



CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting
August 19, 2019

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:02 P.M.

Present: Cormack, DuBois; Filseth arrived at 5:20 P.M., Fine, Kniss, Kou, Tanaka

Absent:

Closed Session

1. CONFERENCE WITH CITY ATTORNEY - EXISTING LITIGATION
Santa Clara County Superior Court, Case No. 18CV328638
(One Case, as Defendant) – Yvonne Wellhausen v.
City of Palo Alto, et al.
Authority: Government Code Section 54956.9(d)(1).
2. CONFERENCE WITH CITY ATTORNEY - EXISTING LITIGATION
Santa Clara County Superior Court, Case No. 18CV328469
(One Case, as Defendant) – Jay Greer v. City of Palo Alto
Authority: Government Code Section 54956.9(d)(1).

MOTION: Council Member Kniss moved, seconded by Council Member Cormack to go into Closed Session.

MOTION PASSED: 6-0 Filseth absent

Council went into Closed Session at 5:03 P.M.

Council returned from Closed Session at 6:25 P.M.

Mayor Filseth announced no reportable action.

Special Orders of the Day

3. Presentation of Mayor's Green Business Leader Awards.

Ed Shikada, City Manager reported the awards were a thank you to the business community for expertly designed and operated facilities.

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Joshua Wallace, Utility Key Account Manager said she appreciated working with companies that had the best goals in mind and that made Palo Alto a national model.

Mayor Filseth indicated the Mayor's Green Business Leader Awards honored the exceptional efforts of Palo Alto businesses for saving energy and creating high-performance buildings. The award congratulated owners and property managers who earned an Environmental Protection Agency (EPA) Energy Star Certification, United States Green Building Code's LEED Certification, or both in 2018. The recipients represented 13 companies and 34 buildings.

Mr. Shikada read the list of recipients and a few details of the buildings.

Agenda Changes, Additions and Deletions

None.

City Manager Comments

Ed Shikada, City Manager noted high-visibility police traffic controls and enforcement were a priority as the school year began. No collisions related to school traffic were reported. The Police Patrol Division implemented an "Adopt-a-School Program" in which patrol officers were assigned to monitor traffic during peak commute hours and liaise with assigned schools to assist with traffic. Council Members and City Staff responded to emails concerning improvements in the Charleston-Arastradero Corridor. Staff anticipated construction would be completed by November, 2019. An invitation to bid on the Highway 101 Bike Bridge was issued the prior week, and the deadline to submit bids was September 11, 2019. The Teen Arts Council's *Back to School Barbeque* was scheduled for August 23, 2019. The Festival of the Arts was planned for August 24 and 25, 2019.

Oral Communications

Mark Shull remarked regarding the relocation of a waypoint in Menlo Park to Palo Alto. San Francisco International Airport (SFO) had demonstrated a new NextGen program called Interval Management Paired Approaches, which increased airplane noise greatly. The City needed to review this data more closely and to develop a more effective strategy.

Hope Raymond requested the City enforce Code violations at the home next door to her home.

Council Member DuBois requested the City Manager follow up with Ms. Raymond.

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Liz Gardner suggested the Council form an Equitable Fair Housing Committee to address the preservation, protection and production of housing for moderate, low, very-low-wage and homeless residents. Perhaps the City was able to offer no-cost or charge a fee of less than 50 percent for recreation and park activities, early childcare programs, afterschool programs, alternative transportation options and community gardens.

Kelsey Banes concurred with Ms. Gardner's comments. Homelessness of senior citizens was increasing rapidly. The Council needed to address the preservation, protection and production of housing.

Guillaume Bienaime expressed concern regarding his employees' ability to live and work in Palo Alto. The lack of affordable housing played a substantial role in the labor shortage. The Council needed to fulfill its obligation to provide workers with a place to live.

John Kelley noted the tendency for new single-family homes to be large. The community needed incentives and zoning changes to construct smaller houses at higher densities but within existing Floor Area Ratio (FAR) requirements.

Karen Porter advised that the City Council continued to violate the California Constitution and the Brown Act by refusing to disclose the roll call vote during the Closed Session of June 10, 2019. The Municipal Code expressly required disclosure of a roll call vote following a Closed Session. Apparently, the City was attempting to shield particular Council Members from accountability to residents.

L. David Baron commented that many residential areas could accommodate more housing units within existing housing footprints. Single-family neighborhoods were able to accommodate more two, three or four-unit buildings. Changing zoning laws resulted in slow changes. He encouraged the Council to legalize more of the "missing middle" housing types through Palo Alto.

Stephen Levy indicated State law required the Department of Housing and Community Development (HCD) to mitigate overcrowding of existing residents and to lessen some households that were cost-burdened. Should the Council reduce the Housing Element commitment regarding the Fry's site, the State was able to reconsider the Housing Element.

Grant Dasher remarked that the politics of housing were changing. The Council was able to increase density in single-family neighborhoods before the State required it.

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Francois Michael suggested the City of Palo Alto partner with the City of East Palo Alto to construct a Residential Housing Project. The traffic generated by the project affected Palo Alto and East Palo Alto. Studies found that 5G cellular service negatively impacted human health. Vaccinations were now mandatory.

Minutes Approval

4. Approval of Action Minutes for the August 5, 2019 Council Meeting.

MOTION: Mayor Filseth moved, seconded by Vice Mayor Fine to approve the Action Minutes for the August 5, 2019 Council Meeting.

MOTION PASSED: 7-0

Consent Calendar

Council Member DuBois registered a no vote on Agenda Item Number 13.

MOTION: Mayor Filseth moved, seconded by Council Member Cormack to approve Agenda Item Numbers 5-13.

