



CITY OF PALO ALTO CITY COUNCIL FINAL TRANSCRIPT MINUTES

Special Meeting
February 3, 2018

The City Council of the City of Palo Alto met on this date in the El Palo Alto Room, Mitchell Park Community Center at 9:11 A.M.

Present: Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Absent: DuBois

1. Mayor's Welcome, Overview of the Day, Retreat Orientation.

Mayor Kniss: Actually, it's your Retreat. We're here today because we want to hear from you. We have topics in our community that we are extremely involved in. I can tell one of them right now just by looking into the crowd. I see a number of signs that appear to be blue with a red slash through something. Thank you all for coming. We will get to that point. This morning, I'm not going to talk about what the State of the City is because we're going to craft what we will be concentrating on during the coming year. We are doing things a little differently. We'll have a State of the City speech probably not until March or April, which is a little late. I think it takes a while to actually know what the State of the City is. We have some wonderful but incredible challenges this year. You are going to tell us today what you think are some of the big challenges in our community. I think those that are absolutely obvious deal with transportation, deal with traffic, deal in some cases with bikes, with bike routes. We've heard a great deal about Ross Road. We know there are some things you like; we know there are some things you don't like. We're also going to talk about grade separations today. That will come toward the end of our Priority discussion. We're going to spend a lot of time today on housing which is—no matter which way we attempt to find out what the issues are that you're really engaged in, housing continues to come to the top. We have probably done in one way or another, either at the City or in other ways, surveys of what you all find the most pressing in our community. It's without a doubt affordable housing or housing in general or simply the cost of housing and so forth. It's very expensive to live here, but it's also very expensive to live in Menlo Park, Mountain View, any of our surrounding cities. We have become an amazingly successful area of the Country. Many people really believe that we drive the economy, some believe for the entire world. We have an important vantage point that we begin from in Palo Alto. I wanted to tell

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you a little about how we are going to deal with housing this year, which is one of my high priorities. As you probably know, we have two Standing Committees. One Committee deals with finance. This year Greg Scharff is going to chair that Committee, and he'll have a chance to talk later. We're going to alter our Policy and Services Committee in some way. It really will be this year policy and services and housing. As a Committee, that Committee is going to deal more with housing than they will with actual policy types of conversations. They'll probably meet more often than the Policy Committee has met in the past. We'll be talking a lot about that during our Priority setting. For us to move forward on housing, it is going to take great energy and determination on our part, on the part of the Staff, and on you. We really will need you engaged in these conversations for anything to change in our housing production in this community. We'll get to that later. If we are to keep with our Comprehensive Plan (Comp. Plan) and to keep with our Regional Housing Needs Assessment (RHNA) numbers, which are our regional numbers, we need to be building something like 300 units a year. That's a lot. We'll talk about how we think we can get to that this year, but that means every year for the next 15 years. Daunting somewhat, but I actually believe we can do it. As far as our finances go, we'll have a long discussion about that later. Regardless of what you're reading in the paper, whether it says we've got way too much money or we don't have nearly enough money or we're overspending on something or underspending on something else, how we spend our money is very much up to us to determine how that could happen and very much up to you to determine what you really want to happen. I'll give you one example. One example is a garage. Whenever we talk about building a garage—we could talk about California Avenue—we have a great many people who support that. We will have a lot of people who say don't put up another garage because we really want to experiment with our own transportation without using garages. Let's concentrate on bikes. Let's walk more. How about a shuttle? What about whatever? We're going to look at that a lot this year as well. In fact, Jim Keene, our City Manager, and I just discussed that we will talk about taking a trip to West Hollywood where they have used—where's Greg Tanaka? You'll be glad to hear, Greg Tanaka, they use many mechanical lifts. We're going to go take a look at what they're doing in other cities with their garages, for example, that could save room and save money. With that, because I want to move us along today, that takes us to a little after 9:15 A.M. I think we'll start with Oral Communications. I understand we have quite a few people who would like to chat with us. I'm going to look to the City Clerk. Do we have time to give everyone 3 minutes or not?

2. Oral Communications.

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Beth Minor, City Clerk: We have 14 people who have signed up already for Oral Communications.

Mayor Kniss: It'll be really helpful if you hold that to two minutes because we have left 15 minutes for Oral Communications. If you really need to talk for 3 minutes because you have something that's just so important to say, that's fine. If you can hold it to that 2 minutes or say, "I really agree with Joan Smith, who just spoke," that would be great. With that, the names are listed on the board behind me, also in front of us. This morning we start with Marie-Jo Fremont. Who's my timekeeper today? On this side, Eric Filseth, our Vice Mayor, is going to keep track of the time. Good morning. Let us know who you are, and begin.

Marie-Jo Fremont: Good morning. My name is Marie-Jo Fremont, and I've been a Palo Alto resident for almost 25 years. I want to talk about airplane noise and why it must be a Priority for our City. Airplane noise is still there. It will probably get worse until it gets better, but it can get better with the right political will. I don't need to describe to you how deeply affected Palo Alto residents are. You know that. You know that we're getting way more than our fair share of airplane noise, but it's not a Palo Alto fight. It's a mid-Peninsula fight. Planes don't care about city borders, county borders. The Federal Aviation Administration (FAA) modified the arrival routes without taking into account the people on the ground. The question is how do we fix that problem at the system level. Some of you may think that airplane noise is a Federal issue. Yes, FAA, Congress oversees the FAA, but our Congressional representatives can't push the FAA to solve a problem until our local representatives speak as one region. I, therefore, urge you to collaborate with other cities and elected officials be it in airplane noise committees, airport roundtables, or litigation efforts. Join forces to force the FAA to identify systemwide solutions that will minimize noise and spread whatever remaining noise cannot be eliminated. Palo Alto won't solve the problem on its own. No city will, but many cities working together can. Cities are starting to do just that. I want to thank you for your past and future support and efforts to address this issue. I remember that airplane noise was an important topic to Council candidates in September 2016 at the forum that Joe Simitian moderated. Mayor Kniss even said that it was a huge problem before huge became such an overused word. Airplane noise was important then; it is important now. Thank you.

Mayor Kniss: Thank you. I want to indicate that probably more than anyone Lydia Kou will be representing you on the different groups that are meeting regarding noise. Hi, Karen.

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Karen Porter: Good morning, and thank you very much for giving us this opportunity. I also want to thank Lydia in particular for all the effort she's putting in attending these various meetings. I'm also here to talk about jet noise. I agree with what Marie-Jo has said. Obviously, we could have the best leverage if we can get our adjoining communities to support our efforts. Unfortunately, we have had trouble with that. I really urge the City to continue being a leader in this effort. Both in California and around the Country, unfortunately it seems that the only progress or voice the FAA is listening to is when cities step up and file lawsuits. I'm not suggesting we need to do that exactly, but the City of Palo Alto has a lot it can do to encourage the FAA in this regard. I don't know how many of you have read the November update report that the FAA put out. My reading of it is that they pretty much shot down all the important proposals that the Select Committee made, that the City made, and even that the San Francisco Roundtable made. I don't think we should tolerate that. We have to have a strong response to the FAA in that regard. I know Michelle in the City Manager's Office is being very helpful in that regard. We are working with her as well to formulate some action. I continue to advocate for strong leadership by the City of Palo Alto in this area. In my mind, as far as I can tell the noise is only getting worse. As just an example, the FAA rejected a minimum altitude of 5,000 feet over Menlo. They say we only have to do 4,000 feet. By my use of the application, they routinely come in under 4,000 feet. I'm sorry I'm out of time. Thank you.

Mayor Kniss: Thank you. We appreciate it. Ken Horowitz. Let me also remind you that it would be very helpful if you don't clap or respond because we're going to hear many different viewpoints this morning. It discourages the speakers, but also it takes extra time. I'd appreciate it. Thanks.
Dr. Horowitz.

Ken Horowitz: Good morning. Just a follow up of my comments on Monday night regarding the Sugar-Sweetened Beverage Tax. I just wanted to give you some facts. The Berkeley tax, which now has gone over two years, has raised \$4 million for health programs. People say to me we don't have any low-income people on Medi-Cal in Palo Alto. I checked with the housing authority; we've got lots of people that qualify for Medi-Cal, Denti-Cal. As I said, there's no dentist that takes Denti-Cal. You have to go all the way to San Jose. Our residents, if they want to get dental care, have to go to San Jose. There's a City Association meeting this Friday. I hope someone from the Staff or one of the Council people can go. I gave the information to Rob. I'm wearing these buttons because I told Council Member Tanaka, "If you put this on the Agenda, I will work real hard to get it passed." I've worked on the fluoridation campaigns both in Mountain View and Palo Alto. I have a team that will walk precincts. I've walked every precinct. I'm here to get

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this tax passed. Lastly, I did contact Mayor Bloomberg. We'll see whether he contacts me back. I'd like to get him involved. He's with Bloomberg Philanthropies. Finally, I'd like to see on your Priorities to put back Healthy City Healthy Community. It doesn't have to be one, two, three, four, five, whatever number. It just needs to be there. We shouldn't rest on our laurels. Even though the tobacco thing went real well, sugar is the next big thing. Sugar is a poison. Let's deal with it and help our residents get healthy. Let's get some money for the dental programs to help our Denti-Cal patients. Thank you.

Mayor Kniss: Thank you very much. Neva Yarkin.

Neva Yarkin: Good morning, Mayor and City Council. My name is Neva Yarkin, and I live on Churchill Avenue. Two major issues that I feel the City should be focusing on for 2018. Traffic. Everyone wants a piece of Embarcadero Road. Stanford wants Embarcadero Road as a main artery onto the campus. A private school wants to use one lane of Embarcadero Road as entrance and exit onto their campus with their expansion plans. The train. With 20 trains an hour, there will be backups at Churchill Road, so the traffic will go onto Embarcadero Road. How much traffic can Embarcadero Road hold? Who is offering to build new roads? My second issue is trains. Eminent domain, the taking of 80 houses should be taken off the table immediately period. I also feel—to do the train project right, I think the City of Palo Alto needs to hire a professional or team of professionals who have managed other major train projects in this Country. This professional should know how to deal with billion dollar budgets, major construction, deadlines, road closures, groundwork like soil, water tables, fossils, before the project starts; knows how to work with citizens; knows how to be honest and transparent, and many other details for a project this size. Please consider traffic and train options your top Priorities for 2018. Thank you for your time.

Mayor Kniss: Good morning.

Nelson Ng: Morning. My name is Nelson Ng, and I live in 1260 Emerson Street. Today I want to talk a little bit. I have been living in Palo Alto for over 20 years. Last year was the first year I attended the Council Retreat. During that Retreat, I heard a lot of the speakers speaking about their concerns of Code enforcement. One year has passed, fast forward, and we're still seeing a lot of issues with conditional use permit enforcement. Naming two high profile conditional use permit issue. One is the Edgewood Plaza with the grocery store penalty issue. The other is close to our neighbors whose heart is the Castilleja year 2000 conditional use permit. We're still working with the City to resolve some of the existing violations.

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What we need is a policy to have enforceable Conditional Use Permit (CUP) in the City. We need to put in place a process to monitor and enforce them. Otherwise, the City of Palo Alto, the citizens of Palo Alto like us will be the one who is suffering from the result of these violations. I spoke with some of the City Council in the past and also Staff in the past, saying that there is not enough money to be able to monitor, to enforce the CUP. I know this is a complex issue, and I'm not an expert in it. What puzzles me is why we cannot ask the applicants of these CUP to flip the build, to pay fully funding the enforcement and the monitoring of these CUP. This is very important for the City, and I urge the City Council to set it as a Priority to create a culture of accountability for the City by requiring each CUP to be enforced as part of the approval process. This is one of the first things. Another thing that is— that's up.

Mayor Kniss: Thank you. Kimberley Wong. While I don't want you to clap, you're more than free to waive your banners or your hands if you agree with somebody or whatever. Good morning.

Kimberley Wong: Good morning. From last year's Retreat, I heard many speakers talking about traffic. It is just as relevant today and a serious problem as it was a year ago. Actually, it is more so now. In talking with residents, listening to complaints at City Council meetings, and reading the news, the biggest issue people have with Palo Alto is traffic, traffic, and more traffic. Building garages is not the answer. As I've said before, building a garage, cars will come. Building homes, even if they are close to transit, will have an impact. Residents, especially those with children, will still have to drive once in a while. From what I hear, the plan is not to build just a few homes but a lot of new homes. We need to step back to the Priority of the 2016 Retreat. We should return to having a Healthy City and a Healthy Community. That includes rethinking the safety route plans to keep bikers safe, away from cars. Testing it out properly is important before we put lives on the line. Pairing satellite parking lots by the freeway with frequently running shuttles could reduce cars driving into the City. Adding more retail. We have lost so many valuable businesses because of the startups overtaking Downtown spaces. Within the last few years, we lost University Art, Borders Books, and Palo Alto Sports and Toy Store to name a few. If we could introduce a greater variety of shops to reduce our need to shop elsewhere, this would greatly benefit our City. Not including housing into the mix until we have fixed our transit system, built up infrastructure of schools and City services to support more people in the City. All of the above could help us bring our City back into a healthy balance. Allowing for new housing and expansion plans that will increase traffic into our neighborhoods, major streets and bike boulevards should not be allowed until that balance is restored.

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Mayor Kniss: Thank you. Our next speaker is Rita Vrhel. Good morning.

