Call to Order / Roll Call
Approximately 6:06 pm

Chair Templeton: Alright so to get started... before we get started I have some text to read here about the virtual meeting. So, let’s start that and then we’ll do the roll call and start the meeting.

Alright pursuant to the California Governor’s Executive Order N-29-20, this meeting will be held by virtual teleconference only, with no physical location. Spoken comments via a computer will be accepted through the Zoom teleconference meeting. To address the Board, go to Zoom.us/join, Meeting ID is 950 2081 1983 and I’ll read it again; 950 2081 1983. When you wish to speak on an agenda item click on the raised hand. The moderator will activate and unmute speakers in turn. If you’re dialed in by phone... oh, when called by the moderator please limit your remarks to the time limit allotted.

Spoken public comments using a smartphone will also be accepted through the Zoom mobile application. To offer comments using a regular phone, call 1-669-900-6833 and enter Meeting

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1. ID 950 2081 1983. When you wish to speak on an item on the agenda hit *9 on phone so we know you wish to speak.

4. Alright, so we can call this meeting to order. It’s 6:03 and Mr. Nguyen will you please take roll?

6. Mr. Vinhloc Nguyen, Admin Associate III: Yes. [calls roll] Alright, everyone is here, thank you.


10. Mr. Nguyen: Oh, I’m sorry Commissioner Riggs. Thank you.

12. Chair Templeton: Alright thank you for speaking up Commissioner Riggs.

13. Oral Communications

The public may speak to any item not on the agenda. Three (3) minutes per speaker.¹,²

15. Chair Templeton: Ok so now we should go to Oral Communications. The public may speak on items, not on the agenda and each member of the public may address the Commission for up to 3-minutes per speaker. Do we have any speakers for Oral Communications?

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Mr. Vinhloc Nguyen, Admin Associate III: Yes, we do, we have one speaker for Oral Communications. It is Lynn [unintelligible – audio cut out] speak on this item please raise your hand now. Ok, Lynn, I’ll go ahead and unmute you now.

Ms. Lynn Key-Apella [note – phonetics]: Hello?

Mr. Nguyen: Hi, yes, we can hear you.

Ms. Key-Apella [note – phonetics]: I’m Lynn Key-Apella [note -phonetics] and I find this very difficult to attend because there’s so little I can see on the computer. However, what I want to address right now is the 2014 to 2019 past Capital Budget. And I only see one project that was actually completed. It says it was completed at Spike Pedestrian Pass, however, I know that they actually had to spend more money than is showing to removed traffic circles, repair damages for accidents to various parts of the street on Ross Road. And it concerns me that of the projects that were proposed for that period, all of them were over budget, and only one of them was actually completed on schedule, possibly on schedule, and many of them are still being pushed forward. And my problem is that as you think about adding new projects you haven’t finished old projects. And I’d like you to seriously take a look at this act that you need to start finishing projects on time and there’s always an excuse whether it’s COVID-19 or whatever. And I’m very concerned about the amount of money that’s always over.

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So, I’ve had a conversation with a contractor and a City employee and it appears as if they are always underbid because the City of Palo Alto authorizes so many Change Orders that that’s where they make their money. That’s what the contractor said. We underbid or we bid low because we know they’re going to add Change Orders and we didn’t tact them on and the charges just escalate from there. So, I’m very concerned about your approach to these capital projects and hope you will slow down a little bit and get something actually finished. Thank you.

Mr. Nguyen: Thank you Lynn for joining us tonight. Chair Templeton, that concludes comments for oral communications.

Chair Templeton: Alright thank you very much.

Agenda Changes, Additions, and Deletions
The Chair or Commission majority may modify the agenda order to improve meeting management.

Chair Templeton: Alright any agenda changes, additions, or deletions?

Ms. Rachael Tanner, Assistant Director: There are no changes or deletions Chair.

Chair Templeton: Great, thank you.

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City Official Reports

1. Directors Report, Meeting Schedule and Assignments

Chair Templeton: Let’s go onto the City Official Report, Agenda Item Number One.

Ms. Rachael Tanner, Assistant Director: Great thank you, Chair Templeton, and good evening rest of the Commissioners. Glad to see you tonight even if it’s virtually. Hopefully, you’re all doing well and your families are safe and healthy.

I just want to give a few updates on things that are happening related to Planning and Development Services but also to the broader City and to the... just the update on things of our time of course. So really this week you may have listened to or heard about the City Council taking action or rather having a Study Session about items related to outdoor dining and retail. Last Friday an updated Shelter in Place Order from Santa Clara County went into effect and order allowed many different activities to take place. Some including summer camps, they gave guidance on summer camps and daycare, around car parades and you may have participated in the resulting graduation car parade that happened in Palo Alto and so it gave some specifics for things like that. I think you can go to the drive-in movie theater now too so some other things that we’re allowed to do safety. And it gave guidance around how to have those activities be carried on not necessarily free from risk but they are lower risk activities and giving guidance to

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consumption of an alcoholic beverage with a meal in public places. So that as we do open our streets to dining and things, those who are having a beverage with their meal from a restaurant will not have to get an extra permit or something like that.

So, it’s pretty fast of Palo Alto, we are trying something new, we are trying to be flexible and adapt. And I’m sorry we’re not able to bring those items to you for discussion before we move forward but these are going to be in our Urgency Ordinances. And if some of these things we like, we want to come back to PTC as the year goes on to get your opinion and maybe go to Council if we say oh, this regulation we should keep and we should consider really formalizing it. All of these actions are seen as temporary. All of what we’re calling Summer Street Permits would expire at the end of the year. Of course, Council may amend that and extent that if we need to depending on how the COVID-19 pandemic plays out and what we see as the needs in Palo Alto.

So, we’re really hopeful, we’re really working hard to work with businesses. If you have a business that has a need or if you know somebody who is in retail and they have questions, please have them reach out to me. We have two folks who are really working full time out of the City Manager Office on outreach. I mean they’re out there talking to people, talking to businesses, really trying to make sure that this is as easy as possible but also as safely as possible so that our businesses can move forward.

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And while we’re very hopeful, we are [unintelligible – audio cut out]

Mr. Vinhloc Nguyen, Admin Associate III: Rachael, you’re muted.

Ms. Tanner: I guess somehow my mute came on. Thank you, Vinh. Some of the customers for these retailers, they come from outside Palo Alto. They come from our traditional daytime workforce and we don’t know what all the places are for large companies are in terms of when they may or may not be bringing some of their workforces to Palo Alto in person. So, we’re also doing some outreach with those companies to try to get a read of what they’re thinking. Is there short and long terms plans for bringing or not bringing their workers back? So, to those of us who live in Palo Alto, who are in the Palo Alto area, as safe as you feel going out to dine or to support local businesses, that would be a great help to making sure that they can thrive and that we can have these vibrant business districts that we really want to have in our local community.

So that’s a little bit about that. There of course is more ongoing activity in the Community Services Division in terms of parks and open spaces and pools opening. Pools were one of the activities that’s allowed to open so you’re seeing more recreation activities going... being able to open and people being able to take part in them. And we look forward to if we do continue

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to keep our curve in line with what Dr. Cody wants to see and some of the other criteria that
the county has laid out. That possibly every 2-weeks we may be seeing new orders or rather
updated orders that allow more and more activities to take place. So, as we keep meeting we’ll
probably keep having more and more updates about what is allowed and what’s not allowed in
Palo Alto.

So that’s just a little bit update about those things and one item... one other item... let me just
look at my notes here really quick. And then just my little public service announcement around
COVID-19. As we do keep opening and as other states are opening, you may have family or
friends elsewhere. It’s really important that we still stay vigilant in terms of washing our hands,
wearing face coverings, really taking mind that the virus is still spreading, and unfortunately, it’s
still killing about 800 to 1,000 Americans a day are still passing away from COVID-19. And so,
while other events have certainly taken to the four including the unrest and the protests that
we’ve been seeing around Black Lives Matter and other incidents. We have to remember that
this is still there and while it could fade to the background because it’s not maybe as exciting of
a news story anymore, it still is a very real threat to many people. And so, I just encourage you
and your families to... as you stretch your legs and get out there to do so as safely as you can.

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turning back on the enforcement any time soon. We’re really trying to watch it and see what happens, but yeah, that’s kind of the current messages that we really wanted to get out there. Please use the garages and lots if you do drive downtown. We’re really wanting the businesses to have a lot of curb space available for drop off and pick up. And we’re also just wanting to not have our residents inundated again with driving visits as many of those are going to be driving a lot more and not using transit as much.

So that’s my little brief... Office of Transportation has been very busy but we’re kind of keep it to parking this time but it was good to see you all.

Ms. Tanner: One last thing I’ll add, just speaking of major employers, as some of you may have read or be aware that Stanford has issued guidance for what they’re going to be doing in terms of bringing back at least of a portion of their undergraduate class beginning in mid-August. And then they’ll end the school year but prior to Thanksgiving so that students aren’t going home for Thanksgivings and then coming back to campus. And then I believe they’ll bring a different set of their students back in the spring semester. I was talking with some folks from Stanford today, most of their graduate students because of the housing set up for those students have remained on campus and have been taking part in education for undergraduates, online learning, and things like that and so that was good news. It made me feel like ok, there is a portion of that population that’s still here and they’re also working on plans to renew some

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activities on their facilities as some of their facilities still have not been as active even if their workers, employees, or residents are still in the area. So that’s something to note and we’ll certainly be watching that as that unfolds and hopefully good luck Stanford on keeping the virus from spreading as they welcome all those young adults back to their campus.

And I will... myself and Nathan Baird are available for any questions if you have any about our comments that we’ve made.

Chair Templeton: Yes, so Commissioners please do raise your hands. I see Commissioner Riggs first. Commissioner Riggs.

Commissioner Riggs: So, thanks [unintelligible], it looks great. I’m actually interested if we can just potentially work with Staff over the next couple meetings to really ideate some longer-term land-use implications in terms of economic redevelopment and activation. Particularly in retail and commercial spaces given what we’ve heard from a lot of the employers; e.g Jack Dorsey saying you can work from home forever. So I think there’s some really both single-family, multi-family as well as retail commercial issues to grapple with there. And I think that it would be appropriate for this Commission to take on some of those longer-range things. So, I have emailed this to you and a couple of the Council Members but I just want to put that out there. I think it could be something that would be wise to take on over the coming month.

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Ms. Tanner: Commissioner Riggs, I think that’s a great idea and I think as much as you all have contacts either with folks who might make a good panel. I think it would be really interesting for the Commission perhaps and the community to consider hosting a couple different speakers maybe for a study session who may have different expertise in different areas as well as Staff looking into research regarding what’s happening. Certainly, everything is still very new in terms of the data that we have but certainly expert to see what’s happening in their field. We’d love to hear from them. Perhaps (interrupted)

Commissioner Riggs: I’ll just add, I mean I have some of the only data out there on how travel behavior has changed since COVID-19. I think I’ve told you that as well as Commissioner Templeton that or Chair Templeton, excuse me, but I’d be happy to share that data with the Commission as well. So, it’s just a fair well what you were just underscoring.

Ms. Tanner: Yeah, that’d be great.

Chair Templeton: Alright would anyone else like to speak? I just want to say how much I appreciate that we get updates from the OT as Mr. Baird called it. So, thank you for being here and updating us. And Ms. Tanner, it was exciting to see your presentation to Council and the Cal Ave Pilot is going to be interesting. I think it’s exciting that that’s starting soon. I was downtown

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last week and I saw that the little parklets were going in. So, it’s really wonderful that you all are driving some of these pilots so that’s wonderful. Alright anyone else wants to comment on those items in Agenda Item One, City Official Report? Ok. Alright, so we will move on. Whoops.

**Study Session**
Public Comment is Permitted. Five (5) minutes per speaker.1,3

**Action Items**
Public Comment is Permitted. Applicants/Appellant Teams: Fifteen (15) minutes, plus three (3) minutes rebuttal. All others: Five (5) minutes per speaker.1,3

2. Review and Recommendation to Finance Committee and the City Council on Comprehensive Plan Consistency for the proposed 2021-2025 Capital Improvement Plan.

Chair Templeton: We’ll move onto Agenda Item Number Two, review and recommendation to Finance Committee and the City Council on Comprehensive Plan consistency for the proposed 2021-2025 Capital Improvement Plan.

Ms. Rachael Tanner, Assistant Director: Great, thank you Chair. I would like to introduce Chitra Moitra who I think has been before you before. Maybe not all of you as some of you are new, Commissioner Hechtman. She is going to be presenting our Capital Improvement Annual Report really that’s looking at the new CIPs that are coming on and conformance with the General Plan. And so Chitra has been with us for 13-years, Chitra? Is that right?

Ms. Chitra Moitra, Planner: 14-years.

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Ms. Tanner: 14-years. We stole her away from the City of San Francisco many many years ago and she’s been with us since then. Was a Palo Alto resident and sent her kids through Palo Alto schools and she is in our Long Range Planning Division as a planner. So, I’m going to pass it over to Chitra to take it away.

Ms. Moitra: Good evening Commissioners. I have a small PowerPoint Presentation and I am sharing my screen with you right now. And ok, so can you see guys see my screen?

Ms. Tanner: We can.

Ms. Moitra: Ok, alrighty, so every year we come before the Commission for the review of the Capital Improvement Projects. This year also we are doing the same thing. Today we have with us, besides Planning Staff, we have with us Staff from different City Departments; Budget; Utilities; Public Works; Library; Police. And the Staff there is present there so that if you have any questions at the end of my presentation you can directly address them to the Staff. And saying that I start my presentation.

So, the Capital Improvement Budget as I said is reviewed by the PTC every year for Comprehensive Plan consistency and this time also Staff requests the PTC to review the new

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CIPs for Comp Plan consistency. So as a little bit of background about the budget process and how the CIPs are... how they are... the CIPs are decided every year by City Staff based on the City’s existing City-wide infrastructure need and... for the next 5-years and what... and the City Council priorities mentioned for that year. So, and this... the CIPs are reviewed by the Finance Committee, the City Council, and by the PTC and PTC’s role is mentioned in the Palo Alto Municipal Code Section 19.04.040. And it basically says that PTC can review... PTC should review the new CIP’s for compliance, PTC can suggest any CIPs which they feel missing from this year’s Capital Budget Book, and that can be... they can suggest that for the next following year and if they can identify any ways the efficiency can be increased. They can comment on that so that is their role.