5. Approval of an Exemption From Competitive Solicitation and Approval of Contract Number C20175537 With Kennedy/Jenks Consultants in the Total Amount Not-to-Exceed \$279,660 to Provide Extended Design Services to Complete the new Primary Outfall Line at the Regional Water Quality Control Plant, Wastewater Treatment Fund Capital Improvement Program Project, WQ-19002.
6. Approval of Contract Number C20175276 With Ranger Pipelines, Inc. in the Amount of \$4,146,435 for Water Main Replacement Project 27 (WS-13001) and the Water Distribution System Improvement (WS-11003) Capital Projects in the Oak Creek and Leland Manor/Garland Neighborhoods; and Authorization for the City Manager to Negotiate and Execute Related Change Orders Not-to-Exceed \$414,644, for a Total Not-to-Exceed Amount of \$4,561,079.
7. Authorize the City Manager to Finalize the Purchase of 27,829 Square Feet of Vacant Land Adjacent to 3350 Birch Street and Approve Budget Amendments in the Parks Development Impact Fee Fund and the Capital Improvement Fund.
8. Approval of Contract Number C191173677 With CivicRec in the Amount of \$389,875 for the Purchase and Implementation of a Recreation Management Software for a 3.5 Year Term; and Approval of a Budget Amendment in the General Fund.

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9. Resolution 9856 Entitled, "Resolution of the Council of the City of Palo Alto Concluding the CustomerConnect Pilot Program; and Repealing Electric Rate Schedule E-1 TOU (Residential Time-of-Use Rate Adjustment) and Resolution Number 9737."
10. Resolution 9857 Entitled, "Resolution of the Council of the City of Palo Alto Approving and Attesting to the Veracity of the 2018 Annual Power Source Disclosure Report."
11. Approval of the Changes to the Human Services Emerging Needs Fund Policy.
12. Policy and Services Committee Recommends the City Council Accept the Status Updates of the Audits of the Citywide Cash Handling and Travel Expense; Cable Franchise and Public, Education and Government (PEG) Fees; Continuous Monitoring; Payments Audit; Utility Meters; and Inventory Management.
13. Approval of Amendment Number 2 to Contract Number S19174828 for the Professional Services Agreement With Management Partners for Auditor Services to add \$50,000 for a Total Not-to-Exceed Amount of \$135,000 for an Additional Two-month Term Through November 14, 2019.

MOTION PASSED FOR AGENDA ITEM NUMBERS 5-12: 7-0

MOTION PASSED FOR AGENDA ITEM NUMBER 13: 6-1 DuBois no

Council Member DuBois explained that he expected the Council to prioritize a resolution regarding the City Auditor's Office situation.

Action Items

14. Staff Recommends the City Council Receive a Status Update on the North Ventura Coordinated Area Plan (NVCAP) and Endorse an Updated Approach and Schedule to Complete the Project; Direct Staff to Return With Consultant Contracts That are Responsive to the Identified Approach; and Explore Supportive Funding Opportunities From Owners With Significant Property Interests Within the Project Boundary. The Recommendation in This Report is not a Project as Defined in the California Environmental Quality Act (CEQA).

Jonathan Lait, Director of Planning and Development Services reported the North Ventura Coordinated Area Plan (NVCAP) was restricted to Page Mill Road, El Camino Real, Lambert and the Caltrain Corridor. The Council

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adopted goals and objectives for the NVCAP and Resolutions for grant funding and appointed members to the Working Group. A community workshop and a Town Hall were held in February and March, 2019 respectively. The Staff Report noted concerns raised by Working Group members about the outcome of the Town Hall. A professional hydrology consultant was needed for additional study of Matadero Creek. Staff prepared a Request for Proposal (RFP) and identified Water Resource Associates Environmental Consultants (WRA) as an appropriate consultant. The study was expected to consider scenarios ranging from integrating the existing channel into a future NVCAP, to full naturalization of the channel. Between the two, there was to be some type of hybrid option, if one was available. Staff anticipated the study would require approximately 12 weeks, resulting in a draft document and would cost approximately \$93,000. Funds were budgeted for the expense. Some members of the Working Group expressed concerns to Staff, and Staff, to the best of their ability, attempted to accommodate the requests. Prior to the March Town Hall meeting, Staff released a consultant's historic report that concluded the existing Fry's site and associated office building appeared to qualify as a historic resource under the California Environmental Quality Act (CEQA). The Historic Resources Board (HRB) endorsed the report's findings. Representatives for the owner of the Fry's site had their own interests in how the site might be redeveloped and communicated to Staff that they were not seeking, at the current time, to redevelop or demolish in whole or part of the existing Fry's site. The Council needed to view the NVCAP as long term, in that the NVCAP would probably not result in development changes over the next five to ten years. In considering the allocation of additional funds for the project, the Council may recall that the Housing Element identified the Fry's parcel as possibly generating 200-plus housing units. How that was to be achieved was uncertain given the retention of the historic Fry's building. Staff originally anticipated completing the project in 18 months, with subsequent conclusion of the environmental analysis. The Council was able to adopt the NVCAP within two years as required by the funding grant. Staff was attempting to respond to the Council's direction from March, 2019, including the Working Group's requests, both of which were causing some adjustments to the project's scope of work. Staff reviewed the scope of work and identified areas for change. The consultant was trying to align its efforts with unanticipated costs in order to move forward with developing the NVCAP. The original grant totaled approximately \$770,000 and Staff proposed augmenting that funding with approximately \$367,000 from the Budget Reserve. It was also proposed to extend the project scope for another 11 months and to request additional funding from the Sobrato Organization and larger property owners who had an interest in redevelopment or a plan for the area. At the Council's direction, Staff presented contracts for WRA and Perkins+Will at a

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subsequent meeting. Council endorsed Staff's identified approach and authorized them to speak with property owners in the NVCAP area regarding funding. If the Council did not support allocating funds from the Budget Reserve, the Council was able to direct Staff to continue to work within the original funding amount. The scope of work with Perkins+Will had to be adjusted and only two of the three alternatives needed to be prepared. Resources currently dedicated to other policy initiatives were to be redirected to the NVCAP and environmental analysis because the work was performed primarily by Staff. Alternatively, the Council was able to direct Staff to proceed with a WRA contract, which was funded, and to return with additional information. If the NVCAP was not able to be completed in two years, as required by the grant funding, the City was potentially responsible for returning the grant funds.