Rita Vrhel: Good morning. On the office space, as long as you keep building office space you're going to need more housing. I don't think you can build your way out of this, so I would really like the City Council to look at limiting the building of office space as a way to solve the housing problem. The second thing is I really missed the City Council discussion last year. Motions were made almost immediately. That essentially cut off the wonderful discussion and question-and-answer period that I have come to enjoy at City Council meetings. The issues that come before the City Council are important enough to require the time to discuss them and to let the public have their 3-minute comment period. The idea of having a Motion immediately and then the maker of the Motion controlling the conversation and the subsequent motions or amendments is disingenuous. It gives the appearance of the Council not being open to discussion and to other ideas. This, in my opinion, creates a situation where the public feels that their time and their effort of writing up their 3-minute points, which sometimes can take an hour, are not appreciated and that the City Council's consensus is not important and that the vote comes down the way it is week after week. As for myself, when I hear the City Council Members discussing issues, it helps me clarify how decisions are made. I want to keep talking. This is very, very important. It's imperative that the City Council allow for open discussion from the public and their City Council Members. The last thing is waste. There's a lot more to greenhouse gases than Electric Vehicles (EV). The City has focused on EVs instead of demolition, the real cost of building, and this needs to be ...

Mayor Kniss: Can you wind it up?

Ms. Vrhel: ... important. Thank you.

Mayor Kniss: Thanks. David Shen.

David Shen: Hi. I'm Dave Shen. I live on Churchill Avenue. I would like to propose some items for your consideration today in setting your 2018 Priorities. I urge the Council to make maintaining the integrity of our neighborhoods as one of the Priorities for this year and as the focus in other activities, especially in the grade separation project. If our neighborhoods' sanctity, personality, and most importantly safety are to be preserved, then grade separation options must consider their effect on the surrounding roads and properties. I, therefore, urge the Council to strongly consider removing eminent domain as an option. By its very nature, eminent domain disrupts the surrounding communities and especially the families directly affected by it. If eminent domain is triggered, then it is likely that the option chosen will

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be highly disruptive to the neighborhood during construction and its result, which will likely turn local roads into major thoroughfares, will exacerbate traffic through our previously peaceful neighborhoods. For example, our North Old Palo Alto group has proposed that Embarcadero Road be improved at the underpass where it necks down to three lanes and that the following traffic lights between Paly High and Town and Country. It would seem that improving an existing underpass would be much less expensive and disruptive than creating new ones, but yet have a large, positive impact on traffic. A second example is our proposal to close Churchill Avenue on the west side. If an underpass were to be built at the Churchill/Alma intersection, that would mean that Churchill would by default become a major thoroughfare, thereby adding traffic through the neighborhood. Other more disruptive and destructive as well as expensive modifications such as widening Churchill would need to happen to support such a change. Lastly, I'd like to make an appeal for the children. I have two that attend the local elementary school. Each day I see their safety compromised when I transport them in my cargo bike, and cars are blowing through stop signs in front of me. More traffic through our neighborhood is not going to add to their safety. If eminent domain is triggered, the families whose children attend local schools would have their lives upended if homes are seized beyond their control. Likely many of them will not be able to replace their residences in Palo Alto and will be forced to move out of the area. I ask you what do we tell our young children who have just become comfortable with local school life and friends if the City considers their priorities higher than our homes and has seized them out from under us. Thank you for your time. I'll leave you our updated petition. Thank you.

Mayor Kniss: Thank you. We are already running behind. I want to make sure we hear from all of you. If you could hold it to a minute, even a minute and a half, that would be really helpful. Then we'll be here longer today. If you don't mind, we'll sit here and listen. Winter is the last card that came in. We're going to cut it off there. Peter Taskovich, you are next.

Peter Taskovich: Hello. My name's Peter Taskovich. I'm a lifelong resident of Palo Alto. I'll make it short. A top Priority for this year and every year should be Code enforcement and law enforcement, specifically traffic enforcement. It doesn't matter what laws you write or change or do anything if they're not enforced. We have a lot of—the audit's not done yet, but there's a lot of Code that's not enforced, not just CUPs but illegal advertising. Code enforcement really needs to be a top Priority but also traffic enforcement. I find it funny amusing that the Transportation Department sent out a flyer this past week telling people how to park on rolled curbs. It is an epidemic in my neighborhood that has rolled curbs. Cars park on the sidewalk. The solution is simple and was effective in the

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past. Have the Police Department ticket those cars. When I grew up in Palo Alto, anybody parked illegally got a ticket that day. Now, people park, take up the whole sidewalk for days at a time, no tickets. Traffic has to be enforced too. You need a traffic division in the Police Department. Cars roll through stop signs. That's a danger to pedestrians and bicyclists. Make a Priority about enforcing laws and Codes this year. Thank you.

Mayor Kniss: Thank you. Sea Reddy.

Sea Reddy: Good morning all. Thanks for holding this session. Wonderful. I want to say that we have everything we need in this City. It's a beautiful City, no doubt. I've been around in America as well as India. We're better than Newport Beach, better than Irvine, better than Manhattan Beach. Enjoy the journey. Let's not get a military type situation where we do this, we do that. You walk out of your car, you have 400 rules. Let's cherish the City we have. On that note, a friend of mine—I hang out at—I live on Stanford Avenue, a very modest neighborhood of Stanford Avenue, very nice people. I hang out at Starbucks. Here's one citizens' input. We have unsustainable growth in the City. His input is that we just go berserk with things like Castilleja expansion, Stanford expansion, too many cars. Please keep that in mind. I have a couple of things I would like to propose. We need to set a 10X-type improvement for the City. I come from Boeing, and everyday we talk about how can we achieve ten times better than what we have today. Once you implement it, it may be one or two times. Your thinking has to be higher level. Here is my proposal. I'd like to ask you to support the real affordable healthcare for citizens of Palo Alto regardless of what county, state, nation wants. We should be able to have minimum affordable healthcare with a \$5 copay and \$5 prescription for anybody that walks in our neighborhoods. The second thing is storage units for homeless. We have plenty of space. Somebody could donate storage spaces so they don't walk with a whole lot of bags. It's the situation they're in, mental and other situations. The last thing, I totally support the traffic jet noise as well as I do not subscribe to high speed rail. We don't need anybody from Los Angeles (LA) to come here to agree with us. I lived in LA. We don't want anybody from there that quickly.

Mayor Kniss: Thank you, Sea.

Mr. Reddy: There are airplanes.

Mayor Kniss: Darlene Yaplee and Hamilton Hitchings.

Darlene Yaplee: Good morning. I'm Darlene Yaplee from Waverley Street. Thank you for your time and including your steadfast Palo Alto community in the Retreat today. Council, on behalf of myself and the many dedicated

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supporters to reduce the airplane noise problem—please raise your sign and wave your hands. Thank you for the airplanes for cooperating for the demos as part of our presentation. We ask that you, our City Council, sustain your invaluable support to help mitigate airplane noise and make it a Priority in 2018. Yes, of course, we know that ultimately Congress has jurisdiction over the FAA. Yes, Rep. Eshoo plays a key role, but there has been and there continues to be irreplaceable and distinct rules and actions for Palo Alto in this important effort. It cannot be deferred or delegated to Congress nor to citizens alone. We need you, and the City matters. The voice, the vote, and the heft is also at the City level certainly with the help of citizens. For example City letters and community impacts of aircraft to the FAA and Congress and regional forums are key. We'd like to acknowledge the contributions of Council Members Scharff, Kou, and Filseth as our representatives. Valuable and appropriate contributions have been made in 2017, and we must advance forward. Our work is not done. You can count on us, the committed community supporters, for heavy lifting. Make airplane noise a Priority for 2018. We need you, and the City matters.

Mayor Kniss: Thank you. Hamilton Hitchings.

Hamilton Hitchings: Good morning, Council Members. According to the very latest potential Citizen Survey, the two areas of satisfaction that have dropped the most for Palo Alto residents in the last 10 years are travel by car with 23 percent drop and surprisingly 26 percent drop in public transportation. Those are absolute percentages. When I was working on the Citizens Advisory Committee (CAC) for the Comp. Plan (Comprehensive Plan), Steve Levy had a brilliant comment that I'm going to paraphrase. He said, "When you look at Palo Alto's challenges of traffic, parking, and housing, the solution is a single metric, single occupancy vehicle trips." He was absolutely right. Reducing Single Occupancy Vehicle (SOV) trips reduces traffic congestion, parking demand, is the rate limiting factor on new multiunit housing production. Reducing SOV trips helps improve employee retention and retail business. I challenge you to use SOV trip reduction to measure the success of this year's goals. Secondly, I want to talk about infrastructure projects that are underway, that will make a lasting difference in the safety and livability of Palo Alto. In particular, I implore you to make sure the most expensive and important of those projects, the Public Safety Building, is a high-quality project. One of the two objectives is to make it seismically safe and operational after a major earthquake. I'm not convinced we are doing everything we can to do this. Specifically, the San Andreas Fault, which is just 5 miles away, if it has a large earthquake of 7.5-7.9 Richter Scale, that Public Safety Building should not be seriously damaged and remain operational. Stanford Hospital and the Berkeley Police

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Station as well as the Oakland and San Francisco City Halls have all gone the extra mile to make sure they are. So can we. Thank you.

Mayor Kniss: Thank you. Bob Moss then Arthur Keller.

Bob Moss: Thank you, Mayor Kniss and Council Members. I want to mention a topic that's been ignored for far too long, and that's basements. Basements don't count in the floor area ratio of homes. The City ignores the fact that basements instead of being just storage facilities are in fact living spaces. I've been in a number of basements in Palo Alto, which have fully furnished apartments. They have bedrooms with closets. They have kitchens with built-in refrigerators and stoves, wall screens for the living room almost as big as this screen. By not counting those units—some of them, by the way, are two levels of underground development, which means they're getting very close to the aquifer. In fact, if it's east of El Camino, you're getting into the aquifer. Not a good idea. What that does is it gives you a false figure for the jobs/housing imbalance because we have more housing than we think we have. It doesn't include all of the traffic and parking generated by these apartments. In some neighborhoods, it effectively transforms single-family zones to R-2. We have to start looking very closely at who is building these units. We have to have more control when building permits are issued. If there's a basement, what's it used for? Have the inspectors go out after the house is occupied and see who's really down there. Otherwise, you don't know what's going on. I can tell you from what I've seen in my neighborhood there are a number of apartments in the basement nobody knows about.

Mayor Kniss: Thanks, Bob. Arthur Keller.

Arthur Keller: Madam Mayor, City Council Members, first I'd like to put my agreement with the comments about airplane noise. The planes came through right on time in terms of the speakers. I also note that Code enforcement and enforcing Conditional Use Permits (CUPs) are very important. We have another opportunity with College Terrace grocery store. We need to think very carefully about the environment. There are a number of issues to think about. The electric vehicle task force on which I served actually has not met in a number of years. Our ordinance does need to be updated based on new guidelines by the State, new projections. That's important to do. In addition, it's important to really understand who uses transit and who doesn't. There was a great article in the *Onion* about how 98 percent of people promote transit use by others. In fact, that's probably half true. If you think about it, most of the people who live in Palo Alto actually work within about 5 miles, and they don't use transit because transit is too slow to get to work if you're working within 5 miles. The people who

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use transit, who use Caltrain typically, are doing that because they work 10 or 15 or 20 miles away. They're not using Caltrain generally to get to Menlo Park or Mountain View. Most people who use Caltrain—most of the Caltrain use is people taking Caltrain into the City, not taking Caltrain out of the City. Two-thirds of Caltrain use is people going essentially to Stanford and partially to Downtown. If you look at the bus use, very few people who live in Palo Alto actually take the 22 and 522 bus lines. Most of those are commuting into the City. We really need to understand exactly what our transit use is and what transit-friendly housing really means in terms of designing that. Thank you.

Mayor Kniss: Thank you. Greg Welch and then Terry Holzemer.

Greg Welch: Good morning. We clearly have a problem with housing in this town. To call it a crisis is really a misnomer. I'm a little suspicious of such an incendiary term when there's so much financial interest at stake on the part of developers. If we have a crisis in this town, it's the crisis of traffic the current residents of the City face every single day. I recognize that housing could be part of the solution to traffic. I'm very suspicious when I hear about a traffic lite development that was just approved this week, and it has more than one parking space per unit. How is that lite? How is that not going to make our traffic situation worse? Are we going to impose a requirement that, if you move into one of the houses that we authorize, you must certify that your work is within the City and that you will take public transportation? The Comprehensive Plan, of course, looks at housing. Housing's an issue. It also looks at overall quality of life. There are many things that we've talked about as a City, about how we want this community comprehensively to grow. We have local streets that are being used as commuter arteries. We need to address that. I'm all in favor of more housing so long as it's accompanied by real measures that make sure the quality of life for the current residents, let alone the future residents. Are we putting in place the school capacity when we add these new houses? Are we increasing the capacity of our streets to carry the traffic or mitigate it in some other way? Traffic, traffic, traffic.

Mayor Kniss: Terry Holzemer and then Suzanne Keehan.

Terry Holzemer: Thank you, Council Members, for allowing me to speak today. I just want to talk about two quick subjects. Housing, housing, housing. We hear that a lot. What we don't hear is really what housing means. We need to focus on the definitions of housing. For too long we've focused on market rate housing. We need to look at below market rate housing. We need to look at housing our service workers, the people that we depend on every single day. This is the emphasis that we should place

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on our City, to provide more housing for our service people. That includes teachers, those type of people. To make things more affordable too, we need to avoid certain pitfalls like allowing whole basements for Accessory Dwelling Units (ADU). These add to our construction costs and increase the price of housing. The second thing I want to mention really quickly is retail. We need to do a lot more to support our small businesses and retails. I think it's crazy that the City has really no plan, no vision for that matter, on how to deal with retail. You need an economic development person that should be hired hopefully within the next few months. You need to act quickly to support our small businesses. I depend on those small businesses, and we need to do more to support them. Finally, I'd like to talk about good governance. That's important because I've seen it so often at City Council meetings. It's important to hear multiple points of view. This Council is somewhat divided, and you need to hear other people's points of view and be good listeners for them. I've seen a lot of times at Council meetings where people are having their own individual discussions on the side while another Council person is talking. That's improper, and you guys know that. I'd like to see more good governance by our City Council. Thank you.

Mayor Kniss: Thank you. Suzanne Keehan.

