

Special Meeting
March 17, 2003

1. Public Hearing: The City Council will consider the appeal by Lawrence and Jeanne Aufmuth, Don and Carol Mullen, Walter and Amanda Mok, Peter Danner, and Michael Braun of the Director of Planning and Community Environment's approval of the application for a second story addition and a substantial remodel of an existing one story single family residence located at 1849 Webster Street, owned by Elizabeth and Jaime Wong, under the single family individual review program..... 3

ADJOURNMENT: The meeting adjourned at 7:55 p.m. 13

1. Selection of Candidates to be Interviewed for the Human Relations..... 14

APPROVAL OF MINUTES 14

2. Ordinance 4782 entitled "Ordinance of the Council of the City of Palo Alto Amending Section 18.08.040 of the Palo Alto Municipal Code (The Zoning Map) to Change the Classification of Property Known as 33-49 Encina Avenue from CS Commercial Service to PC Planned Community 4782 15
3. Adoption of a Resolution Authorizing the City Manager to Execute a Letter of Agreement for the Option to Purchase Western Area Power Administration Excess Capacity 15
4. Appointment of a Downtown Business Improvement District Advisory Committee to Advise and Make Recommendations to City Council on the Formation of a Downtown Business Improvement District 15
5. The Policy and Services Committee recommends to the City Council Approval of the Youth Master Plan 15
6. Public Hearing: The Policy and Services Committee recommends to the City Council Request for Proposals to Lease the Sea Scout Base, 2560 Embarcadero Road, Palo Alto 17

7. Public Hearing: The City Council will Consider a Resolution on Whether to Form and Become a Member of the Bay Area Water Supply and Conservation Agency21

8. Approval of Scope of Work to Demolish Roth Building Spine – Capital Improvement Program Project 1030424

The Meeting Adjourned at 11:10 p.m. to a Special Meeting as the Board of Directors of the Palo Alto Public Improvement Corporation and Reconvened at 11:12 p.m. as the City Council33

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS33

ADJOURNMENT: The meeting was adjourned in memory of Richard Beckwith at 11:33 p.m. who passed away at 53 years of age. He lived in Palo Alto for 40 years, of which he spent 26 years coaching baseball in Palo Alto. He was a member of the Parks and Recreation Commission (PARC), an amateur astronomer, and became a member of Children's Theatre at the age 14.34

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:35 p.m.

PRESENT: Beecham, Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton arrived at 5:38 p.m. Mossar, Ojakian

PUBLIC HEARING

1. Public Hearing: The City Council will consider the appeal by Lawrence and Jeanne Aufmuth, Don and Carol Mullen, Walter and Amanda Mok, Peter Danner, and Michael Braun of the Director of Planning and Community Environment's approval of the application for a second story addition and a substantial remodel of an existing one story single family residence located at 1849 Webster Street, owned by Elizabeth and Jaime Wong, under the single family individual review program. The Council's decision will be based upon the evidentiary record of the Director's hearing.

Mayor Mossar said the public hearing was a quasi-judicial matter, which meant Council was required to follow formal procedures to assure a level of fairness and due process guaranteed by State and Federal constitutions. The hearing was based on a closed evidentiary record contained in a transcript before the hearing officer, and the other document contained information submitted during the review process. The record also included two sets of plans submitted to Council. The Council's decision would be based on information made available to the Planning Director, arguments heard regarding the meaning of the evidence and the application of Council's rules, including the single-family review guidelines. A site visit, made by Council on March 15, 2003, would also be used as evidence in making the final decision.

Council Member Kishimoto said her judgment was based on the site visit, emails she received, and the records on hand.

Council Member Lytle said her disclosures were the same as Council Member Kishimoto's.

Council Member Kleinberg said she had met with some of the residents and had the same disclosures.

Vice Mayor Beecham said he did not have any meetings or indiscretions on the item since it was presented to the Council some weeks prior.

Mayor Mossar said she did not have any meetings on the topic and based her decision on evidence at hand and emails she received.

Council Members Burch Freeman, Morton and Ojakian said they had attended the site visit and read the E- mails.

Mayor Mossar reminded the Council of the public of hearing formalities necessary to assure fairness. She said the goal was to obtain all of the information for Council's consideration. All public testimony had to be serious and truthful. Council had the power and duty to reach its own judgment about credibility and truthfulness. She asked that backup information on opinions and comments be stated or submitted to the City Clerk. Staff reports and/or exhibits needed to be referenced for clarity. Council could exclude irrelevant or redundant testimony and the City Attorney would advise Council on legal standards that applied to deliberations and decisions.

City Attorney Ariel Calonne summarized the appropriate law that applied to Council in making their decision. In 2001, Council created an individual review process and the Ordinance delegated the responsibility of preparing and publishing the guidelines to the Director of Planning and Community Environment. The guidelines were the sole review standards by which a project was judged. Mr. Calonne advised Council to exercise their own discretion to determine whether the proposed building complied with the ten guidelines. Council was not bound to the Director's conclusions.

Chief Planning Officer Lisa Grote said it was an appeal of an Individual Review of 1849 Webster Street. The process was applicable to all new two-story houses, all new second-story additions on existing single-story houses, and all second-story expansions greater than 150 square feet. She gave an overview of the site and summarized the Individual Review Guidelines, as outlined in staff report (CMR:196:03).

Council Member Lytle asked what the environmental determination was on the project and if staff was aware that one of the adjacent houses had landmark status and intrinsically relied on indoor/outdoor spaces.

Ms. Grote said the property was taken into consideration in the solar analysis and there were no negative impacts on the balance.

Council Member Kleinberg asked why staff limited the solar impact review period between the hours of 9 a.m. and 3 p.m.

Ms. Grote said the most common hours used in a solar analysis were 9 a.m., 12 noon, and 3 p.m. That was when the sun was out the longest during the summer months and shortest during the winter months. This was not part of the guidelines or the Ordinance.

Council Member Morton said Guideline 3 stipulated being sensitive to the predominant neighborhood scale. He asked in order to comply with Guideline 3 was the house set back 70 feet. The visual mass and the scale of the project were acceptable but did impact other lots. He asked why the focus was only on Webster Street. The suggestion of moving the house forward conflicted with massing guidelines; however, by setting it back it impacted more neighbors but did not conflict with the massing guidelines.

Ms. Grote said the scale of the mass addressed not only the front setback of 70 feet but also the increased rear setback of 28 to 31 feet and the increased side setbacks of 16 to 20 feet on one side and 14 feet on the other side. The house could not be moved forward because of an existing oak tree.

Council Member Freeman asked how conditions were protected and what would prevent someone from making changes to conditions in the future.

Ms. Grote said plans would need to go through the building permit process. The plans would then be routed to the Planning Division and checked for consistency of what was approved as part of the individual review. Changes would not be approved if they were not part of the individual review. It would need to go back through the individual review process for modifications, which meant a public review and comment period.

Council Member Freeman asked if the Wongs were to sell their house in the future, would they legally have to disclose the conditions on the house.

Ms. Grote said they would need to disclose not only the conditions, but that there was an approved plans that would need to be adhered to.

Council Member Kishimoto asked if the reason for not moving the house forward was due to the physical and visual impact of the large oak tree.

