



CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting
February 11, 2019

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

Present: Cormack, DuBois, Filseth, Fine, Kniss, Kou, Tanaka

Absent:

Special Orders of the Day

1. Fire Safety Month Poster Award Recognition to Palo Alto Unified School District Students for Excellence in Art Creativity and Messaging.

Geo Blackshire, Interim Fire Chief, reported the Fire Department had held a poster contest for Fire Prevention Week every year for the past 20 years. All elementary schools in the Palo Alto Unified School District (PAUSD) were eligible to participate. The purpose of the Contest was to promote fire prevention through education and art and to engage the children who engaged their families. The theme was Look, Listen, Learn, Be Aware, Fire Can Happen Anywhere.

Tammy Jasso, Fire Engineer, disclosed that 165 students participated, and three students per grade were selected. University Arts sponsored the contest with gift certificates for winners. All poster submissions were displayed for two months in City Hall.

2. Celebrating the City's Achievement in Dramatically Improving Palo Alto Street Conditions.

Brad Eggleston, Public Works Director, reported Staff achieved the Council's goal for improving the pavement condition of Palo Alto streets.

Mayor Filseth noted the goal was set as part of the Infrastructure Blue Ribbon Commission's (IBRC) work.

Council Member Tanaka read the Proclamation into the record.

FINAL MINUTES

Study Session

3. Study Session Regarding the Cubberley Master Plan.

Kristen O’Kane, Community Services Assistant Director, reported three community meetings had been held with approximately 400 participants to create a vision for the future of Cubberley Community Center (Cubberley).

Bobbie Hill, Concordia, advised the original scope for the project was the 35 acres of the Cubberley site. Just before the third community meeting was held, the City and Palo Alto Unified School District (PAUSD) agreed to expand the scope of the Project to include the Greendell and 525 San Antonio Road sites. The first and second community meetings comprised the programming phase of the process, and the third meeting began the design phase. During the first and second meetings, participants proposed programming for the site and prioritized programs respectively. Participants preserved or expanded the existing uses and proposed new uses at Cubberley, expanded uses at Greendell, and a potential use of the 525 San Antonio Road site, including flexible spaces was important to accommodate future uses.

Stephen Bingler, Concordia, indicated participants at the first meeting provided feedback regarding massing. Takeaways from the meeting were preferences for maximizing green space and limiting buildings to two to four stories. From that feedback, the consultants developed three scenarios. One scenario was two independent campuses on the site. A second scenario was a single building housing all programs. The third scenario was a concept of shared village or a hybrid of the first and second scenarios. The community expressed a strong preference for the shared village scenario. Phase 1 of the shared village concept would include buildings for a health and wellness center, a visual arts center, two gymnasiums, a makerspace, workshop, and upholstery space, a performing arts center, a café, a multiuse event space and kitchen, an adult school, and Cubberley programs. Phase 2 would include a middle or high school, PAUSD offices, and PAUSD staff housing. The site would include the existing sports fields, a skate park, pickleball courts, a playground, tennis courts, a dog park, a pool, an outdoor exercise area, an amphitheater, flexible green space, a childcare play area, a central promenade, a school quad, an outdoor café and seating, and a Greendell playground. The amount of green space would increase 59 percent between the existing site coverage and the proposed site coverage. The building footprint would be similar between the existing site coverage and the proposed site coverage; however, the proposed buildings would double the amount of indoor area. The amount of paving would decrease 40 percent between the existing and proposed site coverages. A discussion of

FINAL MINUTES

relocating property lines to allow a different configuration of buildings may be held in the future.

Ms. Hill disclosed most participants in the third meeting strongly agreed or agreed that the massing model fulfilled the community's goals for the site. Most public comments requested the pool be relocated away from homes, the buildings on the Greendell site be pushed away from the neighborhood, and the parking structure be reduced or reconfigured.

Mr. Bingler remarked that the community expressed concerns about traffic, bike, and pedestrian circulation. Phase 1 would provide 950 car parking spaces and 800 bicycle parking spaces. In Phase 2, parking spaces would increase to 1,380 for cars and 1,800 for bicycles. Work continued on circulation plans.

Ms. Hill reported most meeting participants strongly agreed that the concept was safe and easy to navigate, and that parking was convenient. Participants wanted separate bike and car paths, better bike access to the interior of the site, a two-way bike track, and a walking path between Greendell and Ferne Avenue. Participants preferred a high-tech architectural style followed by a mid-century modern style. With respect to the Cubberley Master Plan being on the right track, 73 percent of participants either agreed or strongly agreed. Twelve adult Fellows and six student Fellows facilitated small group discussions during the community meetings.

Iris Korol commented regarding her experience as a Cubberley Fellow. In the third meeting, participants were very concerned about programming being located on the Greendell and San Antonio Road site near residences. By the end of the meeting, participants' concerns had been somewhat alleviated.

Ms. O'Kane read a statement from Cubberley Fellow Lauren Smith regarding the positive and extensive community engagement process.

Ms. Hill advised the next community meeting was scheduled for May 9. The consultants would present information to City Boards and Commissions and other consultants.

Phil Mast commended the consultants for involving the community. He suggested moving one gym to the area dedicated for City use because the Parks and Recreation Master Plan expressed interest in a gym dedicated to City programs. He questioned whether temporary facilities for existing Cubberley tenants during construction would be addressed at the next community meeting. Perhaps Phase 1 construction could be segregated into construction of City facilities and construction of shared facilities.

FINAL MINUTES

Stephanie Munoz felt teacher housing should be located on the Cubberley site because there were no other sites in Palo Alto. The Cubberley site was ideal for high-rise buildings.

Herb Borock noted State law required school districts to build employee housing on their properties. PAUSD should consider utilizing Cubberley for employee housing. The Cubberley site could host regional activities as well as local activities.

Penny Ellson believed seniors comprised more meeting participants than any other age group, and the programming priorities reflected the wants and needs of seniors. Meetings were held on school nights when parents could not attend. The area was impacted by commute traffic to nearby public and private schools. A lottery program for a proposed school on the Cubberley site would have significant implications for circulation and parking planning.

Council Member Kniss requested a cost estimate for the project.

Mr. Bingler advised a professional cost consultant would review the final plans and provide cost estimates.

Council Member Kniss asked about potential funding sources.

Ms. O’Kane explained that implementing the Master Plan would require multiple funding sources and phasing of construction and funding. Neither the City nor PAUSD had identified funding sources.

Mr. Bingler added that the consultants could meet with City Staff to determine the amount of construction funding the City could realistically provide for each phase of construction.

Council Member Kniss asked if all the existing buildings would be demolished.

Ms. Hill replied yes. Construction could be phased so that the existing programs were not affected.

Council Member Cormack remarked positively regarding the community engagement process. The Palo Alto Shuttle needed to serve the Cubberley site. She wanted one of the alternatives to include housing. Spaces outside classrooms should foster communication among parents waiting to pick up their children. Signage for wayfinding and daily activities would be needed on the site. Community support was necessary for the success of the Cubberley Master Plan.