Suzanne Keehan: Good morning. I would say that all these issues that we have spoken about—I agree with probably all of them—is that we think we're separated. We don't seem to understand that when we make a decision about one thing it affects everything. We know this is true energetically. Science tell us the same thing. We have to look at what do our decisions do not only for now and how it affects everything else about the future. For one thing, we're doing a really good job with our garbage. I have very little actual garbage ever since we've been sorting. For many years, it's really bothered me when we tear down perfectly good buildings like the Bank of America, making all that pollution, ground fill. It's polluting the air, polluting the Earth. Years ago when I was involved with creating an international conference down in Monterey, there was a man helping us. He said in Europe—there's a name for this; can't remember it anymore—they didn't tear down buildings. They refurbish them and repair them. We are a wasteful society. Our City shows this. We need to realize that with all these different things, Code enforcement, schools. With the expansion that Stanford wants and the expansion that's allowed in our Comprehensive Plan, it's not going to mitigate any of these problems. I hope that we can make a shift. Thank you.

Mayor Kniss: Thank you. Ester Nigenda and then Eric Nordman.

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Ester Nigenda: Good morning. I have friends that use, reduce, and recycle and do everything they can to save water, but they do not want to read or talk about climate change because they think it's too big and too scary a problem. Other cities and regions are meeting the challenge of climate change, and so can we. What I think is scary is waiting for a major storm or another disaster to implement best practices. As a reminder, today is the 20th anniversary of Palo Alto's 1998 flood. Currently, we have major infrastructure projects starting or ongoing, including the San Francisquito Creek, the fire stations, the wastewater facility upgrade, and the Public Safety Building. In addition to high-level projects such as levees, I'm requesting that small but important mitigation measures be included for all plans for public and private projects. These measures include raising electrical outlets, elevating appliances, furnaces, and other electrical equipment, elevating structures, requiring old projects, private and private, mitigate for the impervious surfaces they create, adding legislation and changing Building Codes to reflect climate change. As Federal Emergency Management Agency (FEMA) has said, for every dollar you spend on mitigation, you save \$4. That's a very good return on investment. Thank you.

Mayor Kniss: Thank you. Eric Nordman, welcome.

Eric Nordman: Good morning. My name is Eric Nordman. I've been a resident of Palo Alto for almost 50 years. I hope that you will continue the implementation of the Bicycle and Pedestrian Transportation Plan. After years of meetings and planning, construction has finally begun. While people understood how diversions used on Bryant and Park were—it takes some time for people to get used to features new to Palo Alto but shown to be effective elsewhere. Be patient. We can't continue to put more cars on the roads and building parking spaces at over \$60,000 a space. Palo Alto has shown leadership in creating the first bike boulevard in the United States. Please continue this leadership to make the City safer for pedestrians and bicycles. Thank you.

Mayor Kniss: Thank you very much. Kathy Durham and then Jennifer Liu.

Kathy Durham: Good morning, and thank you for this listening. I would like to encourage you to keep the big picture of sustainability in your mind as you're thinking about all of the priorities that you suggest. By that, I'm thinking the commitments that we have already made to reduce the City's contributions to climate change. We've had some really great success with Utilities, but it's not just that they've provided the infrastructure. They've provided a whole emphasis on encouraging educating residents. I'd like to suggest that the number one opportunity right now in terms of making a

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difference in the City's contribution to climate change is in our transportation system. I'm not encouraging the further bikes versus cars divide. That is not the choice that makes—you hear that from both sides. That's not going to get us anywhere. What we can do is really prioritize streets for all users and communicate that in a way that shows the vision that we have for sustainable transportation. I'm meaning all users, drivers, transit users, bicyclists, pedestrians, and shared use. If we don't do this, the congestion will get worse. If we just focus on traffic management of the existing traffic, the congestion will get worse. If you sustain your commitment to projects that will make our streets safe for all users, I'm thinking of one in south Palo Alto that was on track to be funded. Don't choose subsidized housing for cars and delete the funding for shared road projects that'll help everyone be able to share the road safely.

Mayor Kniss: Thanks, Kathy.

Ms. Durham: Get more people everywhere.

Mayor Kniss: Jennifer, is it Liu? Followed by Winter Dellenbach.

Jennifer Liu: Hi. I moved to Palo Alto 18 years ago because it's such a beautiful, quiet, and peaceful City. Since a couple of years ago, such peace was broken by the airplane noise. I hear the noise during the day. It disturb my work. I hear the noise in the middle of the night, at 2:00 A.M., at 4:00 P.M. It wake me up during my deep sleep. It drive me crazy. There are many research that indicate that noise will increase people's anxiety and will cause depression and even suicide. I really hope the City Council can make this a high Priority to solve the airplane noise problem. For the sake of the health of Palo Alto people, please do something on this. Thank you.

Mayor Kniss: Thank you for coming. Winter Dellenbach.

Winter Dellenbach: I have two or three quick things. Code enforcement should be a Priority. You want ADUs. If you don't want them abused, then the next time the budget comes around, you're going to have to budget in more Code enforcement officers. There's just no way around it. It's not just ADUs. Code enforcement has to become more effective. You're going to see that in the audit. I look forward to drilling down into the entire survey now that it's out. It's going to be very interesting to see the audit. Code enforcement needs to be a Priority. Secondly, please revisit covering ground floor retail windows. All it's doing is covering up the misuse and abuse of ground-floor retail by people that are doing things that are not to be in ground-floor retail. I see that all over town. Other people see that all over town. I could name specific examples, specific addresses, but there's no

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time to do that. It is a mistake to cover ground-floor retail, and it doesn't help also in the appearance of retail areas. Thirdly, please drop the use of calling an entire project workforce housing that only may include a small percentage of the entire project that is dedicated to workforce housing. It's misleading. It's incorrect, and it states a preference that is inaccurate. In fact, the majority of that housing can welcome seniors, a parent with a child, students, whoever. It's just inaccurate, and a whole project shouldn't be called workforce housing. Lastly, I know I'm whistling in the wind, taking the way-back machine. I remember the days when Supervisor Simitian, now President of our Board of Supervisors, sat on this City Council, was both a Council Member and a Mayor. In those days, he would sit there, and he would say, "Let us all talk together." He would actually discuss items on the Agenda. The whole Council would discuss them as a body, discuss them, discuss them together. It was most interesting. All of the folks on the Council would learn from them, and all the people in the audience would learn from them. It was most enlightening. I know I'm whistling in the wind, but I welcome those discussions that the magnificent Joe Simitian, in my eye, used to have on the Council. It could be an example. I wish we could go back at least in small part to that spirit. Thank you.

Mayor Kniss: Thanks, Winter. In the spirit of hearing from all of you, I'm going to adjust the Agenda. I don't know if you are seeing it right in front of you. It was very important to hear from all of you. Thank you for being here.

3. FY 2017 Performance Report, the National Citizen Survey™, Palo Alto Community Survey, and Citizen Centric Report.

Mayor Kniss: It's going to mean that Harriet, who is going to give us the report on the National Citizen Survey, will start now. She needs about an hour. That will put us up to about 11:00 A.M. to begin our Committee's recommendation on Priorities for 2018. Harriet, I know you're not feeling fabulous, so thank you for being here this morning. Thank you for the report you're about to give.

Harriet Richardson, City Auditor: Thank you.

Mayor Kniss: If you need a different mic than what you've got, I have the traveling one over here.

Ms. Richardson: I think I'm okay.

James Keene, City Manager: Madam Mayor, we'll plan on an hour, 'til about 11:00 A.M., and then you'll take a short break before we go into the actual Priority-setting discussion.

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Mayor Kniss: A very short break.

Ms. Richardson: Good morning. Harriet Richardson, City Auditor, here to present the 2017 Performance Report, National Citizen Survey (NCS), Community Survey, and Citizen Centric Report. This slide just shows you the covers of each of these. Just so you're familiar with which one is which, this is the Performance Report. This particular report provides information on spending, staffing, workload, and performance information. The departments provide the information and comments on significant changes. We get information from our Office of Management and Budget on financial and Full Time Equivalent (FTE) information. We prepare the data tables and their use in here and create the charts and graphs. The second report, the next one to your right, is the National Citizen Survey. This is the survey that we do every year. It provides residents' opinions on a range of community characteristics and services. The third one that is up there is the custom Community Survey that we did this year, that focused on the built environment and Code enforcement. You really have two sections in this report. The first half is the results of that survey. When they bound it, they also bound together, in about the middle of it, the verbatim comments from the open-ended questions that were in both the Citizen Survey and the custom survey. Just a little bit about that particular—both of those surveys. We mailed out 3,000 surveys on each survey. There was a different group of residents that received each survey so that we didn't end up with duplication in households and no one felt overburdened about responding to a survey. We got 614 responses to the National Citizen Survey which included 149 online. That was a 21 percent response rate, down about 5 percentage points from last year's response rate. We got 632 responses to the Community Survey, which included 175 online responses, and was a 22 percent response rate. Between the two surveys, there was a margin of error of 4 percent overall, plus or minus 4 percent, plus or minus 5 percent from north and south, and then plus or minus 15 percent in the six geographic areas, which is primarily based on the area that has the lowest response rate, which was Area 5. It has the lowest response rate because it gets the lowest number of surveys based on population. The responses are weighted to reflect Palo Alto's adult population. During the question-and-answer period, I would welcome some discussion about ways that we can improve our response rates. The last one you have up there is just a simple summary. We call it a Citizen Centric Report. It's a 4-page fold out that provides information. It's just a summary of financial information, some key performance results, and results from the Citizen Survey. It presents General Fund revenue and expenditure information from the Comprehensive Annual Financial Report. It includes a message from the City Manager that summarizes the Fiscal Year 2017 Budget, key accomplishments and challenges, and long-term priorities for the City. Based on that, I've jumped

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ahead to here. The Performance Report is organized based on three themes, stewardship, public service, and community, and some sub-themes within that that somewhat align with the facets that the NCS questions are built around. You can see those there. In the NCS, the National Citizen Survey, and the Community Survey, we include some custom questions and some open-ended questions, which I'll talk about as we get closer to the end of this. I'm going to talk about the results from the Citizen Survey first. The chart that you can see right here summarizes the results of the quality of life questions. On the right side, you see some spark lines, which show the trends. They look a little fuzzy over there. You can see them better in the printed report. They show the trends of the quality of life questions. It's not as much of a change as it looks like in those, primarily because it is such a narrow range of percentage points that we're looking at. Over this past year, they've remained generally flat. What you're looking at is called Palo Alto as a place to live, 91 percent. That's really similar to last year, and this year it rated the same. The same with neighborhood as a place to live. Overall, the ratings were flat on quality of life throughout the survey. They were up slightly but still within the margin of error, so maybe not a true change in residents' opinions about what they think about what's going on in Palo Alto right now. There were some statistically significant improvements for ratings in 22 of the questions and declines in only two questions compared to last year's ratings. That is a good trend if it stays that way. When you look at the quality of life questions, again there was one, overall quality of services, that I don't include here. That one increased by 5 percent. It's not within the margin of error but, the way the NCS calculates if it's statistically significant, it was not statistically significant. When you get into the specific questions about the services and characteristics, that's where you can see why some of these are lower than others and why they're not all 100 percent. The less positive views are particularly obvious when you look at issues related to housing affordability and traffic. On this one, I'm not going to read all of these to you. The notable results, this is where I'm listing the questions in the National Citizen Survey that had the lowest percentage of ratings of excellent or good. You can see that the trend here, again, is housing affordability, traffic, and the land use planning and zoning. Things related to parking, traffic, and all of that are the common themes throughout here where people have concerns. The high positive ratings, where there are things they're feeling really good about in Palo Alto, again not reading all of these. The themes, there's three of them regarding feeling of safety. People tend to feel pretty safe living in Palo Alto whether it's the City as a whole or in their neighborhood. Public safety services get pretty high ratings throughout also. Some general services, parks and libraries, where people are feeling that those services are satisfying their needs. Jumping over to the notable results from the Community Survey and talking about Code enforcement. We listed 16 different potential areas in the

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survey, where we felt that we've heard comments about whether or not the City should be doing higher enforcement in those areas. Of those 16 potential areas, only traffic and parking rated as moderate or major problems. The others all rated pretty low in the 20s and 30 percent range as moderate or major problems. Consistent with that, traffic and parking were ones that rated the highest as where the City should focus their efforts for Code enforcement. The next ones were repeat violators and being consistent in how the City interprets the Muni Code when they are investigating or trying to resolve violations. Based on some other areas, we asked what is the most important when the City is prioritizing where to put its efforts toward Code enforcement. By far, health and safety risks were the number one choice. Ninety percent of the respondents said the priority should be is it a health or safety risk. The next option that got the highest ratings was making sure that the City sets clear and specific time limits for abating the violations and conducting timely inspections for achieving Code compliance. We asked some other questions in the survey that were dependent on whether or not the respondent had interacted with Code enforcement officers during the last 12 months. Because there was a much smaller number of residents who had interacted, I'm not presenting those numbers here. They have a low level of statistical relevance because the numbers are so small. They're in the report, but you have to consider that it is such a small population that you can't draw conclusions to the population based on those results. Moving on to the built environment part of the custom survey. We wanted to get a better sense of where residents' concerns were regarding the built environment given that that question in the National Citizen Survey has consistently rated low. We asked about the different types of areas where people thought that maybe the built environment wasn't what it should be. We asked a question related to design and compatibility with the surrounding area. Residents felt that parks and open space were definitely designed well and compatible with the surrounding area. The retail and shopping areas were also well designed and compatible with the areas. They gave pretty low ratings to the commercial buildings in Downtown and the California Avenue areas, rating those only at 51 percent. Only 65 percent of the respondents rated the quality of new development as excellent and good. In the next one, we asked about where Palo Alto should focus its efforts regarding preservation and development of specific types of buildings in Palo Alto. They rated the non-franchise and independent retail restaurants the highest at 73 percent. Single-family residential was second. This is missing the percentage; it should say 71 percent. Those were the most essential important areas to encourage preservation and development. The least important to everyone at 34 percent was office, research and development, warehouse, and industrial space. We also asked some questions regarding residents' opinions about development of new housing. Seventy-one percent of the

