



# CITY OF PALO ALTO CITY COUNCIL ACTION MINUTES

Special Meeting  
March 27, 2017

The City Council of the City of Palo Alto met on this date in the Council Chambers at 4:34 P.M.

Present: DuBois arrived at 5:35 P.M., Filseth arrived at 4:40 P.M., Fine, Holman arrived at 4:45 P.M., Kniss, Kou, Scharff, Tanaka, Wolbach

Absent:

## Closed Session

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Authority: Government Code Section 54956.8  
Property: Terman Apartments, 4230-70 Terman Drive, Palo Alto, CA  
Agency Negotiators: James Keene, Lalo Perez, Hamid Ghaemmaghami, Hillary Gitelman  
Negotiating Parties: Terman Associates/G&K Management Co. and City of Palo Alto  
Under Negotiation: Option to Purchase – Price, Affordability Restrictions and Terms of Payment.

**MOTION:** Vice Mayor Kniss moved, seconded by Council Member Wolbach to go into Closed Session.

**MOTION PASSED:** 6-0 DuBois, Filseth, Holman absent

Council went into Closed Session at 4:36 P.M.

Council returned from Closed Session at 5:48 P.M.

## Agenda Changes, Additions and Deletions

None.

## Minutes Approval

2. Approval of Action Minutes for the March 6, 2017 Council Meeting.

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**MOTION:** Mayor Scharff moved, seconded by Council Member Filseth to approve the Action Minutes for the March 6, 2017 Council Meeting.

**MOTION PASSED:** 9-0

## Consent Calendar

Council Members Filseth, Kou, and Tanaka registered no votes on Agenda Item Number 7- Adoption of a new Memoranda of Agreement With the Palo Alto Fire Chiefs' Association...

**MOTION:** Council Member Fine moved, seconded by Council Member Wolbach to approve Agenda Item Numbers 3-7.

3. Approval of the Human Services Emerging Needs Fund Policy Providing Oversight of Accepting, Reviewing and Approval of Applications to This Fund.
4. Approval of Amendment Number 1 to Contract Number S16164688 to add \$250,000 for a Total Not-to-Exceed Amount of \$300,000 With Municipal Resources Group for Professional Human Resources Consulting Services.
5. Approval of a Contract With Artist Mary Lucking in the Total Not-to-Exceed Amount of \$100,000 for the Design Development, Fabrication and Installation of Artwork Associated With the Highway 101 Bike and Pedestrian Bridge.
6. Approval of Five Separate Professional Services Agreements for General Electric and Gas Services Over a Three Year Term With all Subject to an Aggregate Not-to-Exceed Amount of \$975,000, With: (1) Navigant Consulting; (2) Flynn Resource Consulting Inc.; (3) PA Consulting Group; (4) Optony Inc.; and (5) NewGen Strategies and Solutions, LLC.
7. Adoption of a new Memoranda of Agreement With the Palo Alto Fire Chiefs' Association and an Amendment to the Salary Schedule for Managers and Professional Personnel.

**MOTION FOR AGENDA ITEM NUMBERS 3-6 PASSED:** 9-0

**MOTION FOR AGENDA ITEM NUMBER 7 PASSED:** 6-3 Filseth, Kou, Tanaka no

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## Action Items

10. PUBLIC HEARING: 900 N. California Avenue [15PLN-00155]: Appeal of the Planning and Community Environment Director's Architectural Review Approval of Three new Single-Family Homes, one With a Second Unit. Environmental Review: Categorically Exempt per CEQA Guidelines Section 15303(a) (New Construction or Conversion of Small Structures), Zoning District: R-1.

Public Hearing opened at 6:12 P.M.

Public Hearing closed at 6:55 P.M.

**MOTION:** Council Member Wolbach moved, seconded by Vice Mayor Kniss to:

- A. Adopt a Record of Land Use Action, thereby denying the appeal, upholding the Director's approval of an Architectural Review application based on a modified design removing two of the three previously proposed basements; and
- B. Find the proposed project exempt from review under the California Environmental Quality Act.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "direct Staff to schedule an Agenda Item for the Policy and Services Committee to review the City's public noticing procedures." (New Part C)

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "include notice on construction site with appropriate City contact information for complaints." (New Part D)

**MOTION AS AMENDED RESTATED:** Council Member Wolbach moved, seconded by Vice Mayor Kniss to:

- A. Adopt a Record of Land Use Action, thereby denying the appeal, upholding the Director's approval of an Architectural Review application based on a modified design removing two of the three previously proposed basements; and
- B. Find the proposed project exempt from review under the California Environmental Quality Act; and

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- C. Direct Staff to schedule an Agenda Item for the Policy and Services Committee to review the City's public noticing procedures; and
- D. Include notice on construction site with appropriate City contact information for complaints.

