed enough that we ought to discuss it. We ought to discuss it as a separate item if we get there. I'm not going to accept it.

Mr. Lait: If I could just add one more comment?

Council Member Wolbach: (crosstalk) anyone has any thoughts on this one.

Council Member DuBois: I understand where you're going too, but I'm not sure we have a problem with people renting out huge spaces for one student. It seems like the market will take care of that.

Council Member Wolbach: That's kind of what's happening right now next to Printer's Café, across from what was Keeble and Shuchat.

Mayor Scharff: What are you making the Motion?

Council Member Wolbach: I'm going to defer to others if somebody has a Motion that they want to make on that one because I can't come up with great wording for it, unless Staff has (crosstalk).

Mr. Lait: Unfortunately, I don't have anything to address that issue. I do want to—on that size issue, the reason we were allowing 15 or fewer students in a place was because we consider that to be incidental and not a great intensity of use. If we're eliminating the threshold of the number of people, there's a question. Maybe that question has been asked and answered on the Council. At what point do you want to have a discretionary review process to evaluate either the low density of the use or the high density of that use? We're now removing that incidental concept.

Council Member Wolbach: What if we did it as 15 or fewer students or under 1,000 square feet of space? Either it's a small space or it's a small class or just change it to small spaces.

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Mayor Scharff: One thousand may be too small. I'm not sure. I think most of those yoga studios are bigger than that, frankly.

Council Member Filseth: I think I'm not going to accept it. If you can get a second, we can discuss it. I think what we're trying to do here is not—I want to make sure we don't try to design retail and studios here. We want these guys not to have to bid \$10 a square foot against the offices next door.

Council Member Wolbach: Exactly. We talked about earlier the utility of it.

Mayor Scharff: I think your concern of a low density is a one-off concern that happened.

Council Member Wolbach: I'm going to defer to others if somebody wants to make a motion to have something in there. I guess the last thing I'll say is I'm not going to—I'm not sure it needs to go in here, but I just wanted to let Staff know that, at least speaking for myself, there's a lot of encouragement to make sure we really do fill that Economic Development Manager role in the City Staff. It would be great if that's somebody who actually has the ability directly or through connections to help the City be more effective in getting good retail and curating our retail and working with the Chamber and working with the Business Improvement District and working with the California Avenue business members. I don't think it needs to be in the motion, but I just wanted to make sure Staff knew that Council really does support, at least I do as one Council Member, getting that role filled.

Mayor Scharff: Council Member Fine.

Council Member Fine: Thank you, Mr. Mayor. Just a few amendments. I suspect they're going to be unfriendly. One, I'd like to remove 18.30A.035 and 18.30C.03 ...

Mayor Scharff: Why don't we just take one at a time?

Council Member Fine: These two are related.

Mayor Scharff: Where are they?

Council Member Fine: These are the design standards.

Mayor Scharff: Which page?

Council Member Fine: Packet Page 430 and 432. I think we heard from a number of retail business operators that these were overly prescriptive. These are the window standards.

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Mayor Scharff: It's 18.30.035, and which one?

Council Member Fine: It's "A" and "C," 18.30A and 18.30C, C.035.

Vice Mayor Kniss: Middle of the Page 430, right?

Council Member Fine: 18.30A.035 on Page 430 and 18.30C.035 on Page 431. 432, sorry.

Council Member Filseth: I don't see an 035. I see (inaudible).

Vice Mayor Kniss: Middle of the page, design standards?

Council Member Fine: Yes. The "A" is for the overall district, and the "C" is for when it's combined with, I think, one of the other zones.

Council Member Filseth: I don't think I'll accept it. I think we should discuss it. If you get a second, we can do that.

Council Member Tanaka: I'll second.

AMENDMENT: Council Member Fine moved, seconded by Council Member Tanaka to add to the Motion, "remove Sections 18.30(A).055 and 18.30(C).035."

Mayor Scharff: Seconded by Council Member Tanaka. You want to speak to your Motion?

Council Member Fine: Just as I spoke earlier, there were a number of folks from the public and property owners here who expressed concern this was overly prescriptive and would harm some of their retail success.

Mayor Scharff: Council Member Tanaka.

Council Member Tanaka: Kind of the same thing. Retail is changing a lot. It's signage that matters a lot more these days. It could be digital displays; it could be interactive things you could use. It's hard to predict where retail is going to be headed. (inaudible) insist that's going to be glass no matter what is just not really thinking too long term.

Mayor Scharff: Council Member Holman.

Council Member Holman: I won't be supporting these Amendments. All you have to do is walk around Downtown, especially Downtown, and see how many dark windows there are or even papered up windows there are. What retail likes is retail. If you have blank windows, blacked out windows,

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papered up windows, it's not retail. You can't tell if it is. There's nothing that attracts anybody into those spaces even if it is retail. If it's something adjacent to retail, it just causes the person to stop walking and stop shopping. I've heard this from retailers for years and years. I will not be supporting the amendment.

Mayor Scharff: Council Member DuBois.

Council Member DuBois: We heard from Staff this is very common in lots of other cities. We're not doing anything crazy here. You see these windows that are opaque or papered over. We also heard from Staff that they're not going to enforce this against clearly retail organizations. This is really about nonretail on a retail street. The 70-percent requirement and the ability to do tinting for sun control, which is allowed here—we're not saying it has to be clear glass. You can control for the sun. You could have an awning. I'm not going to support the amendment.

Mayor Scharff: Council Member Wolbach.

Council Member Wolbach: I wonder if the maker and the second of this amendment would consider tweaking it. Instead of removing them, say that those sections shall not apply to retail or retail-like uses. It would only apply for things like an office that is currently in a retail space.

Council Member Fine: I think that's actually a fair compromise on this.

Council Member Wolbach: I'm looking for something where we can get a little bit more consensus.

AMENDMENT RESTATED: Council Member Fine moved, seconded by Council Member Tanaka to add to the Motion, "to exempt Retail and Retail like uses from Sections 18.30(A).055 and 18.30(C).035."

Council Member Filseth: Staff comment on that?

Council Member Fine: It's essentially altering these two so that retail would essentially be treated differently. We're only intending to have the clear glass on office space.

Council Member Wolbach: It would basically just exempt those—instead of removing those sections, you would retain them but exempt retail uses from those regulations.

Council Member Fine: That's fair. It's a little goofy, but it's fair.

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Council Member Wolbach: The idea is that Code Enforcement, when they go to enforce it, would see if it's retail or not.

Mr. Lait: I think I understand the question. The design standards that we've incorporated into the Ordinance—I forget who asked the question. It applies in two areas, the GF which is in Downtown but also some places on Middlefield and in the R district. In each of those districts, the R district and the GF, retail and personal services and now these potentially conditionally permitted uses on the ground floor on University are the only types of uses that you would have that. You don't have the office use—you may have the office use as an existing nonconforming issue, which I guess is the point you're getting at. I spoke earlier about Forest as an area of concern. That actually is not covered in this Ordinance. I think we noted in the Staff Report our interest in needing to come back to the City Council to address the concern that was previously expressed by the Council about addressing those uses. That's my answer to a question that may have been asked.

Council Member Filseth: If I understand that answer, it's that—let me see if I understand this right. The issue with the tinted glass is you want to be able to look inside and see that somebody's not manufacturing bar stools there or something like that. On the other hand, if I understand what you just said, requiring clear glass doesn't protect us from that anyway.