Ken Joye said Ventura residents used Park Boulevard as their primary access to California Avenue. Any work in the area of 340 Portage was not to prevent pedestrian use of sidewalks and bicycle use of streets.

Robert Moss suggested Staff identify the approximately 24 single-family homes located on Pepper and Olive. Existing housing, especially affordable housing, needed to be preserved. The Fry's building was unique and historically important. A portion of the building was able to be converted into housing.

Kirsten Flynn, NVCAP Working Group member supported Staff's proposal to extend the timeline for the NVCAP. The Ventura area suffered from a lack of planning as the area transitioned from industrial to residential uses. Displacement accelerated if development was not handled well.

Angela Dellaporta, NVCAP Working Group member supported an extension of the NVCAP deadline and the proposed research of alternatives for Matadero Creek. They received little information regarding basic planning and zoning requirements for the site. Adding a Palo Alto Unified School District (PAUSD) liaison to the Working Group was beneficial. Informal study groups composed of less than a quorum of the Working Group provided support to City Staff and reduced the amount of meeting time.

Terry Holzemer, NVCAP Working Group member supported additional study of Matadero Creek and amending Perkins+Will's contract. NVCAP Chairs or Co-Chairs were able to facilitate communications, assist with setting meeting agendas and ensure members had an opportunity to speak. The current "Existing Conditions" Report was inadequate. Timely responses to inquiries were of critical concern. The Council needed to add a goal of preservation of historical resources to the NVCAP process.

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Cedric de la Beaujardiere remarked that naturalizing Matadero Creek provided opportunities for residents to engage with their natural environment and provided a model for other sections of the creek and other creeks in the region. He hoped the Council would continue their commitment to the restoration of Matadero Creek. He concurred with suggestions for the NVCAP Working Group to study the issues more deeply.

Karen Holman opined that the Working Group needed to be better informed and provided more information. They were able to reach consensus on issues and provide the Council with majority and minority opinions. An arts and culture area around the Fry's building was a popular concept for the NVCAP and Karen Kienzle and Elise DeMarzo, both having extensive experience in art, could be involved in developing an arts and culture area. Housing and historic preservation were not opposing goals. Housing sites identified in the Housing Element could be swapped with other sites.

Kelsey Banes read a statement from Gail Price in support of Staff's recommendations. The current focus on historic preservation was unwarranted as the Environmental Impact Report (EIR) examined historic preservation in detail. The critical need for housing needed to be incorporated into the various planning scenarios. The City, in partnership with property owners, needed to explore ways to achieve a variety of housing. Ms. Banes concurred with Ms. Holman's comment regarding housing and historic preservation not being opposing concepts.

Council Member Cormack inquired whether the Council provided a statement of purpose for the goals when they adopted them.

Mr. Lait replied yes. The bullet points were a summary of the overall goals and objectives.

Council Member Cormack asked if the Staff Report contained a link to the goals and objectives.

Mr. Lait answered no. Other reports contained the goals and objectives.

Council Member Cormack expressed difficulty in understanding the difference between Attachments B and D and requested Staff comment.

Rachel Tanner, Assistant Director of Planning and Development Services indicated four Working Group meetings occurred to date, but Staff initially budgeted for nine. Some of the meetings showed City Staff attendance, in an effort to reduce consultant costs. Items added following the Town Hall were: 1) exploring the economic value of the NVCAP; 2) evaluating proposed policies; and 3) studying Matadero Creek. Other differences were a third

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plan alternative, a parking model calibration, additional meetings with decision-making bodies and expansion of the EIR scope.

Council Member Cormack inquired whether additional Staff and consultant Staff changes were needed.

Ms. Tanner noted that Staff had experienced some growing pains in working with a new consultant, Perkins+Will, but the issues were resolved. Staff and the consultant developed a good rapport.

Council Member Cormack understood the 340 Portage site was eligible for historic status but was not designated as a historic site.

Mr. Lait reiterated the site was not currently designated a historic site.

Council Member Cormack asked if the work along Park Boulevard was a part of the NVCAP.

Mr. Lait explained that Park Boulevard was part of the NVCAP boundary. Work on properties toward the east end of Park Boulevard were permitted; Staff did not anticipate much change in that area.

Council Member Cormack wanted to understand Council's intentions when they initiated planning for the NVCAP. Her perception of the interest in developing the NVCAP was to identify the right spaces for housing. She requested the total housing for the area as stated in the Comprehensive Plan.

Mr. Lait did not recall whether the Comprehensive Plan identified a specific number and said the number of housing units could be 300 for the California Avenue area. Staff did not expect the 340 Portage site to accommodate all housing units for the area.

Council Member Cormack asked if the 340 Portage site was identified as providing the majority of the housing for the area.

Mr. Lait clarified that the 340 Portage site was viewed as having the most opportunity for housing. The Cloudera site was another opportunity for housing, and there was some interest in constructing on that site. With the current cost of construction and the return on rents, the Sobrato Organization's redevelopment of the site to provide the anticipated number of housing units was not economically logical in the mid-term.

Council Member Cormack suggested this was an opportunity for the Council to review its objectives for the NVCAP and determine whether the objective could be fulfilled.

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Council Member Kniss inquired whether Staff had spoken with property owners, other than Sobrato.

Mr. Lait indicated Staff had spoken with Ray Paul and a few more.

Ms. Tanner clarified that Staff conversed with property owners but had not requested funding.