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residents do support some new housing, particularly multifamily housing for households that are earning less than the area median income or those that are based on targeting specific workforce groups. Only 28 percent of residents didn't think that we needed more housing in Palo Alto. We asked specifically about where the City should consider building new housing if they do, and 75 percent of the respondents supported new multifamily housing in the California Avenue and supporting area and along El Camino Real. This is small for you to see, but there is a big chart of the same in the executive summary for the National Citizen Survey. We asked two questions. In 2014, we asked the question "what one change could the City make that would make you happier." I had some requests from a few Council Members about whether we could ask that question again. We did, and we also asked the question, "when thinking about the overall direction Palo Alto is taking, what one change could the City make to better act in the best interest of the community." Those two questions actually generated very similar responses. We categorized them into these groups. Because we asked that one question in 2014, I went back and recategorized the 2014 questions to the same categories as this year to see, if we compare, how different are the results. That same question from 2014 we also asked in the custom Community Survey. We really got a lot of responses on those questions. Here you can see really no change from 2014 and consistent with the results on the multiple choice questions. The concerns are housing, traffic, and development as the top three. The numbers drop off pretty much after that, but you can really see the highest percentage is housing and its affordability is the biggest concern for residents who responded to those open-ended questions. We asked a third open-ended question, what does a strong sense of community look like to you. When you go back and look at the Citizen Survey, there's a multiple choice question that asks how good is the sense of community. The response to that question has been declining over the years. In 2011, 75 percent of the respondents said it was excellent or good. This year only 56 percent said it was excellent or good. The responses here can provide some insight regarding what Palo Alto might want to think about doing to improve residents' perception of the feeling of the sense of community. I will point out that this question came about as a request from the Healthy City working group. People do want to connect; you can see that 42 percent of the residents say we really need to be more friendly to each other. The next two responses about events and activities, having more of those, and how you treat each other can give some insight into what direction the City could go with those. Moving onto the Performance Report, I have three slides. I really am trying to help catch us up here, so I'm going through this fairly quickly. I have three slides on results from the Citizen Survey that really pull out where there were some fairly high percentages. I don't want to go through all of these, but I picked out some from most of the service departments. I just want to point out

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one in particular, and that is on this page, the first one. I know several years ago the City made a conscious decision to put some money into improving our streets and repaving our streets. This year is the first year that our streets have moved into the category that the Metropolitan Transportation Commission classifies as very good and excellent. We're at the top of the list for the surrounding cities. I wanted to point that the effort has paid off there. Every year, we compile the results from the Citizen Survey into Tableau software, where anyone can go into that and do some cross-tabulations to see how different demographic groups may have responded to different questions, how people in the north versus the south responded, or how people in their different neighborhood areas responded. You have a lot of options for playing with the data and seeing the results. This is the link, but we're in the process of updating that right now. It should be ready by midweek next week. I encourage you, if you want to know more about the results and how they pertain to your particular neighborhood or anything else about the demographic groups, to go in and play with that data. It's fun to see how the different groups answer to different questions. That's it for my presentation. I wanted to leave plenty of time for questions.

Mayor Kniss: Thanks, Harriet. Especially appreciate your being here. I know you haven't felt terrific this week. Let's start out with some questions from my colleagues. Are you just digesting it at this point? We have no lights. Karen, I see you with your hand up, and then I think Greg.

Council Member Holman: Two things. We'd allotted an hour for this; you did it in a half an hour. I'm kind of interested in what you left out. You did speed through it. Also on Slide 14, you mentioned something; I didn't quite catch it, and I don't see it referenced here in black and white. There was 56 percent and it had ...

Ms. Richardson: If you go back to the National Citizen Survey, it's Question 2. I'll give you a page number. If you look at Table 11 on Page 13 in the National Citizen Survey, the second to last question. It would be on a page that looks like this. It's the second to last item in the first table on that page. It says sense of community. If you look at historically how people have responded, back in 2011 the response was 75 percent of the residents rated that as excellent or good. You can see over the next few years that has slowly been declining. It's down to 56 percent this year.

Council Member Holman: Related to that, I know this is something that Council Member Wolbach cares about too. We didn't have any Town Hall meetings last year. The 2 years prior to that, we had two each year. Last year we had none. I want to promote and support us getting back onboard

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with those this year. They directly relate to the sense of community question.

Mayor Kniss: Greg, did you have your hand up?

Council Member Scharff: No, I didn't.

Mayor Kniss: Who else had a question on this? You have some from ...

Council Member Holman: Liz, I think she's not done.

Mayor Kniss: I think we also have some comments from the audience.

Council Member Holman: Because you did go through this so quickly, I'd also ask—because you did it in a half hour instead of an hour, what is it that might be critical that you did not cover in your presentation?

Ms. Richardson: What I was really trying to do is just point out the areas that were significant. When you go through the executive summary in particular, we do a lot of analysis in our office after we get the results to really say where have things changed. A lot of times you don't see a change from one year to the next. It might not change that much or the change is within the margin of error, so you don't really notice it as it gradually changes over time. One of the really key things to pay attention to is the analysis that we do in the executive summary. There's a lot of numbers there, and I didn't want to overwhelm people with just a lot of numbers. If you look particularly at the trends over time, which is on Page viii of the executive summary, trends over time, that's where you see a lot more of the change compared to when you look at just a single year at a time. It's important to think about trends over time are going to give you more of an indication of what is changing in the community than when you have a creeping up or down, a little bit here or there year over year, and then all of a sudden you realize, "We're 10 percentage points different than we were 10 years ago. That's a real change. What are we doing differently?"

Council Member Holman: Thank you for that and directing us to that. The other thing is you posed a question about how we get a higher response rate. Do you have ideas about that?

Ms. Richardson: I do have some thoughts on that. There's a few things—if you look at the executive summary, I've summarized right at the beginning the changes over time. When we first started doing this survey back in 2003, for the first 4 years, 2003, 2004, 2005 and 2006, we got response rates in the 40s and 50 percent. It was 42-51 percent. For the next 4 or 5 years, it went into the high 30s percent; then, it dropped all the way down

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into the high 20s percent. Now, we're down in the low 20s percent. One of the big things is this survey is really dense. It's six pages of very dense questions. This is one sample of the pages. You can see that they are very full; it's a very small font and a lot jammed into each page. Looking at the survey with more of an eye toward what do we really want to know, is everything in here really that important to us, or do we really want to focus on some key things, maybe we do the survey every other year and in the off years dig a little bit more into the specifics, like what we did with the Code enforcement and built environment survey this year and get a little bit more information about why people rate certain things low and what they want to see changed about those particular things to bring the ratings up. There's a few options, but the main one is the survey is just too long. I do know someone who got the survey. She told me she started it, and she set it aside because she said it was just too long, "I couldn't do it all in just a few minutes." I said, "Did you finish it?" She said, "No, I need to get back to it." It doesn't matter; we've already compiled the results. I'm sure there are other people who are the same. The main thing is really thinking about the length of the survey, getting it more focused and do we want to do it every year or do we want to do it maybe every other year.

Council Member Holman: Thank you for your indulgence here. Lastly, to ask a difficult question perhaps. It's something I hear in the community more often than I would like to hear. It's not a question we ask, but I hear people say they've given up. They've either given up because they don't think the City listens or because they're feeling disenfranchised or they feel like the Bay Area has changed so much. We don't ask the question of do you feel like you can have an impact by responding to these questions. We don't ask that, but I wonder if there's any way to capture that or perhaps it's something we should try to evaluate.

Ms. Richardson: Quite a few of the questions in here are our own questions. They're more towards the end. That would probably be a question to put upfront because people would want to see that before they got through the survey. It is something that you could put in a survey.

Council Member Holman: Thank you. Those are my questions for now.

Mayor Kniss: Your last question might be worth exploring for a minute. What do you think giving up means? Ready to move away or simply not to be engaged any longer?

Council Member Holman: I think both. I know a number of people who have sold their homes and are moving away because they have just decided it's not a place they want to be anymore. It's not a place that listens to

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them and their concerns anymore. The quality of life has degraded whether it's airplane noise or traffic or whatever. I have a variety of reasons, but I heard those comments much more often than I care to report. I think it's something we need to face. We all know people who have done that.

Mayor Kniss: On the flip side of that is this enormous number of people who want to move here.

Mr. Keene: If they sold their house, somebody bought it.

Mayor Kniss: And who are willing to spend amounts of money that are just absolutely stunning. It continues to amaze me. It's why I'm not surprised to see at the very top on a constant basis affordable housing. Clearly, we've decided that's one of the things we're going to be concentrating on this year. There are a number of issues that do cause people to leave the community. I don't quite see it as they're giving up. Oftentimes, they've made other kinds of choices.

Council Member Holman: What I hear from people is that they've given up. They're so over it. I would ask that we not conflate the issue. If someone has lived someplace and they've experienced changes, they've experienced the community, that's very different from someone who wants to move here and live here because they haven't yet experienced the community as a resident. They are two different sets of people. They have different experiences we need to look at and not just that one supplants the other.

Mayor Kniss: It's an interesting discussion. Although, a lot of renters then try to buy. I hope they've experienced the community in that way. We have one speaker from the public, and then both Greg and Eric wish to speak. Sea Reddy, you're our only public speaker. Welcome.

Sea Reddy: Thank you for the opportunity. The audit reports are astounding. It tells you what this community feels, a community of 67,000 people. I do want to ask a couple of things. Did the High Speed Rail ever come into your—I haven't looked at all the detail. What does the community feel about it? They'd like to have every 20 minutes a big train that comes with a lot of noise or do they have something else to say about it?

Ms. Richardson: That is not a question in our survey.

Mr. Reddy: Thank you. The second thing is the 12-cent Gas Tax, the Jerry Hill/Marc Berman Gas Tax. Now it's leading us to almost \$4 a gallon gas. Has anyone said anything about the gasoline taxes added to our values and our costs and (inaudible)?

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Ms. Richardson: In the open-ended questions, some responses pertain to taxes in general, but none of them specifically cited the Gasoline Tax.

Mr. Reddy: Thank you.

Mayor Kniss: Thank you. One more public speaker, Greg Welch.

Greg Welch: Thank you for conducting this survey and sharing it with the public. I assume this is all fresh to all of your eyes. I spent my career in marketing. I've spent many, many years in your seat trying to design surveys, trying to interpret their results. I would implore you to look objectively at the data. Just what I've seen here in a half hour does not support your contention that the number one issue facing residents of Palo Alto is housing. You characterized only 28 percent at one point when you were talking about traffic. Yet, when you put up the issues that people said were problems, housing was at the top of the list but only 8 percent. That's against a backdrop—I can't remember what you said the error rate was. This is going to be a very valuable tool, but I implore you to look at it objectively. Going back to your question, this is a well-known phenomenon in survey design. It's called survey fatigue. The two factors that contribute to it are length and complexity of the survey and confidence that the people conducting the survey are going to do anything with the results.

Mayor Kniss: Once again, I implore you—it means some speakers will not talk if they are worried about what the audience response will be. Being fair to each other is really important. I don't know in what order this came. Greg and then Eric and then Cory.

Council Member Scharff: Thanks for putting the effort into this and getting it done. The most striking thing for me was that we do not have a Code enforcement problem when I read this. They're really small. That's not where resources should be put. It's pretty clear. I think people are most concerned on this stuff about leaf blowers. They're always concerned about leaf blowers. When you look at these Code enforcement questions, I'm struck by how we do not have a Code enforcement problem. That's probably the number one thing you can take out of this. When you look at the small number, the really small number of people that think these are major issues, what people think is a major issue is traffic and parking by far. The data is really obvious on this. You look at what's the next most important thing under the Code Enforcement questions, leaf blowers. That's what comes out next. That's what the data shows. Traffic and parking run through this entire survey as a huge problem for people in Palo Alto. What is it that they're concerned about in traffic? It seems to me that it's traffic flow when I read this. We actually state that. One of the things we need to figure out

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is how do we get people out of their cars, reduce single occupancy vehicles, while at the same time not doing that by harming traffic flow. What we do not want to do is make driving so difficult that people don't drive. What actually happens is most people still need to drive, so you just create huge frustration in the community. What we need to do is provide incentives because, frankly, a small amount of traffic change ... The other thing I noticed in this survey, which correlates great, is people are less concerned about traffic and parking when we have recessions than when we have the up market, which tells me that it's a small amount of cars that go off the road during a recession, which alleviates it for everyone. If we can get people out of their cars to bike, take public transportation, walk, that's what we want to do. One of the reasons we want to do this is so that other people who are driving can get around town. That's why the joke is always that everybody else wants everyone else not to drive, but they want to drive. That's the problem we have as public officials in looking at this. Overall on housing, housing is a regional issue as well as a local issue. Clearly people in Palo Alto, when you look at that survey, want us to build more multifamily housing. They also want us to protect their single-family neighborhoods. I see nothing in here that indicates we're not protecting their single-family neighborhoods, that their single-family neighborhoods are under attack or that there are any problems like that. At least I don't see it in here. What I see is general satisfaction with the way things are. One of the interesting things is you have huge percentages of people that really like to live in Palo Alto. We all can talk about anecdotal evidence. My friend told me they want to move away because they've given up. Anecdotal evidence is not what's recognized in here. Anecdotal evidence is actually not helpful in a discussion. You talk to five people or you talk to one person or you talk to 20 people, it is not data that shows—especially we tend to talk to people that often agree with us, which you see on a national level. I actually thought overall this is a positive report on Palo Alto. I feel pretty good about it. I did have one actual question. Where you talk about Community Survey, the built environment, where exactly are those questions? You said the lowest rating is commercial buildings in Downtown and California Avenue (Cal. Ave.) Where on the pages are that? Could you just tell me where to find it?

Ms. Richardson: Let me go back to the ... It's in this booklet.