Mr. Lait: I think our interest isn't so much seeing the bar stools. It's creating a visual connection on the street into the building, sort of like this almost passive view into the establishment. It's less about the offending use.

Council Member Wolbach: It's still your Motion, right?

Council Member Fine: Yeah. As you suggested, it's more narrowly targeted at the nonconforming offices in these areas.

Council Member Wolbach: For the Clerk, it's not my Motion. It's still Fine and Tanaka's Motion.

Council Member Filseth: Does Staff concur that this basically targets non ...

Mayor Scharff: Our City Attorney has something to say, I can tell.

Ms. Stump: Maybe you can clarify where we are.

Mayor Scharff: I can clarify where we are. The Motion is now that these guidelines will only apply to in effect nonconforming uses.

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Ms. Stump: The guidelines would apply because the Council was wishing to establish that design requirement in the district generally. It needs to apply generally. With respect to current legal nonconforming uses, we have an additional issue, which is noted in the Staff Report. We really cannot with the passage of an Ordinance simply resolve those issues. That may involve some amortization, and we need to look at that separately. We have an extra hurdle with those businesses. You can establish that design standard if it applies generally to all businesses in the district because you want that user experience for folks on the sidewalk. Then, we can come back for amortization. Does Staff have anything to add?

Mayor Scharff: Putting aside amortization, because that's the concern, are you saying we do not have the authority to say that a building, for instance, that is being used as an office use that has opaque windows cannot be forced to have non-opaque windows in the district? Is that what you're saying?

Ms. Stump: You need a rational basis for a design standard.

Mayor Scharff: The rational basis would be that the other places are retail and that they are not breaking the block. Whereas, an office use in the middle of the block breaks the block by putting opaque windows and by having a user experience where you walk by and you see what people are doing creates visual interest on the street. I don't ...

Ms. Stump: What I just heard was that you're wishing to actually allow retail businesses to not have that design standard, to actually create an opacity. In fact, there's some inconsistency in the record here. I think Council needs to clarify what it is you want for a design standard. We do need to deal separately and in another Ordinance with the existing nonconforming uses.

Mayor Scharff: I guess the question is, though—I'm still confused. If we make this apply to the entire district, does it apply to an office building? Someone has an office building; that's what they're using it on the ground floor. It may be a nonconforming use. Can we say to them, "You must now take off the paper that you've put on your wall because our Ordinance says that you must do this" or not? It's not telling them they can't run an office out of there. It's just simply telling them that they may not have opaque windows.

Mr. Lait: If I could answer your question. It's a two-step process is what we're saying. One is we need to have a standard. That's what we were hoping to do with this Ordinance. Two, we were going to come back with an Amendment to the Municipal Code, not in the zoning section, to give us the

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authority to address these issues. However, in hearing the conversation, maybe we don't need the precise standards that we're proposing here. We can come up with some language to the effect that captures our interest, which is to have this visual access to buildings. That's going to be met by the retail uses in the district. It may not be met by all of the office uses in the district because they have a film or window blinds or something like that. We can come up with a standard that says up to a depth of 3 feet there shall be visual access for the pedestrian experience. For those that have the window film, that's an easier fix. For those that have major structural changes, that's going to be more problematic to address immediately.

Mayor Scharff: If we want you to do that—that's what I'm hearing Council Members say—how do we proceed tonight? How would you like that Motion to read, assuming you guys are okay with it? How would you like that Motion to read? Why don't you read it to the Clerk? If you guys are fine with it, I'm seeing nodding heads over there.

Mr. Lait: Something to this effect: direct Staff to prepare design standards to promote the pedestrian experience and add visual access into a building up to a depth of 3 feet. Something like that.

Council Member Fine: I think that's fair and that addresses the issue of in some ways we want to provide sticks to other areas outside of retail and not necessarily sticks and restrictions to retail itself. Thank you.

Mayor Scharff: Council Member Tanaka, are you fine with that?

Council Member Tanaka: I'm not sure I understand it. What is this doing again?

Council Member Fine: This is going to have Staff prepare design standards to promote pedestrian interest along the street. It's mainly focused on the idea that retail may have some flexibility there. In terms of office space, we probably do want transparent glass.

AMENDMENT RESTATED: Council Member Fine moved, seconded by Council Member Tanaka to add to the Motion, "direct Staff to prepare Design Standards to promote pedestrian oriented design and require visual access into the ground floor of buildings to a depth of three feet."

Mayor Scharff: There's a bunch of lights still. I'm going to clear the lights. If you want to still speak to this or if we can vote? You want to speak to it still.

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Council Member DuBois: Two things. I think this was made by Council Member Fine, not Filseth. Again, it seems a little crazy. We wanted to have vibrant retail. If I understand the motion, we're going to have clear glass on nonretail and not clear glass on retail, which just seems backwards to me. If we wanted to add more flexibility for the retail, we could do that. It seems like we've done the opposite.

Council Member Fine: We're allowing them to choose.

Council Member DuBois: Again, having a vibrant retail street with windows is very standard. I'm not sure why we're doing this.

Mayor Scharff: Council Member Holman, did you wish to speak to this as well?

Council Member Holman: What Tom said plus this is just nonsensical to me. Why wouldn't we want to have direct access into a retail site? What we're doing actually here potentially for those who choose to go that direction is we're setting up a Code Enforcement issue. Not that it would happen that way, but I know on El Camino, for instance, there are locations where either there's a direct barrier or a shallow barrier. What's behind that shallow barrier, people have discovered, is not retail. I think this makes no sense and actually sets up very disruptive requirements. I think what Staff came up with to begin with is quite appropriate.

Mr. Lait: If I can just comment on this language here. This is just for the GF and the R district, the two combining districts, GF and R districts.

Council Member Holman: I understand. I was just talking about the example on El Camino. I understand.

Mayor Scharff: Why don't we put that in, that it applies to that, so when it comes back there's not confusion? Council Member Wolbach.

INCORPORATED INTO THE AMENDMENT WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Amendment, "for the Ground Floor (GF) and Retail Shopping (R) Combining Districts" after "Design Standards."

Council Member Wolbach: Just to address Council Member Holman's question about why we'd want to do this. There was a letter that we received from the Chamber of Commerce, that said, "For example, a prohibition on tinted windows and window coverings would not take into account those storefronts facing the hot western sun. When the afternoon sun comes through the uncovered windows of many businesses with a western window exposure, the front areas become so uncomfortable for staff

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and customers that air conditioning is needed to control the heat. Not to mention the harm of direct UV rays on retail goods. This is not an environmentally friendly or an environmentally sound or energy efficient policy." That's just one example that we heard from the business community. We're trying to help retail here, and retail sometimes has problems with this regulation. It's like we're loving retail to death. The direction that this motion is going, we've made a lot of motions and amendments to improve upon the Staff recommendation. I'm planning on supporting the main motion when we're all said and done here. This just adds a little bit more flexibility for retail businesses. It provides a little less flexibility for nonretail businesses in the GF and R combining districts. That's kind of our goal, to make life easier for retailers.

Mayor Scharff: Council Member Tanaka.