FINAL MINUTES

Council Member DuBois requested the actual amount of land owned by the City.

Ms. O'Kane replied slightly less than eight acres.

Council Member DuBois inquired regarding the green belt near residences and extending to San Antonio.

Mr. Bingler indicated a bike path extended from San Antonio Road into the site.

Council Member DuBois suggested an analysis of gaps in programming would be useful. Uses exclusive to Cubberley should be given priority over uses provided at nearby locations. There should be a gym dedicated to City use. The rental prioritization process for flexible and shared spaces would be critical. The impacts to adjacent neighborhoods should be minimized. He asked if PAUSD had provided feedback.

Ms. Hill reported City and PAUSD Staff had been present at all meetings. She would meet with the PAUSD Board of Education the following night. Communications and information had been provided to both the City and PAUSD.

Council Member DuBois asked if the school buildings would be designed in the future.

Ms. Hill answered yes. The plans included the largest option for a school.

Council Member DuBois wanted to understand PAUSD's priority use for the site. Childcare may need to be expanded on the site. The current adult education classes were working well at school sites, and a dedicated space for adult education at Cubberley may not be needed.

Ms. Hill reported the adult school preferred to consolidate its operations on the Cubberley and Greendell sites.

Council Member DuBois noted most school pools were not available to the public; therefore, a public pool was needed. Given the trend away from open school campuses and toward fewer entrances to schools, he asked about plans for security at a school on the Cubberley site.

Mr. Bingler advised that open spaces for the school and for the community would be separate. The childcare program would have a separate and contained open space. The promenade would help separate the school function from the community function.

FINAL MINUTES

Council Member DuBois requested renderings of the proposed plans.

Ms. Hill indicated renderings would be provided.

Council Member DuBois wanted to see at least two options for the site, particularly with and without the connection to San Antonio Road, and the top two architectural styles. He inquired whether the City had a contract with Fehr & Peers for parking.

Ms. O'Kane related that Concordia hired Fehr & Peers to review circulation.

Council Member DuBois commented that the City and PAUSD would have to negotiate land ownership, funding, and shared use of buildings and spaces that were equitable for both parties. A joint meeting with the PAUSD Board of Education and the City Council in the near future would be worthwhile.

Vice Mayor Fine concurred with the need for more childcare and wayfinding signage. He preferred the Mission architectural style. Efforts should be directed toward engaging a range of ages.

Ms. Hill disclosed meetings had been planned to engage with high school students.

Vice Mayor Fine asked if any thought had been given to both a middle school and high school on the Cubberley site.

Ms. Hill advised that PAUSD Staff was open to a wide range of possibilities for the school.

Vice Mayor Fine suggested the consultants consider placing housing on the main site and consider the number of housing units the site could accommodate. He suggested the consultants explore the measurement of existing uses and future uses.

Ms. Hill indicated she had the measurements of all existing uses.

Vice Mayor Fine noted the measurements may be a year or more old. The City did not rent Cubberley facilities very often, which was counterintuitive. Perhaps the consultants could identify uses or activities for which the City could achieve full cost recovery.

Council Member Kou suggested the consultants meet with neighborhood associations to obtain additional feedback. She asked if parking would be available near the health and wellness center.

FINAL MINUTES

Mr. Bingler indicated parking spaces would be located underneath the health and wellness center, the tennis courts, and the buildings behind the tennis courts.

Council Member Kou asked if the consultants had spoken with residents along Nelson Drive regarding drop-off traffic at the sports fields.

Ms. Hill reported Cubberley Fellows had contacted residents and neighborhood associations. Based on her experience, meeting with individual constituencies was not helpful. It was important for citizens to hear a variety of ideas and concerns and reach a consensus.

Council Member Kou wanted to ensure the community as a whole had an opportunity to provide feedback. Perhaps the consultant could explore an outdoor warning system for the site. She requested details regarding the expiration of the City's lease for the Cubberley site.

Ms. O'Kane advised that the lease expired December 31, 2019. Staff would probably work with PAUSD to extend the lease because the Master Plan would not be ready for implementation in January 2020.

Council Member Tanaka concurred with comments to obtain feedback from a variety of age groups and to expand childcare programs. Additional clarity of the purpose for the site could drive design and assist with funding sources.

Agenda Changes, Additions and Deletions

Mayor Filseth announced City Manager Comments would follow the Consent Calendar.

Oral Communications

Stephanie Munoz suggested homeless people not be forced to leave the 22 bus line or the City provide some type of overnight shelter for them.

Dennis Backlund requested the Council contact AJ Capital with a recommendation to consider extending the Hotel President tenancies to June 16, 2019 or until the City approved AJ Capital's proposed project for the Hotel President.

Annette Ross urged the Council to read the book *Lab Rats* and make decisions that would lead Palo Alto into a human-centric future.

Iqbal Serang hoped the Council would address housing issues, particularly buildings similar to the Hotel President that needed protection.

FINAL MINUTES

Elizabeth Alexis assumed City Staff was preparing a response to the proposed reductions in Valley Transportation Authority (VTA) bus service. She hoped the Council would do something about the lack of service to large workplaces in the county.

Minutes Approval

4. Approval of Action Minutes for the January 28, 2019 Council Meeting.

MOTION: Vice Mayor Fine moved, seconded by Council Member DuBois to approve the Action Minutes for the January 28, 2019 Council Meeting.

MOTION PASSED: 7-0

Consent Calendar

Mayor Filseth requested the process for Council Members to ask questions about items on the Consent Calendar.

Ed Shikada, City Manager, reported under the Council protocols Council Members were to submit their questions in advance of the meeting.

Council Member Kniss registered a no vote on Agenda Item Number 5-Appointment of the 2019 Emergency Standby Council.

MOTION: Vice Mayor Fine moved, seconded by Council Member Kniss to approve Agenda Item Numbers 5-8.

5. Appointment of the 2019 Emergency Standby Council.

6. Authorize the City Manager to Execute Agreements for Additional Severance Payment to Employees Impacted by Service Delivery Changes at the Palo Alto Animal Shelter.

7. Adoption of an Amended Salary Schedule for the 2016-2019 Management and Professional Employees Compensation Plan to Increase the Salary Range to \$136,593-\$204,880 for the Chief Transportation Official Position.

8. Approval of the Appointment of Jonathan Lait as the Planning and Community Environment Director and Approval of an Employment Agreement.

MOTION FOR AGENDA ITEM NUMBER 5 PASSED: 5-2 Kniss, Tanaka no

MOTION FOR AGENDA ITEM NUMBERS 6-8 PASSED: 6-1 Tanaka no

FINAL MINUTES

Council Member Kniss seemed to recall in the past the Council was asked to recommend citizens for the Emergency Standby Council. She asked Staff to determine whether the Council or Staff usually proposed citizens for the Emergency Standby Council. She may have proposed other residents.