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

- A. Direct Staff to return with a contract with Water Resource Associates Environmental Consultants (WRA) for the purpose of studying the feasibility of converting the channelized Matadero Creek into an open space corridor;
- B. Direct Staff to return with an amended contract with Perkins+Will for additional services related to the North Ventura Coordinated Area Plan;
- C. Endorse the overall approach, project schedule, and specific direction regarding the Working Group's role in the North Ventura Coordinated Area Plan; and
- D. Direct Staff to explore additional funding opportunities with large property owners in the project study area to share plan development costs.

MOTION FAILED DUE TO THE LACK OF A SECOND

Mayor Filseth suggested Council Member Kniss propose items separately.

Council Member DuBois noted open questions needed to be answered.

MOTION: Council Member Kniss moved, seconded by Council Member DuBois to direct Staff to return with a contract with Water Resource Associates Environmental Consultants (WRA) for the purpose of studying the feasibility of converting the channelized Matadero Creek into an open space corridor.

MOTION PASSED: 7-0

Council Member DuBois inquired regarding feedback from the Santa Clara Valley Water District (Water District) about Matadero Creek.

Mr. Lait reported Staff had communicated with the Water District only to inquire whether the Water District would be willing to discuss changes to

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Matadero Creek. The Water District indicated they would be willing to speak with Staff about such a project.

Vice Mayor Fine seemed to recall the concept of converting Matadero Creek to an open space corridor originated with Council Member comments at the Town Hall Meeting. He inquired about the possible results of a Study.

Mr. Lait advised that the plan included integration of the site with Boulware Park. A walking or bike path adjacent to Matadero Creek appeared to be the logical integration. Staff expected the study to develop a design option that extended the open space feeling and to examine naturalizing the creek in a discrete area. He was not optimistic that a naturalized channel be engineered to mesh with the concrete channel and the turn just outside the project boundaries. The community was interested in a naturalized channel, and it could be studied.

Vice Mayor Fine inquired whether the base scenario would utilize the existing alignment as open space and an alternative scenario would engage property owners about a larger project.

Mr. Lait responded yes. A significant amount of land was required to accommodate a naturalized creek.

Council Member Kou inquired whether the study would determine that naturalization of Matadero Creek changed the flood designation for the area.

Mr. Lait explained that the intent of the study was to understand the results of any change to Matadero Creek. Those results led to a discussion of changes in flood designation and flood insurance.

Ben Snyder, WRA Senior Water Resources Engineer reported WRA would work with the Water District to evaluate the Water District's constraints. Maintaining 100-year flood conveyance through the corridor was critical; therefore, WRA was going to develop hydraulic models of the site. He did not anticipate the need to revise the flood map or flood insurance.

Council Member Kniss asked if the trend was not to control or channelize creeks.

Mr. Snyder replied yes.

Council Member Kniss asked if the proposal for Matadero Creek followed the recommendations of water experts.

Mr. Snyder answered yes.

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Mayor Filseth liked the idea of studying Matadero Creek.

Council Member DuBois asked if the NVCAP was a long-term plan for the area and if it was a part of the current Comprehensive Plan.

Mr. Lait responded yes. A Coordinated Area Plan was a long-term planning document.

Council Member DuBois inquired whether Sobrato wanted to redevelop the site, if current economic conditions changed.

Mr. Lait reported he interpreted comments from Sobrato's representative as: the current conditions were not ripe for the type of development that the City initially identified for the site. If the City altered its models for type of housing, unit count, height and density, redevelopment was potentially more attractive. Alterations to the models needed to be explored and studied as part of the process. Sobrato's preliminary sketch showed a far lower unit yield and a housing type that did not necessarily reflect the Council's and community's interest.

Council Member DuBois asked if Staff was proposing to almost double the budget when the project was almost a year behind schedule.

Mr. Lait explained that Staff had not worked on the project since March, 2019 because they were attempting to figure out how to proceed. Over the summer months, Staff had worked out issues with the consultant. Consultants familiar with the City's processes applied premiums to their contracts because they understood working with the City required additional time and analysis. Neither the consultant nor the City had managed the project in line with their responsibilities. The consultant eliminated approximately \$60,000 from their request to reflect that issue.

Council Member DuBois remarked that the question for the Council was time and money. He asked if Staff planned to request an extension of the grant's two-year time limit regardless of the Council action on funding.

Mr. Lait indicated the City would have to request an extension because Staff did not believe the City could meet the deadline. Staff sought an extension independent of the Council's decision regarding funding.

Council Member DuBois asked if the Council needed to direct Staff to request an extension.

Mr. Lait replied no.

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Council Member DuBois inquired whether the City would have to return grant funds if they received an extension and completed the document.

Mr. Lait clarified that the City needed to complete the NVCAP within the timeframe, extension or otherwise, in order not to refund grant funding.

Council Member DuBois preferred Staff seek funding from property owners before the Council committed General Fund money to the project. Hopefully, Staff was able to utilize the consultant more effectively.

Council Member Kniss requested Council Member DuBois clarify the amount of funding that property owners provided before he considered utilizing General Fund monies.

Council Member DuBois replied the full amount of Staff's proposal.

Mr. Lait did not believe property owners would provide the full amount. He was able to work with the City Manager's Office and Budget personnel to spread the requested funding amount over two years, an amount within the Planning Department's Budget.

Council Member DuBois commented that resident groups needed to include Palo Alto Forward and Palo Altans for Sensible Zoning.

Mr. Lait advised that stakeholder meetings had already begun.

Council Member DuBois asked if the "as-is" condition under the current zoning rules was going to be a scenario or a background condition.

Mr. Lait noted some members of the Working Group found the Existing Conditions Report to be inadequate. Task 3 was largely complete, but some fine-tuning was going to occur. The consultant's analysis was prepared.

Council Member DuBois asked if scenarios would be compared to the baseline.

Mr. Lait explained that the Existing Conditions Report contemplated a land use perspective of the current conditions, and that baseline was going to be used to analyze scenarios. A different baseline was going to be utilized for the environmental analysis.

Council Member DuBois wanted to understand the value to landowners with regard to the proposed zoning changes.