Council Member Tanaka: As some of you might know, I actually work with, in my day job, a lot of retailers. One of our clients is one of the largest telecommunications companies in the world. They sell cell phones or smart phones. What they did on all their stores is got rid of all the glass and put digital displays. A digital display is infinitely more useful than just a window. One of the reasons why I support this motion is because you don't know what the future holds. You don't know what will attract people into a store. It may be just a plain glass window. It might be a digital display. It might be a projection onto a sidewalk. It might be a little crank you turn, and it spits out a gumball. Who knows what it is? For us to sit here and think that we know so well what retailers are going to need in the future is foolish. There's no way we're going to know. For us to have this crazy design standard of saying it must be transparent glass is not really thinking very forward about the future of retail. The future of retail is going to be much more interactive. It's not just going to be just a plain glass window. I understand the reason for having it, for Code enforcement reasons. That's not what we should be doing here. We should be doing it to promote the vibrancy of retail.

AMENDMENT AS AMENDED RESTATED: Council Member Fine moved, seconded by Council Member Tanaka to add to the Motion, "direct Staff to prepare Design Standards for the Ground Floor (GF) and Retail Shopping (R) Combining Districts to promote pedestrian oriented design and require visual access into the ground floor of buildings to a depth of three feet." (New Part D)

Mayor Scharff: Let's vote. That passes on a 6-3 with Council Members DuBois, Kou and Holman voting no.

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AMENDMENT AS AMENDED PASSED: 6-3 DuBois, Holman, Kou no

Council Member Fine: I have two more if you'll permit, Mr. Mayor.

Mayor Scharff: Go ahead.

Council Member Fine: Thank you. I'll start with the bigger one. I'd like to strike Section 12 on Page 449, which is expanding the GF district. I'd like to keep it as it is.

Mayor Scharff: Packet Page 449?

Council Member Fine: That's correct.

Council Member Filseth: I won't accept that.

Council Member Fine: I'll make an unfriendly Amendment to strike Section 12 on Page 449.

Mayor Scharff: You need a second.

Council Member Fine: I do.

AMENDMENT: Council Member Fine moved, seconded by Council Member Tanaka to remove Section 12 from the Ordinance.

Mayor Scharff: You want to speak to your Motion?

Council Member Fine: Sure. I think there was some really hard work done in 2009 to figure out, as some of the speakers said, with a laser pointer which buildings are suitable for retail in the GF zone. If you look at the maps over time, these ones down on the circle and west of High Street have come in and out. I think all of us know that west of High Street is certainly a different retail experience. They are not as successful. They are more marginal businesses, and many of them there are actually supported by one or two clients, namely Palantir. I don't think we need to add these extra properties to the GF zone.

Mayor Scharff: Council Member Tanaka.

Council Member Tanaka: The main reason why I support this Motion is because in order for retail to be successful you need a certain concentration of traffic. When you spread traffic out too far, what happens is no one wins. I think we need to make sure that we have a focused core of retail, that has high amounts of pedestrian traffic, that allows retail to be successful. If we don't, what happens is we start legislating vacancies. You start having

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properties where—there's a property actually right next to my house—not right next but near, on El Camino and California, which is one of the busiest intersections in Palo Alto. I think that Radio Shack has been vacant now for 2 years. I don't think we want that. It's important that we have enough concentration of traffic in an area for retail to be successful.

Mayor Scharff: Council Member DuBois.

Council Member DuBois: Again, the properties on Hamilton are all currently retail, across from retail. It makes sense to me to add those. The other area on Alma, right across from the train station, is a great area and kind of fills in this hole here.

Mayor Scharff: Council Member Holman.

Council Member Holman: I'll echo what I said earlier, what Tom said. Despite what some people argued earlier, a lot of these locations that were taken out of retail had been retail for many, many years. To say that they aren't viable retail and shouldn't be retail is just not understanding the history. The properties that Staff wants to add on Hamilton are currently in retail purposes. If we accepted this, we wouldn't even be adding those back in or adding them in period.

Mayor Scharff: I'm going to oppose the Motion as well for the reasons stated. That fails on a 7-2 Motion with Council Members Kniss and Fine voting yes. It fails on a 6-3 Motion then.

AMENDMENT FAILED: 3-6 Fine, Kniss, Tanaka yes

Council Member Fine: One last one, Mr. Mayor, per your discussion about the restrictions on late-night uses and activities. As we do as a Council and as a City move towards perhaps exploring increased density of housing Downtown, we should acknowledge that some of those units will be near recreational and night uses. People choose to live near that. I'd like to remove the late-night use and activity restrictions. They're mainly on Page 438. I'd like to delegate that to Staff to figure out.

Mayor Scharff: Are you going to direct it to Staff or are you going to limit it to Downtown or are you going to limit it to ...

Council Member Wolbach: (inaudible)

Council Member Fine: Can you repeat that, Cory?

Council Member Wolbach: I was going to say I'll second it if you exempt Downtown or if you just change it to exempt Downtown or (crosstalk) ...

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Council Member Fine: Sure. Exempt Downtown from the late ...

Council Member Wolbach: ... or direct Staff to explore exempting Downtown.

Council Member Fine: Direct Staff to explore exempting Downtown from the late-night uses and activities.

Council Member Filseth: I'll accept that.

Mayor Scharff: Tom, will you accept that?

Council Member DuBois: I think the way you said it it's overly broad. I asked Staff this question, and they said there's a bunch of Ordinances related to noise Downtown in general. I don't think you want to eliminate those.

Council Member Fine: What I'm thinking here is if we do add housing in certain areas of Downtown, I don't necessarily want to limit the night-time retail uses.

Council Member DuBois: We already have limits on that. As I said, I don't think you want to get rid of those. If you'd like to ...

Council Member Fine: I don't want to get rid of them as they are, but I don't want to add to the burden. If we add housing, night-time retail becomes harder.

Mayor Scharff: You have a second.

AMENDMENT: Council Member Fine moved, seconded by Council Member Wolbach to add to the Motion, "direct Staff to explore exempting Downtown from Section 18.16.040(b)." (New Part E)

Council Member DuBois: Can you be more explicit? The way you said it was very general.

Mayor Scharff: Direct Staff to explore exempting Downtown from Section 18.16.04(b). I see a light. Council Member DuBois has spoken to this. Do you want to speak more?

Council Member DuBois: Again, I think the intent is about noise near housing. We also have Ordinances about noise at 2:00 a.m. Downtown that I don't think we want to get rid of.

Mayor Scharff: I'm just going to speak briefly and say that it says explore. Staff would come back to us with the pros and cons of what this would do

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and how they'd deal with this. I don't think we're actually taking any action other than tell Staff to come back with us to look at this.

Mr. Lait: What I was going to say is that I don't believe this is agendized for the Council's discussion. We're doing an Ordinance on retail. The amendment here has to do with late-night uses and activities.

Mayor Scharff: You put an Ordinance that we're supposed to approve, and it's in the Ordinance. If it's in the Ordinance, I don't see how we cannot have to speak about it.

Mr. Lait: What we're doing is providing a section—we're providing the use tables because we're addressing the uses. There's a footnote to the table. What we do is provide the language that follows that for the context. This is not something that we've advertised or had any conversation about, dealing with late-night ...

Mayor Scharff: I don't believe we're taking any action except to direct Staff to come back. We've done that before.

Ms. Stump: Just to clarify. I think they're asking that this come back as a new item at some point in the future ...

Mayor Scharff: That is correct.