Council Member Scharff: Construction & Demolition (C&D)?

Ms. Richardson: Yes. It is towards ... Where to build the housing is question—it's the last question in there before the open-ended. If you look at Question 16 ...

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Council Member Scharff: Page?

Ms. Richardson: Pages 20, 21. If you look at Table 44, the last one, it combines the very appropriate and somewhat appropriate, which are considered the positive responses.

Council Member Scharff: What page is that on?

Ms. Richardson: Twenty-one. The first Page 21. By them combining this, you ended up with duplicate page numbers, so the first Page 21.

Council Member Scharff: I saw that. That's for where new housing would be.

Ms. Richardson: The built environment questions are the questions before that, Questions 14 and 15.

Council Member Scharff: So 14 and 15.

Ms. Richardson: It starts with Question 11 on Page 16. If you go to Table 30 on Page 17, that's where you see where people want—how well they rated the quality of compatibility. The one on your left—I'm on Page 17. When they bound these, they bound the two together, and you ended up with duplicate page numbers.

Council Member Scharff: I guess what I'm reacting to is I don't see the support in the survey for where you say we got the lowest ratings to commercial buildings in Downtown and Cal. Ave. I think that's a false statement when I read the survey.

Ms. Richardson: If you look at Table 17 ...

Council Member Scharff: I'm looking at Question Number 11. Question Number 11 says that commercial buildings in Palo Alto Downtown, 17 percent are excellent, 49 percent are good, 28 percent are fair, and only 6 percent are poor. In other business districts, only 7 percent think that they're excellent, 44 percent think they're good. Clearly in other business districts, people think they look worse.

Ms. Richardson: Yes.

Council Member Scharff: That's a false statement.

Ms. Richardson: I may have picked up the wrong number on here. I think I did.

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Council Member Scharff: If you look at institutional buildings, 16, 59. I just think that's a false statement in there. It gives a false impression. I just thought we should point that out. Where do we get the 65 percent? That was where?

Ms. Richardson: The 65 percent for which?

Council Member Scharff: Rated the quality of new developments as excellent or good.

Ms. Richardson: Quality of new development is Question 12, Table 33.

Council Member Scharff: It's an interesting question. When we put statistics like that, I look at it, and only 10 percent of the people say it's poor. That means only 10 percent of the people are really unhappy with it. The rest of them—when you fill out the survey and you're asked do you like the quality of development in Palo Alto, I'd be hard pressed to write excellent personally. I'm surprised that this many people think they're excellent, that many people think they're good. Fair means you're not unhappy with it; you just think it's mediocre. We're struck by—I'm at least struck by how few people are actually unhappy with this. Whereas, when I look at what you've put in here, it actually seems to give the impression that a large number of people are unhappy. I just want to really point that out.

Ms. Richardson: It's the way the survey—the National Research Center generally looks at the top two categories as the positive ratings. Carrying that process throughout all the questions, you end up with those top two. That's why, when we put this in Tableau, it gives a better sense of being able to look at all of it. There are lots of different ways you can look at the data. That's why going through and looking at it in Tableau or spending a lot of time looking at the tables and seeing where it's all broken down does give you a variety of different perspectives.

Council Member Scharff: What would be helpful for me on this is to say what should I take out of this as a policymaker, what people are really concerned about. Clearly traffic and parking jump out at me and how do we come up with solutions to address that. Other things in here, I'm not sure what jumps out at me. You're more familiar with it. What other takeaways should I have, which is these are issues that people are upset about, that we should deal with? Other than that, I didn't see any other ones.

Mr. Keene: Let me just say one thing before you jump in. In many ways, our job is to be problem and deficit focused rather than positive. The flip side of this is there is incredibly positive data about Palo Alto. One of the things the National Citizen Survey does is benchmark our data results

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against other communities across the Country. We come out in the top in comparison a lot of places also. I don't think we should lose sight of that fact.

Council Member Scharff: I'm really glad you brought that up. You're right. As a policymaker, you tend to be deficit-focused. You have people who come and complain about things as opposed to people coming and saying, "We're really amazed at how well everything is going and what a great community we live in." Maybe we could say some of those things sometimes. It'd be nice. You wanted to answer that question, and then I'll let someone ...

Ms. Richardson: One thing I did do, which I didn't put in here, is I took all of the results, and I combined the excellent and good ratings. Out of 170 questions, 106 of them rated 70 percent or better. The general takeaway aligns with what Jim is saying. People generally are happy. The quality of life questions address that also. It's really when you get into some specific questions where you see where their concerns are. It does come out housing, traffic. Development generally rates low. When you go back to the built environment survey where we got more into it, the same with Code enforcement. You see those questions rate low every year, but the questions in the National Citizen Survey are very broad, and we don't know exactly what people are thinking when they're responding to that. When we dug into both of those questions, neither one of them had anything that jumped out as being really bad about Code enforcement or the built environment. There were specific things; for example, parking and traffic again jumped out even though we don't typically think of those as the Code enforcement issues, but we put them in there. It's one of those things when you have a generic survey like this, that you really don't know what people are thinking. You don't know the why, and the questions can be subject to interpretation.

Council Member Scharff: That's a really good point, and I'll leave it at that. It is interesting when 91 percent say quality of life is fantastic. Those 8 or 9 percent of people—it could be something as simple as "there is some junk in a house across the street from me" for that one person. It could be—I've talked to a number of people where the airplane noise is so bad for some people that they feel their quality of life—I assume they wouldn't put down that it's excellent. When we look at this, take what it is in context.

Ms. Richardson: I want to give you one other example that talks about when I say you don't really know what people think. This is one that jumps out at me in particular. When you look at street repair, the quality of street repair, which you generally think what do our streets look like out there,

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only 50 percent of the respondents said they're excellent or good. The data itself for the pavement condition index showed that we are at 81 percent—we have a score of 81 percent; it's not a percentage.

Council Member Scharff: Best in the County.

Ms. Richardson: Excellent, very good.

Council Member Scharff: But the streets in front of my house look terrible. They do.

Ms. Richardson: That's going to drive how you answered this question.

Mr. Keene: It is one of our actual policies to never pave the streets in front of City Council Members' houses because ...

Council Member Scharff: Especially former Mayors. Watch out.

Mayor Kniss: The street in front of my house is not in great repair, but I fall in that 19 percent. I'm going to remind us that we have an Agenda, we have a schedule. However, it's really important to be able to respond to this. We're going to be pushing this out a bit during the day. Bear with it. I would also make a comment looking at this. Over the last 2 years, I've seen five different polls that have gone out, including ours that was done in the spring of '15. Am I correct? It may have been the spring of '16. I don't remember which. Doubtless, whatever affordable housing might mean to you or to someone else, it continuously comes out in that 70 percent, 75 percent range. Far outstripping almost anything else. One of the things that we need to do as we go forward this year is define what affordable housing is. While there is an actual definition of it compared to the Area Median Income (AMI), there's no question there is a definition. You can read about it; you can find it. For all of us, somewhere in our head is the affordable house is the one that costs about half of what we're looking at when we're out there looking. We do hear about this. We hear about the middle and how do you supply that. While that may not have shown up clearly here, that's one of the areas that our community is really concerned about. Going to Eric and then to Cory. Am I missing anyone?

Vice Mayor Filseth: Thank you. I have a technocratic question here on the thread we were just talking about. First of all, thank you very much. I find this stuff really interesting. Usually when I open this, a couple of things that I go first to are the trend lines over time. You're absolutely correct. How do you reconcile the fact that 55 percent of people say the streets are bad and, yet, our Pavement Condition Index (PCI) is 81 percent or something like that. If you look at the trend line over time, that's one of the very first

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places I go to in this. I hope people that read this think about that too. The other thing that I find really useful in this—I read them all. Thank you for putting back in the open-ended questions. Sometimes, not always, on some of these things you're look at it and go, "What did people really mean by that?" You go look in the open-ended questions with the responses, and sometimes you get some cues from that and say a lot of people were talking about this. I had a technical question. There's a discussion of survey data weighting. I noticed in the Community Survey, it looks like 60 percent of respondents were 55 or older, which is good for people that are 55 or older like me. In the main one, it was a much lower percentage. There's a discussion of weighting. Do you guys weight the number of answers by—do you say if you're in such-and-such age group, we throw your answer out because? How does that all work?

Ms. Richardson: The National Research Center actually does the weighting before they put the data in. If you look at Page 7 of the National Citizen Survey, there's a table that shows the factors that they consider in weighting. When you look at a response—say a person gets a tick mark for answering a question okay. These factors may make that tick mark worth more than one or less than one depending on how their demographics fit into that category. They add a little bit and take away a little bit. I don't have their whole methodology for how they do that. I just can tell you these are the factors. I've seen things that are well over one and things that are less than one. I also did a sample on a couple of questions to see does it make a lot of difference. It really doesn't. In the end, it washes out.

Vice Mayor Filseth: I guess that was my question.

Ms. Richardson: I was just curious.

Vice Mayor Filseth: Pick an example answer, which is 28 percent of people said they didn't want any more housing at all in Palo Alto, which is a really high number. Does that mean it might not have been 20 percent; it might have been 32 percent or 21 percent because they weighted it?

Ms. Richardson: It could mean that, but it's usually a much narrower difference than that. The ones that I did were hundredths of a decimal point difference, not enough to really make an overall difference.

Vice Mayor Filseth: Thank you.

Mayor Kniss: Cory.

Council Member Wolbach: There's a lot here. Obviously, we can't go over every detail. One thing I'm going to point out. In the open-ended

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questions, it was interesting how—there was a comment earlier that we should be objective looking at this. I heard that from the audience. I think that's right. You look at this and these open-ended questions, and the concern about housing affordability blows away everything else. I do want to say with a small grain of salt that grouped into the category—if you actually look at the details of the specific responses, there are a few in the housing affordability section that actually say don't build more affordable housing, don't build more condos. That's maybe a dozen or so—I'm just eyeballing it—out of quite a large number. Even with that caveat and wanting to be fair to the numbers and actually looking at the nuance of the data, the overwhelming response of the open-ended questions were about the need for building more housing, speeding up housing, more affordable housing, asking for more infill housing, doing something to address renter concerns, which is something we will have to take up in a broader discussion this coming year. I thought that was noteworthy. Also on this question of just looking at data, on the slide presentation—can you go back to Slide 12? As somebody who's generally been pretty pro housing since before it became popular, I just want to point out that 67 percent of respondents support market rate housing. I know there's a debate about whether we need market rate housing to address the overall supply and demand along with the efforts we have been taking to slow down office development. 67 percent of residents think we do need market rate housing. That's a supermajority. That means if it goes to the ballot, even if you set a two-thirds threshold, it would pass.

Ms. Richardson: Can I point out something on that? That was actually two separate questions, and they both had 67 percent. One was market rate housing. 67 percent were in favor of market rate housing, and 67 percent were also in favor of housing for targeted workforce groups. Just for clarification.

Council Member Wolbach: It's probably just a typo. It probably should say mixed use, not missed use, for people who wondering what that means. 75 percent support ...

Ms. Richardson: I didn't catch that. Sorry.

Council Member Wolbach: At the bottom of this—no problem. I just wanted to help clarify for anyone in the audience reading it and getting confused. The bottom bullet point there, the 75 percent of Palo Altans, three-quarters of Palo Altans, think we should be doing more multifamily, new multifamily housing on El Camino and in the Cal. Ave. area. As somebody who's long advocated for more housing in Palo Alto, I do want us to be thoughtful now looking at this and saying we're getting a mandate from the people to build

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more market rate housing including on El Camino and the Cal. Ave. area. The question then is how we do it. The question is how fast do we do it, what do we do to reduce the traffic impact, what do we do to reduce the parking impact, how do we make sure the utilities are well done, how do we make sure we're working effectively with the School District. I've always thought and still think those are all solvable problems, but that's the tough work that we're going to have to do on the Council, that's the tough work that Staff is going to have to do. That's where we're really going to need to hear from the community. If you really think that's what we should be doing, how do we do that in an effective way that doesn't negatively impact quality of life? If we do it wrong, that 25 percent who wasn't calling for that is going to grow. A couple of things to point out. This goes back to something Council Member Scharff was talking about, how we don't want to make it harder for people to drive to encourage change. I've always felt that we—I think we can all agree it's better to have carrots than sticks. If you'll indulge me a short, out-of-context quote from the Declaration of Independence that mankind (inaudible) those to suffer while evils are sufferable than to right themselves by abolishing the forms to which they've grown accustomed. We can make things harder and harder and harder, but like the silly frog we'll get used to it and we'll tolerate it. We see that with the people who have gotten priced out of this area, whether in Palo Alto or nearby communities. They drive further and further, and they're stuck in traffic, but they're still driving. If we want to encourage people to not drive, we have to make a better alternative available and publicize it. We've been doing that. We are taking steps to do that. We have just in Palo Alto—I'd like to at some point, not today probably, dig more into this. On our presentation Slide 16, average number of employees participating in City commute program increased 26 percent. If I understand that, the City's own employees are finding other ways to get to work, other than driving in a single occupancy vehicle. We're really trying to lead by example within our own organization. A couple of other things that stood out. Council Member Holman pointed out the Town Halls and how we let that slide this last year. I've mentioned offline my unhappiness about that to the City Manager. I know we were doing some Town Halls that were focused on some specific issues that weren't the general ones. I would encourage, maybe through Policy and Services, maybe directly to Council, that this program that has been in place for a couple of years come back for discussion about how we can strengthen that program. It ties to a couple of things including the concern about welcoming citizen involvement. We see that as one of the areas that's dropped in the responses. I think it's on Page ix in this one. You look at the things that have really dropped, and a few do stand out. One of them was the sense that we're encouraging citizen involvement. I think we really do, but we don't communicate that effectively. That's part of why we wrote the Colleagues' Memo a couple of years ago to start doing