So, the way the consistency is... the Comp Plan... the Comprehensive Plan consistency is established is when we get... when Planning Staff gets the list of CIPs, they link the CIPs with the primary Comprehensive Plan Element, Goal, and Policy or a Program if it’s applicable. Staff also identifies the types of Boards and Commission review required for the CIPs; like if a PTC review is required, if ARB is required, if the Utilities Commission review is required. Staff identifies those Boards and Commissions too. So, when... what Staff does is they link... after linking each CIP with the Comprehensive Plan Element, they try to do an analysis on the budget amount spent by Element and of course by Council priorities too.

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So, this year the CIP Capital Budget Book has 187 projects in them and of that, as I said before, five are new which is approximately 3 percent of the total number of CIPs. So, you are going to review those five tonight and the remainder 182 CIPs which are in the book, you guys... PTC has already reviewed it before in previous years.

So, this year we have this list of five new CIPs and these are as followed; the Library Automated Material Handling CIP, the Magical Bridge Playground Resurfacing CIP, the Foothills Rebuild, the Public Safety Records Management System Replacement, and the Schedule Vehicle Equipment Replacement. So, of these five CIPs, the first four of them have funding for this budget year but the last CIP has funding only for Fiscal Year 2025.

So, this year these five CIPs... of these five CIPs three of them have been found to be in compliance with the Community Services Element, one with the Comprehensive... the Natural Environment Element and one with the Safety Element. And the sections for the Community Service Element which are closely in alignment are the improving efficiency and service delivery and maintenance of City’s infrastructure and facilities.

The next slide is what I talked about, is aligning the CIPs both new as well as [unintelligible] CIPs with the Fiscal Year 2021 Budget and of that we can see that about 40 percent of the Fiscal Year

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'S21 Budget is allotted for... is aligned with Safety Element, 27 percent with the Natural Environment Element, and about 15 percent with the Community Services Element.

So now we can see that all the five CIPs are in alignment with the adopted Comprehensive Plan. So now Staff recommends that the Commission also finds these five new CIPs which are listed in Attachment B, find them in compliance with the Comprehensive Plan, and forward the findings to the City Council. That’s the Staff recommendation and I think with this I... my presentation ends. And we have Staff from different departments and if you have any questions you can ask them right now. Thank you.

Chair Templeton: Thank you for that presentation. Should we go to public comments?

Mr. Vinhloc Nguyen, Admin Associate III: We do have one member of the public who has their hand up.

Chair Templeton: Ok, let’s do that.

Mr. Nguyen: Ok.

Chair Templeton: Please raise your hand if you want to speak if your hand is not already raised.
Mr. Nguyen: Ok so our first and apparently only speaker will be Lynn.

Ms. Lynn Key-Apella [note – phonetics]: Hello, thank you. My concern on this new budget is partially the same as on the previous one which is the cost overruns. I was just looking through the previous one and I noticed there’s a 33 percent over budget on Fire Station #4 for example. And my problem is that when I look at the Public Safety, it’s starting out at something like $91 million and now it’s $150 million which is what, 27 percent over budget from when it was first thought of. I harken back to the Mitchell Park Library which was 3-years late and way over cost. So, I don’t know what can be done but it seems to me that somehow when you approve these there needs to be some comments to City Council that there should be pluses and minuses or penalties and maybe a bonus of getting these things on time and in budget. So that would be my first comment. I’m very concerned about the way the money goes out and how much is being spent. And a new one I think is Newell Bridge which maybe is necessary but I don’t think it’s crucial right now.

The second part is I’d like to make a comment on the underground districts through the electric. I think you’ve... if you have scanned those you’ll notice that there’s more being rebuilt than the new ones, that there’s doesn’t appear to be any long terms list of how to do the future districts, and that it’s constantly being reshuffled and there’s no idea of when you will actually

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reach the end. So, I noticed that on the rebuilds it is 30-years and you have to rebuild them
which really means you will never get to the last districts on your list at the rate we’re going
with more rebuild than new districts. I was in a district that was the last one of my area to be
done. All the districts after me got canceled, moved, changed, and I don’t know what the
criteria is but when I’ve asked for the long-term list and the districts left to do I have been
unable to find that. So, I would appreciate that list and have someone contact me where that it
is \text{ [and]} how I could access it? Thank you.

Mr. Nguyen: Ok, thank you, Lynn. We do have one more raised hand from Rebecca. If there’s
anyone else who wishes to speak, please raise your hand now. There’s a raise hand button at
the bottom of your screen. This is the last call for any comment on this item. Ok Rebecca, if you
can unmute yourself you may speak.

Ms. Rebecca Eisenberg: Hi all, thanks so much. I have two quick comments. The first is that I
think it should be noted that none of these Capital Improvements actually further the City’s
biggest priorities. Especially housing and as we know, housing is a much bigger safety priority
these days due to the Corona Virus than it was previously because we need places to isolate
and quarantine infected and exposed individuals.

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Second, I’d like to call attention to your... one of the projects you seek approval for because I’m very strongly opposed to it due to the way it’s set up. And that is according to this document you request... the City request $2 million to underground or I guess otherwise make safe electrical lines that are in Foothill Park. Although I fully support underground or otherwise rendering safe, it’s pretty well known that when powerlines are unsafe it is the financial and legal, in addition to moral, obligation of the power company to actually render those safe. So, in other words, PG&E which as we all are aware has caused millions of dollars and countless... dozens of homes and thousands upon thousands of acres of destruction due to the fires that they caused due to their irresponsibility and due to conditions like these conditions in Foothill Park, it’s PG&E that needs to fix this. So, I recommend that and I request that maybe the City can go back and look at its contract with PG&E, look at the court rulings against PG&E and figure out how to get PG&E to actually make safe the powerlines not just in Foothill Park but everywhere in Palo Alto on behalf of our residents. Thanks for the time.

Mr. Nguyen: Thank you, Rebecca. Chair Templeton, that concludes public comments for this item.

Chair Templeton: Excellent. Thank you very much to the members of the public. Commissioners, go ahead and raise your hand if you wanted to ask questions of our Staff members today. Commissioner Summa.

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Commissioner Summa: Thank you very much. I have a question if there’s someone on Staff that can answer this about the last speaker, Rebecca, brought up the powerline issue. It’s my understanding that since we have our own utilities it would be our responsibility except west of 280. I think that PG&E does share powerlines with City and so I think that’s a good question maybe to have answered if they are sharing the cost of the improvements on the powerlines that they share with us. Is there anyone that (interrupted)

Ms. Tanner: Chitra, do we have anyone from Utilities participating today that might be able to address that?

Ms. Moitra: Yes, we do.

Mr. Tom Ting, Engineering Manager: This is Tom Ting, I’m the Utilities Electric Engineering Manager. The powerlines that go into the Foothills are actually owned by the City of Palo Alto Utilities Department. We do share some poles at the higher end but they’re basically joint poles with PG&E. So, we may be abandoning those poles to PG&E depending on how we rebuild the system. We’re looking at either possibly undergrounding the signs or rebuilding the overhead. The whole purpose of this is to prevent wildfires caused by our electric lines.
Commissioner Summa: I appreciate that thank you, and I think it... I think that on the shared poles there could be some shared expense too.

Commissioner Summa: Ok, thank you very much.

Mr. Ting: But a majority of the poles are... up in the Foothills are solely owned by the City of Palo Alto Utilities.

Commissioner Summa: Ok thank you for clarifying that. I have a couple library questions also. I don’t know if you want me (interrupted)

Ms. Moitra: Yes, we do have library Staff with us so.

Commissioner Summa: I had a couple question about the annual cost for the three small libraries that are slated to get this new equipment and whether it made sense to do that right now? I don’t think it’s inconsistent with the Comprehensive Plan but the libraries are currently closed and they’re... my understanding is they’re only going to reopen for 3-days. And the annual cost of this, if you kind of try to look between the lines, is pretty steep for the three little

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branches which have very small budgets. College Terrace has one full-time employee and the... I think the benefits in saved time 40-hours a week, I think that must be for the bigger libraries. I mean we won’t even have people working 40-hours a week in the little ones when they do reopen. So, I’m just wondering if that CIP couldn’t be put off for a while to save money basically and whether it would really function well? I mean College Terrace is really tiny, I don’t even know if there’s really room for that or the necessity and downtown the same? I don’t know as much about the Children’s Library personally so those were some of the questions.

Ms. Tanner: Great. Commissioner Summa, we have Gayathri Kanth.

Commissioner Summa: Thank you.

Ms. Gayathri Kanth, Library Director: Hi, this is Gayathri Kanth, and thank you very much for the questions and I can answer those questions. First, I want to address the libraries, yes, you’re right, the libraries are small. However, they do have a fairly decent checkout. Children’s Library for example has 115,000 items that are returned per year. And with the adjusted budget due to COVID-19 and the effect of it, there’s been severe Staff cutting. So, in some ways, having Image will really enable us to check in materials faster. We have been using it at the Rinconada Library and the Mitchell Park Library. And it has really saved time and also enables Staff to do other, more relevant customer-focused services. The two other smaller libraries, those also have

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about... checkouts about 60,000 items so it is not a very small amount but I understand the concern.

The second thing I wanted to say is that there’s an Impact Fee which is being used to fund this project and Impact Fee is used so that we can really have Staff work on other projects that are really more directly customer focused.

Commissioner Summa: And could you clarify the annual budget to each one of the libraries to maintain the equipment?

Ms. Kanth: I will have to provide you with that information.

Commissioner Summa: Ok. My concern... yeah, ok, and then what... did I read it correctly that it’s supposed to save 40-hours a week at a library? The automated system.

Ms. Kanth: Yes, it depends on the checkouts. So, when we originally had this proposal the libraries were open much longer.

Commissioner Summa: Yes.

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Ms. Kanth: Now things have changed however, we still expect items to be checked out and checked in.

Commissioner Summa: Yes, I understand but I mean College Terrace and the other two libraries aren’t even going to be open 40-hours. So, it’s such… it’s kind of a disconnect for me in the amount of hours that the libraries are going to be open 3-days a week and that they would even have need of 40-hours of more efficient check-in when they don’t even… aren’t even going to be open that much. It just doesn’t make sense to me. I can see it for the larger libraries.

Ms. Kanth: Sure. This is a 3-year project so this year we’re only going to be doing Children’s Library. The other libraries will be in the following years and hopefully by that time the budget situation improves and we will be able to reopen the libraries more.

Commissioner Summa: Ok, thank you for answering those questions.

Chair Templeton: Any other question Commissioner Summa?

Commissioner Summa: No, I was just interested in the annual budget of operations. I was concerned that is was… it… when I tried to spread that out of the information provided. That it

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would be about $30k a year for each of the small libraries which seems like very much but I may have misunderstood that. So, if the library... if our representatives from the library don’t know that I’ll just have to get an answer later but I would appreciate on that.

Ms. Tanner: Sorry (interrupted)

Ms. Kanth: We would be happy to provide you with that information.

Ms. Tanner: That you understand the maintenance cost for maintaining the equipment or the cost per library per the whole capital project?

Commissioner Summa: Are you asking me?

Ms. Tanner: Yeah, I was just trying to understand what exactly is the... is it the annual maintenance cost of the systems that you’re trying to understand?

Commissioner Summa: Yes, I was, yeah.

Ms. Tanner: Great and maybe we can look into that and provide that answer to you. Sorry, we don’t have that right now.

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1. **Commissioner Summa:** Thank you.

2. **Chair Templeton:** Alright thank you, Commissioner Summa. Any other Commissioners want to discuss items in this presentation?

3. **Ms. Moitra:** I can... Paul Harper is here from Budget and I saw him raising his hand. So, do you want to speak to this Paul?

4. **Mr. Paul Harper, Principle Management Analyst:** I just wanted to speak to the maintenance amount. What we have stated in the budget document is that it’s about $10,000 to $20,000 per machine per year. So, the cost would be approximately $30,000 to $60,000 in total once all three machines are installed and that’s on Page 107 of the Capital Budget Document.

5. **Chair Templeton:** Thank you so much for looking that up in real-time. That’s excellent.

6. **Commissioner Summa:** Thank you.

7. **Chair Templeton:** Alright Commissioner Hechtman.

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1. **Commissioner Hechtman:** Thank you Chair Templeton and thank you to Staff for presenting...

   for the presentation. If I could ask Ms. Moitra to pull up I think it’s Slide 3 which is the local ordinance that we’re working under tonight.

2. **Ms. Moitra:** Just give me a second. Yes.

3. **Commissioner Hechtman:** Thank you. So, the… our charge if you will on an annual basis of the PTC involves three potential tasks that are described in this ordinance. And I think the Staff Report is really focused on the first task which is we’re going to look at new projects to determine if they are consistent with the CIP. I’m sorry consistent with the Comprehensive Plan. And that issue I think the Staff Report is very thorough as augmented by the presentation tonight and it’s clear to me that all five of them are consistent with the Comp Plan. And so, I have no problem recommending to the City Council that they are consistent.

4. I really wanted to focus on the rest of this ordinance for just a couple minutes and I wanted to start with a question of Staff probably. So, we came into this cycle with 182 CIPs and we’re adding five more to bring us to 187. Now can Staff tell me how many CIPs we were able to complete in the last year?

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Ms. Moitra: I would defer this question to Paul. Paul, can you answer this question? How many of the CIPs were completed? Hello?

Ms. Tanner: Paul you’re on mute.

Mr. Harper: Sorry about that. Unfortunately, I don’t have that number on hand. Capital projects span a number of years. We could look into that but I don’t have that off the top of my head. I apologize.