Ms. Stump: ... not to amend this Ordinance now.

Mr. Lait: We'll add that to our work program.

Mayor Scharff: Council Member Filseth and Holman, do you need to speak?

Council Member Filseth: I'll just say I think Staff knows what we want. I don't think we have to smith it too much here.

Mayor Scharff: Council Member Holman.

Council Member Holman: Just quickly. I'm not sure we really want to do this. Those of you who have been around for a while, some of you have been. Mayor Scharff, you have. There have been numerous—we have a different kind of Downtown than, say, a big city does where you have tall buildings and you have entertainment on the top. We've had numerous Code enforcement complaints, again, about—I don't want to name businesses—businesses that run late and have entertainment late. I think we do want the protections of restricting noise after hours.

Mayor Scharff: Council Member Wolbach.

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Council Member Wolbach: I guess I've already spoken to it. Particularly between 10:00 and midnight or 10:00 and 1:00 a.m., how does it currently work?

Ms. Stump: Again, Council Members, as I understand it, we're not taking action on changing the noise rules anywhere in the City tonight. Council has just directed that the Staff do some preliminary work and bring forward an analysis and considerations as the Downtown has additional residential units. This could come back in 6 months, later than that. Then, we can have a policy discussion about noise that's properly noticed.

Council Member Wolbach: Thank you.

Mayor Scharff: Let's vote. That passes on a 6-3 with Council Members DuBois, Kou and Holman voting no.

AMENDMENT PASSED: 6-3 DuBois, Holman, Kou no

Council Member Fine: That's all. Thank you.

Mayor Scharff: Council Member Tanaka.

Council Member Tanaka: I'd like to make a few Amendments too. On Page 2—before I do, I'd like to ask Staff a quick question. Actually, I'll just make the Motion. The Motion I'd like to make is that we remove the chain restriction. We heard from some of the speakers that having the chain restriction on Cal. Ave. has—does Staff have ... Page 2, Packet 428.

Mayor Scharff: Packet Page 428?

Council Member Tanaka: Yeah. If we're going to have a ...

Mayor Scharff: What are you looking at?

Council Member Tanaka: Letter O. My point is if we're going to mandate ground-floor retail, we should make it easy to get retail. Let me first ask Staff. Is there a chain restriction right now?

Mr. Lait: On California Avenue, we have a chain store limitation. Pete's Coffee could choose to go there if they wanted to. There's a process for that.

Mayor Scharff: Greg, let me just interrupt. The chain store retail issue is not before Council tonight on this Ordinance. It's a separate Ordinance, and it doesn't seem to come into this other than in "O" we talk about it as a declaration as opposed to actually changing the Ordinance. If you disagree

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with that, the appropriate way to do would be to write a Colleagues' Memo and get people to support it and agendize it to relook at it.

Council Member Tanaka: Let's move on then. Let's see. Basements on Page 5, "B". Page 5, that's packet Page 431. I guess it's 18.30C.020(b). I want to make a motion basically to allow the conversion of basement retail to nonretail uses.

Council Member Fine: I'll second that. I think it may be easier to strike this Letter B.

Council Member Tanaka: Strike "B."

AMENDMENT: Council Member Tanaka moved, seconded by Council Member Fine to add to the Motion, "remove Section 18.30(C).030(b)."

Mayor Scharff: Go right ahead, speak to your Motion.

Council Member Tanaka: I think the nature of retail is changing. In the old days, you needed to have a big inventory. A lot of times now retail is just a showroom. Basement retail is always really tough because there's no frontage for the retail to be successful. I don't think we should mandate this.

Mayor Scharff: Council Member Fine, you want to speak to your second?

Council Member Fine: Yeah. That's why I asked my question earlier to Staff. Which of these spaces do we know and do customers still use them is questionable. In order to reinforce the retail we do want, which is ground floor, facing streets for pedestrian experience, basement retail doesn't support that case. In fact, it somewhat dilutes it.

Mayor Scharff: Council Member Holman.

Council Member Holman: I won't be supporting this one either because we're not talking about having customers in basements. We're talking about the support services that are in the basements. I'll just use an example of CVS Downtown. They have their offices in the basement. That's their support offices, and they need that. I don't know how much storage they have down there, but I know they have their offices downstairs. It's that kind of thing that we don't want to disrupt or take away, because that means we would be taking away square footage from the ground-floor retail for them to have offices to support their business. It may come a time when we want to do a finer look at how much basement space is really good to

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have for support for the ground-floor retail. To eliminate this now, I think, is greatly premature.

Mayor Scharff: Do you want to speak?

Vice Mayor Kniss: You've got to vote. You've got an Amendment there.

Mayor Scharff: I meant to the Amendment. Let's vote on this. That fails on a 6-3 Motion with Council Members Kniss, Tanaka and Fine voting yes.

AMENDMENT FAILED: 3-6 Fine, Kniss, Tanaka yes

Council Member Tanaka: That's all.

Mayor Scharff: Vice Mayor Kniss.

Vice Mayor Kniss: We have been sitting here now for several hours. We've certainly gotten down into the nitty gritty of this. I'd like to come way back up again. This covers the entire City, Citywide start to finish. This puts into place controls for the entire City, and I'm not comfortable there. If there's support for an amendment to separate this from the Downtown section, which is one that has been well vetted in the past, in '09 and so forth, and not include the rest of the Ordinance that is the one size fits all for the rest of our entire community, I would put that forth as an Amendment if I get a second.

Mayor Scharff: Council Member Fine is seconding it.

Vice Mayor Kniss: Yes, I saw that.

AMENDMENT: Vice Mayor Kniss moved, seconded by Council Member Fine to add to the Motion, "limit application of the Ordinance to Downtown."

Mayor Scharff: You may ...

Vice Mayor Kniss: I'll continue on with that. I'm really troubled. We had kind of an empty chamber tonight, but we had a very full chamber with a number of people who are in retail telling us what works in retail. We are busy writing now the manual for the people who have run retail in this community for a number of years, numbers of years. As I said, I can live with the Downtown, but having the rest of the City under one Ordinance just makes me not only uneasy but it seems to fly in the face of common sense.

Mayor Scharff: Council Member Fine.

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Council Member Fine: I'll speak to my second. The Vice Mayor has a good point that most of the controls here have been studied in the context of Downtown and to some extent Cal. Ave. One of the problems we have with retail in our City is that there are certain vacancies because they are not great retail locations. This Ordinance will suddenly expand them to the entire City in areas where we haven't studied them. It would be best to limit it to Downtown for the moment. If we do want to explore other retail preservation strategies outside of Downtown, that may be appropriate.

Mayor Scharff: Council Member Kou.

Council Member Kou: I will not support that because what you're doing is protecting Downtown with the retail space. It's just going to move it to the other location, which is going to be California Avenue.

Mayor Scharff: Council Member Holman.

Council Member Holman: I appreciate the intention, I think, but I can't support it either. I just want to remind folks that the Midtown Shopping Center just sold. There's going to be a lot of change there. If we don't have retail protections there, we're going to lose a lot of retail there. I can't support it. What keeps coming to my mind is we can't save what is lost. That's just matter of fact. You can't save what is lost. If we pass this amendment and don't pass the Ordinance in its entirety, we're going to lose a lot.

Mayor Scharff: Seeing no other lights, vote on the board. That fails on a 6-3 Motion with Council Members Kniss, Tanaka and Fine voting yes.