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Town Halls, to go out into neighborhoods and meet with people. Just as a suggestion, just look at the groupings of neighborhoods. If we wanted to do six Town Halls, three each year over the course of a 2-year cycle, we've been talking about something in that ballpark. You could look at these groups, and we could just do—that's on Page 5 of this one. We could do a Town Hall in each of those six neighborhoods. Again, this is a program that we've had on the books; we let it slide this last year. We need to reinvigorate it. On the question of whether we should go to doing this every other year as opposed to every year, it's probably worth doing every year. If we change it to every other year, I would strongly encourage us to do odd years as opposed to even years. That's because it would alternate with our election cycle. I think that's important for two reasons. One, doing this in the midst of an election cycle—things sometimes get angst-y, to put it mildly, during election cycles anywhere. That might skew the results. Rather than an election skewing the results of the survey, I'm more interested in the survey influencing and informing people who are thinking about running, whether it's for election or reelection. If we go to a two-year cycle for the survey, then we do odd years. Going back to just a couple of numbers, and then I'll wrap up my comments so Tanaka can jump in. Going back to Pages viii and ix, I just want to point out a couple of things that are worrying. I don't think these are not solvable problems, but they require our attention. The number of people who think of Palo Alto as a good place to retire has dropped, and now it's only about 50 percent. We have to start asking the detailed questions, what makes for a good community to retire in, especially for people who are already here. People are already here; they're working or maybe they are retired and they're thinking this is not the place to retire or I'm retired here and it's pretty tough. I think of things like mobility for seniors. I think about walkability, having places whether it's as big as Channing House or something much smaller, connecting the housing affordability and the senior population needs as our population over 65 years of age continues to grow into the future. We really need to think about that. We need to think about also how we connect with each other; how we support good food options for everybody across age spectrums. Going into the next page, availability of affordable quality food, 58 percent think that's—we're doing well on that one. Obviously, there's the traffic and traffic flow issues. Although it's pretty high, 75 percent recommend living in Palo Alto to somebody who would ask. I'd suggest we aim higher. I would hope more than three out of four people who live here would say this is a good enough place that I'd recommend it to somebody else. I'll wrap up with my last thing. It drives it home for where our Priorities do need to be. If you look at Page xiii, those top items, housing affordability top of the list followed by traffic concerns. That is where our Priority has been, and it should remain. They, of course, go hand in hand.

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Ms. Richardson: Can I just point out one thing to you based on your comment about Palo Alto's community as a place to retire? I mentioned that we do a variety of analysis on the data. If you look at Page iv, the third bullet from the bottom, demographics on retirement is something we did a little bit of analysis on. The people who are already retired, are age 65 or older, or who have lived in Palo Alto more than 20 years were more likely than others to rate Palo Alto as an excellent or good place to retire. It's more the people who are younger and are looking to the future and say, "Can I stay here during my retirement?"

Mayor Kniss: That's a good comment. Thank you. City Manager, did you want to say something? I thought you had your hand up.

Mr. Keene: No. Thank you.

Mayor Kniss: Greg is the last person we have, and Adrian. Let's cover everybody then. Greg's next, then Adrian, then Lydia.

Council Member Tanaka: Thank you for your work on this. I really appreciate it. It's actually very important work to hear the voice of the community. First, I want to answer the question you asked, which is should we do this every other year given the dropping response rate. As one of the speakers mentioned earlier, with the length of the survey and the detail of the survey you get what's known as survey fatigue. It's actually really common. It's the length of the survey. It's whether people think there's going to be impact or not. In terms of frequency, that also matters. What happens when you have these really long surveys as we have right now—the other impact you have is accuracy. The data also drops. That's the other issue that we run into. My suggestion is instead of going for these mega-long surveys every year, it'd probably be more effective to do what's become more commonplace in the private sector. After every interaction someone has with the City, you ask them a net promoter score question. You ask them, "Would you recommend the service to someone else?" or some question like that, just one question. I don't know how long the entire survey was, but it looks like 100 questions or some massive number of questions. It's hard to get people to respond. It's hard to get accurate data. If someone calls Utilities, they should get the automatic email saying how was the quality of this call or how was the quality of service or end the call and there's going to be a short survey as to how was the interaction. In the private sector, people have moved away from these mega long surveys, these annual mega long surveys, to ones where it's much more atomic, ones that happen after the actual interaction has occurred. For instance, if someone visits the Planning Department, they get an email the next day or next hour saying how was your interaction at the Planning Department.

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Someone goes to buy a parking permit, they get an email automatically right after that interaction. It's like what you see in retail. We have a little thing at the bottom of the receipt saying how was the service or you have stickers on the window. You want to make it really easy and have the frequency really high. What this allows you to do is—people at the moment remember how that service was, and they can give you a very accurate depiction about whether that's good or not. It also lets you know how that particular area or department is doing versus you ask them a year later or, God forbid, 2 years later. People aren't going to remember that kind of stuff, not going to remember the small stuff. Because the frequency of this survey is really, really infrequent, it doesn't allow course correction. You have to wait a whole year before you actually get the data. My suggestion is you go for much more frequent surveys, you go for surveys literally after every transaction someone has with the City. If you do that, you get much more accurate data. It'll allow us to also make course corrections as the year progresses. That's my thoughts about your question. I did have some questions for you. On Page 15 of the slides, I don't know if you guys can bring it up. On Development Services Department, there's a part I didn't quite understand. The number of permits approved declined 14 percent. The building permits issued declined 15 percent. Yet, on the very next bullet, the days to respond to plan checks increased by 29 percent. The days to building permits increased 30 percent. I know this is anecdotal, but I've talked to a lot of people. A lot of people dread going to the Development Department just because of what they perceive as poor quality of service. This reflects it because there's less work happening in the Development Center; yet, the time it takes to get a response is increasing. The work declined 14-15 percent, but the response time went up 29-30 percent. I was wondering if the City Manager could respond as to why is there this dichotomy going on, why there's this—you would think if there's less work, the response time should improve, not get worse. City Manager, why is that happening?

Mr. Keene: Council Member, I don't have enough information here to be able to tell you that. If you guys are interested in that, we'll just do a deeper dive on it. That won't be that difficult for us to look at it. It could be everything from the nature of the projects themselves or it might be a different distribution that is more complicated or there might be other staffing or response issues. I would say something in general too since you brought this up. One of the things that this survey does do is benchmark, as I said, our performance across areas with other cities. As you can imagine, there are services a city provides that almost consistently get really high scores and almost across cities. Libraries, fire and emergency responsiveness are almost always in the 85-90 percentile. Planning, development services almost always in the 40 and 50 percentiles. If you're

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at 50 percent in that arena, actually sometimes those things can be really good scores. Why? They're often dealing with difficult, thorny issues where they're complex and those sorts of issues. I just put that out there. I'd be happy to offline get the Council a response to that question.

Council Member Tanaka: Thank you, I really appreciate it. I would be very interested in knowing the answer. I understand what you're saying about some areas are always going to be low. My point here is just the workload has gone down, but the response time has gone up, which is very counterintuitive.

Mr. Keene: We need to look at a more detailed view. We'll give you a good explanation.

Ms. Richardson: I also want to point out that over time the response time has gone way down. You have to look at also is this just a one-time uptick for specific reasons or if it's going to become a trend. In Fiscal Year 2008, it took 80 days to get a permit. In '09, they got it down to 63 days, and it's gradually been going down. There was a year when it went up a little bit, and then it came back down. It could be just a slight uptick for the year and not necessarily a trend. You can see that on Page 32 of the Performance Report.

Council Member Tanaka: I understand what you're saying. It's like the line is getting shorter, but the time to respond to each person is longer.

Vice Mayor Filseth: We got it.

Council Member Tanaka: Page 16, I don't know if we could go to Slide 16. On Slide 16, I was wondering if—I saw that the cost per shuttle boarding increased by 29 percent. I was wondering if the City Manager could comment as to why that happened.

Mr. Keene: Hillary, you want to ... One of our shuttle routes was discontinued, actually a fairly popular one, the East Palo Alto shuttle route. That was mostly because of the fact that some grant funding came into East Palo Alto to have another provider do that. Our overall cost increased because one of our higher volume routes (inaudible). That will change the cost per shuttle boarding since it's based on boardings.

Council Member Tanaka: Thank you. Last question is on Slide 17, the next slide on the Utilities Department. Another one that seemed contradictory was—our average cost per megawatt decreased by 14 percent, but our average monthly bill increased by 9 percent. You would think if our costs to the City decreased by 14 percent, at best our rates would stay the same.

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Actually, our rates went up by 9 percent. This is regulated. It's counterintuitive. You would think if our costs are down 14 percent, maybe our bill should decrease but not increase. This is saying that not only did our costs decrease but our rates increased. It seemed very contradictory. I don't know if the City Manager could answer why that happened.

Mr. Keene: Utilities Director Ed Shikada can answer that.

Ed Shikada, Assistant City Manager and Utilities General Manager: In this particular case, this is reflective of what happens in leapfrogging in that our budgets and our rates are established on a Fiscal Year basis, but they are truing up what's done in the prior year. They can be out of sync in terms of where the expenses are experienced and then the rates are adjusted in order to compensate. Ultimately, it all balances out. It's reflected in the expenses and the rates as they proceed in the following year. You see that in the water as well. That particular case showing the effect of the drought or perceived end of the drought, such that actual per capita use has increased. Ultimately, rates will be adjusted to reflect a balance between revenues and expenses.

Council Member Tanaka: That helps explain it. One of the big advantages we're supposed to have of having our own utilities is lower rates. To see the rates go up while our costs decrease doesn't make a lot of sense. I appreciate it. Thank you.

Council Member Fine: Thank you, Mayor. First, I want to thank the City Auditor for this excellent report. As the Vice Mayor mentioned, I really think this is one of the things we all should hold onto for the coming year and going forward and look at it periodically when you have questions, when you want to find a problem to solve. I'd also really encourage folks in the public to check out the Tableau dashboards. You can slice and dice the data to your choosing. At a high level, I would align myself with Council Member Wolbach on his comments on housing and traffic. Those really are the standouts here, so I won't belabor the point. A couple of quick questions and then one larger comment. I noticed there was a decline in Palo Alto as a place to visit. That's a question we're asking of our own residents. Right? Do we have any kind of survey where we do actually question the folks who visit Palo Alto, whether they're hotel guests or here for conferences or work, things like that?

Ms. Richardson: I don't know.

Council Member Fine: People have mentioned all the other things I have written down, support for multifamily housing along El Camino. Code enforcement is not necessarily a huge issue. It may be that people have

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specific things they want out of it, whether it's leaf blowers or window coverings, things like that. Council Member Tanaka mentioned the Development Services; I had that question as well. Council Member Wolbach mentioned the increase in City employees using our commute programs. That's a promising start. The biggest thing that comes to me is we're a City of about 65,000 people. We had about 600 responses. We had about 100 folks at this meeting today, and there are nine of us here. We have a bit of a responsibility in indexing these different results and understanding where they fit into our Priorities and what other community engagement we have to continue to do. Harriet, I think it speaks to your very first question, how do we get better and more accurate, faster, quicker results. There may be something for our City to look at lighter, faster surveying mechanisms. Council Member Tanaka mentioned that promoter score. Some ideas I was thinking of are can we do online surveying, can we do it at service points where you're going to pay a utility bill or something with Development Services; can we do it for visitors maybe at our libraries. We may as a City want to think about more lightweight, faster and interstitial ways to get survey data. I don't think moving to a 2-year survey pattern would help us. The National Citizen Survey may be decaying as a source of data, but it's still really important to all of us. Last comment on this. Specifically on the two issues that Palo Altans raise the most, housing and transportation or traffic, we could get more granular results. Specifically on traffic, we all have different frustrations. For some people, it may be that there's not enough transit service. For other folks, they're just tired of the gridlock. Some people, it's signal coordination. Others, it's bike lanes. It may behoove us to get results that are more in-depth from our citizens on the traffic, parking, transportation issues. That may be something we want to launch this year or (inaudible) coming up. Otherwise, this is a really useful report. We're just scratching the surface today. We should all keep digging into this. Thank you very much.

Mayor Kniss: Thank you. Lydia. Let me just say, before you get started, we're getting close to the lunch hour. After we're done with this presentation, we'll take a very brief break so that we can go into our Priorities. Probably in the next 15 minutes, lunch will be arriving. One other thing. Beth, is there enough for our visitors today?

Beth Minor, City Clerk: We did order a lot, so hopefully there is.

Mayor Kniss: Lydia.

Mr. Keene: I would suggest you guys let the Council eat first or the afternoon will be very difficult. Make sure you get some.

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Mayor Kniss: That actually is a very good suggestion. We'll get our lunches; we'll come sit down, get ourselves briefly reorganized and begin again. Lydia.

Council Member Kou: Thank you, Harriet. I know this is a lot of work for you. It really helps to see where the City's sentiments are and so forth. It's great. However, I want to just say that it's not something that I truly rely on completely in terms of looking at the likes and dislikes and satisfaction and non because there's still a lot of value when I go out to the general public and speak to them one on one or in a group so that they do get to vent and to tell me what are some of the things they think they can suggest as solutions and so forth. I would just like to say that just having this survey and the analysis is not sufficient. There's a lot to do with face-to-face conversations as well. I did want to ask—you mentioned how many responses. I'm sorry I missed that.

Ms. Richardson: I'm sorry. Six hundred fourteen for the National Citizen Survey and 632 for the Community Survey.

Council Member Kou: That was about what, 24 percent?

Ms. Richardson: Twenty-one percent for the National Citizen Survey and 22 percent for the Community Survey.

Council Member Kou: By using this percentage and this number, it—I guess I just want not to have it said that you can generalize and say that it is a positive survey. We have to look at both ends of that. Twenty-one is low, right?

Ms. Richardson: It's low, but it is a statistically reliable survey with a margin of error of plus or minus 4 percent. That means if you redid the survey, you should get similar results in either direction plus or minus the 4 percentage points.