Commissioner Hechtman: No apology necessary. I probably should have thought to send that question ahead and it’s not critical that I know but let me tell you where I’m going with this. And really, it’s again looking at the ordinance and looking at the Program as a whole. As you know this is my first time through this CIP cycle and when I saw that we have 187 separate CIP projects in a City of our size with a Staff of our size, it struck me as a very large number and that’s true even though I do appreciate, as Paul says, that many if not most of these projects and programs are spread out over many years. So, the question I really had and incidentally, I did look at the... in the Staff Report, I did review the other 182 previously approved items, and clearly, they’re all worthwhile projects but be that as it may the... what struck me is I don’t know whether we, our Staff, is realistically spread too thin on these 187 projects. And I’m wanting to know how does having so many ongoing items effect our ability to complete any of

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them? And this isn’t really… this is not something I’m asking for an answer tonight. In fact, what I’m thinking is that this really… what I’d really like is… because I recognize that not all of these projects are in planning domain or transportation. They’re spread across all the departments of the City. And so, I’m hoping that there could be an interdepartmental discussion offline and at a future PTC meeting, the appropriate person could come back and tell us either we’re not spread too thin, we’re very comfortable with this or there are issues that maybe we need to look at and perhaps this is something… an issue we can tackle in the next annual cycle. As we move toward next June that we can be looking at prioritizing these or winnowing some out or not adding new ones until we knock some out or at least keeping the number less than 187 so we don’t grow next year to 192. So anyway, those are my thoughts, and that’s a suggestion for something that Staff could come back to us with at a future meeting. Thank you.

Chair Templeton: Thank you, Commissioner Hechtman. Did Staff want to respond to that or?

Ms. Tanner: I’d like to… thank you Chair. I’d like to thank Commissioner Hechtman for the suggestion and certainly, for the attention of just saying are we even spread too thin? It’s a great question to ask of our organization and make sure we’re focused on things. I don’t know if Paul or our Chief Financial Officer Kiely Nose want to speak to how we are thinking about other Capital Improvement Projects overall as we do kind of… while we’re heading into a very uncharted year this year and next fiscal year. But also, because we had established the

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Committee in the City that had looked at prioritizing a couple... I think there were 10 priority CIPs; the Public Safety Building and some others. So, it doesn't exactly speak directly to your question of should we have... get to 200 or 190, now where should we be going but they may want to offer some comments overall in our CIP Program.

Mr. Harper: Sure, I can start with that, and then if Kiely wants to jump in that would be great. I will say that as part of the planning when we’re putting together the Capital Program every year we do take it into account workload capacity as one of the items when we are trying to prioritize projects and make sure that we have enough projects budgeted in a particular year or throughout the 5-year plan. That is the main focus in terms of how we are thinking about them along with other things like the safety needs and repair needs and things like that. So, I think departments themselves would need to speak more directly on how they’re feeling in terms of being spread too thin, but we really do try to take that into account when we are planning for capital projects and looking forward in terms what we want to do this year and what we want to do 5-years from now. To make sure that we’re keeping up everything in terms of maintenance as well as planning for new things that are necessary to keep the City growing.

Ms. Kiely Nose, Chief Financial Officer: Good evening PTC, I’m Kiely Nose the Chief Financial Officer, and really, I think Paul is spot on in the review that we usually do. Just a reminder in terms of the quantity and frankly pace that we work at. The... I think the question is frankly one

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Commissioner Riggs: Oh well it’s funny I… sorry should I lower my hand while I’m talking? So, I was… I think that’s a great observation Commissioner Hechtman. And the funny part is perhaps I’m advantaged or maybe its disadvantaged by the fact that I actually teach the Municipal Finance Class and I’ve taught it at multiple institutions. It’s probably a handicap in the sense of the word but I… my vantage point was a little different. And I thought the scope was pretty reasonable and I think just to echo what was just said. I think there are three reasons that I wanted to reiterate that I thought this was reasonable and I thought looked good was the… we had… the project size and type looked appropriate for a City of our scale. I think we have projects with varying duration and I think that’s reflected in the maintenance comment that was just made but also some long-term aspirational things that are… that we know will take 3 to 5-years to implement. So, they will be carried over year to year in these [unintelligible] documents, but also, I think that just emphasizing the fact that this is a constant process of budget evaluation is important to emphasize. After your comment Bart [note – Commissioner Hechtman] we have these two professionals here that are constantly evaluating. Not only evaluating individual projects but actually trying to phase that money and steward it as best as possible. So, in my mind… and I’m looking at this also from having sat on City of San Luis Obispo Planning Commission and they actually have many more. And they’re a City that’s smaller and I think deals with some or sorry, the same size and I think deals with probably less complex issues given their situation in their own smaller region. So, I think it fits within the… it passes the sniff test in my mind so if that elevates some of your concerns, Bart [note – Commissioner Hechtman]

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also like to underscore that yes, for example in Parks [note – Parks and Recreation Commission], a lot of times there’s 7-year cycles on parks and the maintenance is not cutting the grass. The maintenance is actually replacing the equipment because it wears out, it loses its rigor in terms of safety. So that has to be done for safety purposes and that… so what I’m trying to say is that’s part of the normal process. That’s not new, unusual, revolutionary, moving forward kind of new capital stuff. That’s kind of the bottom line on the job.

While I have the floor I just had two quick questions. One is I worked with this Foothills rebuild on fire mitigation. It’s extraordinarily important for safety and if Daren or somebody is on the line I’m just interested in what allows you expense wise and otherwise to put these babies underground instead of above ground and particular with respect to the expense? As I recall it’s like 3x the expense or 5x the expense of leaving those wires hanging there.

Ms. Tanner: Great. Does Daren or Tom want to take that question regarding how we are able to afford the undergrounding?

Mr. Ting: This is Tom Ting, Utilities Engineer Manager. What we will be doing… the task is to rebuild the overhead line system. At the same time, we will be looking at the feasibility of undergrounding sections where it would work. There are some advantages up there because it’s not developed, its easier to trench and install conduits and as you’re going through dirt

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you’re not having to restore any kind of pavement. The disadvantage of it is the terrain, so we have to... we’re working with... we’re going to hire a consultant to work with us on looking at the designs, compare the cost of doing the overhead versus the cost of undergrounding it and we will present those options to Council for their approval before we move forward.

Commissioner Lauing: Ok. The other thing I want to make is a comment, it’s kind of a [unintelligible] comment but this one about the Magical Bridge playground rubber wearing out. That’s a big success story because it’s gotten such phenomenal use since the... day one; literally day one. I was at the grand opening. And so, this is ahead of when we need to do it but it’s a great tribute to the fundraising they did to get that going and how it’s getting used by all kinds of kids. So, another great thing that our City is doing so that’s it. Thank you.

Chair Templeton: Thank you Commissioner Lauing. Any other comments from Commissioners? I... by the way I really appreciate the comment about the park getting so much use that it’s getting worn out early. That is quite remarkable.

About the PG&E portion, Mr. Ting can you speak a little bit more about what is the scope of their responsibility and are they on it? You know if you’re going to be working on improvements on the Palo Alto side, you said you already have an agreement with PG&E to make sure they do

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their maintenance. Can you give us an update just to help the members of the public feel a bit more secure about the fire season?

Mr. Ting: Sure. We do have a joint... what’s called a joint pole agreement with PG&E. It involves sharing costs of any pole replacements or maintenance that we do on the poles. The thing is we don’t share that many poles with PG&E up in the Foothills which is the whole area west of Highway 280. The majority of those poles are owned by the City of Palo Alto. So, when one of the callers commented about the financial responsibility of a wildfire. It’s going to fall on the City, so that’s our concern. And that’s why... excuse me... that’s why we’re looking at rebuilding that whole line, making sure that we have adequate clearance from our trees, things like that. That everything is built and strong enough to handle any kind of situation up there. At the same time, we’re going to look at areas that we can underground. So, the actual share of PG&E’s work is going to be minor of the poles going up in the Foothills. We may have 100 poles, they may only be on about 10 of those poles. So, they may share in the cost of replacing 10 of those poles, a majority is going to fall onto the City of Palo Alto.

Chair Templeton: Ok but they’re not going to leave their portion undone? They’re on board with the whole idea of the project?

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Mr. Ting: If we’re looking at the poles they… we will present to them our idea of undergrounding certain sections. If they want to participate they can. If they want to keep it on their poles, it’s going to be their responsibility. They do have the same kind of responsibilities up there in terms of this is a high fire-threat area. It’s categorized as Tier Two area which is extreme... sorry elevated threat area. So, they are aware of that so we will coordinate our work with them as we do this.

Chair Templeton: That’s great. Thank you for sharing that. Oh, I see Vice-Chair Roohparvar has raised her hand. Over to you.

Vice-Chair Roohparvar: Yeah, a follow up to Chair Templeton’s question. In those instances where we have a joint pole... expense agreement with PG&E, do we handle the maintenance ourselves and then just split the cost with PG&E, or are we relying on PG&E to handle the maintenance and then thereafter split the cost? And the reason I ask is just personally my preference would be to the extent that we can handle any sort of maintenance within our City and be on top of it. I would prefer that and then just make sure that they pay. Could you speak to that Mr. Ting?

Mr. Ting: Yes, so far, the way we’ve handled it, not just with PG&E but also with AT&T, is that we will handle the maintenance, we will have our inspectors, we will contract out for pole

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testing to make sure the poles are adequately sized and the strength of it and not deterrent it.

We will go through the process of that, we will go through the process of doing the replacements and then we will bill AT&T or PG&E for their share of the cost. So, the City is taking on that role (interrupted)

Vice-Chair Roohparvar: That’s fantastic.

Mr. Ting: Of that maintenance.

Vice-Chair Roohparvar: Yeah, well thank you. That’s very reassuring to hear.

Chair Templeton: Alright, thank you. Commissioner Hechtman.

Commissioner Hechtman: A follow up question and I’m a bit confused here. My impression is that when we’re talking about a shared pole, we’re talking about the wood structure that sticks out of the ground. And the reason it’s shared is because the City of Palo Alto has its powerline using that pole and PG&E has separate powerlines using the pole. And so what Staff just described was the maintenance for the piece of wood sticking out of the ground. When it becomes weak it needs to be replaced. But my understanding of the CIP Program that’s before us right now is one that would take the City of Palo Alto lines off of those poles and put them

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underground and to the extent that those poles then only had a PG&E line, then that line is PG&E’s responsibility and the pole becomes PG&E’s responsibility because Palo Alto no longer has a line on it. Did I... was I misunderstanding that?

Mr. Ting: No that is correct.

Commissioner Hechtman: Thank you. I’m prepared to make a motion.

Chair Templeton: Alright you can do it in just a second. Let me ask one more follow up question. So, will they be at... will PG&E be invited to use our infrastructure? The underground part so that they could easily get off the pole.

Mr. Ting: We will present to them what our plans are. If we’re going to underground they won't necessarily use our infrastructure. What we would do if they decide to go underground then we would share the trench.

Chair Templeton: Awe, ok.

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Mr. Ting: And they would... we would put in conduits as [unintelligible] using our contractor install conduit for them for their use, they would pay us a share of that cost of the trench, plus the cost of the conduits.

Chair Templeton: That makes sense. I think that helps us pull the picture together so thank you very much. Alright back to Commissioner Hechtman.

Commissioner Hechtman: Are we ready for a motion?

Chair Templeton: Yes.

MOTION

Commissioner Hechtman: I move Staff recommendation to find all five of the new CIPs consistent with the Comprehensive Plan.

SECOND

Commissioner Riggs: I second. I second.

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Chair Templeton: Alright, thank you. Any… do you want to speak to that motion Commissioner Hechtman?

Commissioner Hechtman: Yes, just very briefly. To clarify and I’m sorry if I didn’t say it clearly before. I wasn’t looking to bring this issue of are we spread too thin up to the Council level as part of this motion. I was hoping that that would be taken offline, discussed with us later at a PTC meeting if necessary, and if at that point we decide that this is worthy of carrying forward then we’d bring it… we’d have Staff bring to Council’s attention. So, I’ve got a very limited motion that I’m making right now. Thanks.

Chair Templeton: Alright thank you. Commissioner Riggs, did you want to speak to your second?

Commissioner Riggs: No, I’m good with the motion as made.

Chair Templeton: Alright please raise your hand if you have any comments before we vote. Seeing none, Mr. Nguyen… oh, Commissioner Summa has a comment.

Commissioner Summa: Just very briefly I’m going to support this motion with the caveat that I do have reservations about the utility of those automated systems in the smaller libraries. And

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that they... maybe they should reevaluate after they install the one in the Children’s Library
whether they need it downtown and College Terrace.

VOTE

Chair Templeton: Alright thank you. I see no other hands for comments so Mr. Nguyen, can you
please conduct a voice vote?

Mr. Nguyen: Yeah, sure, so we have a Commissioner... we have a motion from Commissioner
Hechtman, seconded by Commissioner Riggs and I will take a roll call vote. Commissioner
Alcheck?

Commissioner Alcheck: Yah.

Mr. Nguyen: Commissioner Hechtman?

Commissioner Hechtman: Aye.

Mr. Nguyen: Commissioner Lauing?


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Chair Templeton: Alright thank you all and thank you so much Ms. Moitra for having everybody on hand for this discussion. I think it was incredibly useful and insightful and helped us get through and get to the result that Staff needed so thank you very much. Great job.

Ms. Moitra: You're welcome.

Chair Templeton: Alright let me close that presentation out and get back to our agenda for Item Number Three.

Commission Action: Motion by Hechtman, Seconded by Riggs. Pass unanimously.

3. Discussion of and Recommendation Regarding an Economic Analysis of Potential Changes to the City’s Inclusionary Below Market Rate Program

Chair Templeton: We’ll move to Item Number Three, that’s discussion of and recommendation regarding the Economic Analysis of potential changes to the City’s Inclusionary Below Market Rate Program.

Ms. Rachael Tanner, Assistant Director: Thank you, Commissioners. I have our wonderful consultant from Strategic Economics who will be presenting the bulk of tonight’s presentation but I’ll do a short introduction before introducing Sujata.

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Colleague’s Memorandum at the City Council level that asked to prioritize a study of the Below Market Rate Program and really look at the feasibility of increasing the Inclusionary Requirement. It’s kind of hard to think that just a few months ago we were still in this great run of a market and thinking about how can... we’re wondering how it would last but looking at that wondering can we do more to provide more affordable housing for more people? And in February 2020 the Housing Work Plan was updated, at that time we’re well underway with the study that we’re bringing forward before you tonight and just to kind of highlight what was in the work plan. It asked us to explore increasing Below Market Rate Percentage Requirements in market-rate development up to 20 percent and implementing Inclusionary Housing Requirements for rental housing. So that was the lens we applied to the study and the study helps to satisfy that direction.