AMENDMENT FAILED: 3-6 Fine, Kniss, Tanaka yes

Mayor Scharff: I have a couple of Amendments, I guess. The first one is as Vance Brown was talking tonight about automotive services. I think that's really unfair the way the automotive services get caught up in this. I'm going to move that we eliminate "K" on Packet Page 430.

Council Member Filseth: I'll probably vote in favor of that, but I think we should vote on it separately.

Council Member Wolbach: (inaudible)

Mayor Scharff: We can come back to it. I'm doing one at a time.

Council Member Fine: I'll support removing "K."

Mayor Scharff: You'll second it?

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Council Member Fine: Yeah.

AMENDMENT: Mayor Scharff moved, seconded by Council Member Fine to add to the Motion, "remove Section 18.04.030(125.1)(K)." (New Part F)

Vice Mayor Kniss: Which one are you on? Where are you?

Mayor Scharff: I'm on Packet Page 430, and I'm eliminating ...

Vice Mayor Kniss: On the top.

Mayor Scharff: Yes. Eliminating "K." As I said, this is really nebulous. There's a lot of automotive-related stuff that you may or may not want to preserve. It's a real hardship on the landowner to call that retail. The Vance Brown is the poster child for this. It's not a good retail location. It's way down Park Boulevard. He got caught up in stuff. I don't think that makes any sense.

Council Member Fine: What the Mayor said.

Mayor Scharff: Council Member Kniss, did you want to speak?

Vice Mayor Kniss: I think this speaks exactly to what I said 5 minutes ago. We are now rewriting what's in here already. We're going to continue doing that because we have said tonight that we know what's good for this City for the next 10 years. Anything that's retail now, unless it comes back just as you've done now and it will have to do that, that's the only way we can change it.

Mayor Scharff: Can we vote on the board? That passes on an 8-1 with Council Member Holman voting no.

AMENDMENT PASSED: 8-1 Holman no

Mayor Scharff: The next one, which Council Member Wolbach did mention, was automobile service stations. I am a little torn on this frankly. The question is do we want to say if it's a gas station, it has to remain a gas station. I don't think we do. I think it's an individual choice. To me, it doesn't make sense, and I come down—I move that we eliminate "J."

Vice Mayor Kniss: Second.

AMENDMENT: Mayor Scharff moved, seconded by Vice Mayor Kniss to add to the Motion, "remove Section 18.04.030(125.1)(J)." (New Part G)

Mayor Scharff: Do you want to speak to the second?

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Vice Mayor Kniss: I continue to rest my case. We're going to move things exactly like this as things change in our world and our environment. Certainly one of them, we have seen more gas stations go out of town now. I have to now drive 2 miles to get to a gas station that used to be half a mile away. Gas stations have gone south for the most part.

Mayor Scharff: Council Member DuBois.

Council Member DuBois: I just want to say again this isn't that it has to stay a gas station. It just has to stay retail-like. We did add flexibility in the waiver process. You convinced me on the automotive services, but the waiver process captures a lot of these other things that are currently retail or retail-like. It could remain that. A lot of gas stations have convenience stores. They might as well remain retail in some form.

Mayor Scharff: You seconded it, right Council Member Fine? No, Council Member Kniss did. Council Member Fine, you want to talk.

Council Member Fine: I'm going to support this. While gas stations and car shops and things like we did in "K" are retail serving and serving the community, they actually have a different location profile in that gas stations tend to be highly trafficked automotive corners. One of the more recent trends in many cities is actually flipping those gas stations to housing projects, which also may be (inaudible) viable. I completely agree with Vice Mayor Kniss that we're now getting into the weeds. I'm going to fight on each of these across the rest of the City because I don't think this Ordinance is ready for the entire City. I think we're moving Section J here that the Mayor proposed is the right move.

Mayor Scharff: Council Member Filseth.

Council Member Filseth: I just remember that the gas station down the street from my house turned into the SurveyMonkey building a year ago.

Vice Mayor Kniss: It stayed in retail. That's a perfect example.

Mayor Scharff: Do you wish to speak more?

Council Member Filseth: I'm going to vote against the Amendment.

Mayor Scharff: Council Member Holman.

Council Member Holman: The reason I voted against eliminating "K" is the same reason I'm going to vote against eliminating "J." There are a lot of automotive service providers. I know a lot of people that use them, and they're walkable. They're absolutely walkable. The same concept applies to

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eliminating "J." Vice Mayor Kniss almost argued against the amendment because we have to go to other places to get gasoline. Whether it's gasoline or whether it's whatever you can get at a service station, we don't want to push them out or incentivize them to go away because you can put an office there. I'm voting against it.

Mayor Scharff: Let's vote. That passes on a 5-4 vote with Council Members Wolbach, Kniss, myself, Tanaka and Fine voting yes.

AMENDMENT PASSED: 5-4 DuBois, Filseth, Holman, Kou no

Mayor Scharff: The last one I have is the fitness studios. I think there's been somewhat—a lot of people have spoken that the smaller groups of 15 or fewer students is too small. There have been disagreements about whether or not we should basically have the opposite, that you have to have more density. I heard Council Member Wolbach say that. I don't think that's—I think it's too difficult to decide what the number should be. I don't know enough about—I'm trying to count in my yoga class that I go to. On the unpopular yoga classes, it's probably 10 or 15 people. On the more popular ones, I think it's probably upwards of between 30 and 50. That's in the current Downtown going to Yoga Source. When I go to Orange Theory, I think there's 30, 35 people that go to that. That's really popular and brings a lot of retail to the—a lot of people to the Edgewood Shopping Center. We then go have bagels and stuff. I'm just going to move that "H" says fitness and exercise studios or similar uses. That's "H" on Packet Page 429.

Council Member Fine: I'll second that.

AMENDMENT: Mayor Scharff moved, seconded by Council Member Fine to add to the Motion, "remove from Section 18.040.030(114)(H), 'intended for an individual or small group of 15 or fewer students/customers at one time (see "commercial recreation" for other activities).'"

Mayor Scharff: I've pretty much spoken to it. I would say it's a real mistake to say 15 or fewer because that's not what we're allowing. We're allowing more than that. When we tell the community that, people will say that's not what we're doing. It's a good thing that people have more density than 15. The concern more, at least—I've heard the same thing from Al at Printer's Ink. What he dislikes about the fitness place next to him is the opposite, there's not enough people that go there because it's individualized training. I would be open to the concept that it has to have more density, frankly, than individualized training. I'm just not sure how to capture that. That's probably a one-off that's sort of rare. That's my thoughts on that. Council Member Fine.

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Council Member Fine: I agree with you. It would be nice to have some kind of floor on this, but it seems kind of complicated to do tonight. In general, if we do want to support thriving retail, then a density of that retail use is important for the businesses to survive.

Mayor Scharff: Council Member Holman.

Council Member Holman: A question for Staff. If we take this out, are we opening the door to larger facilities taking over? Do we limit the square footage at least?

Mayor Scharff: I'd probably be willing to limit it to 5,000 or less.

Mr. Lait: We do have a definition of commercial recreation, which we were just looking at. We define fitness studios or exercise services both as commercial recreation and as personal service. The reason for the identification of the number of students or patrons was to distinguish between an incidental personal service and a large commercial recreation. Yes, I'm concerned that we'd want to spend some time thinking about that distinction.