Ms. Grote said it was difficult to move the house forward because the grade canopy above was so large that it was difficult to design the house around it without a negative visual impact on the tree. It would make a change in the existing streetscape that had been part of the neighborhood for a long time.

Council Member Kishimoto said it seemed moving the house forward was difficult but not impossible, and noted the house next door was sited quite a bit forward.

Ms. Grote said it did not have the same constraints with such a mature tree.

Council Member Kishimoto referred to Section D.2 of the Administrative Record (Volume 1) included in staff report (CMR:196:03). She said the storyboard had been checked in the applicant's handout but she did not recall seeing a storyboard.

Ms. Grote said a storyboard was submitted that showed the streetscape and existing situations.

Council Member Kishimoto asked about the windows, doors, and patio area of the adjacent buildings.

Ms. Grote said the aerial photographs on the site showed existing structures and the site visit would become part of the record.

Council Member Kishimoto asked if it was part of the record received by the Council.

Ms. Grote said the aerial photograph was not included in the record but was available for public review and in the project planner's file.

Council Member Morton asked when staff indicated there were increased setbacks that compensated for the mass, did they mean that setbacks had been increased or the existing setbacks were already greater than the required minimum setbacks.

Ms. Grote said the second floor setback on the south side was projected to be 20 feet and the first floor setback was 2 feet closer than the existing situation, which was larger than the required minimum.

Council Member Morton asked what would have been different in the process if the project were a teardown and rebuild, as opposed to a second-story addition.

Ms. Grote said it would have gone through the same process.

Council Member Morton asked if the area in front of the lot line and the oak tree was considered a park. This would leave the back part of the lot to be about 10,000 square feet. He asked if a 6,000 square foot house on a 10,000 square foot lot would meet the guidelines.

Ms. Grote said a 6,000 square foot house could not be built on a 10,000 square foot site because it would exceed the allowable Floor Ratio Area (FAR).

Council Member Lytle said there was an alternative for massing and meeting Guidelines 4 and 6. Instead of moving the house forward, there was the

possibility of bringing the significant mass of the second-story to the center where the proposed pool was to be located.

Ms. Grote said the existing area was open and the proposed swimming pool area was close to the left-hand side of the property. The open space would have a pool rather than landscaping. Staff considered retaining the existing open area since having the house located there would not improve the overall site development.

Council Member Lytle said by moving the mass further from the edge of the property, it would lessen solar impacts and the mass on the adjacent properties.

Ms. Grote said it was not considered because the setbacks were already exceeded and solar impacts were minimal; therefore, no further evaluation was made.

Council Member Kleinberg asked if a problem was created by moving a portion of the second-story farther to the front of the first floor of the building.

Managing Arborist Dave Dockter said if the footprint were not moved, the lower branches would not be significantly affected.

Mayor Mossar declared the Public Hearing open.

Lawrence Aufmuth, 627 Seale Avenue, appellant, said he provided a ten-page document to people who visited the site on March 15, 2003, which contained descriptions of four fatal flaws and fourteen process flaws that needed improvement. The Individual Review Guidelines outlined in Chapter 18.14.20 of the Palo Alto Municipal Code had five specific goals and purposes. The Hearing Director's decision contained the statement that referred to objections raised by adjacent property owners concerning the accuracy of the topographic map submitted by the applicant, and concluded with a statement that the issues were not applicable or germane to the Individual Review process. Mr. Aufmuth's appeal referred to a site plan that was essential for the process. The plan was not done, not shown, and not part of the record. To approve a plan without having a site plan that dealt with the five goals was a fatal flaw in the process.

Don Mullen, 618 Tennyson Avenue, appellant, asked that the appeal be granted because there were several ways in which the 1849 project clearly exceeded the maximum allowable square footage for the lot. The ground floor area of the covered porches and arcades, which was approximately 770 square feet, was not included. He would not challenge the calculations, but challenged the City staff's erroneous view that the square footage was

exempt and should not be counted. He said Ordinance 4716, title 18:04:030 (65) Section d., R-1 Single Family Residence Districts Regulations stated the total covered area of all floors of the main structure, including covered parking and stairways, were measured by the outside surface of the stud walls. Staff claimed they had a long-standing policy of exempting the covered porches and arcades under certain conditions. The policy dated back to a temporary moratorium passed in 1988. The Council was responsible for the final interpretations of the Ordinance. To allow this policy to continue would encourage oversized homes and large second stories. The Council had the opportunity and obligation to reject the project and correct the Planning Department's faulty policy or put off any final decision until the matter was clarified.

Michael Braun, 1828 Webster Street, appellant, read into the record the statement he distributed to the people who visited the site on March 15, 2003. His statement strongly opposed the 1849 Webster Street project, he and urged Council to direct the Planning Department to reject the application.

Steven Pogue, Wong project architect, said every effort was made in meeting the Individual Review (IR) Guidelines. He concluded the appellants did not care about the substance of guideline compliance but whether the Wongs had the right to build a two-story house.

Council Member Lytle asked Mr. Pogue whether consideration was made to shifting the mass by placing the Wong's proposed swimming pool area closer to the neighbors' backyards that were predominantly single-story, so backyard amenities would be next to each other. That would create a more harmonious and broad distance between homes to eliminate some of the conflicts.

Mr. Pogue said the design was established to maintain certain valuable and familiar spaces of the Wong's house.

Jaime Wong, owner, 1849 Webster Street, said he wanted to keep the footprint because the rooms in the front of the home had not been remodeled over the years. He briefly summarized the plan modifications made to meet the IR Guidelines and to appease the neighbors. Most of the appellants had second-story homes and lived a distance of 50 feet away from his home.

Martin Bernstein, P.O. Box 1739, said he had reviewed the plans and visited the site and felt the Wong's proposal was reasonable. He urged the appeal be denied and the project approved.

Bret Kerrins, 3280 Clifton Court, supported the Wong's project and the City Planning Officer for approval of the design.

Amy Wong, 1849 Webster Street, said she and her brother lived with their parents, who cared about their house and renovations. She looked forward to settling in a home that had the capacity to accommodate her family's needs. It was unfortunate to see such unkindness and she hoped, when the process was over, everyone could learn to get along and be more neighborly.

Addel Porcella, 685 Lowell Avenue, supported the Wongs and encouraged the Council to allow them to carry out their plans.

Craig Woods, 1127 Webster Street, supported the Wong's plans. He said the applicants had followed the rules for the past nine months and any additional delay to their project would be extremely unfair.

Ronni Kerrins, 3280 Clifton Court, supported the Wong's plans. She said she had attended the site visit and, after talking with the appellants, she came to the conclusion they did not want to see a second floor erected to block their view. The Wongs had a right to build a second-story on their property and she asked Council to approve the project.

Harold Justman, 828 Ramona Street, said he reviewed the protracted and expensive process the Wongs had gone through. With the City facing such a budget deficit, as a Palo Alto citizen, he did not want to pay for that level of service. The money spent on the process could have paid the salary of a Palo Alto Police Officer for a year.

J. H. Pfluke, 221 Kingsley Avenue, said from 1997 to 1999 he engaged in a similar case of simply trying to make property improvements. The proposed construction was in compliance with the Planning and Transportation Commission (P&TC) and Zoning Ordinance. After being approved by the P&TC twice, the progress was stopped by dissident neighbors. He said Palo Alto had an elaborate system in place that governed development in the City that operated under zoning laws and regulating precepts. He asked why well-crafted laws and regulations were not respected after public and City officers put them into effect.