Mr. Lait reported existing zoning allowed a certain height and density of development on the properties. If the NVCAP allowed greater height or

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density, the property owners were to benefit. The delta might translate to the community in terms of affordable housing, mixed use housing types or infrastructure improvements needed to advance NVCAP objectives.

Council Member DuBois referred to Task 4.2(b), which compared economic value to property owners.

Mr. Lait clarified that embedding the value capture into the design scenario was a component of a future discussion. Hypothetically, increasing floor area by two times and extending the height limit to 80 feet provided property owners with a greater benefit than existing standards. He said, in exchange for that benefit, the City may want the property owner to provide 30 percent affordable housing, more parkland within the site, or some other investment, which would be evaluated in the value capture analysis.

Council Member DuBois wanted to ensure the consultant's scope of work was correct. He wanted to see the dollar value of the zoning change. Separately, the Council was able to understand the value of community benefits.

Mr. Lait reminded the Council that the NVCAP was not a Planned Community (PC), in that the City would not be negotiating with individual property owners once the NVCAP was adopted. Any value capture was to be embedded in the NVCAP in terms of more affordable housing or a park or something along those lines. Staff was to present the Council with the analysis so that the Council was able to see how the value would return to the community.

Council Member DuBois felt the language on Page 266 read differently than the language under value capture.

Mr. Lait indicated Staff would review the language and ensure it captured the Council's interest. To be clear, Staff did not plan on engaging property owners on an ad hoc basis to negotiate value capture.

Council Member DuBois wanted to ensure both sides of Park Boulevard, the new Public Safety Building (PSB), the new parking garage and potential development from the Stanford University's General Use Permit (GUP) were included in the traffic and parking analysis.

Mr. Lait agreed.

Council Member DuBois asked if Chairs or Co-Chairs would be selected for the Working Group.

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Mr. Lait understood the value of Co-Chairs in facilitating communications but Staff wanted to retain general control of agendas so that the project could advance on schedule and would include suggestions by the Co-Chairs when possible.

Council Member DuBois was surprised that dialog was a concern of the Working Group. While Staff managed the discussion, everyone had an opportunity to comment during meetings.

Mr. Lait advised that Staff recognized the issue early and extended meetings from two to three hours. The Working Group was engaged in a robust dialog rather than Staff and the consultant speaking to the Working Group.

Council Member DuBois remarked that the remaining issues were raising funds and understanding the source of funding.

Vice Mayor Fine was not concerned about a conflict between historic preservation and housing and said reusing industrial spaces was a good idea. He questioned whether the City should agree to designate zoning changes in exchange for landowners contributing to the preparation of a Coordinated Area Plan. His main question was what triggered redevelopment that would meet the City's plans and actually occurred. He proposed that one of the scenarios explore economic value and potential value capture that could help trigger redevelopment at the site. He requested the meaning of completing the plan in terms of the grant funding.

Mr. Lait said this was, in regards to the Council adoption of the NVCAP.

Vice Mayor Fine asked what was involved.

Mr. Lait relayed that the application for the grant referred to the Municipal Code requirements for a Coordinated Area Plan. If the NVCAP was consistent with the Code, it would satisfy the grant requirement.

Vice Mayor Fine noted other planning priorities could be delayed if Staff resources were focused on the NVCAP. He said the impact on Staff could be avoided if more resources were applied to a larger contract with Perkins+Will. He inquired whether an alternative was to stop the NVCAP planning effort and return grant funds.

Mr. Lait clarified that the City would have to return the \$325,000 in grant funds spent on the project thus far. Not all of the grant funds were expended.

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Vice Mayor Fine did not believe the Council wanted to eliminate the NVCAP but was concerned about the expanded timeline and increased cost. Landowners needed to receive some benefit in order to contribute to developing the NVCAP.

Council Member Kou requested the zoning for 340 Portage and 3201-3225 Ash Street.

Mr. Lait responded Residential Multifamily (RM-30) for all those parcels.

Council Member Kou inquired whether Page and Turnbull specified 340 Portage and 3201-3225 Ash Street as historical sites. The Staff Report indicated the historical sites were 3201-3205 Ash Street.

Mr. Lait agreed to review the addresses to determine the correct historical sites.

Council Member Kou asked if Staff provided the Working Group with a map of existing zoning for parcels within the area.

Mr. Lait was not sure but felt certain Staff provided the Working Group with a zoning map of the area.

Council Member Kou noted the Working Group utilized a map without zoning during its first meeting.

Mr. Lait stated Staff believed they provided helpful information to the Working Group. Knowledge of the square footage of an existing office building was possibly not going to inform a visionary conversation about the area. Staff was able to provide the requested information, but they were not needed at the time of request.

Council Member Kou commented that Staff could contact community members who were part of the South of Forest Area (SOFA) process to help guide the NVCAP process. The SOFA process worked well and had delivered elegant products with plenty of community benefits. She requested the Magical Bridge Foundation be included in future stakeholder meetings and said Co-Chairs should be incorporated into the process as well. The two meetings of the Working Group focused on Staff and consultant presentations and she agreed with that. She inquired whether the Working Group could form subcommittees.

Mr. Lait recommended the Working Group not form subcommittees because subcommittee meetings had to be noticed and conducted formally.

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Discussion of specific topics was to be incorporated into Working Group meetings.

Council Member Kou inquired regarding replacement of the two alternate members of the Working Group.

Mr. Lait indicated the Council appointed Working Group members and could identify two alternates.

Council Member Kou felt the Council should appoint two alternates and said the Chinese community would likely be interested in having the cannery designated a historic site. She proposed the cannery be considered for the California Register of Historical Sites, including the National Register.

Mayor Filseth inquired about the length and cost of the SOFA planning process.

Mr. Lait was not aware of either number, but heard the SOFA planning process extended over eight years. The SOFA process did not receive any grant funding and, therefore, a timeline was not associated with it.