One thing that we should note and that Sujata will speak to during her presentation is it clearly... COVID-19 has happened and so when we look at the study it really is looking at a pre-COVID market and pre-COVID development conditions but Sujata will speak to those conditions and kind of what... as we look to future what can she see and what can she not see. Next slide, please.

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So, the overall format for the discussion will be myself providing the overview of analysis, Sujata providing her overview, we’ll probably have the Chair go to public comment and then discussion and look for any recommendations and motions from the PTC. Next slide, please.

So, with that, I want to introduce our consultant Sujata Srivastava. I hope I said your last name right Sujata, I only ever have to type it so you can correct me when you get the mic. She’s a principal at Strategic Economics and she has over 20-years of experience working with Cities on market and economic studies. She specializes in affordable housing and economic development strategies and prior to joining Strategic Economics, she was principal at Economic Research Associates and also AECOM. She’s a Master's Degree in City and regional planning from University of California at Berkeley and she received her BA from Mount Holyoke College. She also is fluent in Spanish and then also proficient in Hindi and Portuguese so she speaks in additions to economics, lots of other languages, and really is a fabulous person. And Commissioner Summa may remember her because she’s also serving as a sub-consultant on our NVCAP program. So, she’s really got quite a bit of experience here in Palo Alto and really throughout the South Bay area. So, we’re very very fortunate to have her and her team working with us. With that, I will hand it over to Sujata.

Ms. Sujata Srivastava: Thank you. What a nice introduction. Good evening Commissioners. I’m going to... I have about a 10-minute presentation and I’m going to try to stay at a fairly high

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level but I know that there might be a lot more detailed questions. So, I have some reference materials that we can use if we do want to get into some of the specifics. Next slide. I think you can skip this one.

Ok, so the key questions that we were asked to answer with our study was what the likelihood of development would be if the Inclusionary BMR Requirement was increased on ownership housing? So right now, it’s 15 percent so the question was would 20 percent have an impact on whether development could occur, and then right now the City has a Housing Impact Fee on rental development. So, there was a question of whether imposing a 15 percent Inclusionary Requirement instead of the fee would impact development potential. And then finally we were asked if there were certain land use or zoning strategies that could help to increase the number of units that were built on-site. And some examples of that were increasing densities or reducing the amount of Ground Floor Retail Requirement and reducing Parking Standards. Next slide.

So, our approach to this analysis is to use something called the Pro Forma model to assess the overall feasibility of development. This is a commonly used tool for these types of projects to look at what the impact of inclusionary housing is on the likelihood of development. And basically, what it is, is it’s an Excel model that analyses development costs and compares them to revenues. And then looks at what the returns are that are generated by the development

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and whether they meet what the current market expectations are for profit. The data sources that we used were a combination of a published commercial real estate data, some of it is subscription data, and we also did some qualitative research interviewing developers and brokers. We also reviewed some performance from other nearby Cities to look at some of the current cost of development for these kinds of projects. And all of the analysis that we did is at this prototype level so we’re basically modeling likely development projects, not any specific development projects. So, it’s important to note that an individual development project might perform a little bit differently depending on perhaps a lot of different factors that come into play for the development. Next slide.

So, the first step, as I said, is we generate our assumptions about the prototypes, what kind of building type it is, what the parking is, what the FAR are, where the... what the zoning district is, etc. And then we provide some estimates of development costs and that includes the cost of land, the cost of construction, soft costs which includes City fees in financing terms, and then we look at current market values for both the sales price and for the rents on the rental side. Next one.

And then the next step is to calculate based on the net value, so this is the value minus costs, what the rate of return is. And the metric we used for ownership housing is called return on cost where you take the net value and you divide it by development costs and you get a

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percentage. And for rental, we used something called yield on cost and that’s because rental
development projects are really assessed more on an annual basis because developers hold
onto that. They’re not building and selling the units, right? So, they’re looking that their annual
return so that’s a yield on cost metric that’s based on the net operating income. So that’s all
your revenues minus operating expenses divided by development cost to get something called
yield on cost. And we looked at feasibility as really kind of a gradient so where the market
expectations for ownership housing at the time that we conducted the analysis was a return of
18 percent or higher for condos and townhomes. That was something that we deemed highly
likely. If it was over 15 percent but below 18 percent we called that somewhat likely. If the net
revenues were positive but the return on cost was below that 15 percent we called it less likely
and then when net revenues were negative it’s highly unlikely. So that’s the gradient for the
ownership and for rental we have different metrics. It’s 5 percent yield on cost is highly likely
and 4.75 percent is sort of in that range of maybe this could be possible and then anything
below 4.75 percent less likely. And then again if your net revenues are negative we called that
unlikely. Next slide.

17 So, going through the results… next slide… first for ownership and what we did here was we
look at three different zoning districts. The SOFA II District, the CD(C) Downtown District with
Housing Incentive Program, and the CS District with the Housing Incentive Program. And for
each of these, I’ll get into what the prototype assumptions were but what we found was that

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under current zoning regulations for those districts the new ownership development projects were not likely to support an increase to 20 percent BMR requirement. Next slide. But if you were able to lower Parking and Ground Floor Retail Requirements it made a big difference in the results and made it much more likely that most development projects could support that higher Inclusionary Requirement. Now the Parking Standards that we tested were one space per unit and the Retail... Ground Floor Retail Requirement was 1,500-square feet on the ground floor. Next slide.

For the rental, this is a little bit more challenging. So downtown rental projects are somewhat likely to support a 15 percent or even a 20 percent Inclusionary BMR Requirement under the current zoning regulations. And that’s partly because downtown development has much higher FAR, much higher density enabled in that project, so you can really create more value on those sites. So, it’s more likely to be able to support that but in the lower density CS Zones and this mostly corridors, lower-density development, is enabled in those areas. The rental apartments had a lower likelihood of being able to do that. Next slide. But if the Parking and Retail Requirements were lowered, then you could make it much more likely that rental projects of both types could deliver 15 percent BMR units on-site and maybe even 20 percent in the case of downtown. Next slide.

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SOFA II RT 35 District, there are 16 units at a... there are about 32-units per acre density and in Prototype 1a, we have 3,000-square feet of ground-floor retail and Prototype 1b we lower that to 1,500-square feet. All the parking is provided on podium and you can see the number of parking spaces changes dramatically because you’re both reducing the number... the amount of parking that’s required for the retail component but also the amount of parking that’s required for the residential. For the downtown condos, that’s a much higher FAR, much higher densities, unit sizes are slightly larger than in the SOFA II because SOFA II has a constraint on unit sizes that aren’t... don’t exist in other places. Again, the same idea of 2b having lower retail and ground floor requirements and then Prototype 4a is condos in the CS with HIP. For all of these we maintained the current height and FAR restrictions and what we really played with was the Retail and Parking Standards. Next slide.

For the rental prototypes, these are much higher density, the unit sizes are significantly smaller ranging from about 600 to 650-square feet. We’re thinking these are likely to be studio and one-bedroom units. And again, for 3a we’re looking at downtown apartments this time instead of condos and 3b is the same prototype with the reduced retail and parking and 5a is the CS Zone. Again, very similar to the condo but this is for apartments so smaller units and 5b has that reduction in the retail and parking. So, in some cases where you’re able to reduce the parking, you also see some different kinds of parking. So instead of having to go underground, you then

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are able to maybe do a combination of surface and underground... sorry podium and that reduces costs as well if you don’t have to build underground parking. Next slide.

Oh, that’s it, I guess I’m done. These are just reference materials if we want to get more into details about the methodology or any of the other assumptions.

Ms. Tanner: Thank you. Can you advance to I think two slides, Vinh? One more and then one more. So just putting back the recommended action for tonight. The first one is chatting about this some more. I’m sure you guys have lots of questions that you’d like to ask and just want to remind of in terms of number one, again Staff asked Strategic Economics to look at the Parking and Retail Development Standards there. You may note that there are also other standards that we could look at adjusting as well such as FAR and height or overall density. You know what can the building envelope really sustains on different parcels. You know may know or not know that sometimes buildings in Palo Alto can’t reach their maximum height because the FAR will not allow them to build sufficiently to meet that height. And so really, we could even just align those ratios so the FAR does allow buildings to get to the current maximum height and that wouldn’t even change the allowable height on those parcels. That’s one thing we didn’t have Strategic Economics study. I don’t know... I’d have to look at our budget to see if we had any more budget to add things to the report but something we could also think about tinkering with

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as we look to ways that we can make housing development more likely; COVID-19 notwithstanding.

One note on COVID-19 and why we both wanted to bring this report to PTC and to Council and why we still are recommending that we move forward Parking or Retail Development Standards. While we don’t know what’s going to happen to many of the variables impacting development, we do know that the parking... the cost of building underground parking for example is a cost and that if we can decrease that cost we can decrease the cost of development. We also know that having that retail space, part of what it does is even building the retail boxes maybe not that expensive but one is just looking at the future of retail. We can probably guess that the amount of retail space we need may be less than what we currently have and so we do want to do some more research on that. The 1,500-square feet still allows for neighborhood amenities without having a big box that may be empty which would be a distraction instead of an amenity. And likewise, what it does is it will let that building envelope change a little bit so that perhaps can be more efficient, the units can change, the parking where it’s constructed, how it’s constructed can change and again having space that is used. So those we do feel like these things can move forward right now.

What we still don’t recommend and why we still want to recommend keeping the Inclusionary Rate at 15 for ownership and really the Impact Fee for rental housing is because of the

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uncertainty around COVID-19. So, it’s possible that we could in a year or two revise the study and at that time see if we can increase the ownership inclusionary increase or if really even have any required-on site rental which I think would be very beneficial. But I don’t know if we would want to make that recommend right now, but perhaps in a year or two to again hopefully maybe next year we’ll have a vaccine and we’ll be on our way to recovery. and we can really think about this some more, but we kind of want to keep things as they are based on what Ms. Srivastava showed us and shared with us this evening. But with that, I will stop my comments and turn it back over to the Chair so she can continue to moderate this conversation.

Chair Templeton: Great, thank you very much for the… this presentation. Let’s go to public comments now and then we’ll have the discussion with the Commissioners. So, if you are planning to make a public comment, please raise your hand using the app feature that you can find under participants that says raise hand or if you’re dialed in *9. Mr. Nguyen?

Mr. Vinhloc Nguyen, Admin Associate III: Chair Templeton, we have no raised hands so we don’t have any public speakers for this item.

Chair Templeton: Alright, I’ll give you more chance just in case and we will move on. Alright, thank you very much, so Commissioners please raise your hands if you would like to speak.

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Wow, the perfect presentation. Awe, there we go. Alright, I saw Commissioner Summa first and followed by Commissioner Alcheck, Roohparvar, and Hechtman.

Commissioner Summa: Thank you very much for the presentation and I don’t... so at a high level, this is kind of disappointing to me because we’re saying let’s keep things status quo. And which hasn’t been working that well and maybe just look at diminishing Development Standards; which is actually in some ways up-zoning the land and would likely result in an increase in land value and I remember when Director Gitelman was here, she explained this.

So, and I also feel like that the cost of property is kind of a funny thing to include as that’s a private negotiation what people... and it may be that people want to redevelop properties they’ve owned for generations or inherited. And I know there’s still a value of that property but the cost... adding the cost in that is kind of a strange notion to me. I mean I think the... that private developers and property owners make deals that are their private business and not really the job of government to expedite.

I’m concerned about making the land more valuable which makes it harder for below-market-rate developers to compete for by making it more... by diminishing the Building Regulations. And I’m also concerned that diminishing some of those regulations will hurt the people that are going to live in these buildings in the future and is inconsistent also... not using the Palmer Fix is

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inconsistent. And maybe now isn’t the right time but I’m not sure why any changes would be
right now in terms of the virus, but it was a... in the new Comp Plan, it was a goal that we had to
increase below... affordability of housing in both rental and for sale. So that’s... those are my
high-level thoughts.

Chair Templeton: Great thank you, Commissioner Summa. Staff, did you want to respond to any
of her comments?

Ms. Tanner: Sure, I’ll respond to a few and then I’ll ask if Ms. Srivastava wants to respond to the
land value question and kind of just that part of the analysis that you performed. I certainly
share Commissioner Summa’s regret that we’re not able to make the Palmer Fix. I think that is
more a function... at least as much a function as time as much as with the evidence was
suggesting about the likelihood of development... of developing those rental units’ affordability
with our current Development Standards. And so, we want to make sure that as we implement
standards that they are achievable or that they have some feasibility. That kind of helps to
make sure that it’s not just paper that we’re asking for, the affordable units, but that they could
come to reality. So, I do hope sincerely when I say we should look at it in a year or two. I really
think we must look at that so that we can move that forward.

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I think one positive note though is that any of those fees do go to support 100 percent affordable housing which can reach deeper than some of our BMR units in terms of the affordability level that are able to offer. And so, Wilton Court for example is where some of those fees have gone to help support that 100 percent affordable housing project and will serve some people far below what our City’s Inclusionary Program can. So, I think that’s really important to keep us moving towards the Palmer Fix, but also know that even without it those funds are going to be used in our City.

And I think that the consultant can probably speak better to the discussion of land values and how that plays into both the analysis and how we might think about policy.

Ms. Srivastava: Sure. Yes, Commissioner Summa, you’re absolutely right that there is a relationship between the zoning and land values. And so, in fact, in our Pro Forma, we have a higher land value assumption for the downtown prototypes than we do for the other zoning districts in recognition of the fact that the land values are more expensive downtown because you can build more on those sites. And so, when we did our A and B alternatives when we looked at reductions, we didn’t actually look at an increase in DU per acre or increases in FAR. In fact, what we did was we tried to keep the same building envelop and just reduce the amount of parking that’s associated. So technically speaking it’s not really an increase in zoning, it’s really just trying to reduce or trying to kind of design a building that’s more efficient. And

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that can have lower costs for the developer and provide the same number of units if not more
in certain cases. So that was the approach that we took in order to be able to try to reflect what
the tools and levers are that the City has at its disposal to try to incentivize development.