Council Member Holman: Potentially, just potentially, we could get an Equinox without this kind of limitation?

Mr. Lait: We would have conflicting regulations. We would have the CUP requirement for Equinox under a commercial recreation, but then they would probably argue they're under personal service. We don't want to create that kind of ...

Mayor Scharff: We're thinking about concepts here. I would expect Staff to harmonize it when they come back with the Ordinance.

Council Member Wolbach: (inaudible) to Staff to figure it out.

Mayor Scharff: It's got to change in this Ordinance because the Ordinance has to come back. I think the answer is commercial recreation. I'm not sure what we have against commercial recreation, frankly.

Mr. Lait: I don't think we have anything against it.

Mayor Scharff: I'm not sure why we need a CUP on it except for big, large ones.

Mr. Lait: How do we distinguish those big large ones from this?

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Mayor Scharff: I would say anything over—I'm fine with anything over 5,000 square feet. This would only apply to stuff under 5,000 square feet.

Council Member DuBois: Greg, could you clarify? It's going to say fitness or exercise studios of 5,000 feet or less?

Mayor Scharff: Correct. Does Staff get that? It would say fitness and exercise studio or similar uses of 5,000 square feet or less.

Mr. Lait: Do I hear that that's the request?

Mayor Scharff: Yes. That's fine with you, Adrian?

Council Member Fine: Yes.

AMENDMENT RESTATED: Mayor Scharff moved, seconded by Council Member Fine to add to the Motion, "replace Section 18.040.030(114)(H) with, 'fitness and exercise studios or similar uses of 5,000 square feet or less.'"

Mayor Scharff: Council Member Holman. Let's vote on the board.

Council Member Wolbach: Can I take a look at it before (inaudible)?

Mayor Scharff: Sure. I didn't mean to move too quickly. It shouldn't say anything about ... Just for the Clerk's Office, it should read replace "H" with fitness and exercise studios or similar uses of 5,000 square feet or less. That's all it needs to say.

Mr. Shikada: Mayor and Council Members, Staff would like to offer perspective in terms of context. The 5,000-square-foot threshold has sparked some impression that it is a large threshold.

Mr. Lait: For a City that's consistently been regulating these types of facilities with a conditional use permit at midnight to switch that to 5,000, it may be doable, but I ...

Mayor Scharff: I'll go with 2,500. How's that?

AMENDMENT RESTATED: Mayor Scharff moved, seconded by Council Member Fine to add to the Motion, "replace Section 18.040.030(114)(H) with, 'fitness and exercise studios or similar uses of 2,500 square feet or less.'"

Vice Mayor Kniss: A bargain.

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Mayor Scharff: If you think it's large, I'm thinking about what the size of a yoga studio is. It's not 1,000 feet; it's bigger than that. I think 2,500 square feet is probably (crosstalk).

Mr. Lait: We've traditionally had studios come in at about 1,200—1,250, I think, is the largest one that we've approved in the Downtown area. This one on California is an anomaly.

Mayor Scharff: The one on California is much bigger than that.

Mr. Lait: It's 5,000 or 6,500 square feet; it's huge.

Mayor Scharff: That's what I thought it was.

Mr. Lait: Imagine that use on Hamilton, and imagine not just—you're getting 50 people in your yoga classes. Something like that can be filled with hundreds of people. We think about the parking and the traffic. That's why we have a CUP for that.

Mayor Scharff: Would you suggest 1,500 square feet then? Would that be fine?

Mr. Lait: Did you say 30 people?

Mayor Scharff: No, I said 50 people.

Mr. Lait: I don't have a recommendation on the size of the space. I think it's something that warrants consideration.

Council Member Holman: If you don't mind, can we defer this to Staff and have them come back with a recommendation? As Jonathan said, it is midnight.

Mayor Scharff: No. I'm going to go ...

Council Member Holman: With the second reading, they could come back with ...

Mayor Scharff: I think we should just get it done. I'm actually going to go with 1,800 square feet and call it a day. That's under 2,000, close to what Staff wanted.

AMENDMENT RESTATED: Mayor Scharff moved, seconded by Council Member Fine to add to the Motion, "replace Section 18.040.030(114)(H) with, 'fitness and exercise studios or similar uses of 1,800 square feet or less.'" (New Part H)

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Mayor Scharff: No lights, let's vote. That passes on a 7-2 Motion with Council Members Kou and Holman voting no.

AMENDMENT AS AMENDED PASSED: 7-2 Holman, Kou no

Mayor Scharff: That's all I had. Does anyone else have anything else or should we vote on the entire motion? Vote on the entire Motion?

Vice Mayor Kniss: I'd like to speak to the entire Motion because I want to speak against it.

Mayor Scharff: Sorry, I have to stop. Vice Mayor Kniss. Now the lights are lining up. I thought we were done.

Vice Mayor Kniss: As I said earlier, I would have supported something in the Downtown gladly. I simply cannot believe that this one Ordinance tonight is going to cover this entire City. I've been thinking of other things you could do with gas stations. Could you put some housing there? Could you put a soccer field there? Is that retail? I don't think so. I don't think a soccer field is retail. One of our best, absolutely best intersections in town has soccer fields where something could have gone that was certainly far more like retail. I think this is an overreach, when we try to include the whole community in one specific Ordinance that is so precise that we can't even decide what size a yoga studio should be. As I've said several times on several of the other amendments that we've done, I just cannot vote for an Ordinance where one size fits an entire community of 65,000 people and their businesses.

Mayor Scharff: Staff reminded me that we forgot to address—maybe it was willingly. I just want to make sure people didn't—the issues that Council Member Holman actually raised earlier, which was the issue of those parcels. I guess they would be Anthropologie and Addison Antiques, whether or not we were going to allow private schools there or other uses. I just wanted to raise that issue, if other people wanted to talk about that issue because Staff mentioned that we had that in the report.

Vice Mayor Kniss: If not, what happens to them?

Mayor Scharff: If not, they stay where they're currently stuck.

Vice Mayor Kniss: Thanks, Karen, for bringing that up. Somehow after midnight you just start forgetting stuff.

Mayor Scharff: Council Member Tanaka.

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Council Member Tanaka: I'm going to agree with the Vice Chair on this. This is kind of a generic plan. Palo Alto has many different types of retail. We have Downtown; we have Cal. Ave.; we have Midtown; we have El Camino, Stanford Shopping Center. They're all very different. We have this generic plan, which I don't think is actually good for all of them. This needs to be well thought out. I support the spirit of it, but the way it has been implemented is flawed.

Mayor Scharff: Council Member Wolbach.

Council Member Wolbach: In an effort to get broader consensus for this motion, which I am going to support, I'd like to explore another amendment if possible. To have this come back to Council on a biennial basis for review. Every 2 years it comes back. If there have been unintended consequences as a result of this, if it turns out that we're actually hurting retail as opposed to helping it as a result of this Ordinance, we'll have an opportunity to make those tweaks.

Mayor Scharff: Council Member Wolbach needs a second.

Vice Mayor Kniss: I'll second it. That's what we should be doing.

AMENDMENT: Council Member Wolbach moved, seconded by Vice Mayor Kniss to add to the Motion, "direct Staff to bring this Ordinance back to Council for review on a biennial basis."

Mayor Scharff: Council Member Kniss, do you want to speak to your second?