Mayor Filseth remarked that the Comprehensive Plan called for preparation of the NVCAP. One of the timing issues around the NVCAP was the pending expiration of the Fry's lease. By the end of the current project phase, more than \$700,000 was to be spent on consultants. He wanted to understand the incremental benefit the City received by contributing \$350,000 to the process. Staff needed to be more involved in the process because they had knowledge that the consultant did not. Like Council Member DuBois, he wanted to know if the City had to fund Staff's request for additional monies. The Council needed to be concerned about the prospect of providing incentives to landowners for their contributions and he wanted to understand what those incentives might be. The City was able to amend the contract once there was additional funding.

Mr. Lait clarified that the SOFA Project required approximately three years to complete.

Mayor Filseth inquired if the SOFA process utilized grant funding.

Mr. Lait did not believe so.

Council Member DuBois asked if the City had to complete or adopt an NVCAP in order to fulfill grant requirements.

Mr. Lait advised yes.

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Mayor Filseth iterated that the NVCAP was essentially a zoning map.

Mr. Lait explained that the NVCAP was a set of expectations for development of the area, along with a long-range plan for the area.

Council Member DuBois preferred to retain the existing zoning if community benefits were not sufficiently high. He inquired whether Staff sought a 24-month extension under the grant requirements.

Mr. Lait answered yes. The contract amendment for Perkins+Will was to extend for 11 months. Staff then returned to the Council with a scope amendment if the timeline extended beyond 11 months.

Council Member DuBois related that Staff should set a goal to complete the process in three years given the grant's four-year time limit.

Council Member Cormack noted the City spent \$325,000 of the \$750,000 grant funding. If the Council ceased preparing the NVCAP, then they had to repay the \$325,000. She requested the meaning of "valuation of proposed policies."

Ms. Tanner responded the Council directed Staff to explore several policies.

Council Member Cormack asked if those policies involved inclusionary housing and such.

Ms. Tanner replied yes.

Council Member Cormack inquired whether historic preservation was a component of Attachment B.

Mr. Lait indicated the City paid for the historic analysis. Staff proposed contacting Sobrato about helping to pay for the historic analysis of its property.

Council Member Cormack inquired regarding a parking model calibration.

Ms. Tanner advised that it was an attempt to more carefully understand the parking dynamics in the area so that the model could be finetuned. The cost was approximately \$15,000.

Council Member Cormack requested the rationale for expanding the EIR.

Mr. Lait explained that based on the scenario the Council adopted; the EIR would study a scenario for which the Council would have to adopt a Statement of Overriding Considerations in order to make any decisions.

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Ms. Tanner clarified that the project manager felt a higher-level CEQA review was needed. If the historic buildings were preserved, a higher-level CEQA was not going to be needed. If an expanded EIR was not needed, the City was not going to be billed.

Council Member Cormack preferred not to expend additional funds to amend the contract. In the SOFA process, the main property owner wanted to change the use of his property. It was not clear that the NVCAP was able to achieve the things the community hoped for.

Mr. Lait replied that the Council requested additional studies, and the Staff Report indicated the cost would be approximately \$105,000. Those studies were not to be conducted if the Council chose not to allocate funding. Perhaps the Council was willing to earmark some funding for the NVCAP process.

Mayor Filseth suggested Staff and the Working Group Co-Chairs discuss the information needed and the best use of existing funding.

Mr. Lait clarified that engagement with the Working Group may not be as robust as desired under the existing contract.

Council Member Kniss stated the Council just agreed to spend \$90,000 for a study of Matadero Creek. Now, the decision concerned returning grant funding or contributing additional funds.

Mr. Lait noted if the Council chose to abandon the NVCAP, the City was not going to be reimbursed for the \$325,000 spent on the project. Staff was able to continue the NVCAP process under the existing scope of work and budget, but some of the Council's initial objectives and some of the Working Group's interests were not going to be fulfilled. The Council was able to provide \$105,000 to fund some additional studies. Finally, the Council was able to commit to providing approximately \$376,000 as Staff recommended.

Council Member Kniss continued to support Staff's recommendations.

Vice Mayor Fine felt the community would suffer if the Council abandoned the NVCAP. The community, the Working Group, the Council and the Planning Department suffered under the status quo. Augmenting funding benefitted the community, but the City Budget was going to suffer. He requested the Planning Department's annual Budget amount.

Mr. Lait replied approximately \$18 million.

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Vice Mayor Fine did not want to maintain the status quo but preferred to augment funding or abandon the project; Council Member DuBois suggested good options for additional funding. He supported Staff's recommendations with options to defray the additional funding and to ensure the area was redeveloped in accordance with the NVCAP.

Mr. Lait remarked that public engagement was crucial to ensure redevelopment met the goals of the NVCAP. Staff was requesting more opportunities to obtain different perspectives from the community. Staff, the Council and the community needed to understand the various scenarios. He promised to work with City Staff to find funding options. While the WRA Study was underway, Staff attempted to respond to Council Questions regarding funding.

Vice Mayor Fine concurred with Mayor Filseth's comment regarding Staff involvement in the process.

Mr. Lait advised that Staff resources were increasing with recruitment. Hopefully, Staff was to have more resources to engage the process more fully.

Vice Mayor Fine requested Staff provide the Council and the Working Group with realistic expectations.

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

- A. Direct Staff to return with an amended contract with Perkins+Will for additional services related to the North Ventura Coordinated Area Plan;
- B. Endorse the overall approach, project schedule, and specific direction regarding the Working Group's role in the North Ventura Coordinated Area Plan; and
- C. Direct Staff to explore additional funding opportunities with large property owners in the project study area to share plan development costs.

Vice Mayor Fine understood the hesitation to commit more resources to the NVCAP, but the Council made commitments to the community. For a 60-acre site, \$376,000 was not a large amount of money.

Council Member Kniss felt the community supported the expenditure of additional funds.