Rod Thorne, 625 Lowell Avenue, supported the Wongs. He said during a project review one expected fairness, uniformity, and timely decisions in applying the building codes. When the process was followed to the letter, one should expect the Building Division to recommend the process be completed and the project permitted to proceed. Most importantly, one

should expect the Council and City government's protection for his rights in the face of opposition that was arbitrary.

Megan Barton, 1850 Webster Street, supported the Wongs and urged the Council to move forward on the project.

Alice Mansell, 1135 Webster Street, spoke in support of the Wongs. She said the process had gone too far. With the delay caused by the appellants, it was costing the City approximately \$100,000 to process the Wong's project.

Mayor Mossar declared the Public Hearing closed.

Mayor Mossar reminded Council after the public hearing was closed, the rules did not permit outside contacts or discussion on the matter. Should the matter be continued for deliberation and discussion, Council was not to discuss it further with the applicant or public.

Council Member Burch said the issue was clear in this case that the law was obeyed and conditions met. He recommended denying the appeal and to allow the project go forward with staff's recommendations.

MOTION: Council Member Burch moved, seconded by Ojakian, to approve the staff recommendation as follows:

1. Review the record of the Director's Hearing (Attachment D of CMR:196:03) on the application for a second story addition and a substantial remodel that will remove more than 50 percent of an existing one-story single-family residence, owned by Elizabeth and Jaime Wong, 1849 Webster Street;
2. Uphold the Director of Planning and Community Environment's approval and add conditions to require that a boundary survey be performed and an existing hedge be maintained; and
3. To direct staff to return with formal written findings for Council adoption at a future meeting.

Further, to add staff's additional conditions as follows: a) the existing hedge on the north (left) side of the property between 1849 Webster and 604, 618, and 626 Tennyson, provides important visual screening. The owner of 1849 shall not cause or permit any damage to that hedge from construction at 1849 Webster. There would be no replacement modification or other alteration of the fence in the vicinity of the hedge except in accordance with a plan for construction and hedge preservation, which was reviewed and approved by the City of Palo Alto Planning Arborist. The plan would include field inspections by the Planning Arborist when construction is complete. If the Planning Arborist finds any damage, a) the property owner would take

such steps as the Planning Arborist determines are necessary to restore the screening; and b) a boundary survey shall be required. The design or location of the detached garage shall be modified to conform to any changes in the location of the daylight plane as a result of the boundary survey. The garage would not be moved closer to the trees and improvements at 639 Seale Avenue (Mok home) than indicated on the plans received November 6, 2002.

Council Member Burch said the guidelines were intended to mitigate the changes. He had great sympathy for the appellants; however, the project met the law, and it was Council's duty to move forward with the project.

Council Member Ojakian clarified that Council was denying the appellants and accepting the application that included staff's recommendations, as outlined in staff report (CMR:196:03) page 3, points 1 and 2. He said the purpose of the site visit on March 15, 2003, was strictly to view the site, get an idea of what was going on, and not to enter into debate about matters with either the appellants or the applicant. He noted the story poles on the site were not viewed as evidence. The Wong's modifications not only kept the original footprint of the house, but consideration was taken to preserve the beautiful, heritage oak tree at the front of the property. He was concerned about the shadowing impact the Aufmuth's would have in their backyard and suggested a hedge be placed on the south side of the backyard to minimize the impact.

Council Member Ojakian said on one side of the property the existing hedge would provide solar protection and privacy.

Ms. Grote suggested consulting with the Aufmuths prior to adding the condition since any hedge that grew to significant height would increase the shadow impact.

Council Member Ojakian requested adding an additional condition that required a hedge be placed on the south side of the Aufmuth's property with the Aufmuth's approval.

Mr. Calonne said he did not think this situation could be worked out by the neighbors and to be more specific with height requirement of the hedge.

Council Member Burch said he would not accept the additional condition into his original motion and suggested his colleague make a motion after the vote on the main motion was taken.

Council Member Lytle said she had difficulty with the design of the house and Guidelines 4 and 6. She would not support the motion. As a

professional planner, she always viewed a situation from a public interest perspective over the property rights perspective. She felt the case was complex and would probably go to litigation.

Council Member Morton supported the appeal. He felt the mass of the house was intrusive to the neighborhood. He said the Wongs purchased the property knowing it had a heritage oak tree and the limitations on any future buildout were clear. He felt the only basis for justifying the mass was that the house sat to the rear of the lot, 70 feet behind the heritage oak. That project violated Guidelines 1, 3, 4, and 5A. A 6,000- square- foot house on 10,000 square foot lot exceeded the FAR.

Council Member Kishimoto would not support the motion. She said the massing and the plans did not meet the goals of respecting the neighborhood character and violated Guidelines 3, 6 and 8.

Vice Mayor Beecham supported the motion. He felt all the guidelines had been fully met by the applicant, and the guidelines contested by the appellants had been reasonably responded to and satisfied.

Council Member Freeman would not support the motion and addressed Guidelines -2, -3, -4 and -6. She said the height of the rear balcony would allow a view directly into the neighboring backyard. The size of the house was much larger than other houses in the neighborhood, and the second-story addition would create removal of sun from 3 p.m. to 9 p.m. on the rear portion of 627 Webster Street during the summer.

Council Member Kleinberg said the most defining problem she saw was the solar orientation of the house and yard. The shading of the Aufmuth house was a problem. She understood solar impact was mitigated to accommodate the Aufmuth's property, but she was not satisfied it could not have been mitigated more on behalf of the one homeowner whose home was significantly impacted. The proposed house had a visual or solar impact on the other neighbors, but not significant enough to interfere with the property rights of the applicant. She wanted to see whether the second story could be moved so the Aufmuth's property would not be significantly impacted.

Mayor Mossar said one of her first tasks as a Council Member was to discuss historic preservation and the elimination of monster houses and second stories. She learned the public wanted to maintain rights to modify their homes. The IR was a process intended to give assurance to the public and neighbors to participate in resolving problems. It was not intended to give neighbors veto power or dictate that nothing changed if neighbors did not want it to be changed.

MOTION FAILED 5-4, Beecham, Burch, Mossar, Ojakian "yes."

Mr. Calonne said the Council needed five votes to grant the appeal by either asking staff to bring back findings to be approved on the Consent Calendar or remand the item to the Planning Director to prepare findings consistent with the decision.

MOTION: Vice Mayor Beecham moved, seconded by Morton, to uphold the appeal and remand to the Director of Planning and Community Environment to prepare findings consistent with the majority of the Councils' opinions that evening.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that the Council approve the appeal before Council could remand to staff.

MOTION PASSED 8-1, Ojakian "no."

ADJOURNMENT: The meeting adjourned at 7:55 p.m.

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:55 p.m.

PRESENT: Beecham, Burch, Freeman, Kishimoto, Kleinberg, Lytle, Morton, Mossar, Ojakian

ORAL COMMUNICATIONS

SPECIAL ORDERS OF THE DAY

1. Selection of Candidates to be Interviewed for the Human Relations Commission

MOTION: Vice Mayor Beecham moved, seconded by Freeman, to interview all of the applicants.