Council Member Tanaka concurred with Council Member Kniss' comments regarding Agenda Item Number 5. He opposed Agenda Item Number 6 because the City had an existing Memorandum of Agreement regarding severance pay. With respect to Agenda Item Number 7, salary increases should be paid to individual contributors rather than management. The City should have searched for candidates for the position of Planning and Community Environment Director. Given the contentious nature of development in the community, the City needed to find the best person possible for the position.

City Manager Comments

Ed Shikada, City Manager, reported storm pump stations remained operational. Staff had repaired the sensor site on West Bayshore and was testing sensor readings for reliability. Public Works Staff would monitor creek cameras and levels during upcoming rain events. On February 3, heavy rains and falling trees washed out a section of the Los Trancos Trail in Foothills Park. The trail section would remain closed until it could be repaired. SMP Global Ratings had reviewed the City's overall credit rating and affirmed the City's AA+ rating for Certificates of Participation (COP) and AAA rating for General Obligation (GO) bonds for the California Avenue parking garage. On February 21, a community meeting was scheduled to review the scope of work and design for improvements at Rinconada Park. Mr. Shikada welcomed Jonathan Lait to the position of Planning and Community Environment Director.

Jonathan Lait, Planning and Community Environment Director, thanked City Manager Shikada and the City Council for appointing him as Director. He looked forward to continuing his career with the City.

Vice Mayor Fine had enjoyed working with Mr. Lait over the past few years and looked forward to continuing to work with him.

Council Member Kniss appreciated Mr. Lait working with her on unprecedented and unplanned issues in 2018.

Action Items

9. PUBLIC HEARING / QUASI-JUDICIAL, 375 Hamilton Avenue, Downtown Garage [17PLN-00360]: (1) Resolution 9818 Entitled, "Resolution of

FINAL MINUTES

the Council of the City of Palo Alto Certifying the Final Environmental Impact Report, Adopting Findings, and a Mitigation Monitoring and Reporting Program Pursuant to the California Environmental Quality Act (CEQA) for the Project;" (2) Approval of a Record of Land Use Action Approving Architectural Review Application [File 17PLN-00360] for a new Five-story, Nearly 50-foot Tall Parking Structure With Height Exceptions for Elevator and Photovoltaic Structures, With one Below Grade Parking Level Providing 324 Public Parking Spaces and Retail Space on the City's Surface Parking lot Zoned Public Facilities; and (3) Approval of Contract Amendment Number 1 to Contract Number C17166279 With Watry Design, Inc. in the Amount of \$352,977 and Authorization for the City Manager or his Designee to Execute the Contract.

Brad Eggleston, Public Works Director, related the history of the Downtown Parking Garage Project between June 2014 and June 2018. If the Council approved Staff's recommendation, Staff would complete the garage design by the end of 2019. Construction would begin in early 2020 and be complete in approximately the middle of 2021. Staff had budgeted and planned \$29.1 million for the Project, which included \$6.8 million of Downtown in-lieu parking fees. The construction cost could increase as much as \$3-4 million because of recommendations from the Architectural Review Board (ARB), the need to relocate fiber optic lines, and construction cost escalation. Staff was preparing a formal cost estimate and would subject the Project to a value engineering process. Changes in cost would be addressed in the Fiscal Year (FY) 2020 budget.

Amy French, Chief Planning Official, advised that the project featured 2,026 square feet of ground-floor retail, a parking wayfinding system for 324 public spaces, one auto space for 550 Waverley Street, and 50 bicycle spaces, additional trees, and wide sidewalks. Automobiles would access the site via Hamilton Avenue and Lane 21. An exception to the height limit was requested for the elevator penthouse and PhotoVoltaic (PV) structures. Objectives of the Project were to increase the number of parking spaces, provide neighborhood-serving retail space, create a visually appealing and compatible structure, and provide a pedestrian and bike-friendly layout with wide sidewalks. The Draft Environmental Impact Report (EIR) and Final EIR were published in May 2018 and August 2018 respectively. The Staff recommendation included certification of the EIR. The ARB held formal reviews of the Project on February 15, 2018, June 21, 2018, and July 19, 2018.

Ken Hayes, Hayes Group Architects, described the street context for the parking garage including the AT&T Building, All Saints Church, the Wells

FINAL MINUTES

Fargo Building, and the Post Office. The side of the garage adjacent to the AT&T Building would be a solid wall because the distance between the two buildings would be approximately 2 feet. The garage would be set back 16 feet from Lane 21 and 10 feet from Tai Pan Restaurant. The setbacks created opportunities for pedestrian amenities and wayfinding. Waste facilities in the alley would be combined with the garage's waste facility. Pedestrian and bicycle access to the garage would be on Hamilton Avenue. A bus stop was located on Hamilton Avenue next to the garage. Park benches were integrated into the design of the building. The retail space would draw people to the corner. A line at the top of the first floor would extend to a horizontal canopy that would link the garage to the surrounding context and provide weather protection. Landscaping and a decorative metal lattice would screen parking from the sidewalk. The PV panels would create a cornice for the building. The transom window above the retail space connected the three bay windows and related to the scale of buildings down the street.

Ms. French added that the project would have public art.

Mayor Filseth believed the discussion could focus on the design of the garage and the garage's place in the parking strategy for Downtown.

Public Hearing opened at 7:29 P.M.

Neilson Buchanan opposed the construction of a parking garage due to its impact on climate change. The funds could be better used for other projects. A parking garage should be a component of a coordinated area plan.

Herb Borock remarked that Downtown property owners or their tenants should pay for the garage because their customers and employees needed places to park.

Rita Vrhel expressed concern about the cost of the garage. In-lieu parking fees should fund the full cost of the garage. She questioned whether the City would issue bonds to pay for the garage. Residents should not pay for the garage.

L. David Baron supported a floor area ratio (FAR) of 4 for residential buildings in Downtown. Given the uncertainty around autonomous vehicles and policies related to climate change, this was not the appropriate time to invest in a parking garage.

David Coale did not believe the Council could regain public trust by building an expensive parking garage and not considering whether the garage was

FINAL MINUTES

still needed. The EIR did not adequately consider the impact of the Palo Alto Transportation Management Association (TMA). Council Members referred to a promise to build a parking garage, but the promise was to solve the parking problem. The transportation landscape would change drastically in five years, and a parking garage would be an expense for 20 or 30 years.

John Guislin stated the garage was not the answer to the parking issue in Downtown. The garage was an ugly, monolithic box. A new garage would invite more traffic into Downtown. The Council should utilize the in-lieu parking fees to fund the promised programs such as valet parking in garages and wayfinding. All development should be required to provide adequate parking.

Judy Kleinberg commented that Downtown was in desperate need of a new garage because of existing parking and traffic problems. Many of the cars utilizing the parking garage would be electric-powered. The Downtown parking problem could be solved only with additional parking capacity. When discussing an increase in the Transient Occupancy Tax (TOT), the Council promised to use the funds to pay for a Downtown parking garage.