Council Member Kou: On the issue with noise, I don't remember where it is. Was it specific to leaf blowers or was there any specificity to what kind of noise issues they might be complaining about? Maybe construction noise, airplane noise. Is that open-ended so that people can write in?

Ms. Richardson: We separate leaf blower noise from other noise. We put gasoline-powered leaf blowers in residential areas, and then we put excessive noise other than leaf blowers. As an example, we put loud music, burglar false alarms. Those were how we framed the noise question in the survey.

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Council Member Kou: We have a lot of people commenting about airplane noise; yet, that's not so much described in there. At the same time, it's only a low 2 percent, which in speaking to a lot of people that just seems to be a little bit off.

Ms. Richardson: Airplane noise would have been part of the excessive noise.

Council Member Kou: In your question asking whether it should be done every year or every other, I think this keeps us on our toes, the government on their toes, in terms of what is satisfactory and not. It should be done every year just so that we can benchmark ourselves yearly. Just looking at it and saying that housing is the biggest issue that people—affordable housing—I'm glad that we're now coming to a definition on what affordable is. I would say this is our top priority. The transportation, in particular circulation and mobility and parking, would be one of my bigger things that the City should really delve into. Otherwise, again, this is a great survey. It's a great way for me to see if what I'm feeling when I'm out in the community is matching with this survey that we've done. Thank you.

Mayor Kniss: One of you want to add one more thing to this before we leave it while Harriet is here? Harriet is going to disappear and take care of her congestion. I realize I left myself wide open on that one. Before we leave it, Jim, City Manager, do you want to make any comments?

Mr. Keene: I would just say one thing more for the future, how we think about it. We actually do lots of surveys in different service areas, interesting data. The point about how we stitch that together in some overarching, executive summary, dashboard, whatever it is way is something we want to do a lot more focus on with our team, particularly in the City Manager's Office (CMO). I would also say that at some point this probably would be a good, separate conversation for the Council to have. What are we trying to achieve with the information that we're trying to get? Everything from getting more granular to do we just want to survey where people are, do we want to move sentiments also. There are techniques and things. We've got folks at Stanford who are leaders in that effort to raise understanding about the complexity of an issue and then changing the dimensions of the results we get too. A lot of things to think about.

Mayor Kniss: Greg.

Council Member Scharff: I did want to follow up on this notion of a 2-year survey. It begs the question of how much money do we spend and how much effort and time do we spend on the National Citizen Survey.

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Ms. Richardson: This is really three different reports. The Performance Report we do completely inhouse, and we spend about 275 hours on that.

Council Member Scharff: Do we have a sense of how that translates into money?

Ms. Richardson: Based on employee cost, it's about \$26,000.

Council Member Scharff: Two hundred seventy-five hours?

Ms. Richardson: With benefits, not just the salary.

Council Member Scharff: It's got to be much more than that. Twenty-six thousand dollars is only 275 hours?

Ms. Richardson: With benefits. We have a spreadsheet where we have it all calculated out.

Council Member Scharff: Twenty-six thousand dollars ?

Ms. Richardson: Yes. The National Citizen Survey, we pay the National Research Center \$28,530, and then we put about 135 hours of our own time into that to do the analysis, the executive summary, the Tableau. The cost of that is about \$16,500, so you're looking at about \$45,000 for that.

Council Member Scharff: What's the bottom line when we add it up?

Ms. Richardson: We have the small report, the Citizen Centric Report. We only spent about 10 1/2 hours, so about \$1,000. You're looking at about \$72,000, in the \$70,000-\$75,000 range.

Council Member Scharff: Overall, we spent about \$75,000 for the whole thing?

Ms. Richardson: Right. That doesn't count the custom survey that we did this year, that we don't typically do.

Council Member Scharff: What did we spend on that?

Ms. Richardson: We paid the National Research Center about \$19,000, and then we put about 122 hours of our own time into that, which was about \$13,000. The total was about \$32,000.

Council Member Scharff: The custom questions were more than 40 percent (crosstalk).

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Ms. Richardson: It was a more expensive survey to do, yes.

Council Member Scharff: My only real thought was I talked to some other Council Members in other cities. Some of them do the National Citizen Survey like we do. Other ones actually poll their citizens and do a custom poll every year. People seem to do a whole bunch of different things. It's totally unclear to me what's the most worthwhile to be honest.

Ms. Richardson: When you look in the back at the 600 or so cities and counties that are listed at the end of the Citizen Survey as a list of cities and counties that do surveys, they aren't all the National Citizen Survey. Some of them are their own survey, and the National Research Center tries to gather as much information as they can about all the different surveys that cities and counties do. They try and match up the questions that they ask in their survey to the questions those cities and counties ask. You have a wide range of populations, less than 1,000 to well over 1 million of residents that are being surveyed. It's quite all over the board.

Council Member Scharff: Other Council Members in other cities have made the argument to me that we waste our money on this. They do targeted questions for their community, and this provides a whole bunch of information that is not helpful, the Citizen Survey. I'm not really passing judgment. I'm saying that is the other thought. If you want to do particular survey questions every year and come up with it, you'd actually do a real poll and say this is what we want to poll our residents on and delve deep into some issues and resolve it. What I like about the Citizen Survey is it shows us trend lines for the past 10 years. If you stop doing it, you lose some of that. I suppose you could do it every other year and still see the trend line. The year you don't do it, you could do targeted questions based on what you're concerned about.

Ms. Richardson: That was one of the options that I discussed.

Council Member Scharff: We're not going to solve it, but I don't think we should dismiss it out of hand as a Council about the best way to get the information. This is really important information.

Mayor Kniss: I think this is a discussion, not a conclusion. As we wind this up, let me just make a comment about affordable housing. As I said, affordable housing is easily defined by our government, and it goes by your median income. Yesterday, just as anecdotal evidence, I went out and visited seven of our complexes in Palo Alto. You probably know we have, depending on how you look at it, somewhere between 1,600 and 2,000 units that are controlled by the Palo Alto Housing Corporation. There are other special housing areas in Palo Alto. I didn't include all of them. Yesterday,

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we went to seven complexes. I would tell you consistently, as we visited them; people mentioned how grateful they are to be there. You probably know the waiting list for any of our affordable housing complexes in Palo Alto is roughly 5-10 years. Some of them are still open. Most of them are closed. If you'd like to buy a Below Market Rate (BMR) place in Palo Alto, that waiting list is closed at the moment. Just a little more about the actual places themselves. The older ones tend to have larger units. The new ones, like the Treehouse—most of you know where the Treehouse is on Charleston. That has smaller units; they run about 500 square feet. They're all under-parked, by the way. They were all done—I saw Pat Burt here earlier. They're all done under Planned Community's (PC), which I've certainly heard Pat mention frequently. They could not have done them without having a PC. The parking in particular is interesting. They all have empty parking spots. What I discovered is lots of people bike. They all mentioned they need more bike areas to store the bikes. Almost everybody that is working is working in Palo Alto or very close by. They tend to work at a variety of jobs. They work as waiters. Sometimes they're bartenders. Some of them work at Stanford in the hospital section. There are a whole number of jobs. If you think as you walk down University Avenue or California Avenue, the number of people that you see who are probably making minimum wage just fill the stores. Stores have a very hard time hiring. I'm going to call out one in particular you may not be as familiar with, the California Hotel. How many of you know the California Hotel? That has turned into single-room occupancy. You probably know it was donated by a developer, and it's being run by the Palo Alto Housing Corporation. It is completely full. No one in that complex has a car at all. They do not have a car. They walk to work or they almost all have bikes. There is no parking, and no one has a car. That's part of what is stipulated when they come in. Again, they do service jobs that are certainly very valuable to us in this community. For any of you who are interested in this, one of the things we might do in this year of affordable housing is we might talk about doing a tour of places like this. They really add to the richness of this community. It makes a difference. It's fascinating. I asked one person if they would be willing to come and talk to a group of us at some point just like this group today. They said, "No. I'm kind of embarrassed to live in affordable housing." I want you to balance that out with how valuable it is to live there, but I don't want to tell you that I do. It's somewhat of a stigma. However, the kids who live in these places are amazing. There are lots of kids who are living in our affordable housing. I wanted to tell you about that before we go on to our next stop. It was so interesting; it was a fascinating day. Thank you for indulging me in that particular—that's anecdotal. It didn't really relate directly to what Harriet had to say. It emphasizes what people think about when they think about affordable housing. They might think about that or they might think about something quite different. It's

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important that we know what those differences are. We are getting close to stopping right there. Any last comments on what Harriet's brought to us? If there aren't any, then we should—is lunch actually here? Let us continue on with—this now ends, believe it or not, Harriet's presentation, which was going to end at 10:30 A.M. We're just slightly off. Thanks Harriet, and thank you for staying.

4. Policy and Services Committee Recommendation (Transportation, Housing, Finance, Grade Separation) and Selection of 2018 Council Priorities.
5. Discussion and Definition of the Priorities With Greater Specificity – e.g. Sub-bullets, Outcomes, Milestones, Key Performance Indicators.

Mayor Kniss: Next, we're going to take up our Priorities that we have put forward for the year. For some background on how we did these Priorities, we decided some time ago that we would have a Policy and Services Committee (P&S) meeting the year before we chose the Priorities for the following year. We did that in December. Am I right, Cory?

Council Member Wolbach: Yes.

Mayor Kniss: Because I'd like to have you hear from not just me today but also hear from the rest of our Council, I'm going to ask Cory how we derived, how we devised our policies for the coming year, and then we'll get into a general discussion. Listed on here right now is the policies—the Policy and Services recommendation regarding those that we have brought forward.

James Keene, City Manager: Madam Mayor, could I just jump in and add one little piece to that, that would be clear to the Council maybe just not to the public?

Mayor Kniss: Yes.

Mr. Keene: Last year's Chair of Policy and Services, Council Member Wolbach, will speak to their recommendations. They are recommendations to the City Council, and the Council will subsequent to this—part of your action here would be to adopt the Priorities that you see for the year.

Mayor Kniss: Thank you, City Manager. The reason that is important is that just four of us bring you these Priorities. It needs to be the group of us who decides what the Priorities are going to be. We are missing Tom today, so we have eight of us. We do intend to bring these forth to agree on or add to or whatever else.

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Mr. Keene: Madam Mayor, I think the Council's aware of this. I would add again for the record that Council Member DuBois expressed the fact that he just had a family commitment that required him to be in Sacramento. He did submit to the Council in writing his thoughts, and the Clerk did make a copy of that and place that in front of the Council. You don't have his active voice here at the meeting, but you do have his perspective written and shared for the Council. Thank you.

Mayor Kniss: Thanks for calling that out.

Council Member Fine: He's going to review our output too.

Mayor Kniss: Pardon?

Council Member Fine: He says he's going to review the output of our efforts as well.

Mayor Kniss: Excellent. With that, I'm going to ask Cory to introduce this, and then we'll have other comments from our City Manager and a discussion about our Priorities. Will we keep the same or will we add to them?

Council Member Wolbach: Thank you, Liz. As has been stated, what we really have in front of us, for those in the audience especially, is recommendations from the Policy and Services Committee. At our last meeting of 2017, we reviewed some suggestions from the public and basically an internal polling we did of submissions for recommended Priorities from each Council Member. We did see a lot of overlap. I want to note one that is not on our list of recommendations, Healthy City Healthy Community. That has been a Council Priority for the last 3 years now. Only two Council Members suggested carrying it forward. Those were now Mayor Kniss and myself. We were both on the Policy and Services Committee, and we said we're willing to pull that one back. We were the only two who had mentioned it. Not because we don't think it's important but because the idea of what our Priorities should be. As in our ordinances, it should be ideally for no more than 3 years. Ideally we should have only three per year. The purpose is to identify where we spend some extra time both as Council and as Staff, give extra time, extra attention, extra focus. That doesn't mean that everything else the City does isn't important, but something needs an additional push, an additional focus. We've made a lot of progress as a Health City over the last 3 years. We feel that is moving along; we shouldn't ignore it, but we're willing both to say it's on the right track. As long as we don't deviate from that track, we don't need that additional level of focus from the Council because things have moving in the right direction. Given the overlap of topics, we did land on four. We suggested the Council try and narrow it down to three if it's possible, but we

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do have four that were recommended. Transportation, Housing, Finance, and Grade Separation. In the past, over the last couple of years, we've talked a lot about infrastructure as well. Infrastructure is not on our list of recommendations; that doesn't mean it couldn't be. The Grade Separation one is a particularly interesting one because of how it intersects all the others. If there's a discussion about eminent domain, it could impact housing. If there's a discussion about value capture related to rail development, that could mean more housing production. Obviously, it's incredibly expensive to do grade separation, so it significantly impacts our finances, and it's a huge infrastructure initiative. Because it is so important this year, though, it touches on all these other things, rather than just letting it be touched on by each of them, we did want to pull it out at least for discussion today. Whether it ends up staying one of our Priorities or not, we thought it was worth highlighting how important it is this particular year. With Transportation, as has been discussed today and as we saw in the Citizen Survey, there are so many elements to that, traffic flow, ways to get around, reducing single occupancy vehicle trips especially of commuters coming to Palo Alto, the support for our Transportation Management Association Downtown, maybe expanding? I was just at their first meeting of the year. With a new executive director coming onboard, they're starting to explore expanding to California Ave. and other parts of the City, also the Stanford Research Park Transportation Management Association (TMA) or SRPgo (carpool matching in Stanford Research Park). On Housing, the questions of affordability, market rate as well as preventing loss of housing, and things we can do—where we have some renter protections, whether we want to strengthen those, there are a number of elements to housing. For Finance, if we were going to add bullet points under those, some things that we discussed in the Policy and Services Committee were a particular focus on our employee costs, pensions, medical costs especially for retirees, how we manage that in a responsible way that is both fair to our employees but also fair to the taxpayers, and making sure we're in a good condition going forward. The Finance Chair for the last year, Filseth, and new Finance Chair Scharff can talk about that in greater depth. The other side of the Finance is that we're very concerned about, as we have had many discussions about it and will this year, how do we pay for our infrastructure needs. That's a summary of some of the things we talked about at Policy and Services. If you look at Attachment B—for colleagues, in your Packet you just flip over a couple of pages to Attachment B. You can see where our Priorities were for the last few years.