Council Member DuBois concurred with Vice Mayor Fine's reasoning and supported the Motion.

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Council Member Tanaka noted the Council approved the expenditure of approximately \$8 million through the Consent Calendar. The Council was possibly spending money for which it would receive nothing and they needed clearer guidelines for the project.

Council Member Kou proposed amending the goals to include "the preservation of any historic resources located in the NVCAP area," including 340 Portage and 3201-3225 Ash Street. She supported the Motion. The NVCAP was an opportunity to enhance the Ventura area while respecting the existing character of the area.

Vice Mayor Fine appreciated historic preservation, but said designating the preservation of specific buildings was premature. Adding a goal or objective about historic or cultural importance was good.

Council Member Kou agreed with Vice Mayor Fine and said a commemorative plaque was not an appropriate acknowledgement of the buildings' historic importance.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to return with language for a goal regarding historical and/or cultural designation of 340 Portage.

Council Member Cormack noted funds were budgeted for the items the Council approved in the Consent Calendar. She was willing to reduce the number of scenarios from three to two and inquired about the portion of the \$105,000 that was used to fund a third scenario.

Ms. Tanner reported the cost of a third scenario was approximately \$25,000. The \$105,000 cost included Staff time.

Council Member Cormack reserved the right to oppose the contract amendment when Staff provided it along with additional information.

Mayor Filseth opposed the Motion and said he wanted to see more progress before approving a 50-percent cost increase.

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

- A. Direct Staff to return with an amended contract with Perkins+Will for additional services related to the North Ventura Coordinated Area Plan;
- B. Endorse the overall approach, project schedule, and specific direction regarding the Working Group's role in the North Ventura Coordinated Area Plan;

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- C. Direct Staff to explore additional funding opportunities with large property owners in the project study area to share plan development costs; and
- D. Direct Staff to return with language for a goal regarding historical and/or cultural designation of 340 Portage.

MOTION AS AMENDED PASSED: 4-3 Cormack, Filseth, Tanaka no

Council took a break at 9:20 P.M. and returned at 9:34 P.M.

Mayor Filseth said the Council would proceed with Agenda Item Number 15 but would only hear the Staff presentation and public comment for Agenda Item Number 16, continuing the Council discussion for Item 16 to the September 9 or 16, 2019 meeting.

- 15. Approval of the Response to the 2018-2019 Civil Grand Jury of Santa Clara County Report Entitled, "Inquiry into Governance of the Valley Transportation Authority."

Ed Shikada, City Manager reported the City was one of many responding agencies to the Grand Jury Report (Report) and said the deadline to submit a response to the Grand Jury was September 16, 2019. With general direction from the Council, Staff was able to include a revised letter on the Council's Consent Calendar for September 9 or 16, 2019. All responding agencies were sharing information about their responses, and Staff planned on sharing any Council direction with other cities, certainly with the cities in the northern Santa Clara County.

Adina Levin, Friends of Caltrain and Seamless Bay Area remarked that the City's recommendations were reasonable. However, the Report and the letter responding to the Report were missing some of the major points that the Santa Clara Valley Transportation Authority (VTA) governance would want to see.

Mayor Filseth noted the most fundamental conclusion of the Report was the unsustainable financial and operating performance of VTA. The City's letter focused primarily on VTA governance and did not address operational issues. The City's letter suggested VTA consider multijurisdictional models of governance and to have VTA utilize additional criteria for representation on its Board.

Council Member DuBois liked the letter's reference to Portland as a good model and inquired whether Staff considered adding expanded representation on the VTA Board to the response to Recommendation 1d.

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Mr. Shikada explained that Staff expected there to be an outcome of the evaluation, but the Council was not able to direct Staff to state that explicitly.

Mayor Filseth concurred with Staff.

Council Member DuBois relayed that the news media was suggesting the City requested a Board seat be dedicated to Palo Alto.

Council Member Kniss indicated State law was specific as to representation on the VTA Board. Until cities in northern Santa Clara County were able to hold VTA accountable, VTA would continue with business as usual. Cities needed to organize and address the VTA Board and a member of the Legislature had to propose a bill to amend representation on the VTA board. The letter was fine as is.

Vice Mayor Fine inquired whether VTA began their Strategic Financial Plan.

Mr. Shikada related that VTA initiated a Board Enhancement Ad Hoc Committee, which was reviewing the Grand Jury's recommendations and were going to develop recommendations to the VTA Board.

Vice Mayor Fine stated Palo Alto's representative to the VTA Board was a member of the Ad Hoc Subcommittee.

Mr. Shikada clarified that the representative chaired the subcommittee.

Vice Mayor Fine remarked that the Council should not be hesitant to speak up and send additional letters.

Council Member Kou requested the number of Sales Tax Measures dedicated to funding public transportation.

Mr. Shikada was not able to recall.

Council Member Kou recalled Measure B, a half-cent Sales Tax, and Measure A funded capital improvements. She expressed concern that VTA utilized funds from Measures A and B to support operational expenses. She inquired whether the letter should refer to financial issues.

Mr. Shikada reported the reference to grade separation funding under Measure B was intended to reflect the financial concern.

Mayor Filseth commented that the Report did not address all issues with VTA. The Council's priority was to address the issues raised in the Report.

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Council Member Kou inquired about changes to criteria embedded in Measure B.

Vice Mayor Fine indicated a Technical Committee identified criteria for distributing Measure B funding.

Council Member Kou asked if ballot language was available.

Mr. Shikada responded yes. VTA adopted program guidelines, and VTA staff was developing an Implementation Plan for distributing funding. The guidelines indicated funds were available to cities through reimbursement costs, which was a significant burden on any city.

Council Member Kou inquired whether the City could craft legislation to change representation to the VTA Board.

Mr. Shikada believed the City could propose elements for such legislation. The legislative delegation for the VTA service area had to support such legislation. Pursuit of State legislation was difficult for the City.