John Shenk, Thoits Brothers, supported certification of the EIR and advancing the Downtown Garage Project. Additional parking capacity was a key component to solving parking and traffic issues. A new garage was critical to maintaining the vibrancy of Downtown.

Bret Andersen stated the EIR did not fully address greenhouse gas emissions in that a parking garage would induce additional traffic. A parking garage could not be adapted to address new and different needs in the future. The funds for a parking garage could be used to reduce the demand for parking and increase the mobility of visitors to Downtown.

Public Hearing closed at 7:51 P.M.

Council Member DuBois asked if the Council would have another opportunity to discuss alternative uses of the garage.

Mr. Eggleston believed such a discussion could occur at any time the Council chose. Staff had not begun programming use of the garage.

Council Member DuBois requested the number of electric vehicle (EV) parking spaces.

Mr. Eggleston replied 17 spaces when the garage opened. The garage would have the capacity to support a total of 81 EV chargers.

FINAL MINUTES

Council Member DuBois asked if the Council could discuss funding for the Garage.

Mr. Eggleston reported the five-year Capital Improvement Program (CIP) included a funding plan. Through the budget process, the Council could discuss the funding plan and amending it.

Council Member DuBois inquired about potential revenue from solar energy, parking fees, and retail leases.

Mr. Eggleston advised that Staff had not recently developed projections for revenue from retail leases. Typically, fees from parking permits were utilized for garage operation and maintenance costs. The scope of work for the Project did not include the solar system itself.

Council Member DuBois requested Staff comment regarding the letter from the restaurant regarding use of the alley for loading and unloading.

Molly Stump, City Attorney, indicated Staff had addressed a number of the property owner's concerns through modifications of the garage design. Staff did not believe a number of the property owner's requests were feasible from an engineering and practical standpoint. If the Council approved the design, she would contact the property owner's attorney to discuss next steps.

Council Member DuBois asked if a vehicle would be able to access the restaurant.

Holly Boyd, Senior Engineer, explained that the alley was 16 feet wide. A garbage truck could access the trash enclosure but not the restaurant. Staff had proposed installing a loading zone on Waverley to accommodate deliveries to businesses.

Council Member DuBois noted the City had been working with the Parking Committee and the Downtown Business and Professional Association. The three-pronged approach to traffic and parking issues involved the TMA, decreasing parking in neighborhoods, and increasing parking capacity. The Infrastructure Plan was crafted carefully to balance a variety of needs. The Council made promises to the community when it proposed increases in the TOT. The Dixon traffic report was one of the few reports that impressed the Council with the quality of the work. The community had communicated clearly its desire to minimize single-occupancy vehicles, but that did not necessarily conflict with the need for a parking garage. In discussing garage operations, the Council could emphasize carpool spaces and EV use. With recent changes to housing programs, the Council could consider the Garage

FINAL MINUTES

as potential residential parking in the Downtown core during nighttime hours. The Garage was one piece of the Downtown parking puzzle, and the Council needed to continue working on wayfinding, paid parking, the TMA, and reducing parking in neighborhoods. The Dixon report indicated street utilization was more than 80 percent, which was considered the limit in terms of greenhouse gas emissions. The parking garages and lots were in the 90-100 percent range in the afternoon. The report also found that 55 percent of drivers traveling into Downtown were not single-occupancy vehicles. Downtown was under-parked by approximately 1,200 spaces. Parking fees could be utilized to fund the TMA. The EIR did not find significant impacts. The ARB's recommendations for the project were good.

MOTION: Council Member DuBois moved, seconded by Council Member XX to:

- A. Adopt a Resolution certifying the Downtown Garage Project Final Environmental Impact Report (EIR) and making required findings under the California Environmental Quality Act (CEQA), including findings related to environmental impacts, mitigation measures and alternatives, and adopting a Mitigation Monitoring and Reporting Program (MMRP);
- B. Approve a Record of Land Use Action approving Architectural Review Application [File 17PLN-00360] for a new five-level parking structure, with one below-grade parking level, providing 324 public parking spaces and 2,026 square feet of ground floor retail space on the City's surface parking lot zoned Public Facilities, as recommended by the Architectural Review Board (ARB); and
- C. Approve and authorize the City Manager or his designee to execute Amendment Number. 1 to Contract C17166279 with Watry Design, Inc. for basic design services including \$352,977 and \$35,298 for additional services for the New Downtown Parking Garage capital project (PE15007). This amendment results in a revised total contract amount of \$2,287,866.

MOTION FAILED DUE TO THE LACK OF A SECOND

Vice Mayor Fine inquired whether the City would operate or lease the retail space.

Mr. Eggleston believed the City would lease the space.

Vice Mayor Fine requested the number of stores the space could accommodate.

FINAL MINUTES

Mr. Eggleston answered one.

Vice Mayor Fine noted 95 spaces were funded by the Parking Assessment District and asked if the spaces would be reserved for the Parking Assessment District.

Mr. Eggleston responded no.

Ms. Stump clarified that the source of funding was parking in-lieu fees rather than the Parking Assessment District. The two were not related.

Vice Mayor Fine asked about designated parking spaces.

Mr. Eggleston understood spaces had been designated for Waverley Street and the retail space. The parking spaces for the retail space would not be designated and reserved as such. The retail use was required to provide a specific number of parking spaces.

Vice Mayor Fine remarked that the building was attractive, and the architecture was responsive to other buildings in the area. The FAR for the garage was much larger than allowed for other development. The retail space added to the structure and street life. The loading zone may be an appropriate resolution to the property owner's concerns about access. According to the Dixon report, the combined average weekday occupancy for the existing Lot D was 73 percent. In the Lime Zone, 74 percent of hourly spaces were occupied, and 60 percent of permit spaces were occupied. He had not seen studies about existing supply and demand that supported a new parking garage in Downtown. He did not believe the City was managing parking when it did not charge for parking. He could support a dynamic parking pricing strategy. The Garage did not account for Residential Preferential Permit Parking (RPP) Program interactions and on-street usage. With regard to the three-pronged approach to parking, the approach to increase parking supply with a parking garage for which the public had to pay was beginning to falter. He preferred to manage resources better before increasing capacity and giving it away at no charge. Not building a Downtown parking garage could reduce the Infrastructure Plan funding gap. He inquired about the consequences of removing a project from the Infrastructure Plan when TOT revenue was supposed to fund the project.

Ms. Stump reported the TOT revenues were placed in the General Fund. The Council discussed a number of projects the TOT increases could fund, but TOT revenues were not legally restricted. In-lieu parking fees were collected specifically for the purpose of constructing new parking facilities. If the Council chose not to construct a parking garage, then it would need to hold a subsequent conversation with Staff about alternatives. If the City decided

FINAL MINUTES

not to construct any new parking, then Staff would need to return the in-lieu parking fees to the original source.