## **MOTION PASSED AS AMENDED PASSED: 9-0**

- 8. PUBLIC HEARING: 670 Los Trancos Road [16PLN-00266]: Site and Design Review to Allow the Construction of a new Single Family House and Guest House With a Total of Approximately 10,960 Square Feet of Floor Area. Environmental Assessment: Categorically Exempt From California Environmental Quality Act (CEQA) Pursuant to Guidelines Section 15303 (New Construction or Conversion of Small Structures). Zoning District: OS.

Public Hearing opened at 7:34 P.M.

Public Hearing closed at 8:18 P.M.

**MOTION:** Vice Mayor Kniss moved, seconded by Council Member Fine to adopt a Record of Land Use Action for a Site and Design application to allow the construction of a new two-story single family residence, detached guest house, and associated site improvements on the property at 670 Los Trancos Road.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "including the following change:

- A. Add to the Conditions of Approval, 'plant screening trees at the start of construction.'

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to Part A of the Motion, "in addition to the required tree planting, the Applicant shall plant prior to the commencement of construction, fast growing vegetation and trees to further obscure the home during construction, subject to Urban Forestry review. These trees may be removed subject to the approval of the City's Arborist."

**AMENDMENT:** Council Member Kou moved, seconded by Council Member Wolbach to add to the Motion, "direct the Applicant to lower the accessory structure to below the ridgeline."

**SECOND WITHDRAWN BY THE SECONDER**

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## AMENDMENT FAILED DUE TO THE LACK OF A SECOND

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion, "direct the City Arborist to consider the appropriateness of Live Oak or other non-deciduous trees as mitigation screening trees." (New Part B)

**MOTION AS AMENDED RESTATED:** Vice Mayor Kniss moved, seconded by Council Member Fine to adopt a Record of Land Use Action for a Site and Design application to allow the construction of a new two-story single family residence, detached guest house, and associated site improvements on the property at 670 Los Trancos Road including the following changes:

- A. Add to the Conditions of Approval, "plant screening trees at the start of construction and, in addition to the required tree planting, the Applicant shall plant prior to the commencement of construction, fast growing vegetation and trees to further obscure the home during construction, subject to Urban Forestry review. These trees may be removed subject to the approval of the City's Arborist;" and
- B. Direct the City Arborist to consider the appropriateness of Live Oak or other non-deciduous trees as mitigation screening trees.

**MOTION AS AMENDED PASSED:** 9-0

Council took a break from 9:19 P.M. to 9:32 P.M.

- 9. PUBLIC HEARING: Adoption of two Ordinances to Update the City's Below Market Rate (BMR) Housing Program as Recommended by the Finance Committee: (1) Repealing Municipal Code Section 16.47 (Non-residential Projects) and 18.14 (Residential Projects); and Adding a new Section 16.65 (Citywide Affordable Housing In-lieu Fees for Residential, Nonresidential, and Mixed Use Developments). The Proposed Ordinances are Exempt From the California Environmental Quality Act (CEQA) per Sections 15378(b)(4), 15305 and 15601(b)(3) of the State CEQA Guidelines (FIRST READING: December 12, 2016 PASSED: 5-3 Kniss, Scharff and Wolbach no) SECOND READING Continued From January 9, 2017.

Public Hearing opened at 9:38 P.M.

Public Hearing closed at 9:57 P.M.