Commissioner Summa: I appreciate that; however, we don’t have any studies that shows car
ownership or necessity of car ownership. Especially in a time when public transportation is...
was already... the use of public transportation was already diminishing annually and maybe
even less likely to be used in... because of the COVID virus. So, I don’t know where... I
understand that you think the developer will make more money if they have to build less
parking but I don’t understand where the cars will go. And I don’t understand how we are going
to promote safety, especially for women and people with young children who may be out at
night or work late getting back to their homes and getting safely back or the convenience and
the safety it seems to be diminished. And we really don’t have studies that show that people
are using cars less. That being said we have no idea how much empty parking there might be in
any given area because of new shifts in employment and how people might be telecommuting
and that kind of thing. So, I think it’s really hard right now to make any recommendations
because there’s so many unknowns but I will stop there and leave it to my colleagues.

Chair Templeton: Thank you, Commissioner Summa. Just to follow up on a question that you
brought up. Can Staff tell us why you’re bringing up the... just to clarify why you’re talking about

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the profit margin? Is that for benefit of the developer or were you thinking that it would be an incentive? A way to incentivize development or where you coming from with that?

Ms. Tanner: So, what we want to look at is really... ok again the initial question was could we raise the Inclusionary Rate from 15 percent to something higher for ownership and to 20 percent and could we even begin to require on-site for rental? We don’t... right now there’s the fee program for that and so really, it’s looking at saying most housing is privately developed and privately owned. And so, if the private market is going continue to provide the housing then we need to understand what is going to incentivize or create the conditions under which that private market will build that housing. Including the inclusionary housing or the fees for the affordable housing and so we need to understand what are those things that make folks to get into it? And that’s where Sujata looked at ok, what is the return on cost and the yield on cost based on data and also based on qualitative conversation with developers who actually build in our region; that they are looking for in order to go and raise the funds to make housing come to fruition. And so that’s the I think roughly 18 percent and 4 ½ percent for ownership and rental. That is what she’s seeing in her research to say that’s when people will build the housing. So, then you see the highly likely, somewhat likely, less likely, and not feasible when they’re not making any money, the negative. Unlikely someone is going to invest in housing at that point and then the middle ranges, which are the yellow, it’s less likely than when you’re at that 18 percent. And so, you may have folks who say ok, I’m ok with the 5 percent return or I’m ok with

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10 but that’s not what the research yielded as the most likely scenario for the private markets to build that housing.

Chair Templeton: Thank you, that’s very clarifying, and thank you for the question, Commissioner Summa. Commissioner Roohparvar [note – Vice-Chair Roohparvar] did you have your hand up earlier? Did you want to speak?

Vice-Chair Roohparvar: Yeah, I did.

Chair Templeton: Great.

Vice-Chair Roohparvar: I’ll speak briefly because I made a lot of comments to Staff yesterday, but so here’s the thing, we are in a housing crisis, we want to increase affordable housing in our City. So, if we are going to do that we need to really commit to it because these developers, they’re not running a charity and we’re not attracting the developers that we want and we’re not getting developments that we want built. So, something has to give. We can’t ask for 25 percent affordable housing and not be willing to give on parking or FAR or height. We need too if we’re serious about it because if... honestly, if I sit here and take the stance well I want 25 percent affordable BMR housing but I’m not willing to give on 50 million things. That seems very false to me because I know it’s never going to happen. So, I would further encourage the
City if it has the budget by suggesting yesterday to look at the other levers and increase FAR, increase height requirements. Just see what it all looks like when we tweak those sorts of things so maybe then we get the full picture. So ok, we don’t want to mess with parking but what is it going to look like if we increase FAR? What are... are we going to get the type of private funding that we want developers to come in and build the housing that we want? So that’s about it.

Those are my comments. Thanks.

Chair Templeton: Thank you Vice-Chair. We are going to go next to Commissioner Alcheck followed by Hechtman and Riggs.

Commissioner Alcheck: Yeah thank you. So, what a... it’s a very interesting and complex topic to have discussion tonight on and I wanted to start with just a few questions for the presenter. And then maybe come back and comment after that, if that’s alright Chair?

So, the first question I had was... I guess while you were working on this analysis did you have an opportunity to become familiar with the parcel sizes of the areas you focused on within Palo Alto?

Ms. Srivastava: Yes, we actually created our prototypes... it didn’t really focus on that but we created our prototypes with typical parcel sizes in those different zoning districts. So, for

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example, the downtown is a quarter-acre site, kind of in recognition of the fact that there are not a lot of large sites in downtown.

Commissioner Alcheck: Right so would you... I guess one of my questions is from your perspective would you characterize the parcel size or the typical parcel size in downtown Palo Alto as being a hurdle, a significant hurdle or not hurdle at all for even market-rate housing development?

Ms. Srivastava: I think whenever you have small sites and a scarcity of sites and high land costs it’s always a challenge to get to attract development. However, when we talked to developers there was a lot of interest in doing projects because of the market conditions as they were in 2019 and high demand. So, I think as long as you’re able to put the pieces together and secure the site, make sure that you can really make sure the numbers work, we didn’t hear anybody say it’s impossible. I think in an ideal scenario you could be able to assemble sites and do a larger project but we have seen development proposals in the past that have been on small sites like this.

Commissioner Alcheck: What would... just... so I’m curious what... when you say small site how many square feet are you thinking in your head?
Ms. Srivastava: So, for the downtown prototype I believe we were looking at 1,500-square feet so quite small.

Commissioner Alcheck: I would be really interested in the second version of this discussion or the... at the follow up with... I don’t know if there’s a follow-up. I guess I would be very interested in a list of projects that are under 2,500-square feet that provide affordable housing in the State of California in the last 3-years as in an effort to appreciate just the spectrum of that sort of development because I think there’s a threshold. And that it would be interesting to see ok, well how many affordable housing developments that meet even a 15 percent or even a 10 percent standard in California in the last 5-years have been developed between 2,500 and 7,500-square feet. And then how many have been developed that are in excessive 7,500-square feet and I mention that because I think the 50,000-square feet threshold is a significant barrier to entry. So, there’re some... I think there is an effort that any developer in this environment has to go through that... and there’s some threshold and I worry that our parcel sizes are such a significantly limiting factor in when you consider our current zoning. That it’s almost sort of unrealistic to imagine a scenario where someone develops a 1,500-square foot project with... I don’t even know what that looks like... 10 units or less. I mean I guess if we’re talking some sort of microunit, maybe 1,000 units, maybe 15 units. I don’t know. And then if it’s in downtown does it have to have ground-floor retail with I think if it’s fully 100 percent affordable it wouldn’t necessarily need to have but if it’s not... if it doesn’t meet that margin then it would

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need to have. And then the question is within the remaining floors inside of our envelope could you reasonably develop a project? And I think one of the things... and this might... and I think this is a [unintelligible] of my perspective and the work experience... the relevant industry experience that I have. I think that’s a huge stumbling block and it’s easy to imagine a project but it’s harder to imagine it if you’re familiar... if you actually choosing a site. And I know that that exercise is not easy to do because we can’t choose a site and assume... and make a ton of assumptions, but I think it would be helpful if we could have... if we identified for example a project in a similar City or in... even a dissimilar City but of the size that you would imagine could succeed in some of the parcel sizes that are present in our downtown. And then to say ok, this is the sort of project I’m thinking about when I say if you relax these conditions or if you don’t relax these conditions this is what’s feasible, more feasible, less feasible. I think once we get that visual as a community we may have a more honest discussion of what it means to want more housing and what are we standing in the way of? If we don’t reduce the Parking Standards this is what the project looks like. If you do reduce the Parking Standards based on our typical parcel sizes, this is what the project would look like. And I think you could do the same thing for height but again I think we’re... the visual... the... it’s very difficult to agree as a community on what’s realistic and I think an analysis that would provide a little bit of that would help.
Ok, another question I had, I don’t know that if it’s even feasible to answer tonight, is I appreciate that COVID has made... has a significant impact on this study and it’s... and how to move forward. I think it would be a mistake to assume that we need to incorporate the current situation into our analysis. I think it would be more intelligent... I think it would be more intelligent of us to assume COVID will resolve itself at some time in the near term. And so, then the real question becomes do... did COVID... did this pandemic alter any of the attributes that make Palo Alto the desirable place to build, to live or work in? And those questions there might be long term impacts and I think it would be prudent not necessarily to go well, how is the building... how has labor costs changed during COVID? Frankly, I think in this area labor costs are highly attributable to housing costs and the local housing cost is likely to fluctuate significantly because the local resident isn’t... is not as affected by the unemployment impacts as maybe residents in California as a whole. So, I agree with you that or I don’t know if this is your opinion but I think I agree with you that focusing too much on this present impacts and trying to figure out whether costs are going up or down might be to some extent a fool’s errand. But I do think it would be prudent to begin the process of trying to understand to what extent is the population of people who use to work in downtown Palo Alto likely to remote... to work remotely and does that alter the desirability of Palo Alto as a place to live in; the downtown? I’ll mention as an example, downtown Mountain View, which I assume you’re probably familiar with, has a very different resident profile than downtown Palo Alto. Downtown Mountain View’s retail has very different hours of operation than downtown Palo

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Alto. Downtown Mountain View is asleep once Google is… once the majority of tech businesses depart. It’s a big lunch scene but the evening scene is very different and that’s changing and has changed over time. But I’m… it is curious to wonder what would happen if our downtown had to rely entirely on its local resident population as opposed to that larger… I feel like the statistic is somewhere in excess of 100,000 people who come to work in Palo Alto every day. What happens when that changes and to what extent will that change linger? So, I think an analysis that does that might help.

I have some thoughts that I’d like to ask or to go into but I’d rather take a break, hear what other people do, and if it’s ok Commissioner or Chair Templeton if you could come back that would be my preference?

Chair Templeton: Ok so Staff did you want to respond to his comments so far?

Ms. Tanner: Sure, I think I want to thank Commissioner Alcheck for the comments around the size of the building and that we do have… we did look at… as [unintelligible] the typical site here in Palo Alto in these different areas. It’s agreed that there is a typical and you can see that some of those resulting unit sizes or the amount of units in the different developments are fairly a medium-size maybe you might say, 16, 26, 20 units. They’re not maybe large complexes that we may see in other Cities like I think Redwood City the complexes that are going up there but

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the largest being downtown with the rental at 50 and 54 units. So those are larger developments but I think your point is a good one and maybe as conversation continues perhaps we will be able to add some massing models to this. I don’t know that we can do that right now under this scope of this current project but certainly, something that will help the layperson certainly to understand what are we really talking about. Not just numbers kind of in a chart so that point is well taken and kind of understanding our local development scene like what will we... may see.

I don’t know Sujata if in your conversations with the developers or what you’ve looked at in other Cities if you are seeing that really site assembly is what is happening to facilitate larger projects or if our developers whose sweet spot is a 15, 20-unit building? And so yeah, it’s not maybe as flashy as a big development but it’s happens kind of steadily still because there’s folks who have that niche for their portfolio.

Ms. Srivastava: I think that it does vary and there’re certain markets that are... I worked, when I use to go to the office, in Berkeley and certainly in downtown and along the University Corridor there are a lot of these very very small sites that have seen some rental development. And the configuration is a little bit awkward, it’s a little bit harder to make it work, but they’ve been able to create projects and these are not the biggest developers. So, it’s not like the Avalon’s but they are usually local or regional developers. But there are some examples definitely in San

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Francisco and maybe in places where you are a little bit more site constrained and land constrained. So, we could help Staff identify some projects that might be good analogies to look at but I think there’s always a trickiness to that because the places and context are so unique. So, we want to make sure that we’re picking communities that still represent the character of Palo Alto.

Ms. Tanner: Thank you very much and I think in terms of the long term, impacts of COVID I think that’s a great thing and certainly something that my other hat as a Deputy of the Recovery Branch. So, we’re watching very closely and trying to figure out who’s coming back to work in Palo Alto because that is a big part of our customer base for our retailers. And certainly, to your point maybe housing will become more desirable to build. That’s kind of one thing we’re hoping that folks... it is a very desirable community to live in for reasons besides working here. And so, if we can have more housing, municipal districts, reputation, it’s just a beautiful City and so some of those attributes that will not go away due to COVID and may make Palo Alto still a great place where people want to move, have their family and to live. And so, we may see that swing but we certainly will need to watch that as those long-term demographic impacts of where do people choose to make their homes but thank you for your comments.

Chair Templeton: Alright Commissioner Alcheck, did you want to come back online now or after the other comments have been made?

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Commissioner Alcheck: I... my preference I don’t want to go... I think it would be better if you let a few other people speak and that way if some of the things that I was going to say get said then I don’t have to say them. But I do have a few more comments to make but I’d rather wait till a few other people spoke.

Chair Templeton: Alright sounds good so we’ll go to Commissioner Hechtman followed by Riggs followed by Alcheck.

Commissioner Hechtman: Thank you Chair and thank you to Staff for a really interesting and complex model report. I do want to provide feedback on the analysis but before I do I’d like to focus on number two and just help me understand the recommendation that Staff is looking for because the way it’s phrased here it’s a little odd. It’s... we’re to recommend that Staff keep a law that’s already on the books and so I think what is meant by this recommendation is we now have this analysis and what this analysis shows is that at our current levels of Inclusionary Housing Requirements both for ownership and rental we’re at the point where developers are incentivized to provide the inclusionary housing, but if we include... increase the requirements in either ownership or rental without doing more that will not create an additional incentive. And in fact, to get that additional incentive we would have to change some of our requirements to create further incentive. So, am I understanding Rachael the intent of the recommendation?
Ms. Tanner: Yes, Commissioner Hechtman that is accurate.

Commissioner Hechtman: Ok alright then I am supportive of the recommendation because I think that today we’re not prepared to forward to the Council a comprehensive proposal that would support increasing these Inclusionary Housing Requirements in a way that would incentivize the development market. So, I see this is a two-step process that’s based… what we have now is a great beginning, let’s keep the rules that we have right now, which provide appropriate incentives. And from my perspective, I would like the next step to be looking at ways to increase the requirements by increasing the incentives because I support increasing inclusionary housing in Palo Alto.