Vice Mayor Fine did not see how a parking garage fit with the City's environmental, sustainability, and climate action goals. The City needed to attempt other strategies prior to building a new parking garage. He requested Staff comment regarding a motion to certify the EIR and approve the Record of Land Use Action (ROLUA) but not approve the contract amendment.

Mr. Eggleston believed certifying the EIR and approving the ROLUA would allow Staff to work with the Council prior to deciding whether to proceed with the garage.

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

- A. Adopt a Resolution certifying the Downtown Garage Project Final Environmental Impact Report (EIR) and making required findings under the California Environmental Quality Act (CEQA), including findings related to environmental impacts, mitigation measures and alternatives, and adopting a Mitigation Monitoring and Reporting Program (MMRP);
- B. Approve a Record of Land Use Action approving Architectural Review Application [File 17PLN-00360] for a new five-level parking structure, with one below-grade parking level, providing 324 public parking spaces and 2,026 square feet of ground floor retail space on the City's surface parking lot zoned Public Facilities, as recommended by the Architectural Review Board (ARB), for a three-year period; and
- C. Direct Staff to return to the Policy and Services Committee with a parking management strategy and options to address Downtown parking needs.

Vice Mayor Fine felt the public had clearly expressed a desire for the Council to reconsider the Parking Garage and determine whether better and less expensive options were available.

Council Member Kniss inquired about the cost per parking space in the new California Avenue Parking Garage.

Mr. Eggleston explained that the total project cost divided by the total number of spaces equaled approximately \$76,000 per parking space.

FINAL MINUTES

Council Member Kniss noted the Council made climate change and sustainability a top Council Priority. She asked if residents were parking overnight in garages.

Ed Shikada, City Manager, answered yes.

Council Member Kniss asked if it was illegal.

Mr. Shikada advised that it was not prohibited. If the Council sanctioned overnight parking in garages as a program for residents, it would need to address safety concerns.

Council Member Kniss was not aware that residents had been parking overnight in Downtown garages. The cost of the garage in terms of funding and greenhouse gas emissions was too great for her to approve it. At some point, the Council could decide if another garage was needed, but additional work was needed before that time.

Council Member Kou inquired whether the EIR would become outdated.

Ms. French reported Staff could prepare an addendum to the EIR to address modified circumstances. If different circumstances were identified during the three-year period of the ROLUA, an addendum to the EIR could be prepared and circulated.

Council Member Kou wanted to ensure that the EIR would be reviewed in the future if the Council certified it at the current time.

Ms. Stump indicated the EIR would be the Final EIR for the Project if the Council certified it. Substantial changes in the Project or the circumstances could require an addendum to the EIR.

Council Member Kou requested clarification of the calculation for the cost per parking space.

Mr. Eggleston disclosed that Staff was recalculating the in-lieu parking fee based on the California Avenue Garage construction award. The in-lieu parking fee was calculated by dividing the total cost of the garage, which was about \$48 million, by the number of net new spaces, which was approximately 636 less 150. Commonly, the cost of a garage per stall meant the total cost of the garage divided by the total number of spaces in the garage. When a garage was built on an existing lot, the comparison looked at the number of new spaces.

Council Member Kou stated the Council should reconsider the priority of the Downtown Parking Garage because other strategies could be utilized. She

FINAL MINUTES

hoped other parking strategies would be implemented. The Finance Committee may need to review the parking management strategies as well.

Mayor Filseth asked if the Policy and Services Committee (P&S) could determine whether the Finance Committee should review the strategies.

Ms. Stump reported the Council's practice was not to refer the same item to two Council Committees. If a related topic could be segregated from the item, the related topic could be referred to the Finance Committee.

Mayor Filseth envisioned P&S reviewing the overall strategies and identifying a garage as one strategy. He questioned whether the Garage as one strategy could be referred to the Finance Committee.

Mr. Shikada clarified that the pricing strategy for a garage could be referred to the Finance Committee. Staff would not recommend the Council, P&S, and the Finance Committee review the same topic.

Council Member Kou understood the TOT increase was designated for infrastructure projects. She inquired whether TOT revenues could fund infrastructure projects other than the parking garage.

Ms. Stump agreed with the last part of the comment. The Council and the community discussed the Council's intention to use TOT revenues for infrastructure. That was different from legally restricting the funds. The funds were allocated each year in the annual budget. The funds were not in any way required to be spent on the Garage as a legal matter.

Council Member Tanaka requested Staff elucidate outreach efforts regarding the Downtown Garage Project.

Ms. French indicated Staff sent notice cards for the current hearing to property owners. Three notices were sent to the property owner who submitted a letter, and Staff had communicated over the phone with the property owner.

Council Member Tanaka remarked that many retailers had been impacted by the Upgrade Downtown Project. Parking challenges in Downtown needed to be solved. The sloped floors of the design made repurposing the garage difficult. Staff did not propose the use of lifts to maximize parking. He would support the Motion because there were many ways to solve the parking problem. The Council should rank order all infrastructure projects. He asked Staff to comment regarding repurposing the Garage and the use of lifts.

FINAL MINUTES

Mr. Eggleston reported Staff had conducted extensive outreach with the property owners. In April 2017, the Council added the basement level to the garage and directed Staff to explore mechanical parking without delaying the Project. Staff approved a change order for the design team, who developed five different options to include mechanical parking and costed the options. None of the options for mechanical parking seemed cost effective because attendants would be needed to operate the lifts. Next, Staff issued a Request for Proposals (RFP) for public-private partnership ideas for a surface parking lot. That proved not to be cost effective for the same reasons. Staff's efforts were shared with the Council in an informational report dated August 27, 2018.

Council Member Tanaka commented that a parking structure with ramps could not be adapted for other uses. He had observed a parking garage in Redwood City where the ramps were constructed on the exterior of the garage. It appeared as though the ramps could be demolished, and the garage could be repurposed.

Council Member Cormack would support the Motion. The EIR did not sufficiently outline the parking need; therefore, she was unable to find sufficient evidence for the parking problem. She requested clarification of the recommendation against constructing a basement because the garage was located in a liquefaction zone.

Mr. Eggleston would research the recommendation. Many times, an EIR addressed a concern and included a mitigation to address the impact. That could be the case in this EIR.

Council Member Cormack did not know whether a restroom had been addressed. The ARB made a thoughtful recommendation. It appeared the cost would be \$1 million for 12 penetrations and the PV. She was not inclined to support a project of this cost. The parking guidance system was an absolute must have.

Council Member DuBois clarified his earlier comments regarding residential parking. The recently adopted housing Ordinances changed multifamily housing in the Downtown core. The residents of the multifamily units would purchase RPP permits and fill neighborhood parking spaces. Consequently, new ideas such as overnight parking in garages were needed. He requested the plan for the RPP districts.

Mr. Shikada advised that Staff had not discussed RPP districts recently. In general, Staff proposed the Council maintain the status quo in light of staffing shortages.