MOTION PASSED 5-0, Kishimoto, Kleinberg, Lytle, Morton absent.

APPROVAL OF MINUTES

Mayor Mossar noted that City Clerk Donna Rogers requested the February 3, 2003, City Council minutes be removed from the agenda.

MOTION: Council Member Ojakian moved, seconded by Freeman, to approve the minutes of January 27, 2003, as corrected.

MOTION PASSED 5-0, Kishimoto, Kleinberg, Lytle, Morton absent.

CONSENT CALENDAR

MOTION: Council Member Beecham moved, seconded by Ojakian, to approve Consent Calendar Item Nos. 2 - 4.

Council Member Morton stated he would not participate in Item No. 2 due to a conflict of interest because he was the auditor and accountant for the Community Working Group.

LEGISLATIVE

2. Ordinance 4782 entitled "Ordinance of the Council of the City of Palo Alto Amending Section 18.08.040 of the Palo Alto Municipal Code (The Zoning Map) to Change the Classification of Property Known as 33-49

Encina Avenue from CS Commercial Service to PC Planned Community
4782 ("1st Reading, March 3, 2003, Passed 8-0, Morton "not participating")

3. Adoption of a Resolution Authorizing the City Manager to Execute a Letter of Agreement for the Option to Purchase Western Area Power Administration Excess Capacity

Resolution 8281 entitled "Resolution of the Council of the City of Palo Alto Approving a Letter of Agreement for Excess Capacity 03-SNR-00543 with the United States Department of Energy, Western Area Power Administration"

ADMINISTRATIVE

4. Appointment of a Downtown Business Improvement District Advisory Committee to Advise and Make Recommendations to City Council on the Formation of a Downtown Business Improvement District

MOTION PASSED 8-0 for Item No. 2, Morton "not participating."

MOTION PASSED 9-0 for Item Nos. 3 and 4.

REPORTS OF COMMITTEES AND COMMISSIONS

5. The Policy and Services Committee recommends to the City Council Approval of the Youth Master Plan

Council Member Burch said the Youth presentation was heard at the Policy and Services Committee (P&S) meeting on February 11, 2003, and the Youth Master Plan (YMP) was approved.

Parks and Recreation Commission Vice-Chairperson Edie Keating said the Parks and Recreation Commission (PARC) supported the YMP. The YMP showed a good working relationship between youth and staff. It was a YMP with a future and with scheduled annual reviews. The YMP stated there were public and private recreational opportunities for youths in Palo Alto. The PARC supported the YMP to publicize opportunities to the broader youth community.

Superintendent of Recreation Dawn Calvert said the YMP was created by teens for all teens of Palo Alto. The work of the YMP Steering Committee was outlined in the staff report (CMR:148:03). The YMP incorporated the success of present youth programming and identified the short-term action projects without the need for added funding resources. The long-term action items would require funding sources that would become available

through the Council's agreement to return the net income back to teen programs from leasing of the parking garage that was originally the Teen Center.

Elizabeth Falcon, Youth Council President, and Peter Ahn, Youth Council Vice-President, presented the YMP report. The presentation included the background on the purpose of the YMP and goals and objectives of the program, as outlined in the staff report (CMR:148:03).

Council Member Kleinberg said she worked previously with other youth councils on developing youth programs and remembered the effort of building a Teen Center in the south-end of Palo Alto

MOTION: Council Member Kleinberg moved, seconded by Morton, that the Policy and Services Committee recommend to the City Council acceptance of the Youth Master Plan (YMP) report, including a commitment to provide adequate staff support for planning and implementing the goals; opportunities for youth to meet with City Council members and commissions regularly; youth development programs which are regularly evaluated for their effectiveness; and opportunities for addressing emerging and existing teen needs. Further, to: 1) ensure or reinforce that funding from the Downtown garage was forthcoming for the youth; 2) consider opportunities for youth involvement in various committees and community groups; 3) schedule regular annual meetings with City Council; 4) annually update and review the Youth Master Plan; 5) provide some measurements by which success of the document could be realized.

Council Member Morton said as a member of the Recreation Foundation he was involved in the process and development of the programs and looked forward to hearing from the Youth Council annually on how the Council had been doing to help meet their needs and objectives.

Council Member Burch supported of the motion and acknowledged the late Parks and Recreation Commissioner Richard Beckwith, who was present at the P&S meeting of February 11, 2003. He said Mr. Beckwith had worked very hard on the program and would have been supportive of what was happening at that evening's meeting.

Council Member Freeman felt the YMP was something the community needed and for teens to be proud of. She liked the idea of the annual review of the YMP and wanted to know the effectiveness of projects and services after they were in place.

Council Member Lytle said the YMP was an outstanding achievement and, together with the field sub-committee report, was a jump-start on the

community's pledge and commitment to meet the future needs of youth in Palo Alto.

Council Member Ojakian said comments he made during the P&S meeting of February 11, 2003, would stand as is and he recommended everyone review them since they contained the background of the YMP. He was pleased staff had attached the list of participants to the staff report (CMR:148:03) and they were given the recognition they deserved.

MOTION PASSED 9-0.

6. Public Hearing: The Policy and Services Committee recommends to the City Council Request for Proposals to Lease the Sea Scout Base, 2560 Embarcadero Road, Palo Alto *(Item continued from March 3, 2003)*

Mayor Mossar declared the Public Hearing open.

Beth Bunnenberg, 2351 Ramona Street, said she was one of the two applicants asking that the Sea Scout Base (the Base) get historic designation. Of the three proposed sites for relocation of the Base, Site B, the former Yacht Club site, was the Historic Resources Board's (HRB) first choice. It had the lowest moving cost, the least stress on moving the building, and was the closest site to the current location. She noted the building had broken windows, including an irreplaceable, round, frosted porthole window, and she requested that windows be boarded and protected properly.

Ed Power, 2254 Dartmouth Street, stated in 1988, the City of Palo Alto gained title to the Sea Scout property under false pretenses. At the time, City government had put forth the idea that the Bay Conservation and Development Commission (BCDC) would destroy the building unless City government intervened. In 1985 the Sea Scouts was the best youth movement in the City, and he asked that aquatic recreation be brought back.

Karen Holman, 725 Homer Avenue, read correspondence from Emily Renzel, 1056 Forest Avenue, addressed to the Mayor and City Council. She said Ms. Renzel had stated she was dismayed at how long it took for the matter to be presented to Council after action was taken by the Policy and Services Committee (P&S). The weather was taking a toll on the building and time was of the essence if it was to be saved. She agreed with the criteria to provide public benefit and access, as well as to preserve historic significance, which would not adversely impact the Baylands. She asked that Site C be deleted as an alternate site for relocation of the Base since it would endanger the building's eligibility for the National Register, a key to funding sources. She urged the Council to avoid any further delays in moving the

project forward. Additionally, Ms. Holman suggested converting the Harbor Master's Adobe back to a residence. Having a physical presence would discourage vandalism and also provide a housing unit.