Council Member Cormack remarked that Recommendation 1b was particularly important. Review of the County of Santa Clara's (County) study was going to be interesting.

MOTION: Mayor Filseth moved, seconded by Vice Mayor Fine to approve the recommended response letter to the 2018- 2019 Civil Grand Jury of Santa Clara County Report, entitled, "Inquiry into Governance of the Valley Transportation Authority," including Staff's enhancements.

Council Member Tanaka requested VTA's reaction to the Report.

Mr. Shikada advised that the VTA Board's reaction was to form an ad hoc subcommittee. Staff planned on adding language of the City agreeing, disagreeing or partially agreeing with recommendations to the letter. The City's response was going to agree with all recommendations except Recommendations 1c and 1e, for which the response was to be a partial agreement.

Council Member Tanaka asked about the possibility of the City or cities in north Santa Clara County splitting from VTA.

Council Member Kniss indicated by State law VTA had control of funding. The City requested funding from VTA for the shuttle program, but VTA probably never seriously considered funding the City's request.

MOTION PASSED: 7-0

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16. Recommendation for City Council Direction on Establishment of a Rail Blue Ribbon Committee to Advise the City Council on the Selection, Funding, and Support for Grade Separation Projects.

Ed Shikada, City Manager reported the Council expressed interest in obtaining deeper community engagement, particularly community support around grade separations. Given the positive impressions of the Infrastructure Blue Ribbon Commission (IBRC), Staff proposed a Rail Blue Ribbon Commission (RBRC) similar to the IBRC. The evaluation of and conclusions related to grade separation was not the final work. The City was dependent on the Santa Clara Valley Transportation Authority (VTA) and Caltrain for permitting and funding because rail was a regional system. Given the need for some type of funding from the private sector, the City had to engage Stanford University and the business community. The City had to compete with other cities for funding from regional, State and Federal agencies. The City Attorney provided an update regarding guidance from the Fair Political Practices Commission (FPPC). A number of Expanded Community Advisory Panel (XCAP) meetings were already scheduled, and Staff was going to proceed with the XCAP's Work Plan if the Council continued a discussion of the RBRC.

Herb Borock opposed formation of the RBRC. Organizations that needed to pay for grade separation included Caltrain, Stanford University, Stanford Hospital, Stanford Research Park and organizations represented by the Silicon Valley Leadership Group. None of those groups needed to participate in the RBRC due to the potential for conflicts of interest. Stanford University was working with Caltrain to determine funding sources for Caltrain's Business Plan. Informal advice from the FPPC did not protect Council Members from civil and criminal liability.

Nadia Naik questioned whether the Council altering the Staff Report would affect Council Member Kniss' and Mayor Filseth's participation in the Agenda Item. The IBRC was not composed entirely of former elected officials. Few former elected officials were able to participate in the RBRC. Many former elected officials had conflicts of interest due to ownership of real property, but they were allowed to participate in the RBRC. Perhaps the Council was able to request FPPC's advice regarding their participation in the RBRC.

Robert Moss did not believe two groups were needed to discuss grade separations. The Staff Report was not clear as to how the two would interact or be different advisory bodies.

Adina Levin commented that a ballot measure would not address grade separations only. Needs were to possibly arise that would warrant an

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increase in the technical review of grade separations and the laying of a groundwork for a successful ballot measure. The proposal was not clear that the two groups were able to fulfill the needs.

Larry Klein remarked that the timing of a ballot measure would affect many other Council decisions, such as selection of members for a RBRC. There were advantages and disadvantages to preparing a ballot measure for 2020 and 2022.

Judy Kleinberg believed the two groups would be duplicative and overlapping. The XCAP was able to be rolled into an advisory body with a blue ribbon aspect. Most former elected officials were older persons and they were not concerned with current issues facing the City. As proposed, the RBRC omitted the younger generation. She had not had a chance to discuss the RBRC with the business community in order to provide feedback to the Council.

Council Member DuBois suggested the Council email their questions to Staff so that Staff was able to prepare a revised Staff Report for the next Council discussion and the forming of an RBRC.

Mr. Shikada advised that Staff could publish Council Member questions and Staff responses. If the questions led to a revised recommendation, Staff was able to publish a revised Staff Report.

Molly Stump, City Attorney clarified that Council Members should prepare their questions independently. The City Manager notified Council Members of a deadline for submitting their questions so that they could be published at the same time.

MOTION: Council Member DuBois moved, seconded by Council Member Kou to continue this item to a date in September 2019.

Vice Mayor Fine asked if Council Members could submit their requests or preferences regarding the RBRC along with questions.

Mr. Shikada indicated Staff would present options for composition of the RBRC. Council Members needed to submit their questions by August 26, 2019.

Council Member Cormack requested the rationale for continuing the item.

Council Member DuBois explained that the discussion would probably be quite lengthy and two Council Members needed time to review all the information.

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Mayor Filseth concurred that the discussion could extend to midnight.

Council Member Cormack requested the item be placed early in the Agenda when Staff rescheduled it.

Council Member Kniss believed former elected officials were going to have difficulty reviewing the vast amount of information in a short time. Members of the community probably wanted to serve on the RBRC and had the skillset needed for the RBRC.

MOTION PASSED: 7-0

State/Federal Legislation Update/Action

Ed Shikada, City Manager reported Staff would prepare an update regarding State legislation for the Council within the next week.

Council Member Questions, Comments and Announcements

Council Member Kou inquired regarding an update from the Council Appointed Officers (CAO) Committee regarding the City Auditor's Office.

Mayor Filseth reported the CAO Committee was engaging a consultant to conduct a study of best practices used by other agencies.

Council Member Kou asked if the City was searching for a new City Auditor.

Mayor Filseth replied no.

Council Member Cormack expected meetings regarding the Stanford University General Use Permit (GUP) would be scheduled during the fall with one meeting possibly being held somewhere else in Palo Alto.

Adjournment: The meeting was adjourned at 10:29 P.M.