FINAL MINUTES

Council Member DuBois noted the overall average for the Lime Zone was 74 percent parked. However, the number increased to 83 percent in the afternoons and 90 percent in the evenings. On-street parking on Waverley Street in the afternoon was 107 percent. Utilization of Lot D averaged 73 percent over multiple time periods. The Dixon report provided the most recent measurement of 87 percent in the afternoon and 102 percent in the evening. The Motion would effectively kill the Project by referring it to Committee. Few representatives of the business community were present. The longer the Project was delayed, the higher the cost. He expressed concern that the Motion would waste money. He requested clarification of referring the item to P&S rather than the Planning and Transportation Commission (PTC).

Vice Mayor Fine advised that P&S reviewed the previous parking study. The Council next referred it to the PTC, who recommended against the parking management strategies. He proposed referring the item to P&S because that was where the review began.

AMENDMENT: Council Member DuBois moved, seconded by Council Member XX to add to the Motion Part C, "returning to Council prior to the Council Summer Break with a proposal on the design contract."

Mr. Shikada stated Staff could not perform the work in such a short timeframe

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member DuBois inquired about other items on the P&S Agenda.

Mr. Shikada clarified that the constraint was Staff's capacity to develop strategies and analyze options.

Council Member DuBois did not understand the analysis P&S would conduct to determine the need for a parking garage.

Mr. Shikada suggested the Council clarify the scope of a management strategy at some point. The scope of Staff work could extend beyond the Garage.

AMENDMENT: Council Member DuBois moved, seconded by Council Member Tanaka to add to the Motion Part C, "returning to Council prior to the Council Summer Break."

FINAL MINUTES

Council Member DuBois did not believe the action was agendaized such that it would draw representatives of the business community to the meeting. Delaying the Project past the Council Break was not the right thing to do.

Council Member Kniss related that P&S would not be able to provide a recommendation before the Council Break, and Staff did not have the capacity to support P&S for this item.

Council Member DuBois suggested the Council narrow the scope of the item.

AMENDMENT FAILED: 3-4 DuBois, Kou, Tanaka yes

Mayor Filseth understood the genesis of the Parking Garage extended back to the Infrastructure Blue Ribbon Commission (IBRC), when Professorville residents were calling strongly for parking relief. The Garage had always been about the agreement with the neighborhoods to remove parked commuter cars from the neighborhoods. Relocating cars from neighborhoods to garages by decreasing the number of parking permits and increasing Downtown parking capacity would not impact carbon emissions. The neighborhood leadership stated during the meeting that additional parking capacity in Downtown was not needed. The Council should consider other ways to spend \$34 million in an effort to reduce the number of car trips by 238 per day. If better ways were not found, then perhaps the Garage should be constructed. The Council had not defined the parking problem explicitly. Perhaps P&S could develop objectives for parking initiatives.

Council Member Kou asked if an EIR addendum would be prepared for a minor change in circumstances while a EIR supplement would be prepared for a substantial change in circumstances.

Ms. French reported a supplemental EIR would be required if the project impacts expanded. A smaller garage than the one analyzed in the EIR would not require an addendum or a supplement.

Mr. Shikada clarified that Staff would have to analyze the change in circumstances before determining whether to prepare an addendum or a supplement.

Ms. Stump would provide the Council with the regulations that expressed the legal standard for triggering the various types of supplemental reports. If time passed and circumstances changed, Staff would need to determine whether there were undisclosed impacts. Staff would perform the work through the correct documentary form.

FINAL MINUTES

MOTION PASSED: 7-0

Council took a break from 8:52 P.M. to 9:05 P.M.

10. PUBLIC HEARING: Adoption of an Ordinance Amending Chapter 18.18 (Downtown Commercial District) of Title 18 (Zoning) of the Palo Alto Municipal Code (PAMC) to Repeal Section 18.18.040 Regarding a Non-residential Square Footage Cap in the (CD) Downtown Commercial Zoning District to Implement and Conform to the Updated Comprehensive Plan; and Section 18.18.040 Implemented Policy L-8 of the Prior 1998 Comprehensive Plan, Which was Removed as Part of the Adoption of the Comprehensive Plan Update. California Environmental Quality Act (CEQA): This Ordinance is Within the Scope of the Comprehensive Plan Environmental Impact Report (EIR) Certified and Adopted on November 13, 2017 by Council Resolution Number 9720 (Continued From December 3, 2018).

Jonathan Lait, Planning and Community Environment Director, reported the proposed Ordinance would repeal the nonresidential development cap in the Downtown area. The cap limited development to 350,000 square feet of floor area. The 1998 Comprehensive Plan included a program to establish the cap and to reevaluate policy language when development reached 235,000 square feet of floor area. In 2013, development reached 235,000 square feet, and Staff began a study to evaluate the policy implications of how to proceed. In reviewing the most recent Comprehensive Plan Update, the Council reviewed Phase I of the Study. Phase I covered trends and conditions, business surveys, a market and feasibility analysis, and some other study areas. Staff began Phase II of the Study, which covered a residential analysis and a retail and office analysis. Staff did not complete Phase II in that they did not draft policy recommendations. The Council did not formally review any of the Phase II documents because in January 2017 the Council directed Staff to revise the cumulative cap to 850,000 square feet, to focus the cap on Office/Research and Development (R&D) uses, to apply the cap Citywide, to make permanent the annual limit of 50,000 square feet, and to eliminate the Downtown cap and focus on monitoring development and parking demand. The final direction to eliminate the Downtown cap and to focus on monitoring development and parking demand was before the Council for consideration. When development reached 350,000 square feet of nonresidential floor area in Downtown, the Ordinance language required the repeal of Chapter 18.18 of the Zoning Code. Chapter 18.18 provided development standards for Downtown. Staff encouraged the Council to repeal the Zoning Code provision that called for the repeal of Chapter 18.18. Of the 350,000 square feet, approximately 18,000 square feet remained in the cap. The Planning and Transportation Commission

FINAL MINUTES

(PTC) reviewed a proposed Ordinance to repeal Section 18.18.040 and opposed it because implementing it was not consistent with the Council's interest in promoting housing development. The Council could: (1) eliminate the 350,000-square-foot Cap for Downtown; (2) retain the Cap and the Downtown development standards; (3) retain the Cap and Downtown development standards and allow exemptions for net new retail floor area; (4) retain the Cap and the development standards but apply the Cap to net new office floor area only; or (5) allow a modest adjustment to the Cap threshold to allow time for further study and analysis of the policy implications of any action taken. For Options 2-5, Staff recommended the Council direct Staff to complete Phase II of the study. The Council could adopt an Ordinance that advanced any of the options.

Public Hearing opened at 9:15 P.M.