Janet Hanson, Director of the San Francisco Bay Bird Observatory, said they were founded in 1981, fully incorporated, and dedicated to the conservation of birds and their habitats in the San Francisco Bay Regions. They were experts on birds that used the wetlands of the south bay including salt ponds, tidal marsh and creeks. They were funded by various sources from agencies such as the San Francisco Foundation, Peninsula Foundation, National Fish and Wild Life Foundation, Association of Bay Area Governments and the San Francisco Estuary Project. Their organization consisted of six staff members and 100 trained volunteers to further research and they were looking for a new home. They were interested in the Sea Scout Building but did not pursue it not knowing if there was an open and competitive process for leasing the building. They encouraged the Council to approve such a process not only for their needs, but it would assure the City of finding the best partner in the quest to preserve the building and provide community benefits associated with the building and the marsh lands.

Vice Mayor Beecham asked if six months would be an appropriate period for their organization to answer an RFP.

Ms. Hanson said she did not know what an RFP entailed, but felt six months would be sufficient.

Herb Borock, P.O. Box 632, suggested a fourth alternative location that was outside of Palo Alto. The two sites were Redwood City and Coyote Point where the Sea Scout program was still active. The building would be used for Sea Scout activities in the vicinity of a channel to San Francisco Bay. Three reasons for consideration were as follows: 1) According to the Department of Interiors' National Criteria for historic integrity of a property, setting was one criterion for evaluation that reflected the basic and physical condition under which the property was built and the functions it was intended to serve; 2) By placing the building where people were interested in the Sea Scout program, they could continue using the building for that purpose and more likely would follow through in maintaining the integrity of the structure; and 3) The moving risk would be the same no matter what the distance was in relocating the building. Usage of the building for its original purpose seemed logical. It gave the people who were interested in the Sea Scout program the opportunity to relocate the building where the program was active.

Mayor Mossar declared the Public Hearing closed.

MOTION: Vice Mayor Beecham moved, seconded by Ojakian, to approve the Policy and Services Committee recommendation to the City Council to: 1) remove the direction that the Sea Scout Base be used for Sea Scout and other youth activities; and 2) approve the Request for Proposals (RFP) package and direct staff to solicit proposals for leasing the Sea Scout Base. Further, to propose a six-month Request for Proposal (RFP) process with a two-year timeframe to fulfill the requirements to exercise the lease option.

Vice Mayor Beecham said he looked forward to finding a good, long-term tenant for the site, having it renovated, and moving forward quickly on the process.

Council Member Ojakian concurred with the Vice Mayor.

Council Member Morton suggested a nine-month Request for Proposal (RFP) processing time.

Real Estate Manager Bill Fellman said in addition to raising \$5,000 for a deposit, a schematic plan had to be submitted within a six-month time limit. The development plans for the entire project needed to be approved by the Historic Resources Board (HRB), Architectural Review Board (ARB), City Engineer, and City Building Official and comply with the California Environmental Quality Act (CEQA) requirements.

Council Member Morton said it was a sad situation to see that a gift from Lucie Stern, intended for youth activities was allowed to deteriorate. He encouraged staff to board up the windows and remove items that could be salvaged should the building be moved. He felt an obligation to the donor to honor what she intended 60 years prior and asked that the RFP include a condition that the Sea Scouts be permitted to access the building when the primary user was not using the building. He wanted to know if the City was obligated to continue with the original intent.

Mr. Calonne said not unless there was an explicit condition in the gift and Council accepted it at the time the gift was accepted.

Council Member Morton proposed the RFP state that Council expresses its preference for Site A or B.

Vice Mayor Beecham said the P&S Committee did not have a site preference but was against Site C that meant moving the building away from the shoreline. After the RFP was accepted, a lease would be established with the applicant. The applicant would have two years to obtain the plan approvals, including the discretionary reviews.

Mr. Fellman said that was correct. The applicant would have a two-year option period and should the lessee meet the obligation of the lease prior to two-year period, they would exercise an option to lease rather than go through the full two-year period, which was outlined in the staff report (CMR:143:03) Attachment A.

Vice Mayor Beecham said going through the City's discretionary reviews would take a long time for the applicant and questioned if a six-month RFP period would be reasonable.

Mr. Fellman said it could be done.

Vice Mayor Beecham said he would not make any changes to his motion.

Council Member Morton emphasized a viable response would need to indicate the applicant would be able to do what was expected. Since that was not an easy process, he suggested allowing an extra three months to meet obligations.

AMENDMENT: Council Member Morton moved, seconded by Kleinberg to extend the period of the RFP to a minimum of nine months.

Council Member Kleinberg said the current economy made it difficult for a non-profit organization to meet all the RFP requirements and obtain financial backing to prove they were able to support the lease and maintain the property for 20 years. She expressed her concerns about the property's condition and asked if there was an inexpensive way to secure the property should the RFP period be extended for an additional three months.

Council Member Burch stated he preferred a one-year RFP period.

Mayor Mossar asked that the vote be taken on the current amendment for the RFP period to be a minimum of nine months.

AMENDMENT PASSED 7-2, Beecham, Ojakian "no".

INCORPORATED INTO THE MOTION WITH CONSENT OF MAKER & SECONDER to state a preference for Sites A and B, as shown in Attachment A-2 of the information flyer in CMR:143:03.

Council Member Lytle said a preliminary evaluation was made on the building by Barbara Judy for City Manager June Fleming, and she hoped the report would be available for people entering in the process. It would help them understand the complexities of gaining assistance from Historic Preservation sources. If the choice was to move the building, professional

historic building movers should be consulted since that type of move was different from the typical construction practice and was considered an art. She recommended the information be given to people entering into the process.

Mayor Mossar said the main motion was altered to accept the staff recommendation with stated preference for Sites A and B. Council Member Burch recommended preserving the building by boarding and fencing the property and favored relocating to Site B. It was the closest location for a one-time move and still considered an historic location.

Council Member Morton proposed a change under Financial Data in Attachment B to ask for complete financial statements supported by a copy of Tax Form 990 for verification in place of audited financial statements.

INCORPORATED INTO THE MOTION WITH CONSENT OF MAKER & SECONDER to further modify the motion to include the Policy and Services Committee recommendation as follows: 1) that the Policy and Services Committee had a preference for Site B; 2) in the process of selecting a tenant, preference be given to an organization that provides programs for youth purposes; 3) in the process of selecting a tenant, preference be given to an organization that would allow space for public use; and 4) that the tenants use of the building be compatible with the Baylands.

INCORPORATED INTO MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to attach complete financial statements supported by a copy of Tax Form 990 in-lieu of audited financial statements found in the Request for Proposal, Section VII, Financial Data.

MOTION PASSED 9-0.

Council Member Kleinberg asked how to go about getting Council to agree it was Council's sense that funds were necessary to protect the building.

Mayor Mossar asked if Council objected to asking staff to look into the most cost-effective way to protect the building for a short time period.

Council Member Lytle said "mothballing" was part of the recommendation in Barbara Judy's analysis.

PUBLIC HEARINGS

7. Public Hearing: The City Council will Consider a Resolution on Whether to Form and Become a Member of the Bay Area Water Supply and Conservation Agency

MOTION: Council Member Morton moved, seconded by Burch, to approve staff's and the Utilities Advisory Commission's (UAC) recommendation to adopt a resolution to form and become a member of the Bay Area Water Supply and Conservation Agency (BAWSCA).