Vice Mayor Kniss: No.

Mayor Scharff: Anyone want to speak to this Motion? I had some lights before. I'm going to clear the board. If no one wants to speak to it, we can vote. People do want to speak. Council Member Holman.

Council Member Holman: What we are voting on is only what's on the board right here?

Mayor Scharff: First we have to speak to the Amendment. Council Member DuBois. Sorry, I thought you ...

Council Member Holman: I didn't get an answer to my question.

Mayor Scharff: I didn't hear. What was the question?

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Council Member Holman: There's an Amendment to have this come back on a biennial basis. That Amendment, I don't have any questions about that. When we come back, I will.

Mayor Scharff: Got it. Council Member DuBois.

Council Member DuBois: I think Council would be very reactive and bring this back when it needs to come back. Just to put it on the calendar every 2 years and have this kind of meeting again—I could wait maybe 3 years to do this again. I do want to call the question. I think it's time to vote on the main motion, but let's vote on this amendment.

Mayor Scharff: I'm going to support Council Member DuBois on the notion that I don't think it's a good idea to continually put stuff for Staff to have to come back with. If It's not working, we will come back to it. Council Member Filseth ...

Vice Mayor Kniss: Are we voting on the Amendment?

Mayor Scharff: ... did you want to speak to the Amendment? Yeah, we're voting on the Amendment.

Council Member Filseth: Just briefly. In the past, we've seen that it comes to Council when there's an issue. There were vacancies; it came back in 2009; we did something about it. I think that can happen.

Mayor Scharff: Let's vote.

Vice Mayor Kniss: We've on the Amendment, right?

Mayor Scharff: On the Amendment, just on the Amendment. That fails on a 5-4 vote with Council Members Wolbach, Kniss, Tanaka and Fine voting yes.

AMENDMENT FAILED: 4-5 Fine, Kniss, Tanaka, Wolbach yes

Mayor Scharff: Let's see. I'll make one further Amendment just because it's in the Staff Report. Direct Staff to allow in the RT-35 district on properties with frontage on Alma Street between Channing Avenue and Lincoln Avenue to be replaced by a private educational facility. Property owners would be prohibited from converting a discontinued retail use to a private school and then to office. Those are the Anthropologie and the Addison Antiques. It's really those two properties that would allow that private school to go there as a use. Is there a second or not?

Vice Mayor Kniss: A private school?

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Mayor Scharff: Not a private school, a school use which is a private school.

Vice Mayor Kniss: As a school use, yes, second.

AMENDMENT: Mayor Scharff moved, seconded by Vice Mayor Kniss to add to the Motion, "direct Staff to allow in the RT-35 District on properties with frontage on Alma Street between Channing Avenue and Lincoln Avenue to be replaced by a private education facility. Property owners would be prohibited from converting a discontinued retail use to a private school and then to office." (New Part I)

Council Member Filseth: Is it that guy that was here?

Mayor Scharff: Which guy?

Council Member Filseth: (inaudible) Johnny Katz or ...

Mayor Scharff: It could be any school use. Council previously had discussion on this. People can decide. I'm not going to speak to it. Council Member Holman.

Council Member Holman: I am going to speak to it. Like I said earlier, I don't think we can make this change through this process. It would be an amendment to the SOFA II plan that would be the appropriate mechanism to do that. That's one. Two, the owners of those two buildings have not gone through the waiver and appeal process as it's described in the Staff Report, in other words in the new Ordinance. Three, at a minimum there should be CUPs required. I believe both of those sites used to be automotive uses, and that was an issue when the Emerson Street school went in, the AltSchool went in. Automotive uses had been there too, and we didn't have any conditional use permit requirement. We have little kids on former automotive use locations. No analysis was required because we don't even have a CUP there. For those three reasons, I'm going to oppose this and encourage my Colleagues to do the same.

Mayor Scharff: Would Staff like to address the SOFA II issue that Council Member Holman raised?

Mr. Lait: We believe that we are able to amend SOFA II through this process. In fact, it's through this process that we're actually able to protect the existing retail that are outside of the core area in SOFA II and require the retention of those existing retail in that area. The Ordinance here, I believe, includes some amendments to the use table in SOFA II. That's the path that we've been following as we understood that it was the Council's

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interest to protect retail throughout the City including SOFA II, where there's retail there today.

Council Member Holman: All we're doing by this in SOFA II in terms of the protections is just reinforcing what already exists. Changing the allowed uses on two of those parcels or three, I think it was ultimately, is a change to the allowed uses in SOFA II. That's why I do not think we could be making those changes through this Ordinance.

Mr. Lait: SOFA II, I believe—I can double check this—does identify private schools as a permitted use. We're not ...

Council Member Holman: I don't think on those sites.

Mr. Lait: On RT-35, I believe it's a permitted use. Yes, we're looking at the table now. It is a permitted land use. We're not changing the uses that are permitted in SOFA II, but we are allowing for this Citywide Ordinance—the motion, as I understand it, is to allow where there is a retail or retail-like use to have that be replaced by a private school, which is a permitted land use in the RT-35 area.

Mayor Scharff: I guess I will quickly speak to it then. That's the reason why I support this. This is an existing use that would be allowed in the SOFA if we didn't have the current emergency Ordinance. The people who bought that property, to some extent, had expectations of being able to do that. That has stood vacant for a year. I think it's a weak retail site. I'm not prepared to have it convert to office or anything like that. That is a use that can be used in the SOFA area as it currently exists. That's why I'm supporting that. Council Member Kniss.

Vice Mayor Kniss: Tom, I too would like to vote on this Motion and go home. I've noticed lately, because we're all in the Downtown area a lot, both Anthropologie—I don't know about North Face—and 100 Addison are both being used as a parking lot. Frankly, if I were them, I'd just rent it out as a parking lot. Literally, they may make more doing that. Take a look. People quickly find spots anywhere in the Downtown where there is a vacant building, and they park there.

Mayor Scharff: Council Member Holman, you wanted to follow up?

Council Member Holman: I think I answered my own question except that I don't think they've followed the process that's laid out in the Ordinance. This points out the desperate need for—it is late—an economic development or, as some communities call it, an economic vitality manager. I can think

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of uses that would be really great at those locations. There was retail on both sites for a long, long time.

Mayor Scharff: Council Member Filseth.

Council Member Filseth: A question for Staff. In SOFA II, is office an allowed use?

Mr. Lait: Office is a permitted use. Medical, professional, and general business offices are permitted in the RT-35 and RT-50, but not in the Homer or Emerson corridor.

Mayor Scharff: On those sites, medical/dental office up to 5,000 would be allowed.

Mr. Lait: What we're saying is the Motion on the table is to allow retail to convert to school. The last part of that motion was to prevent schools, because it's no longer retail or retail-like, from converting to office. That was the last sentence that I heard.

Mayor Scharff: That's correct.

Mr. Lait: The school could stay a school or revert back to a retail or retail-like use.

Mayor Scharff: If Staff could fix the Motion. Do you need a copy of it? Council Member Kniss.

Vice Mayor Kniss: While we're waiting for whatever we're waiting for, let's do a what if. There has been sadly a rumor that Summer Wind, which is the only nursery that we have in town, may close. Let's say that a group that wanted to do affordable housing proposed that they do affordable housing there. It's retail. What happens?