Winter Dellenbach, speaking for Paul Machado, Fred Balin, Carl Carvalho, and Gerry Masteller, remarked that repealing the Downtown Cap would leave Downtown vulnerable to a wide range of commercial and office development and traffic and parking issues to the detriment of housing. The Council must continue to protect the existing housing in Downtown. The Citywide cumulative and Annual Office Caps were not substitutes but completely different things. The Council was not obligated to repeal the Downtown Cap or to do any of the other options. The many changes in Downtown impacts and circumstances since 2017 justified the Council not repealing the Cap. Repealing the Downtown Cap would not further the implementation of the Comprehensive Plan because the Comprehensive Plan goals encouraged residential rather than commercial and office development. The Comprehensive Plan not containing the commercial cap was not related to repealing the Downtown Cap. There was no rush to change the Cap. The Council should not repeal the Cap. Phase II of the Study should be incorporated in the moratorium study should the Council not repeal the Downtown Cap.

Stephanie Munoz believed commercial developers had an insatiable appetite for growth. Unfortunately, commercial growth occurred at the expense of residential properties.

Hamilton Hitchings commented that the new up-zoning of housing in Downtown could increase housing development only if the office cap was not increased. The City needed to focus on housing, which would reduce the number of single-occupancy vehicle trips and vehicle miles traveled for the entire Bay Area.

FINAL MINUTES

Neilson Buchanan felt the Downtown Cap was an opportunity to increase the wow factor of Downtown. He requested the Council create a great coordinated area plan for Downtown.

Judy Kleinberg, Chamber of Commerce, noted the Comprehensive Plan Citizens Advisory Committee (CAC) found that the Cap was at odds with the processes, goals, and policy considerations contemplated in the Comprehensive Plan. The CAC viewed the Cap as counterproductive to the Comprehensive Plan. An artificial cap would further complicate and discourage future development. If the Council did not allow commercial development, developers could not afford to construct housing. Eliminating the Cap would help build housing Downtown.

John Shenk, Thoits Brothers, shared unintended consequences of retaining the Cap. Without the additional floor area provided by Transferrable Development Rights (TDR), historic structures would not be restored and preserved. Without mixed-use development, there would not be residential development.

Bob Moss suggested the Council retain the Cap and limit future development to residential and retail uses. Allowing more office development would prevent beneficial development of residential and retail.

Arthur Keller recommended the Council support Option 2. Over the first 30 years of the cap, 107,058 square feet of floor area was developed Downtown. In the last ten years, approximately 220,000 square feet of floor area was developed. The Council should not change the Downtown Cap until a Downtown Coordinated Area Plan was in effect.

Iqbal Serang supported retention of the Cap and more housing in Downtown.

Herb Borock indicated the Agenda Item violated the California Environmental Quality Act (CEQA) and the Ralph M. Brown Act. AJ Capital had submitted an application for conversion of the Hotel President apartments to a hotel. The conversion required the elimination of Section 18.18. When a development project and a change of a regulation were part of the same project, the Agenda Item should be the development project. In January 2017, the Council did not act to eliminate Section 18.18. Staff's options were a diversion. The Council could retain language for residential-only development.

Beth Rosenthal asked the Council to enact a one-year moratorium so that Staff could study the repercussions of eliminating the Cap. Density was increasing in Downtown without construction. This was an opportunity for

FINAL MINUTES

the Council to prioritize construction of housing in an area served by mass transit.

Greer Stone urged the Council to avoid past mistakes by retaining the Downtown Commercial Cap. Rampant commercial growth was harming the City. Removing the Cap would exacerbate the housing problem.

Rita Vrhel felt the Cap was important to limit commercial growth.

Terry Holzemer supported retention of the Cap. If the Cap was repealed, economic incentives favoring office growth would grow and persist. If the Council chose to change the Cap, the Council should institute a moratorium while growth mitigation elements had a chance to work.

Chris Joy noted mixed-use development comprised of ground-floor retail, second-floor office, and third and fourth-floor housing worked well in high-density Asian cities. The question was reconciling rational development with parking and congestion.

John Kelley endorsed Option 1 to eliminate the Downtown Cap. Housing and commercial expansion belonged in Downtown. In order to encourage housing development in Downtown, the Council would have to allow mixed-use development or change residential density and height limits.

Roberta Ahlquist stated the City needed low-income housing now. The Council should not remove the Cap.

Peter Rosenthal could not find a valid reason for removing the Cap. An analysis of the data would be more appropriate than simply eliminating the Cap.

Elaine Meyer remarked that construction of offices had created an infrastructure deficit.

Public Hearing closed at 9:56 P.M.

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

- A. Find the Ordinance within the scope of the Comprehensive Plan Environmental Impact Report (EIR) certified and adopted on November 13, 2017 by Council Resolution Number 9720; and
- B. Adopt an Ordinance implementing City Council direction from January 30, 2017 to repeal Palo Alto Municipal Code (PAMC) Section 18.18.040 regarding a non-residential floor area restriction in the CD Downtown Commercial Zoning District.

FINAL MINUTES

Council Member Kniss remarked that an annual cap of 50,000 square feet was in effect. The Council had removed a major cap from the Comprehensive Plan. The Motion would reduce development on University Avenue. She did not believe housing could be constructed in Downtown without a mixed-use project. She asked if any applications for housing were pending.

Mr. Lait answered no.

Council Member Kniss felt no other development had been planned for University Avenue.

Mr. Lait agreed that development along University Avenue was scarce. Almost 3,000 square feet had been entitled under the 50,000-square-foot cap. Applications for approximately 20,000 square feet were pending.

Council Member Kniss recalled the Council action to reduce the amount of development from 1.7 million square feet to 850,000 square feet. Approximately 600,000 square feet remained for development over the next 12 years.

Vice Mayor Fine noted the community's legitimate concerns about growth, traffic, parking, and the tradeoffs between office and housing. The Council limited growth to 850,000 square feet, of which approximately 600,000 square feet remained. The annual limit of 50,000 square feet applied to the Downtown, El Camino Real, and California Avenue areas. The discussion pertained to where growth would occur. If the Ordinance was not repealed, Downtown would effectively be frozen, and future office growth would occur anywhere else in the City. If the Ordinance remained in place, 600,000 square feet of office growth would occur on San Antonio Road, Middlefield Road, California Avenue, and El Camino Real, and other areas with less public transit. Not allowing an expansion of Avenidas or the Aquarius Theater or a public facility was silly. Downtown was the best and least impactful location for future office growth. Over the past few years, the Council had significantly curtailed office and commercial growth through a Citywide Office Cap, an annual pacing mechanism, increased impact fees, Residential Preferential Parking Permit (RPP) Programs, and the temporary elimination of commercial in-lieu parking in Downtown. If the Cap remained in effect, no Council would be willing or able to spur commercial growth in Downtown in 10 or 20 years. Businesses as well as residents played an important role in Palo Alto. He asked colleagues to comment regarding their interest in a Phase II study of net new office growth.

Council Member Kou stated the discussion was not about freezing Downtown growth but to look at growth responsibly. A Phase II analysis should be

FINAL MINUTES

completed so that the Council could resolve parking or traffic issues. The density of office workers had not been addressed. She inquired whether TDRs could be used for residential projects.