Resolution 8282 entitled "Resolution of the Council of the City of Palo Alto Finding that the City Shall Form and Join the Bay Area Water Supply and Conservation Agency "

Council Member Morton said the Resolution was required so Council could participate in the Bay Area Water Supply and Conservation Agency (BAWSCA). It was an agreement and there would be no determination with respect to appointing anyone to represent the Council.

Council Member Kishimoto asked since the organization would be discussing issues regarding bonds and obligating the City, at what point should the issue return to the full Council for ratification or guidance.

Mr. Calonne said, at this point, it was premature. He felt the legal counsel for the agency, if formed, would ask that certain types of authority be demonstrated before votes would be accepted. The agency would not make financial commitments for Palo Alto. It would have its own financial life.

Council Member Kishimoto said it was her understanding the organization was a special district and would have the right to exercise eminent domain, contract for large obligations for other water sources, and develop water sources and rights to them. That was the first step in agreeing to join the organization.

Council Member Morton asked if the new organization would have its own risks and fund raising measures. The City would not be underwriting their bonds and not have direct exposure to the organization's future financial situation.

Mr. Calonne said Council Member Morton's interpretation was correct, but what was not clear was how the agency intended to fund itself aside from bonded indebtedness. He felt the agency would need to have consent of the member agencies for any bonded indebtedness.

Senior Resource Planner Jane Ratchye said the agency did not have a funding mechanism. The organization would develop and assess itself for expenses assessed through a mechanism with the current organization and would become the Bay Area Water Users Association (BAWUA). Large expenditures related to the San Francisco Regional Water System would be

financed through the regional financing authorities created by the legislature and Palo Alto was already a member. It would be a companion but separate agency with broader powers than the Regional Financing Authority.

Council Member Lytle said with the larger agency having eminent domain and infrastructure improvement powers, she was concerned about losing some ability to make decisions regarding utility infrastructure extensions consistent with the City's compact development policies. She did not think there was much choice, since it was a regional issue, but to join the regional solution to help local entities have more input on issues.

Vice Mayor Beecham said the primary agency would work on water conservation projects and, to some degree, on water supply relative to water reliability.

Council Member Kleinberg asked if BAWSCA set the prices of services, would the City be the minority vote and have to uphold the set prices.

Mr. Calonne said he thought the voting was one member, one vote, but the board could ask for weighted voting. The City would then be left with a vote based on the population. The financing authority had the ability to impose a surcharge on water rates to pay for its operations. Operating expense would be a per-unit charge tacked onto the current water fees.

Ms. Ratchye said the entire cost of BAWSCA would be divided up according to its members' consumption of San Francisco water.

Council Member Kleinberg asked if BAWSCA would be setting the prices.

Ms. Ratchye said no. She said if there was a dry year and the agency bought dry year water and BAWSCA member agencies decided to participate, that water would be cost-based. It would not be based on San Francisco's wholesale rate.

Council Member Freeman thought there would be a source and the agency would have the option to purchase.

Mr. Calonne said, currently, only the City of Hayward got a larger allocation annually than the City of Palo Alto, which should influence the power of Palo Alto. It precluded the agency from taking over a city's system without consent.

Vice Mayor Beecham said that was relative to eminent domain rights. The agency could not take over a city system. In contrast to electricity, the City of San Francisco owned the Hetch-Hetchy water distribution system and,
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currently, Palo Alto did not have rights to force transmittal of water to Palo Alto that was purchased elsewhere.

MOTION PASSED 9-0.

Council Member Freeman noted that in June, Palo Alto would select a Director to the BAWSCA Board. She felt it was prudent to spread utility knowledge among other Council Members and noted for the record she would be interested in securing the position. She questioned what would be the nominating or selection process.

Mayor Mossar said it had not been determined as yet.

Vice Mayor Beecham said the legislation anticipated that Council would appoint someone. He thought it implied being voted on by Council.

REPORTS OF OFFICIALS

8. Approval of Scope of Work to Demolish Roth Building Spine – Capital Improvement Program Project 10304

Public Works Director Glenn Roberts gave a summary on the project, as outlined in the staff report (CMR:176:03), The Council directed staff to pursue the demolition project and set a goal to preserve the building spine. Work was done by SummerHill Homes with a two-phase approach to the project. Phase I involved asbestos removal, abatement, and negotiations over cost-saving measures. Phase II involved detailing the design and cost estimates of the demolition.

Senior Project Manager Bob Morris gave a presentation regarding the demolition of the Roth Building spine. He said, in April 2000, Council approved the purchase of the Roth Building and entered into an agreement with the Palo Alto Medical Foundation (PAMF) with a stipulation that the building's non-historic wings be demolished by July 19, 2003. In December 2001, a staff report (CMR:340:01) was presented to the Council regarding potential uses of the Roth Building. In May 2002, an RFP was advertised to allow non-profit organizations to lease the original Roth Building, or the original Roth Building plus the spine, with proposals due in November 2003. His presentation included building layouts, views of the building, demolition issues, cost estimates and staff recommendations outlined in the staff report (CMR:176:03). At the meeting, staff requested direction on whether to retain the spine of the Roth Building or not. It would take three months to demolish the spine and four months to retain the spine. Retaining the spine provided additional space to the City or a non-profit organization. Demolition cost was \$440,000 and \$2,000,000 to renovate the spine.

Mr. Roberts said staff's recommendation was to demolish the wings and spine of the building due to cost issues. Retaining the spine required additional funding. A decision had to be made quickly since there was an obligation to SummerHill Homes to remove the wings by July 2003 and to the Palo Alto Housing Corporation (PAHC) to remove dirt temporarily stock-piled on their site.

Council Member Lytle asked if staff had consulted a qualified historic preservation architect about the period addition.

Mr. Roberts said staff's recommendations were based on determinations made in the project's Environmental Impact Report (EIR) at the time development was approved and conclusions were made at that point. The original building was determined to be historically significant, but no determination was made for the spine and the wings.

Director of Planning and Community Environment Steve Emslie said the wings and the spine were not identified as historically significant in the EIR. The South of Forest Avenue (SOFA) I Plan indicated they might be historically significant, but no historic analysis was done to confirm that statement. The SOFA I Plan indicated it was the direction of the Plan to restore the 1931 portion of the building back to its original condition and move toward removal of the spine and wings.

Council Member Lytle said she felt it was safe to assume that in the absence of a professional evaluation, the spine was historically significant if it was a period addition to a highly significant structure.

Mr. Emslie said the final EIR did not conclude it was historically significant.

Council Member Lytle asked was it because the wing demolition came late in the process and was overlooked in terms of evaluation and folded into the development agreement at the last minute.

Mr. Emslie said he did not have sufficient information to determine where it was in the timeline.

Council Member Lytle said she recalled it was late in the process and her understanding of the record was there were no evaluations done. There was approval to go forward with demolishing the wings, but a determination on the spine was not done.

Council Member Freeman said she understood that construction projects required open bidding and asked how SummerHill Homes and Stoecker and Northway Architects were selected.

Mr. Roberts said the entire process was included in the development agreement previously approved by Council. It delegated authority to the City Manager to negotiate the demolition project with SummerHill Homes. Stoecker and Northway were originally retained by the City, separate from SummerHill Homes and separate from the development agreement, to evaluate the building in the first stages of the development project. That was done through a process authorized by the City Manager for contracts under \$65,000 and not through SummerHill.