So now I want to... in looking at the draft analysis and I have to confess by the time I got to the prototypes at the back of the report, my eyes started to glaze over the same way they do after 2-hours at an art museum. And I say that as a lover of numbers and a lover of art, but I don’t think that what is needed from the Commissioners is to pick apart the numbers in the analysis but rather to understand the macro; the big picture of what these numbers are telling us. And what those numbers... what the numbers told me dramatically is that, as I mentioned before, at 15 percent for ownership and the Housing Impact Fee for rental, development is appropriately incentivized. And if we want to drop, just as a hypothetical example, our Parking Requirement

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to one to one and our Retail Requirement to 1,500-square feet on a typical parcel for its area in Palo Alto, we can incentivize development across nearly every category and that I think is shown in Figure Two of the analysis report. So, to me, that’s the great baseline to know that we could do that. The reality is I think that we don’t want perhaps to reduce our Parking Requirement to one space per unit and we don’t want to limit our retail necessarily to 1,500-square feet. But what I think we want is to find the sweet spot where by adjusting parking somewhat and adjusting retail square footage requirements somewhat and by adjusting the other levers as Vice-Chair Roohparvar called them, we can maintain enough of those other things while increasing... while allowing us to increase the Affordable Inclusionary Housing Requirements in a way that will incentivize the market players, the developers, to go do it. So, we don’t have to drop to one parking space or 1,500. There’s some other... there’s an intermediate step where we get the right balance and what I’m wondering is how do we take the next step in that direction? How do we build on this excellent initial analysis? Those are my comments.

Chair Templeton: Great thank you. Staff, did you want to respond?

Ms. Tanner: Sure, I think those are great comments and I think definitely thank you for interpreting the recommendation. I guess I would ask Sujata how you and your firm to some degree are approaching the near term of analyses? If we were to build on let’s say

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Commissioner Alcheck’s comments and say well, let’s assume that there is an impact to the economy certainly right now and I will just say the next 2-years. I’ll be optimistic. And so, we could still use our 2019 analysis figure inputs kind of saying hey, the economy might get roaring back in a few years. And so, use that as our bases for analyzing adjusting the different levers, and what is that sweet spot? We could even perhaps have a time limit so that our new Inclusionary Rates, let’s say if we found a sweet spot where we get to I’ll just say 20 percent and maybe even just 10 percent on-site rental. Just making things up here. We could say it will go into effect in 2-years, 3-years, 5-years, or even could as some Cities do scale up. Every 2-years it goes up until it reaches a certain point with perhaps some safety valves right if the economy does this or this happens then we would reassess it. Obviously, it gets more complex but that’s a way to even maybe encourage some people to get their housing in now. Build under the 15 percent before it increases to 20. So those are some things we can think about but I would wonder Sujata about the analysis how we might approach that? If we would use the current... the most recent 2019 numbers or... and that would be our best guess at what might happen or if there’s some other metric that you could see coming in the next let’s say 6-months or year that would better inform us than if we were to continue just going on with our 2019 numbers?

Ms. Srivastava: There are these construction cost indexes that are published and we could look at that and to try to understand how construction costs are changing. On the revenue side and

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on the rents and sale prices, I think after a couple months we’ll probably have a little bit more information. For another client, we looked at what the effect was of the past... of the last recession and the dot com bust to kind of see when a major... when there’s a major economic event how do sales prices and rents respond to that? So, there might be ways that we can try to approximate but of course, it would still be definitely an estimate to the best of our ability.

Ms. Tanner: Yeah certainly thank you for that. And I think just to underscore something you said Commissioner Hechtman which is if this had not been... if COVID had not happened, what we might be coming forward with you is to say we see in these numbers that if we do lower the retail and parking standards. We believe that we can support 20 percent but if we raise to 20 percent without those adjustments it’s indicating that development is less likely, in some cases significantly less likely. Which puts the City in a not great position in terms of defending its numbers if someone were to say hey, your analysis said this is unlikely to happen or low likelihood. You are making it infeasible for development to happen and we certainly wouldn’t want to be open to any of those accusations. Thank you.

Chair Templeton: Thank you. Commissioner Hechtman, do you have any follow-up questions or are you (interrupted)

Commissioner Hechtman: No, I’m satisfied. Thank you.

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I... as a person who gets to philosophies or in my academic role about this a little bit I feel like the... we have a social and moral responsibility to produce at this point and produce housing across the spectrum. So, this is clearly talking... trying to target a certain part of the housing spectrum and I think this just makes marginal gains. And I guess I would just put out there that I've been contemplating the idea of breakthrough goals recently. The idea of breaking through this 750,000-unit deficit that we have in the region and I guess I would put out there that my belief is this... this doesn’t get us there. And I think we need a breakthrough goal of production in our City so we can contribute to part of this ecosystem and a study that starts to enable that. I mean I... so I was doing research today there’s $17 billion in Environmental Sustainability funding right now, ESG Funding, out there looking for investment. There’s no reason why some of that couldn’t go to climate-related finance for housing.

And so, part of this is just I want to pose some questions in terms of... and we think about the next steps. I feel like there’s a lot of opportunity that we should be thinking about in terms of production and production across the spectrum that could break us through to achieving some of these bigger picture goals.

So, to reiterate I think circling back to my first comments, I’m happy to support this, happy to put a motion forward, but this is just the first step, and maybe even the second or third step because we’ve taken lots of these steps but it’s just a safe step.

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Chair Templeton: Thank you, Commissioner Riggs. I would... would you mind waiting for the motion until everyone has had a chance to speak (interrupted)

Commissioner Riggs: I don’t even have to make a motion.

Chair Templeton: Or do you (interrupted)

Commissioner Riggs: I’m just happy to be a conduit if that’s required.

Chair Templeton: Excellent. So, I’ll circle back to you in a minute. Staff, did you want to respond about the level risk in the Staff recommendation that Commissioner Riggs brought up?

Commissioner Riggs: I don’t... I’m not saying that challenge Staff. I’m saying that to challenge... so I think Staff... I’m supportive of Staff here Chair Templeton. I don’t... I’m not expecting a response unless they would really like too.

Chair Templeton: Alright thanks for the clarification. I thought it was an interesting point, it was an interesting point and maybe want to respond but so I’ll give them a chance.

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1. **Commissioner Riggs:** Unless they would like too? Yeah, I’m not expecting one.

2.

3. **Chair Templeton:** Ok.

4.

5. **Ms. Tanner:** I will only say that I am... sometimes a risk giver, sometimes I want to take a risk. I think that we are taking a somewhat risk reverse step here to kind of keep the ship steady but I don’t think that is our desire. It really is our... as I said we were very hopeful when we saw some of the results of what do we do if we change parking or retail? I honestly didn’t know if it was going to make that big of a difference. Would those things have enough impact and so to me that was a hopeful sign that there are things that we can do that can tilt the numbers and make the development feasible and finding that sweet spot. I don’t think we’re quite there yet with that sweet spot and we’ve got more work to do on what exactly is that parking ratio? Is it one to one? It is 1.25? I mean there’s something below what we have that could get us closer to it. So, I don’t take the risk of reversely as a negative but I do agree in that we do want to really keep at this. We have to keep at it because we’re not right now where I think we want to be as a City.

18. **Commissioner Riggs:** And Chair Templeton, if I could just echo this. Having trained a lot of... even our City Staff, I... a couple of our new hires are former students of mine and City Planners are not... it’s not... they’re not incentivized to take risks. And I think that to a certain degree it’s

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the job... it's our job to kind of enable them to take risks. And so that's... I mean I don't expect a
presentation but I do... I mean to a certain degree I want to enable the risk-taking. And that's
where... that's why... I don't... Rachael's... I think Staff's doing the right thing in this case and yet
I want to enable them to take risks on this. My opinion is they should be enabled to take risk in
this place.

Chair Templeton: I think it's really helpful for you to share that perspective and to set a target
for when this can come back to us that we would hope we'd be ready for more. So that's good
direction that you've or advice that you've shared with Staff so I think that's great. Alright, let's
move onto Commissioner Lauing and Commissioner Alcheck.

Commissioner Lauing: Appreciate that you, in the Staff Report and emphasized tonight, that
this is all pre-COVID. What was actually the date that you did the meetings with folks and ran
the numbers?

Ms. Srivastava: So most... the numbers are actually mostly through July of 2019 because we've
gone through a couple of different administrative drafts.

Commissioner Lauing: Ok, I've got that down and you talked to developers, I don't want to go
into a lot of this and I'm sorry if it's on Page 110. I didn't get that far because I had a lot of

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finances to go through there, but could you briefly give us a feel of how many developers, where were they? I also had the same question of did they go over any sample projects with you? Can you give us a feel of that? In other words, in the breadth of your research is kind of the question.

Ms. Srivastava: Sure, well I think we probably spoke with about five or six developers. I can go back through my notes and figure out exactly how many. And then we also spoke with folks where... who had active projects in Palo Alto but also folks who have projects in the South Bay and Peninsula generally because there are not a lot of new development projects in Palo Alto that are of this type. So, we spoke to some of the local developers in the area. We spoke to developers like Sand Hill and Subrata and then I think there were some other smaller developers as well. I just... I don’t have that in front of me right now.

Commissioner Lauing: But a total of about six?

Ms. Srivastava: That’s my estimate but I can definitely get back to you on the exact number.

And then for performance, we’ve been doing a lot of work in Santa Clara County and in San Mateo County. So, we have some development projects that we’ve been working on and advising on. Sometimes for public sector clients and some times for private sector clients. So, we referenced those materials to understand, but on the cost side for different kinds of

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building types and looking at what construction bids were coming at for different kinds (interrupted)

Commissioner Lauing: So, to Commissioner Alcheck’s question, do you have Pro Formas for existing buildings and the footprint and all that? So that we can see exactly what is getting built.

Ms. Srivastava: We have… I don’t know if much of that information is fully public, but we do have… I’d have to go back and see what we can actually share. Some of that is not (interrupted)

Commissioner Lauing: Yeah, I mean I think what you’re hearing from a couple of us is that real-life what happened at other places is a nice place to start. And then you looked at the parking variable with the two numbers that you gave us. Did you try to do any weighting of those? Go up or down on parking or up and down… up or down on retail or did you just keep those two fixed? So, in other words, if we said we don’t want to touch parking but do whatever you have to do with retail, did you test that kind of trade-off?

Ms. Srivastava: Well what we did with the retail was we reduced it to 1,500-square feet because I think if I remember correctly that at 1,500-square feet there’s no parking requirement associated with that. So, we wanted to kind of get it to the... a number that would enable us to reduce costs as much as we could and so that’s basically the approach that we

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feasibility model, I think about line 3, I’ve got notes, not the sheet, it’s kind of puts in the land use there and all these other factors. So, my question is if the City had the capability, which they don’t today, to invest in one of these things. Where would we be most effective in helping that Pro Forma and I just think a number of $2 million, if we helped buy the land that I think you had six, what does that do? And I think it changes things radically, but I didn’t run a spreadsheet on it. I was doing this manually in there and honestly, $2 million is not a very big number. We just renewed our street repaving with one contract at Council meeting for $2 million. So, if $2 million could put this thing on the map, that starts to get interesting. So, what I would like to see is some analysis of just that. What’s it going to take to have to inch this thing up to the areas that you’re defining as the right ROC or YOC because we may not be as far off as we think on some of those projects?

So, if I were Dr. Riggs going to my class after this case study got turned into my… for my MBA students. I’d say this is really interesting not here’s next week’s assignment. Next week’s assignment is that you have to tell me what variables are going to give me 20 percent. That’s what we need to do next. We need to see what variables and they can’t be just those four that we usually look at. It needs to be things like private financing and accessing sustainability funds for whatever it is because I don’t think we’re as far away as we think on the math to get up to the 20 percent. So that’s the kind of on-going next step kind of analysis that I think we need.

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I think this is absolutely from a priority perspective, a values perspective, affordable BMR housing is, in my personal view, just the top priority for housing. And Council has made very clear with their unanimous Colleague’s Memo in September of the same thing. I don’t... running current events today to show off, I read the paper this morning, and there’re all kinds of stuff in here. Ken Rows and UC Berkeley said there’s going to be very few market rates being done. I understand this might only be for the next 3 to 5-years. Co-Director Council Community Housing Organization says not in the recession market-rate housing disappears and affordable housing industry is more stable. So, I think there probably are going to be some opportunities coming up to find some developers that will push it a little bit in the short term at least. And so, I think we should keep very much in our sights that we need to get to 20 percent. I don’t think we can capitulate on this 15 or again, as Commissioner Riggs’s we’re not going to dent it, and I think we have to be looking at big projects, not 1,500-square feet.

So, getting back to your recommendation here, I’m still not clear as to why we need to make any recommendation. Isn’t this just that we’ve had a first reading, a first look at this, we’ve given feedback to the consultant, and we need a bit more analysis before we can go forward? It doesn’t seem to me that we need a motion on this.

I just want to... sorry, I meant to ask one other question. Do we have any data on what how much In-Lieu Fees have been paid out in the last 10-years and for what because I think there’s a
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Ms. Tanner: Right, well just to clear these are housing In-Lieu Fees and so they do not create parking. I think the Parking In-Lieu Fee conversation is a distinct one. I believe there was a discussion last night at the (interrupted)

Commissioner Lauing: Yeah, no I misspoke. I was talking strictly to housing so I just want to know how those have been used? What housing projects are they being applied too?

Ms. Tanner: I would have to look back for the last 10-years to know more about what happens in the last decade. I do know the City’s invested about $20 million in the Wilton Court project which is currently under development by Palo Alto Housing and hopefully will be... I think they were on target to do some groundbreaking this fall. At least in those pre-COVID so hopefully they are on target to still have this fall that gets started with construction.

Commissioner Riggs: And it’s Alta, it’s Alta Housing.

Ms. Tanner: Alta Housing, yes now the new name, you’re right.
1. **Commissioner Lauing:** If you just want to quantify it if that’s all In-Lieu Fees or whatever it’s from just so we have a better picture of where they’re being spent.

2. **Ms. Tanner:** Yeah, I think some of it is from In-Lieu Fees but I can check to just make sure there may be some other sources that went into the Housing Trust Fund. We want to be sure about that. I’m just going to write this down real quick.

3. **Commissioner Lauing:** Ok so another way, stay with my Chapter Riggs class for next week, if we have to make a motion I’d say that we’re committed to getting the 20 percent and we’re going to work the variables to get there.

4. **Ms. Tanner:** Yeah, I mean I think that would be something... as far as from Staff perspective in terms of why we’d want to have a motion from the PTC to Council is just the duration of this item. As you saw on the timeline, it’s their to-do list for some time (interrupted)

5. **Commissioner Lauing:** It has.