Mr. Lait replied yes.

Council Member Kou requested Staff clarify the public comment regarding the Downtown Cap not allowing financial services or retail.

Mr. Lait advised that the Annual Cap applied to Downtown, El Camino Real, and California Avenue and did not preclude financial institutions, hotels, or other retail-type uses. The Downtown Cap affected all nonresidential uses including retail, financial services, and retail.

SUBSTITUTE MOTION: Council Member Kou moved, seconded by Council Member XX to retain the Downtown Cap and the moratorium and during the moratorium, direct Staff to return with an update to Phase I and complete the Phase II study.

SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND

SUBSTITUTE MOTION: Mayor Filseth moved, seconded by Council Member DuBois to:

- A. Find the Ordinance within the scope of the Comprehensive Plan Environmental Impact Report (EIR) certified and adopted on November 13, 2017 by Council Resolution No. 9720;
- B. Retain the restriction on nonresidential floor area in the CD Downtown Commercial Zoning District, found in PAMC Section 18.18.040, but exempt net new retail uses, and modify Section 18.18.040 to retain all other sections in Chapter 18.18 once the 350,000 square foot nonresidential cap is reached; and
- C. Direct Staff to complete the Phase II policy analysis and return to Council for discussion and potential further direction.

Mayor Filseth reiterated reasons for eliminating the Cap. Mixed-use projects had not generated sufficient housing units to cover the number of jobs created by the projects. Reasons to retain the Cap included not continuing to exacerbate traffic congestion and encouraging companies of a certain size to relocate to the Stanford Research Park. He did not find a compelling reason to eliminate the Cap at the current time. At any time, the Council could approve elimination of the Cap. It was unlikely that a majority of residents felt repeal of the Cap was a priority at the current time.

FINAL MINUTES

Council Member DuBois noted the Palo Alto Neighborhood Association supported and the PTC recommended retaining the Cap. He questioned the need to eliminate the Cap at the current time when the analysis of parking demand was not ready. Historically, the pace of commercial development had expanded, and the density of office workers had increased. Retaining the Downtown Cap for some period of time would allow Staff to determine whether the new housing regulations were stimulating housing growth. He inquired whether retaining the Cap in the Downtown Commercial (CD) zoning district would allow residential projects to occur and allow the rebuilding of existing office space.

Mr. Lait answered yes.

Council Member DuBois explained that the Substitute Motion would allow rebuilding of existing buildings, existing office space to remain, and the addition of retail and housing floor area ratio (FAR). The Substitute Motion could include a timeframe such as completion of the Downtown coordinated area plan or completion of the analysis.

Council Member Cormack requested the definition of retail in this instance.

Council Member DuBois could support revising the Substitute Motion to retail and retail-like services.

Mr. Lait read the definitions of retail, extensive retail, and retail-like from the Code.

Council Member Cormack asked how an exemption would be granted.

Mr. Lait explained that Staff would not subtract the square footage of an exempt project from the 350,000-square-foot cap.

Council Member Cormack asked if the Planning Director or Council would have to issue a ruling regarding an exemption.

Mr. Lait replied no.

Council Member Kou inquired whether the Substitute Motion included retail-like.

Vice Mayor Fine would not support the Substitute Motion because exempting housing, retail, and retail-like uses missed something, such as nonprofit space. He requested other uses that would not be exempt.

Mr. Lait reported uses permitted or conditionally permitted in Downtown were educational facilities, religious facilities, private schools, commercial

FINAL MINUTES

recreation, various services, automobile services, daycare centers, large and small family daycare homes, financial services, general business services, hotels, and personal services.

Vice Mayor Fine advised that the Substitute Motion would cap gyms, churches, daycare, financial services, personal services, and office. He encouraged colleagues to oppose the Substitute Motion. He proposed amending the Motion to direct Staff to conduct a Phase II study of net new office.

Council Member Kniss expressed concern regarding the restriction on nonresidential floor area, which meant office space. The language was restrictive to University Avenue. She could not support the Substitute Motion.

SUBSTITUTE MOTION FAILED: 3-4 DuBois, Filseth, Kou yes

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "direct Staff to return with a Phase II study on net new office floor area, including square footage per office staff." (New Part C)

Council Member Kou clarified that the Motion would repeal the Downtown Cap prior to completing the study, which would wreak havoc in Downtown. She could not support the Motion.

Council Member Cormack requested the amount of existing nonresidential space in the CD district.

Mr. Lait responded approximately 3.8 million square feet.

Council Member Cormack was not prepared to freeze development in Downtown. Much of the City was being rebuilt. She would support the Motion. The Council had reached a balance between emphasizing housing and constraining commercial growth.

Mr. Lait clarified the amount of existing nonresidential space as 3.63 million square feet as of October 2018.

Council Member DuBois reiterated the original Phase II studies were not completed and included a residential analysis and a retail and office analysis. In addition, Staff did not draft policy recommendations based on those analyses. He requested Staff's interpretation of Part C of the Motion.

FINAL MINUTES

Mr. Lait reported Staff would take up Part C as part of the Downtown coordinated area plan to understand the impact of regulations on future office development.

Council Member DuBois asked if Staff would look at office only.

Mr. Lait indicated Part C concerned office space specifically. As part of the Downtown cap, Staff would look at retail and residential uses to some degree.

Council Member DuBois reiterated his concern that the changes to housing regulations would not generate new housing units.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part C, "and draft policy recommendations to encourage housing production Downtown including possible restrictions to office space Downtown if needed."

Mayor Filseth commented that the Council could lift the Cap for desirable uses, such as a performing arts company. The Council was chasing a vision for Downtown that was not supported by a majority of the community. He would not support the Motion.

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

- A. Find the Ordinance within the scope of the Comprehensive Plan Environmental Impact Report (EIR) certified and adopted on November 13, 2017 by Council Resolution No. 9720;
- B. Adopt an Ordinance implementing City Council direction from January 30, 2017 to repeal Palo Alto Municipal Code (PAMC) Section 18.18.040 regarding a non-residential floor area restriction in the CD Downtown Commercial Zoning District; and
- C. Direct Staff to return with a Phase II study on net new office floor area, including square footage per office staff and draft policy recommendations to encourage housing production Downtown including possible restrictions to office space Downtown if needed.

MOTION AS AMENDED PASSED: 4-3 DuBois, Filseth, Kou no

State/Federal Legislation Update/Action

None.

FINAL MINUTES

Council Member Questions, Comments and Announcements

Council Member Cormack had attended the Parks and Recreation Commission's annual retreat the prior week.

Vice Mayor Fine reported public comment at the Valley Transportation Authority (VTA) Board meeting decried service reductions in Palo Alto. He encouraged Council Members to read the City Manager's letter to VTA and to talk to members of the VTA Board.

Adjournment: The meeting was adjourned at 10:47 P.M.