Council Member Freeman asked for a legal opinion of open bidding on construction projects under \$65,000.

Mr. Calonne said Stoecker and Northway provided the City with historic information on the reuse possibilities for the building prior to acquiring it. It was a professional service contract. He did not recall an analysis on competitive bidding. There was a cost advantage with having SummerHill Homes do the demolition work.

Council Member Freeman asked how much square footage would the spine occupy and would the entire 1947 addition be included in the SOFA Park.

Mr. Morris said the spine was 7,000 square feet. It included a basement and a first and second floor at 2,350 square feet per floor.

Council Member Morton asked whether there was a way to remove a large portion of the spine but leave the stairwell and elevator access for the historical building.

Mr. Morris said it had not been studied. It was anticipated that should the spine be demolished, the stairwell and the elevator would be included in the original Roth Building or outside the building as an addition. The elevator shaft and car needed to be replaced to accommodate a gurney and the stairwell had handrail issues. The modifications were necessary in order to meet current building codes.

Vice Mayor Beecham asked if modification to the elevator was necessary to accommodate a gurney since that may have been an original function to access the second floor.

Mr. Morris said until the use of the Roth Building was determined there would be a possibility the elevator was not needed.

Vice Mayor Beecham asked if the \$2,000,000 covered the 7,000 square footage of renovation that equaled out to be \$300 per square foot.

Mr. Morris said that was correct.

Vice Mayor Beecham asked what the renovation included.

Mr. Morris said it included the elevator, handrails, Americans for Disabilities Act (ADA), structural, mechanical, and architectural upgrades.

Vice Mayor Beecham asked what would the cost be if the renovation were a fresh new rebuild.

Mr. Morris said the estimated cost would be the same.

Council Member Kishimoto said historically there must have been a stairwell but no elevator. She asked where the stairwell was located and would there be a problem in reinstalling an elevator.

Mr. Morris said when the addition was added in 1947, the stairwell was in the original Roth Building. The current location of the stairwell was in the central part of the spine. He did not know where the original location was but had plans that indicated where it was located in the original building. A stairwell and an elevator could be installed in the original Roth Building. The elevator would have some architectural impacts but it could be done.

Council Member Kishimoto said she wanted to confirm that SummerHill Homes took bids for the contract.

Mr. Morris said there were approximately fifteen different trades involved in the project. SummerHill Homes got three bids for each of the trades. They were successful in most trades except for a few where they were only able to obtain one or two bids.

Vice Mayor Beecham asked what the cost would be if the spine were kept and renovated, and the elevator upgrade was not required.

Mr. Morris said he did not have an itemized cost for renovation of the elevator.

Beth Bunnenberg, 2351 Ramona, speaking as a private individual said she felt the spine had historic value and would cause a major loss of public property if it were demolished. It contained irreplaceable parts of Birge Clark's work. She asked what damage would be done to the original Roth

Building if the spine were totally demolished. She read a request from Emily Renzel, 1056 Forest Avenue, who urged the Council to retain the spine of the Roth Building because it contained an elevator, a special staircase, as well as valuable space to be used for a history museum.

Karen Holman, 725 Homer Avenue, who spoke on behalf of the Palo Alto History Museum Project, said they had put forth an alternative proposal developed by their project architect to review the proposed removal of the wings only, review the original 1932 plans of the Roth Building, and the plans of the 1947 addition. His recommendation concurred with the Committee's architect, Joe Erlick, who had worked with Birge Clark. She read excerpts from Michael Garavaglia's letter that stated the proposed strengthening was to the current code as if the spine were a stand-alone structure. It was understood that the entire original Roth Building and addition were on the Palo Alto Historical Inventory. The State Historical Building Code (SHBC) could have been considered for the design. She added the City Attorney confirmed that SHBC could be used, which said it was historic and on the inventory. What was proposed to retain the spine was quite extraordinary financially. Council was asked for time and direction to explore the various considerations. Without doing so was to demolish even more historic elements and create more waste without anyone knowing if it was really necessary. It would require input from a professional with working knowledge of historic preservation in the SHBC code. The cost to remove the spine was unknown because the SHBC had not been used.

Bob Moss, 4010 Orme Street, spoke on various financial impacts that would occur after the spine was removed. The building would not be as useful without access to the second floor. It would require an elevator for the physically disabled to access the second floor. Removal of the spine meant the building needed to be stabilized by constructing a plywood sheerwall. A sheerwall would require reconstruction of the building to have it blend with the existing building. He recommended retaining the spine and doing structural reinforcement.

Mr. Roberts said in regard to the structural evaluation, the spine would not fall down if the wings were removed. The existing columns and structural design of the spine would support it for vertical loads. The issue was one of the lateral support. Removing the wings would cause the remaining spine to be unstable in a lateral direction in the event of seismic activity. The structure could be left free-standing; however, extremely risky and it would be advisable not to be used until structurally reinforced. That was the basis for the recommendations in the design done by professional architects and structural engineers.

Mayor Mossar said the basis for the additional cost was to strengthen and deal with the lateral issues.

Mr. Roberts said yes, and also to secure the building and preserve it if the choice was to save the spine and make it useable in the future.

Mayor Mossar asked if the spine were not braced to withstand a seismic event, would its collapse damage the older building.

Mr. Roberts said it could potentially.

Council Member Morton asked if the spine were removed, would the same problem exist with the historic part.

Mr. Roberts said the original building was designed to be freestanding whereas the spine and wings were not. The estimated cost included the conceptual fix.

Council Member Freeman asked if both the original building and spine would require seismic upgrades regardless of whether the spine were kept or not.

Mr. Roberts said he could not give a specific answer, but felt it depended on what use or occupancy was made of the building and determination for the original building. His professional estimate was that some seismic upgrades would be required on the existing building.

MOTION: Council Member Morton moved, seconded by Lytle, to retain the spine with the stairwell and the elevator.

Council Member Morton said he would have liked the wings preserved. His vote was to retain the spine until the building was properly rehabilitated and was a useful part of the community.

Council Member Lytle concurred that the wings were historic and by retaining the spine the project could go forward to meet the development agreement. She said reconstruction on an historic structure should be performed by an architect qualified in historic preservation.

Council Member Burch supported the decision to save the spine.

Council Member Kleinberg supported the motion and asked to add an amendment to work directly with Summerhill Homes to accelerate the schedule to ensure completion by July 19, 2003 or, if the date was not met, to enter into negotiations with SummerHill Homes to postpone completion by an agreed upon length of time.

Mr. Calonne said clarified there was a deadline and he would do whatever he could, but he did not have the right to change it.

Council Member Lytle said she did not understand the intent of the motion. She had concerns about implications and the testimony that one of the reasons for demolishing the spine was to create a staging area for SummerHill Homes.

Council Member Morton said he understood Council Member Klienbergs statement was to establish flexibility in the deadline.

Council Member Lytle asked if Council was asking for flexibility to delay the deadline.