Mr. Lait: The nursery would be a protected land use. The property owner would need to seek a waiver. If a waiver was not attainable, process a text amendment based on the proposed Ordinance that's before you. I will note that your interim Ordinance does include, in addition to the waiver, an exception for multifamily housing projects. If you thought an affordable housing project was forthcoming and something that you wanted to encourage, you could allow, in addition to the waivers and exceptions, the ...

Vice Mayor Kniss: It would need to come back to us as a Council?

Mr. Lait: What would need to come back to you?

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Vice Mayor Kniss: If we were to make that kind of change.

Mr. Lait: If you're adopting the Ordinance today without that provision, then yes, there would have to be a future text amendment. I guess what I'm suggesting is that if you wanted to incorporate into your motion an exception for 100-percent affordable housing projects, we actually have, I think, the language in the existing interim Ordinance. We would just replace multifamily with affordable housing.

Mayor Scharff: We can come back to that, but let's ...

Vice Mayor Kniss: I think we'll come back to that.

Mayor Scharff: Let's vote on the Amendment. That passes on a 5-4 vote with Council Members DuBois, Kou, Filseth and Holman voting no.

AMENDMENT PASSED: 5-4 DuBois, Filseth, Holman, Kou no

MOTION AS AMENDED RESTATED: Council Member Filseth moved, seconded by Council Member DuBois to adopt the Retail Preservation Ordinance including the following changes:

- A. Precluded laundry and cleaning services on University Avenue and California Avenue; and
- B. Direct Staff to return with revised language to address the size of lobbies; and
- C. Update Section 18.04.160(c)(3) to require the Director's Decision be placed on the Council's Consent Calendar, subject to existing procedures; and
- D. Direct Staff to prepare Design Standards for the Ground Floor (GF) and Retail Shopping (R) Combining Districts to promote pedestrian oriented design and require visual access into the ground floor of buildings to a depth of three feet; and
- E. Direct Staff to explore exempting Downtown from Section 18.16.040(b); and
- F. Remove Section 18.04.030(125.1)(K); and
- G. Remove Section 18.04.030(125.1)(J); and
- H. Replace Section 18.040.030(114)(H) with, "fitness and exercise studios or similar uses of 1,800 square feet or less;" and

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- I. Direct Staff to allow in the RT-35 District on properties with frontage on Alma Street between Channing Avenue and Lincoln Avenue to be replaced by a private education facility. Property owners would be prohibited from converting a discontinued retail use to a private school and then to office.

Mayor Scharff: Are we ready to vote on the main Motion? I don't want to cut anyone off if anyone else had anything else. I don't see any lights, so let's vote on the main motion. That passes on a 6-3 vote with Council Members Kniss, Tanaka and Fine voting no. That ends that item.

MOTION AS AMENDED PASSED: 6-3 Fine, Kniss, Tanaka no

15. Adoption of a Resolution Amending Resolutions 9473 and 9577 to Continue the Downtown Residential Preferential Parking (RPP) Program With Minor Modifications and Finding the Action Exempt From the California Environmental Quality Act (CEQA).

Mayor Scharff: Now, we have Council Member Questions, Comments and Announcements, if any.

Council Member Filseth: Do we need a Motion to continue the (crosstalk)?

Mayor Scharff: Yes, we do. We do. I'll make the Motion—is it all right if I make the Motion or not? I'm conflicted out, so I don't know. Why doesn't someone else make the motion or do you care?

Vice Mayor Kniss: I'll make the (crosstalk).

Mayor Scharff: We've got to take oral communications. I should leave.

Molly Stump, City Attorney: As I understood it, the Council's intention was to call the item and allow anyone who wished to speak tonight to do so.

Mayor Scharff: First of all, I have to say I'm going to recuse myself from this item because I own property in the Downtown district.

Mayor Scharff left the meeting at 12:20 A.M.

Vice Mayor Kniss: That takes us to Item Number 15. This would be the adoption of a Resolution amending two Resolutions to continue the Downtown Residential Parking Program. Is there anyone—I'm not going to ask for comments from Staff. I'm simply going to say that if you have stayed and you want to speak on this item tonight, you are more than welcome to. If not, it will be continued to a date certain or uncertain?

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Ed Shikada, Assistant City Manager: We are set on February 27th.

Vice Mayor Kniss: I would suggest you not make it exactly that precise, if you can do that. Can we continue it to a date uncertain? I would suggest that we continue it to a date uncertain.

Ms. Stump: If we continue it to a date that we specify today, then we do not need to re-notice it.

Vice Mayor Kniss: We simply need to specify a date and you can change it in the future? It is, but I also know there's another issue. Let me find out something while you're discovering that. Is there anyone who's going to speak to us? Apparently not. We have cleared the board on people speaking to us. Now, our next goal is to continue this to a date uncertain, only you want me to continue it to the 27th of February, right?

Mr. Shikada: That would be our recommendation given that, at this point, we know we have a meeting. We believe we can manage the agenda such that it would be—we would have the capacity to cover this item there.

Vice Mayor Kniss: My question is if that date doesn't work, can we move it?

Mr. Shikada: Yes.

Vice Mayor Kniss: Just so we've said that out loud and so the public has heard and my colleagues have heard it. In that case then, I am now making a motion that we move this item, which is Number 15, which deals with the Residential Parking Permit Program, to February 27th, 2017. Is there a second?

Council Member Filseth: Second.

MOTION: Vice Mayor Kniss moved, seconded by Council Member Filseth to continue this Agenda Item to February 27, 2017.

Vice Mayor Kniss: Council Member Filseth, thank you. I don't think I need to speak to this any further. I just don't think—unless all of you would like to continue on. It's only 12:25. Should we vote on continuing? The night is young. In that case, we have a motion and a second to move this. Would you vote on the board? That passes on an 8-1 with Mayor Scharff having recused himself on this item.

MOTION PASSED: 8-0 Scharff absent

Vice Mayor Kniss: When this item comes back again, Mayor Scharff will, of course, be recused. Anyone else who has been recused previously, as I

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understand—Molly, you may want to speak briefly to that—is not recused because ...

Ms. Stump: We did a variety of conflicts work on this item. There are a number of different individual circumstances. Facts can change. As far as we know, Council Members who are able to be here tonight will be able to be here when it comes back.

Vice Mayor Kniss: That's the explanation. We anticipate there will be eight members who can vote on the RPP when it returns. Correct? Unless something happens between now and then?

Ms. Stump: Or there's an absence or depending on when it comes back.

Vice Mayor Kniss: All I'm saying is eight members have the ability, if they are in the chambers, to vote. Why don't I drop that one. Why don't we just say we hope there are a number of people here that night who can vote on that item.

Inter-Governmental Legislative Affairs

None.

Council Member Questions, Comments and Announcements

Vice Mayor Kniss: Are there any other comments, announcements that anyone wants to make? Tom.

Council Member DuBois: I just want to say a lot of us were at the Chinese New Year event, which was awesome. The second year, I think it's getting bigger and bigger. I'm looking forward to it next year. We need a larger location, but it was a lot of fun.

Vice Mayor Kniss: I have pictures of one of my colleagues dancing, if any of you would like to ever see her dancing. It wasn't Karen. Anybody else want to add something to prolong the meeting? Nothing? In that case everybody, we are adjourned.

Adjournment: The meeting was adjourned at 12:25 A.M.