**MOTION:** Council Member Fine moved, seconded by Council Member Wolbach to adopt:

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- A. An Ordinance amending the City's Below Market Housing Program; and
  - i. Add Section 16.65.080(B)(3), "notwithstanding Section 16.65.080 (A) (5), the City Council may accept fees in lieu of the alternatives in Paragraph 1 provided it makes a finding that special circumstances justify payment of fees over provision of ownership units, such as a finding that the fees generated would result in more affordable units than those required to be provided on site or that funds are needed to finance a pending affordable housing project;" and
- B. An Ordinance updating the housing impact and in-lieu fees including updating the housing impact and in-lieu fees as follows:
  - i. Set the Office/R&D housing impact fee at \$35 per square foot; and
  - ii. Maintain the Hotel housing impact fee at \$20.37 per square foot; and
  - iii. Maintain the Retail/Restaurant/Other housing impact fee at \$20.37 per square foot; and
  - iv. Set the Market-rate single family detached in-lieu fee at \$50 per square foot; and
  - v. Set the Market-rate single family attached in-lieu fee at \$35 per square foot; and
  - vi. Set the Market-rate Condominium in-lieu fee at \$20 per square foot; and
  - vii. Set the Market-rate rental housing impact fee at \$20 per square foot; and
- C. Direct Staff to return in one year with a status update.

**SUBSTITUTE MOTION:** Council Member Kou moved, seconded by Council Member DuBois to adopt on second reading:

- A. An Ordinance amending the City's Below Market Housing Program; and
- B. An Ordinance updating the housing impact and in-lieu fees.

**SUBSTITUTE MOTION FAILED:** 4-5 DuBois, Filseth, Holman, Kou yes

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**AMENDMENT:** Mayor Scharff moved, seconded by Vice Mayor Kniss to replace in Part B.iv. of the Motion, "\$50" with "\$90."

**AMENDMENT RESTATED AND INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to replace in Part B.iv. of the Motion, "\$50" with "\$75."

**AMENDMENT:** Council Member Holman moved, seconded by Council Member Filseth to replace in Part B.i. of the Motion, "\$35" with "\$50."

**AMENDMENT FAILED:** 4-5 DuBois, Filseth, Holman, Kou yes

**AMENDMENT:** Council Member Tanaka moved, seconded by Council Member XX to replace in Part B.iii. of the Motion, "\$20.37" with "\$15."

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

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to replace in Part B.v. of the Motion, "\$35" with "\$50" and replace in Part B.vi. of the Motion, "\$20" with "\$50."

**MOTION AS AMENDED RESTATED:** Council Member Fine moved, seconded by Council Member Wolbach to adopt:

- A. An Ordinance amending the City's Below Market Housing Program; and
  - i. Add Section 16.65.080(B)(3), "notwithstanding Section 16.65.080 (A) (5), the City Council may accept fees in lieu of the alternatives in Paragraph 1 provided it makes a finding that special circumstances justify payment of fees over provision of ownership units, such as a finding that the fees generated would result in more affordable units than those required to be provided on site or that funds are needed to finance a pending affordable housing project;" and
- B. An Ordinance updating the housing impact and in-lieu fees including updating the housing impact and in-lieu fees as follows:
  - i. Set the Office/R&D housing impact fee at \$35 per square foot; and
  - ii. Maintain the Hotel housing impact fee at \$20.37 per square foot; and
  - iii. Maintain the Retail/Restaurant/Other housing impact fee at \$20.37 per square foot; and

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- iv. Set the Market-rate single family detached in-lieu fee at \$75 per square foot; and
- v. Set the Market-rate single family attached in-lieu fee at \$50 per square foot; and
- vi. Set the Market-rate Condominium in-lieu fee at \$50 per square foot; and
- vii. Set the Market-rate rental housing impact fee at \$20 per square foot; and

C. Direct Staff to return in one year with a status update.

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

## Inter-Governmental Legislative Affairs

None.

## Council Member Questions, Comments and Announcements

Council Member DuBois requested the Council have an opportunity to discuss Council meeting start times during the upcoming Council Retreat.

Council Member Kou supported including such a discussion during the Council Retreat.

Mayor Scharff agreed that such a discussion will be helpful. He pointed out that Council has certain amount of work that needs to be completed. He shared that starting meetings earlier, allowing meetings to end later, or reducing the number of Consent Items pulled for Council discussion are options to complete this work. He reported that late night meetings can take a toll on Staff Members, which is something the Council should take into consideration.

Council Member DuBois suggested Council consider meeting every Monday each month.

Council Member Kou suggested the Council hold meetings when a quorum is available instead of cancelling a meeting.

Council Member Holman supported this discussion take place at the Council Retreat.

Adjournment: The meeting was adjourned at 11:08 P.M.