Council Member Morton recommended that staff work with SummerHill Homes if the deadline could not be met.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct staff to work with Summerhill Homes to accelerate the schedule as needed to ensure completion by July 19, 2003, or if the date cannot be met to enter into negotiations with Summerhill, to postpone completion by an agreed upon length of time, with that time not so long as to interfere with the Palo Alto Housing Corporation (PAHC) construction.

Mayor Mossar said she recalled when the issue was discussed last, Council stated the construction of the Roth Building was at no cost to the City and any work done in the interim had to be borne by the successful bidder in the RFP process.

Assistant City Manager Emily Harrison said at this point staff did not contemplate recouping the land cost or the cost of mandated requirements from the proposer under the development agreement to remove the wings.

Mayor Mossar said she was not talking about that.

Ms. Harrison said it was anticipated that the proposer would pay for everything from \$5,000,000 to \$10,000,000 but not the demolition.

Mayor Mossar said she wanted to make it clear and in the record that if the City's engineers were correct and the proposer's architect was wrong, there could be a possible increase in the proposer's cost. She said she was always in support of retaining the spine but could not in good conscience agree to spend the money each time the public presented a good idea.

City Manager Frank Benest said General Funds would be used from the infrastructure Reserve, which was being drawn down and was taking away money from other infrastructure projects. A large problem could occur if a non-profit organization was not found that could raise a large sum of money. That would need to be a value choice made by Council because it was a significant financial issue for the General Fund.

Council Member Kleinberg said careful consideration was given regarding the cost for non-profits. The RFP contained an alternative that stated the non-profit could take the building with or without the spine. The RFP was then changed to state that Council preferred that the non-profit take the building with the spine.

Mayor Mossar said the money would have been spent by the time a non-profit agreed to take the building without the spine. Council Member Kleinberg said if a non-profit could not raise the money, the property value of the building would be enhanced since square footage and historic value had been maintained making it a greater asset.

Vice Mayor Beecham said he would not support the motion. To retain the spine meant a cost increase of approximately \$500,000 to either the City or the eventual tenant of the building. The City did not have the funds. He appreciated the spine's historic value but the Final Environmental Impact Report clearly indicated the wings could be demolished. Since the wings and spine were constructed at the same time, there would be the same rationale for the spine.

Council Member Morton asked what the outcome would be if a successful non-profit were not found. Would the building would be a better rental or reusable building by spending the \$440,000.

Council Member Freeman said 7,000 square feet was a lot of usable square footage for \$440,000 in Palo Alto.

Council Member Lytle said she had seen the Historic Building Code invoked to save large sums of money and, by saving the spine, it would increase the chances of utilizing the Historic Building Code in the future. Saving more integrity of the structure would enable non-profits to have a better chance at seeking matching Federal and State grants.

Planner Dennis Backlund said the spine contained all of the elements presented at the meeting as well as a tall, glass brick wall that was irreplaceable that lit up the interior of the stairwell. It was a classic feature. The elevator had a low profile structure that was well proportioned and the roof had an excellent design.

Council Member Ojakian asked whether the agreement date of July 19, 2003, was the demolition date for the wings and spine.

Mr. Calonne said it did not explicitly address the spine.

Council Member Ojakian asked about Karen Holman's presentation of another individual's analysis of preserving the spine.

Mr. Roberts said it had been reviewed and discussed with the structural engineer, who felt it could have saved approximately \$50,000 in gross costs; however, it would have ongoing maintenance issues. It was basically to replace a concrete wall and dirt fill with a plywood wall and dirt. It would have a minor cost savings, but would generate operational problems.

Council Member Ojakian asked if it would be of further value to review the solution.

Mr. Roberts said no.

Council Member Ojakian recalled the possibility of selling the building.

Mayor Mossar said yes. It had been an option.

Mr. Benest said if demolition was approved, staff requested that Council direct staff to return with a Budget Amendment Ordinance (BAO) for the additional cost not in the Infrastructure Reserve.

Council Member Ojakian raised concerns that the City would be faced with future added costs in maintaining the spine and, therefore, he did not support the motion.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER for staff to return with a Budget Amendment Ordinance (BAO).

Mayor Mossar said she concurred with Council Member Ojakian. She felt that funds currently required to maintain, protect, and preserve historic structures would not be regained in the future and it was not realistically affordable to keep the spine.

Council Member Burch was in support of the motion because he felt the property would be of more value with the spine.

Mr. Calonne clarified he did not hear staff indicate that the building would be of more value with the spine.

Mayor Mossar clarified that staff did not say building would be of more value.

Council Member Freeman said because in a time of financial crisis she hoped a mistake would not be made by destroying something that was irreplaceable.

Mayor Mossar said she would be more comfortable in agreeing to spend the money for this important structure if Council had a comparable \$500,000 item on their wish list that they would be willing to drop in exchange.

Vice Mayor Beecham felt the spine was not an attractive artifact to leave up next to the park. He said when staff indicated the cost to renovate was \$2,000,000 and \$2,000,000 to rebuild the structure, he called it equal, but to consider \$440,000 to not tear it down is a loss.

MOTION PASSED 6-3, Beecham, Mossar, Ojakian "no."

COUNCIL MATTERS

The meeting adjourned at 11:10 p.m. to a Special Meeting as the Board of Directors of the Palo Alto Public Improvement Corporation and Reconvened at 11:12 p.m. as the City Council

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

MOTION: Council Member Freeman moved, seconded by Lytle, to agendaize the Council discussion about mechanisms for reviewing the Individual Review process.

Council Member Burch felt the process was working and should not be changed.

Council Member Morton concurred with Council Member Burch.

Council Member Kishimoto supported the motion in order to fine-tune the process.

Council Member Beecham opposed the motion. He felt the process was working.

City Manager Benest said staff was going to propose the budget with modifications to get costs under control.

Council Freeman said her intention was not for a lengthy discussion but to agendize the item in order to move it forward.

Council Member Lytle withdrew her second since the City Manager intended to bring the process forward as part of the budget cuts. Her intent was to get cost reduction out of the revision of the process.

MOTION WITHDRAWN BY SECONDER

MOTION FAILED FOR LACK OF A SECOND

Council Member Morton complimented Assistant City Manager Emily Harrison on her article on "CityWorks: Developing a Community Consensus on Infrastructure" in the March 2003 issue of *Public Management*.

Mayor Mossar mentioned the following: 1) a successful time lobbying for the City in Washington D.C. due to being prepared and having built partnerships; 2) her meeting with the staff of the Appropriations Committee about the earmarking of the Army Corps of Engineers regarding the San Francisquito Creek; 3) Council Protocols were agendized for March 31, 2003, with public testimony closed; and 4) a proposed Study Session on Saturday, April 12, 2003, regarding the Joint Powers Authority (JPA) process for San Francisquito Creek.

Council Member Ojakian requested the meeting tonight be adjourned in memory of Richard Beckwith, a member of the Parks and Recreation Commission (PARC), who passed away at 53 years of age. He commended the Children's Theatre for the memorial services held for Mr. Beckwith the prior day.

ADJOURNMENT: The meeting was adjourned in memory of Richard Beckwith at 11:33 p.m. who passed away at 53 years of age. He lived in Palo Alto for 40 years, of which he spent 26 years coaching baseball in Palo Alto. He was a member of the Parks and Recreation Commission (PARC), an amateur astronomer, and became a member of Children's Theatre at the age 14.