6. **Ms. Tanner:** And so, we just want to get the report to them to say here’s what the report is saying and what we think we should do right now. And the motion could include directing Staff to look at parking, retail, height, FAR, and as your point other levers that could be adjusted to

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Ms. Tanner: I would say it is a top priority for them to get it this year and so we’d like [unintelligible] forward in August. Additionally, as we’re talking about doing extra work with Strategic Economics, we want to make sure that given our really tight budget constraints that even if we’re going to spend a few more pennies on consulting work. That it’s something that we have the by in of the leadership to go forward and do and we’re just being very conservative in that regard. And so, want to get this into that public forum for the public conversation with Council and go forward and hopefully do some more work. So, if we got this to them in August, August 3rd would be their first meeting, we could turn it around for then. Then we could really hopefully do some good work this fall and bring this back to PTC before the year is out.

Chair Templeton: Great, ok thank you for clarifying. Next up is Commissioner Alcheck followed by Commissioner Summa.

Commissioner Alcheck: Ok I was wondering if I could ask one more question before I make my comment which is to our presenter and maybe to Staff. Can you guys help explain how the Affordable Housing Tax Credit Program facilitates development in the Bay Area?

Ms. Tanner: The Low-Income Housing Tax Credit? LIHTC, is that what you were thinking about?

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Commissioner Alcheck: I mean they changed the rules a little bit in 2018 so it’s... I’m talking about LIHTC but I’m also talking about the federal programs that in place and whether or not it even works in California? I just want to get a sense from your perspective how that has played a role in development of affordable housing over the last several years in the Bay Area.

Ms. Tanner: You know I know (interrupted)

Commissioner Alcheck: Do you see it as a component of the development that you’ve seen? Is it a significant component?

Ms. Tanner: Absolutely, LIHTC is probably... the Low-Income Housing Tax Credit Program is probably one of the single most important federal programs to support the development of affordable housing that exists. Hands down and it’s still very competitive, there’s not enough of it, we could go on and on about the things that could be improved with it but I think it’s probably critical to any below-market-rate housing. Sujata would you agree with that?

Ms. Srivastava: Yes, absolutely, and especially for the 100 percent affordable housing projects like Wilton Court that really rely on tax credits as well as other sources of subsidies. So, Measure A in Santa Clara County has been a very important local funding source for extremely low-income housing and supportive housing. So, there are... but yeah, whenever we look at

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Commissioner Alcheck: Yeah, I mean look, I don’t disagree with you but I also think that the budget crisis you’re experiencing locally is going to impact the state. And it would, in my opinion, be... I think it would be inaccurate to assume that the funding for affordable housing is to be... is going to be as strong as it was in the last couple of years in the next couple of years. I think what you’re going to see is a major cut. If we’re cutting our libraries we’re going to be cutting our affordable housing commitments from a state-wide perspective and I also think the tax credit program is as fundamental as it is to 100 percent affordable projects. It’s probably going to... there’s going to be a little disruption.

Ok, I’ll just into my comment real quick. Interestingly, I came to a very different conclusion than Commissioner Hechtman, and before I share that conclusion I want to provide a couple points of context. The first, I approach my fondness for what we do for local action from that [unintelligible] corner of the ring; which is to say that our local government’s greatest strength... and I should probably repeat this more but our local government’s greatest strength is its ability to act quickly. Now I’m not sure Palo Alto has ever really flexed that muscle but it’s there. We operate exceptionally slowly which is unfortunate because local municipalities like ours, our greatest advantage is that we can address things quickly and then if that doesn’t work we can change and we can change and we can change and we can alter. And we don’t have to wait for Washington to figure it out and for 50 states to figure out. We just need to get
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And so, what am I suggesting? I’m suggesting to you that in the near term I would reduce the requirements if... and before I’m accused of not supporting affordable housing which is bound to happen. I want to make sure that it’s really clear that without amending our Zoning Code to allow for increased heights, increased FAR, reduced Parking Standards, flexibility from the Ground Floor Retail Requirement, etc. etc. I could go on and on. Demanding the same or a greater percentage of affordable housing developments is both unlikely to accomplish your goal and insincere. It’s insincere. Any individual who suggests that we have to raise these standards without making significant changes to our Zoning Code while also holding the flag up that says I am a supporter of affordable housing is either doesn’t get it or lying. That’s how... that’s honestly how I... that’s how honestly, I feel and if it sounds like I’m frustrated, I’ve been here in this seat for 9-years and we haven’t built the projects. The status quo requirement isn’t working in the best of times. It is certainly not going to work in the next 12 to 24-months at attracting a single development. And I know... any... my request earlier about you showing us projects was, in my opinion, we have to see the projects so that it be can be so easily clear that that projects is infeasible in Palo Alto under the current conditions. If I had a project that you could show me in a City, whether it’s doesn’t have the same character as Palo Alto wouldn’t make a difference because we could ask for the numbers and I could show you it’s not going to happen in Palo Alto. And I think everybody on this Commission is a supporter of affordable housing, I really do. I just don’t think that it’s feasible to suggest that we can continue to do the same thing and increase the requirement of a developer.

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And I want to add one more point and this never goes over well, but I want to add one more point. I was once in a... I once attended a debate where this developer and this affordable housing advocate were sort of debating the whole idea of private developers being required to provide a portion of their developments in municipalities like ours as affordable. If you build in Palo Alto, 10 percent of your units, 15 percent of your units. At San Francisco, it’s more and the developer made this interesting argument that there isn’t an aisle at your local grocer where the same box of cereal is 25 percent cheaper and the only people who can enter that isle are individuals on a specific list. There’s only one private industry in our environment that we’re taxing... we’re asking to bear the burden of providing affordable housing and we’re doing it exclusively to developers. We’re saying yes, our supermarkets will take food stamps which are subsidized by the federal government but the grocer isn’t subsidizing the cost of their food and their work; but when it comes to housing we are going to have that private actor designate a portion of his units as affordable as subsidized because that’s the... what do you call it? That’s the... you want to play the game, those are the rules and that’s... I’m not suggesting that we alter that framework. That... we’re already there, we already require it. The question is are we collectively assuming the responsibility that we need to begin to assume? I’m fine requiring developers to contribute a portion of their developments as subsidized developments if you will as subsidized housing. You want to build in this City you got to build a certain number of units affordable. I am comfortable with that. I am also comfortable sacrificing some portion of my

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standard of living if that’s how you see it in living in next to buildings that are taller, denser, and less capable of parking all of the vehicles that are utilized by their occupants. And that’s the commitment, that’s the sacrifice I’m willing to make and I feel like it’s only fair if we’re going to ask these private actors to solely subsidize this crisis. That we start to put our own efforts into the goal of creating affordable housing and effort, sacrifice, however, you want to describe it.

And so, I would suggest to you that I would... if Council... my recommendation would be if Council is unwilling to consider changes to the Zoning Code to encourage developers in the near term to identify Palo Alto as a place where they can develop affordable housing projects that include more affordable housing. If we’re unwilling to do that immediately then over the next 3 to 6-years we should consider relaxing our Affordable Housing Requirements because to not do so would be an insincere effort. We are just speaking to affordable housing, we are not actually doing anything for affordable housing. Thank you.

Chair Templeton: Alright thank you Commissioner Alcheck. Commissioner Summa.

Commissioner Summa: Thank you. I agree with a lot of my colleagues that we’re not doing very much by keeping the status quo which is what we complain has not been adequate to provide enough affordable housing. We’re doing fine with market-rate housing.

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And I want to remind people and this came up at the NVCAP. I’m sure it was Sujata’s work that even affordable housing is not without value to ownership. Especially... obviously, at the higher levels of AMI, it’s more but it’s nearly... at the highest level of AMI that we allow affordable housing for it’s nearly as valuable to the property owner as market rate.

And I want to remind people also that market-rate housing sells for almost a 1,000-square feet... a $1,000 a square foot in Palo Alto. So, there is value in housing and as some of you have mentioned there are trends... a lot of experts think that housing get emphasized after a recession. Building... that’s when housing gets built.

The other thing that I wanted to say is if we’re serious about building housing and incentivizing housing. We should be talking about not allowing any new office in mixed-use buildings. And I don’t think... I agree... I think if we don’t do that we’re not being serious about housing.

And I also think that the In-Lieu Fees give... don’t pay for the units that we’re giving up. So, we either need to make the In-Lieu Fees for housing much larger or enough that we... it’s a tradeoff. You may not want so-called affordable housing in your building but you should be paying for not having it there. Otherwise, I don’t think we’re very serious.

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MOTION

Commissioner Riggs: Can’t unmute myself, it’s getting dark here. Yeah, I’d make a motion to approve the Staff recommended action as it is.

Chair Templeton: Alright is there any second?

SECOND

Vice-Chair Roohparvar: I’ll second.

Chair Templeton: Thank you Vice-Chair Roohparvar. Alright Commissioner Riggs do you want to speak to your motion?

Commissioner Riggs: I think I spoke to it in my prior comments, but I’ll reiterate that I think it's satisfactory, it’s safe, but I think our City can do more.

Chair Templeton: Great, thank you. Vice-Chair Roohparvar? 

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Vice-Chair Roohparvar: Agreed, same thing. It’s a first step.

Chair Templeton: Alright, anyone who wants to speak to that please raise your hand.

Commissioner Lauing followed by Commissioner Hechtman.

FRIENDLY AMENDMENT

Commissioner Lauing: I think it would clarify our intent as least I’ve understood frankly most of the comments if we added to the second point that... this isn’t the wording but that the plan is for Staff/consultants to do more analysis to see what variables would need to shift in order for the PTC to recommend 20 percent or more because that was the original request from the Council. And we’re not giving up on that as I hear my colleagues talk so let’s put that in there so that they’re getting that message.

So, if the maker would be willing to take that amendment in much better wording, I think that I could get behind it.

Chair Templeton: Commissioner Riggs?

Commissioner Riggs: Yeah no, I (interrupted)
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Chair Templeton: So, to include a follow-up comment.

FRIENDLY AMENDMENT DECLINED

Commissioner Riggs: I appreciate the sentiment. I just... I think my recommendation on this motion is just to leave the recommendation clean as is. My... I think there’s a lot of good feedback in the minutes and I think what I would... and just I think there’s enough for Council to gnaw on in our dialog here without conflating or confusing the motion. I think it’s straightforward enough as is so I’d prefer to just keep it as is.

Commissioner Lauing: I think it’s clean. I just don’t think it’s even accurate. That’s all I’m saying.

Commissioner Riggs: Yeah, yeah, I understand what you’re trying to say and I just think I’d just like to keep it consistent with what Staff had proposed. I don’t see any glaring deficiencies.

Chair Templeton: Alright so anything to add? It looks like that amendment was declined. Anything to add Commissioner Lauing?

Commissioner Lauing: Nope.
Chair Templeton: Ok. Commissioner Hechtman.

Commissioner Hechtman: I suppose my concern with the motion is similar to Commissioner Lauing’s. I would like the Council to know that I would like this analysis to be extended to make in particular a more focused inquiry into how to again, find this sweet spot specifically so that we can increase our Ownership Housing Requirement to 20 percent and replace our Rental Housing Impact Fee with an identical 20 percent. And to me, I think the form that takes in addition to making the recommendation that Staff supports is to ask the Council to authorize the extension of that analysis and that’s really where I’d hope that the direction that our motion ultimately go. And I’m not necessarily (interrupted)

Commissioner Riggs: So, yeah, yeah, I’m... go ahead, sorry Bart... sorry, Commissioner Hechtman.

Commissioner Hechtman: I’m not necessarily asking you to amend your motion. I understand and appreciate the purity of it, but my concern is it doesn’t tell enough.

Commissioner Riggs: Why don’t from a parliamentary standpoint and I’ll let Chair Templeton figure this out but why don’t we have a second motion that suggests that to Council. So, we

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Chair Templeton: Ok so the maker has declined the amendment, we will circle back to the other Commissioners after this has been resolved. Commissioner Roohparvar [note – Vice-Chair Roohparvar].

Vice-Chair Roohparvar: I was just going to say it seems like it’s been resolved now but I was on board with what Commissioner Lauing and Hechtman were recommending. That I do think we need to go further and clearly express what we all think. We can’t just expect that they’re going to read the minutes and really understand what we want.

Chair Templeton: Alright.

Commissioner Riggs: Can I respond to that, Commissioner Templeton [note – Chair Templeton]? 

Chair Templeton: Yes.

Commissioner Riggs: So, I have to say I used to feel like that. When I was on the... my second or third year on San Luis Obispo Planning Commission I was like I’ve got to make it in the motion because Council is never going to read the minutes. But I actually do... they pay attention to what we say and they do read our minutes and it’s their job to understand. To think... so I

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think... I’m fine supporting a second motion, but I don’t think you can... don’t feel like this dialog and this tension that we have been talking about is not apart of what they think about.

Vice-Chair Roohparvar: Right but it creates fair emphasis when you put it in a motion.

Chair Templeton: Alright so let’s... it looks like there’s... discussion is complete on this motion so let’s take a voice vote.

Mr. Nguyen: Sure, so we have a motion from Commissioner Riggs, seconded by Commissioner... Vice-Chair Roohparvar and I’ll go down the list to taking a voice vote. Commissioner Alcheck?

Commissioner Alcheck: Nay.

Mr. Nguyen: Commissioner Hechtman?

Commissioner Hechtman: Aye.

Mr. Nguyen: Commissioner Lauing?
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MOTION PASSED 4(Templeton, Roohparvar, Riggs, Hechtman) -3(Alcheck, Summa, Lauing)

Chair Templeton: Would any of the no’s like to speak to their vote?

Commissioner Alcheck: Yeah, I’ll speak quickly. In the last 18-months, we saw a lot of individuals stand up and say that the residential Presidential Hotel was an asset to our community as a residential property. I don’t think there was a single City Council Member who didn’t suggest that wasn’t a tremendous asset we should be fighting for as a residential property. It is, in my opinion, hypocritical to stand in the way of allowing a second Presidential Hotel residential property to be built in the City on the same block or on the same street or blocks away. And so, Commissioner Lauing suggested that this is what the City Council asked us to look at 20 percent. I am suggesting that in my very professional opinion that is an insincere request. The request to consider increasing the minimum requirement for affordable housing in the vacuum of any other change is just... it’s like political fodder. It is just campaign fodder in my opinion. If we don’t actually have a conversation about how our zoning stands in the way of actual development, market or affordable, and just to... we’re really clear when I say change the zoning I mean exclusively for residential. I would not increase height or FAR for a commercial property, for a mixed-use property, for a retail property. I would exclusively suggest that we consider amending the Zoning Code in places like downtown and California Avenue to allow for
the very sort of building that I think so many people in this community were ready to fight for which was the President’s Hotel as a residential building. It... I can’t... it’s was... it’s astonishing how many people suggested that it was such a wonderful place to live and at the same time if a project like that came forward it would be considered the most absurd, insane, and objectionable property project in Palo Alto history. Those two things can’t be... I can’t keep both those things in my head at the same time. There’s a... there’s incompatible and so I think... I love the idea of having every project that’s built in this City have more affordable housing than any other community in the Bay Area. The question is are we actually suggesting that we can do that by simply increasing that requirement or do we need to do more?

And so, I will support the second motion should it be made because that’s... that is the only motion really that I think deserves our support.

Chair Templeton: Alright thank you. Anyone else? Alright, Commissioner Lauing or Commissioner Hechtman, do either of you want to make another motion?

Commissioner Lauing: Go ahead, sorry. Go ahead if you’d like Bart.

MOTION #2
1. **Commissioner Hechtman:** Thank you. I will move that the PTC recommend to the City Council that it authorize an extension of the current analysis that would analyze specific adjustments across the spectrum of zoning and financial factors to make it the most likely category that developers would proceed with an ownership housing project requiring 20 percent inclusionary housing and a rental housing project that includes a 20 percent Inclusionary Housing Requirement.

2. **Commissioner Riggs:** And (interrupted)

3. **SECOND**

4. **Commissioner Lauing:** Second.

5. **Commissioner Riggs:** Assuming... well, can I be the one the seconds given that I suggested the parliamentary procedure? Just... I want for the record, I want to make sure that I support this as well as being... is that ok Commissioner Lauing? It doesn’t matter to me but I... if that’s ok with you I’ll second?

6. **Commissioner Lauing:** Yep.

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Commissioner Lauing: Yes, I think this exactly what we should do and it’s not a promise to Council or anybody else that we can get there. It’s a commitment to work the variables and see what they’re going to take. And then make an informed recommendation to Council on some real number. So, I concur entirely with that and it had all the things that Commissioner Alcheck just mentioned in his last descent including other changes to zoning and it also includes new ideas that aren’t even zoning related. They’re fundraising related, so I agree with word menu. I understand that that’s complex because you can’t bring us 72 variables but I think it’s clear as to what we’re looking for from Staff.

Chair Templeton: Thank you Commissioner Lauing. Commissioner Summa.

Commissioner Summa: Oh, thank you. I just... for some reason Commissioner Hechtman, your voice alone is very soft for me so I was having trouble hearing it but your... the way it was worded it’s broad enough to consider any zoning changes, right?

Commissioner Hechtman: Yes, even the ones that you mentioned are not off the table.

Commissioner Summa: Ok I just wanted to double-check. Thank you.
VOTE

Chair Templeton: Alright, I’m also supportive of this motion. I think that it encourages the kind of creativity that will be needed to solve the issue. To guide us and approaching it in a different way. So, I appreciate that we were able to get the immediate question in front of Council with the Staff recommendation, but I also think following it up with the next steps is the right thing to do. So, thank you all for that. I don’t see any other hands up for discussion. Should we take the voice vote?

Mr. Nguyen: Yes, so we have a motion from Commissioner Hechtman, seconded by Commissioner Riggs and I’ll go down the list for voice votes. Commissioner Alcheck?

Commissioner Alcheck: Aye.

Mr. Nguyen: Commissioner Hechtman?

Commissioner Hechtman: Aye.

Mr. Nguyen: Commissioner Lauing?

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1. **Commissioner Lauing:** Yes.

2. 

3. **Mr. Nguyen:** Commissioner Riggs?

4. 

5. **Commissioner Riggs:** Aye.

6. 

7. **Mr. Nguyen:** Vice-Chair Roohparvar?

8. 

9. **Vice-Chair Roohparvar:** Yes.

10. 

11. **Mr. Nguyen:** Commissioner Summa?

12. 

13. **Commissioner Summa:** Yes.

14. 

15. **Mr. Nguyen:** Chair Templeton?

16. 

17. **Chair Templeton:** Yes.

18. 

19. **Mr. Nguyen:** Ok this motion carries 7-0.

20. 

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MOTION PASSED 7 (Alcheck, Hechtman, Lauing, Riggs, Roohparvar, Summa, Templeton)-0

Chair Templeton: Excellent and thank you so much Ms. Srivastava for the presentation. In our pre-meeting, I told you everyone was going to be very excited to jump in and discuss your numbers with you. So, it was absolutely wonderful that you provided so much information and hopefully, we’ll get to see you again and to go into the next level of detail. So, thank you very much.

Ms. Srivastava: Thank you, have a good evening.

Chair Templeton: Good night. Alright, that closes Item Three on the agenda.

Commission Action: Motion by Riggs, Seconded by Roohparvar. Passes 4-3 (Alcheck, Lauing, Summa Against)

Commission Action: Motion by Hechtman, Seconded by Riggs. Passes unanimously.

Approval of Minutes

Public Comment is Permitted. Five (5) minutes per speaker.

4. May 13, 2020 Draft PTC Meeting Minutes

Chair Templeton: And we now move to approval of the minutes and did I see revised minutes go out again Mr. Nguyen? I think I did.

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Vice-Chair Roohparvar: Yeah, I did, sorry.

Mr. Vinhloc Nguyen, Admin Associate III: Yeah, we had a [unintelligible] of changes but they were all pretty much grammar changes that didn’t really change the overall meaning of the text.

Commissioner Alcheck: I actually sent my changes to Commissioner Hechtman.

Mr. Nguyen: Oh, you did?

Commissioner Alcheck: No, I’m kidding.

Chair Templeton: Oh, it’s that point of the evening. Alright well, thank you. Would anyone like to move that we approve the minutes?

MOTION

Commissioner Summa: I’ll move it.

Chair Templeton: Alright thank you, Commissioner Summa.
SECOND

Vice-Chair Roohparvar: I’ll second.

VOTE

Chair Templeton: Thank you Vice-Chair Roohparvar. Any discussion? Let’s vote.

Mr. Nguyen: Ok, Commissioner Alcheck?

Commissioner Alcheck: Aye.

Mr. Nguyen: Commissioner Hechtman?

Commissioner Hechtman: Aye.

Mr. Nguyen: Commissioner Lauing?

Commissioner Lauing: Yes.

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Mr. Nguyen: Commissioner Riggs?

Commissioner Riggs: Yes.

Mr. Nguyen: Vice-Chair Roohparvar?

Vice-Chair Roohparvar: Yes.

Mr. Nguyen: Commissioner Summa?

Commissioner Summa: Yes.

Mr. Nguyen: Chair Templeton?

Chair Templeton: Yes.

Mr. Nguyen: Ok the motion carries 7-0. Thank you.

MOTION PASSED 7(Alcheck, Hechtman, Lauing, Riggs, Roohparvar, Summa, Templeton)-0

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Ms. Rachael Tanner, Assistant Director: Yeah, that’s accurate Commissioner Summa. I think we’ll have at least... our goal is to do two groups but depending on scheduling we also want to try to be flexible for people. So, we’re hoping we can do two and Council added an additional meeting date which is the 23rd of June now. So, we’re looking at I believe it’s the 25th of June and then the 29th and 30th and so we’ll send out a message to try to get folks to choose the dates that work best for them. So, it’s trying to triangulate preferences, but availability and I think our meetings have been packed. Even when we’ve had a really good discussion it’s just... it’s hard with our large group to sometimes get to the depth we want. So, we’re trying to see if the smaller group helps facilitate that. It may not but at least we can try and see where that gets us. And so that will be coming up at the end of this month and hopefully, we’ll be able to keep meeting in July as vacation schedules may not be what they used to be last summer.

Commissioner Summa: I... oh I’m sorry to interrupt.

Ms. Tanner: Go ahead.

Commissioner Summa: Oh, I personally have a preference for you assigning random groups. I think it’s better than breaking up over... I think if we break it into people who want to save this historic resource and people who don’t, we’ll end up just coming back without having got very far. I think it would be good to have people who represent all the points of view. I have a
preference for randomized groups rather than self-selecting groups because I just don’t want to
talk to all the people I agree with and I don’t think it will advance us as far in the process.

Ms. Tanner: I think that’s a good point and we may ask people both do you have a preference
for topic but just date. That maybe people’s preferences just whatever group, I don’t care, I just
want to do it on Monday or Tuesday. And so, we’ll try to triangulate it and that’s a good point
and we have a lot of other topics besides the building to talk about too. And I think no matter
what group you’re in you could have that conversation, so biking, where should parking go,
offices, etc. can happen in any group.

Chair Templeton: Alright and when’s your next meeting?

Ms. Tanner: Definitely... well [unintelligible] highly likely on June 24th or no, yeah 24th and then
possibly the following Monday or Tuesday.

Chair Templeton: Ok. Alright, excellent, thank you for the update both of you. We also had an
XCAP meeting last week where we listened to an expert on noise and vibration. You think we
like details here, that was quite an in-depth discussion, and then the XCAP update was
delivered to City Council on Monday. If you want to see it, it’s the first public agenda item. So

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yeah, we have a meeting next Wednesday as well if you’d like to join in. Great, ok, so
(interrupted)

Ms. Tanner: Do you want to raise the idea of the Objective Standards Joint... I forgot what it’s
called... a joint meeting with the (interrupted)

Chair Templeton: With ARB?

Ms. Tanner: I’m not sure if we should raise it here or try to schedule via... take a poll via email
of folk’s availability?

Chair Templeton: Let’s give folks a head up here and then do the poll... the actual polling over
email. So, if you can remind me what the dates suggested were but while we look that up I
think it was August. A few weeks back we had a meeting with some content that was related to
the ARB, that we want to consult with them, and was talked about whether we wanted to do a
separate subcommittee or something like that, but the idea was could we do a joint session. So,
we’re trying to schedule that with Vinh and the ARB. Vinh, can you tell us a date?

Mr. Vinhloc Nguyen, Admin Associate III: Yes, so it looks like we are looking at August 20th at
8:30 or 9 or even 9:30 am.

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Chair Templeton: Alright so we’re going to send out a poll and see if that works. We don’t what the situation with school will be. If you have children in school in Palo Alto they may be back by then. So, we’re just asking you to check if that timing works given that we may have also additional obligations. It won’t be like it is right now so, alright, so please look out for that and we’ll send that out sometime in the next week, Vinh?

Mr. Nguyen: I can send out the polling tomorrow morning.

Chair Templeton: Ok, that’d be great. Ok and any other (interrupted)

Commissioner Riggs: [unintelligible] note that I just said it will generally probably work for me.

Chair Templeton: Yep that’s sort of what I said to Vinh as well. I was like well there’s some chance so ok.

Commissioner Questions, Comments or Announcements

Chair Templeton: Great so we’re onto Commissioner questions, comments, announcements, and future agenda items so thank you Ms. Tanner for that. Any other items to add? Any planned absences that aren’t on the calendar?

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1. **Commissioner Riggs:** No, I just... can... I’m sorry Chair Templeton. I just want to say thanks for people’s patience in the last couple months. It’s been a really challenging... a big challenging time for my family with a couple folks having COVID-19. And also childcare issues and some times when I’ve been single parenting. So, I really appreciate your patients, I’ve had to opt out a couple times at the last minute due to personal issues. So, I... thanks for being so gracious and proceeding without me. I appreciate that.

2. **Chair Templeton:** Thank you, Commissioner Riggs. Looking ahead to future agenda items, it looks like we only have a tentative item on the 24th. What, Ms. Tanner, are we thinking at this point?

3. **Ms. Rachael Tanner, Assistant Director:** Yeah so what we’re looking at for the 24th is to bring a study session around the next changes in how we’re looking at LOS or Level of Service in CEQA. Changing to Vehicle Mile Travel which will be timely because we do have plans to bring before you Castilleja at the end of July and that will have some barring on that. So, it will be good for you to have that background and then also for projects going forward that would come before you just to understand that transition. I don’t even understand all of it, it’s very complex. Our Office of Transportation has been leading that work with a consulting team. They’re going to be going before Council with that on the 22nd I believe but again it’s really something that you guys

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as experts and kind of in your position really need to understand in order to be able to take action on items. Again, this is a transition that’s going on all over the State of California that the jurisdictions are making as well and so we want to get those folks here.

And then in July, we’d like to bring forward-looking at Plan Bay Area and the Regional Housing Needs Allocation as well as other state housing laws that have gone into effect. Really following up on our Objective Standards, wanting to beef up our strength and our muscles on housing as we head into both the end of this year’s legislative session and other laws coming on board. New RHNA perhaps is slated to be coming out this fall, although I… we’ll see if the schedule stays and new a new Housing Element that we were just not putting in a grant application for to get funds to support that and getting that started up in this fall. So, a lot of housing [unintelligible] in the horizon. [unintelligible] use this maybe not downtime as total downtime but to kind of have those discussions. And then as maybe we talked about at the beginning trying to think about what the future looks like post- COVID and so that may not be in July but certainly, we want to have some of those conversations going into August. Maybe get a panel discussion or something slated for the PTC.

Chair Templeton: Awesome. Thanks for those updates and if that is all... oh, I see Rachael and Ed [note – Commissioner Lauing]. Rachael are you (interrupted)
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Ms. Tanner: [unintelligible - bad audio] I’m done.

Chair Templeton: Ok thank you for the update and Commissioner Lauing.

Commissioner Lauing: The Council sent back to us the other In-Lieu Fees, the actual parking ones as opposed to the housing ones. So, do we know when that’s coming back to us?

Ms. Tanner: That’s a good question. Let me look if their motion had a timeline but that’s something that we do have flexibility to take up sooner rather than later. So, we can definitely agendize that.

Commissioner Lauing: Yeah and I think it’s ready. There’s not a lot of prep for Staff to get it ready.

Ms. Tanner: Ok, let me check with Staff with that and maybe that can come back in July as well.

Chair Templeton: Alright, thank you very much and this meeting is adjourned. Take care everyone, appreciate it.
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