Mr. Keene: I think the Clerk distributed also just the one-pager.

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Council Member Wolbach: I missed that one. Thank you. This is a different one that shows what everybody had recommended before it came to Policy and Services. That's a bit of the setup.

Mayor Kniss: Might I add under Healthy Community, we also felt that that has become so well established that we have won the highest award that the County gives. It seems as though that has become somewhat entrenched in our Priorities. When that happens, we don't need it as a Priority any longer. The group is continuing to meet. I think it has flourished. Karen, don't you? It has made a big difference. One of the differences is that we keep hearing from Dr. Horowitz, a dentist, who wants us to push a tax on sugary drinks. That's one of the kinds of things that happens as a result of concentrating on Healthy City. With that, before we get into a full-fledged discussion—Beth, is there enough food that we can get some lunch now? By 12:00 P.M., let's be into our full discussion. Agreed?

Mr. Keene: Are you ready, Beth?

Mayor Kniss: She waved the come on down sign.

Mr. Keene: May I make some introductory comments when you (crosstalk).

Mayor Kniss: Yes. I'll turn to you the minute we get food in our mouths.

Mr. Keene: Thank you.

The City Council took a break from 11:49 A.M. to 12:10 P.M.

Mayor Kniss: As soon as you come back to the table, this is our time to start. We're now going way back to 10:45 A.M. This is our opportunity to either adopt those Priorities that came to Policy and Services or to add something to this. Cory, you did a good job of presenting this. As you can see, those that we agreed on were Transportation in many different forms, Housing, Finance, and Grade Separation. Grade separation, I hope you will all keep on this Priorities list because they are among the most important issues we're going to take up this year. Briefly said, there's money involved. There are two other cities who are vying for this money. They are way ahead of us. When we talk about Grade Separation as something that needs to happen this year, what we're looking at is the \$700 million that was raised under Measure B, that both Mountain View and Sunnyvale are eying. They both are way ahead of us in their plans. It is imperative that we take that up this year. At the end of the time today, Jim Keene is going to address that more completely. You want to make comments first, Jim?

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Mr. Keene: I wanted to talk about the process we want to use with you on this particular section and then the subsequent one. Tell me when the right time for me to speak is.

Mayor Kniss: Hang on just a second. Jim, why don't you say what you would like to say now? Then, we're going to get into the real pithiness of choosing this.

Mr. Keene: Thank you, Madam Mayor. What a weekend, a lot of things going on. This is better than the Super Bowl tomorrow almost. I'd say certainly if the Patriots win, this will be better than the Super Bowl tomorrow. That's just my perspective. Sorry. We are an hour behind schedule. You really have about 2 hours and 15 minutes to adopt the Priorities and have a more in-depth discussion about some of them. Seriously, I actually think if the Council is able to stay on track generally, as the Mayor said, with the recommendations that came out of Policy and Services and the fact that in a sense the Council's tally sheet on this Attachment B is pretty clear as far as how you ranked the Priorities, the four that were included, and the way the Policy and Services Committee recommended addressing the question of infrastructure as far as mashing it up potentially with a focus on the finance piece, you really include all of the top Priorities. If you were to run the standard deviation here, it would make it clear that those are the items that you should focus on. We would hope that you could go through this pretty quickly. In a lot of years past, it was way more open-ended, and we did that nominal group technique. Everybody went to the back of the room, and you had dots, and you stuck them on boards. That just did not seem necessary given the amount of alignment you have and, in one sense, you basically have that board right here. I would just encourage you to stay with that. I do want to anticipate the next portion of this, which is after you adopt the Priorities. We've done a lot of different—the Council's done a lot of different things over the years in this Retreat. In many years, the total accomplishment was you adopted the Priorities, and that was essentially it. In the past few years, we've had a little bit more in-depth discussion about some of the overall work plan issues that are facing the City. I think Council Member DuBois' letter commented on the value and utility of that. That being said, that was still more of a Staff Report to the Council about look at all the kinds of issues we've got to deal with. What Policy and Services was recommending to you this year is, once you adopt your Priorities, there's this opportunity, whether it's through subtitles, whether it's through key performance indicators, or some other measure, for the Council to go out of this Retreat with some sense of what you want to accomplish on these key Priorities in this year in some way where you have stated what your focus and concerns would be. We want to make sure we've allowed enough time for you to be able to do that.

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Hopefully, you'll keep that in mind when you're actually talking through the Priorities themselves. Lastly, the Staff took the liberty of doing the report both on who we have available for the Retreat and the topics themselves to expect that you would want to, if you adopt housing, have a detailed discussion today to some extent on housing as to what that means and what that looks like. We have Hillary here to help with that. As the Mayor said at the end on Grade Separation, I'll speak more to that if that does come up. We do have a Staff Report that could inform some specific direction the Council could be giving to us today or your position, at least—accepting a position that you would want us to come back to the whole Council with in some fashion. Two of you on that issue would be recused from real active participation just given the proximity of your property to the rail line. We are going to look at that one more as a kind of Staff Report. The Council and community may have their eyes opened to some of the urgency the Mayor was talking about. That being the case, Madam Mayor, we'd turn it back to you all with urging you to get to your actual approval of the Priorities. If you run into any problems, I'll jump back in with some suggestions.

Mayor Kniss: I appreciate that. We're going forward. Right now, our first priority is to select our Priorities for the coming year. Greg, your arm is up.

Council Member Scharff: Thank you very much. Thank you to Policy and Services. You guys did a really good job. Those are the right four Priorities. In some ways Grade Separation could go under Transportation, but it's good to separate it out this year. If we're going to separate it out this year, we have to be clear. We should have little subtitles under some of these. It could go Grade Separation/the real priority on grade separation. If we just say Grade Separation, what is our priority? If we say choose a preferred alternative by the end of the year, we have a priority on Grade Separation that everyone can understand. I would argue for Grade Separation with "choose a preferred alternative by the end of the year."

Mayor Kniss: Let me ask Beth. Beth, while these suggestions are being made, could you do just what you have done so that we can see it and the audience can see it as well? Thanks. Greg, I'm turning my mic off.

Council Member Scharff: It's going to be a Motion. On Finance—I just want to get it out there first—it's really important that we include an infrastructure funding plan. That is one of the really key issues there. There are other things on Finance. I don't think we need to go over all of them. We need to cut some money out of the budget and make sure that on an ongoing basis it doesn't have a loss. Those are a couple of things we need to do, but I would like to include on Finance "create an infrastructure funding plan"

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because we really need to do that this year. Housing is great. I'd be open to particular things under that if people want it. On Transportation, we need to narrow that down a little bit. Some of this stuff may be circulation; I'm not sure. I'm going to leave other people to come up with the words, but we do need to talk about traffic flow, circulation, how do we get cars moving faster—traffic flow moving at a reasonably slow speed but moving. I'm going to make the Motion that we adopt Transportation, Housing, and then Finance and create an infrastructure funding plan. and for Grade Separation create a preferred alternative by the end of the year.

MOTION: Council Member Scharff moved, seconded by Council Member Fine to approve the following as 2018 Council Priorities:

1. Transportation
2. Housing
3. Finance
 - a. Create an Infrastructure Funding Plan.
4. Grade Separation
 - a. Choose a preferred alternative by the end of the year.

Mayor Kniss: You'll all get to speak to it. We have a Motion on the floor. It has been made by Greg Scharff, seconded by Adrian Fine. Do you both wish to speak further?

Council Member Scharff: Yeah. I was just going to basically say these are really good Priorities for the year. It is really important that we choose a preferred alternative on Grade Separation by the end of the year. That needs to be the focus of the Rail Committee and of Council, to narrow those down and choose them. On Finance, obviously the priorities are creating an infrastructure funding plan as one of the top priorities of that.

Council Member Fine: Thank you. Again, thanks to Policy and Services. This is the right list. Transportation and Housing, while they both need a fair bit of unpacking by this Council and our Staff, are far and away the things our community is asking for, so they make sense up here. Finance and Grade Separation are a little bit more coming from this Council. It's interesting; in our survey results you didn't see much about folks asking what's up with grade separations, what's happened with the train tracks. We have been making a good effort to communicate to the public and businesses and nonprofits in the area why this is such an important effort.

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I'm very interested to hear from my colleagues about what other bullet points you want to put in there, but this is a good starting point. Greg, thank you for those two sub-bullets. Those are nice, tight goals for Finance and Grade Separation. If we can create similar ones for Housing and Transportation, that would be a benefit to us. I want to hear from you all before I speak more.

Mayor Kniss: I heard next from Karen, from Cory and then Karen. Anybody at this end want to speak? Lydia? We'll probably all speak by the time we're done. Cory, you're next, and then Karen.

Council Member Wolbach: As much as I had recommended, along with the Committee, that we try and limit it to three, I didn't think it was very likely we were going to be able to do that. At least, we're not at the five that we've been some years. These are the right four if we're going to pick four. I appreciate the additions to Finance. I'm not going to suggest it yet—I want to hear from others or let somebody else offer it—but I would suggest that we think about adding something about long-term employee costs under the financing as well. On Housing, there's obviously a lot here in the work plan that we're going to get today and then more on Monday. Without getting into the work plan, which is progressing on its own track, identifying what we mean when we say housing is important. I have spoken before about a three-legged stool for housing, just like we've talked about a three-legged stool analogy for parking challenges in places like Downtown. I would suggest that we adopt that for Housing. That provides general guidance, and the work plan pursues a couple of them. My suggestion would be three bullet points under Housing: one, supply; two, affordability; and three, renter protections. I hope this would be accepted by the maker and the seconder. I want to clarify that for each of these it's a discussion. There are a lot of things that go into each of them. The work plan that we're working with focuses on the first two. The renter protections one, Palo Alto already has some renter protections, but they're not well publicized. They're not very well known about. There are some things we can do there that could really bring the Council and the community together, including the private sector and the renter advocates. There is an opportunity for real consensus on that third point as well. The first two, we're already moving forward with this work plan.

Council Member Scharff: I appreciate the sentiment very much on the renter protections, affordability, and supply; however, I feel that having those underneath there will actually take away from what we need to get done and for Staff to work on it. Staff's come forward with a good housing plan that we're going on. We really need to focus on that. I don't think we want to get side—the biggest risk to get housing done is to go down

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different rabbit holes. That's a huge mistake. I know it sounds good, and it might be a good slogan, but I'm not there. I don't think we should do those three.

Council Member Wolbach: Would there be a second for an unfriendly Amendment to add those three bullet points?

Council Member Fine: This current set, I also wouldn't be willing to accept it but for slightly different reasons. The sub-bullets under Finance and Grade Separation are pretty clear, create an infrastructure funding plan, on Finance Committee is what will happen. For Grade Separation, have the Rail Committee and this community choose a preferred alternative by the end of the year. Under Housing, they're a little less clear. I agree with Council Member Scharff about the renter protection issue, which we did discuss earlier last year. I'm not going to be able to accept it, but I would suggest it could be something like have a goal of meeting our housing production under the Comprehensive Plan (Comp. Plan) and Regional Housing Needs Assessment (RHNA) including the affordable spectrum. It could be something like that.

Council Member Wolbach: Let me try a slightly different approach.

Mayor Kniss: Hang on just a minute. We've got a Motion on the floor. You tried an Amendment, Council Member Wolbach, which has not gotten a second. Are you now moving into a Substitute Motion? Where are you moving?

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to add to the Motion under the Finance priority "long term employee costs" and "supply, affordability and renter protections" under the Housing Priority.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Wolbach: What I'm going to do is respond to the seconder's suggestions and the comments from ...

Mayor Kniss: Let's wipe out the Amendment; that doesn't have a second.

Council Member Wolbach: Let's try this. Using a verb, as we talked about this at Policy and Services, the importance of having an action verb. For Housing, let's say "adopt policies to meet our housing supply and affordability targets."

Council Member Scharff: (Inaudible) meet our Comp. Plan goals?

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Council Member Wolbach: How about this language, "as identified in our Housing Element and Comprehensive Plan (Comp. Plan) goals"? As far as the third item, there is an opportunity to have a conversation about renter protections, which will be more productive than the one we had mid to late last year and which could find greater consensus among the Council and the community. I hope we aren't foreclosed to that possibility even though we're moving forward with these already.

Mr. Keene: Could I interject just for a second? This is almost looking good, just one little qualifier. Hillary points out at the moment we don't really have explicit affordability targets set. It might be easier at the stage that you're doing this, at the Priorities themselves, just to say "adopt policies to meet our goals as identified in the Housing Element and Comprehensive Plan," and leave that at that for now. You're going to have a much deeper discussion on housing even later today, where you may have more perspective. You can always revisit that either today or—it doesn't matter. You could amend this Monday at the Council meeting as you add the housing goals.

Council Member Wolbach: I'd be fine with that, but let me just ask a question. Don't our Housing Element and our RHNA obligations that we've agreed specify numbers at various income levels? I'm not talking about a percentage of our total housing supply. I mean gross numbers of housing creation at various income levels.

Hillary Gitelman, Planning and Community Environment Director: Thank you, Council Member Wolbach. I was hoping we could—Hillary Gitelman, the Planning Director—talk about this more in-depth when we talk about the work plan. Our RHNA allocation does have a percentage that's affordable versus market rate, but that's not really a target. The State assumes you're going to have to create a lot more market rate units to meet your affordable numbers. Our RHNA allocation is 70 or 75 percent affordable, which doesn't seem like a community-wide target that's achievable given the amount of subsidy required. If you're trying to get a really actionable statement, you might want to speak to increasing the rate of housing and affordable housing production in Palo Alto rather than referencing policies, which we already have, and targets, which we don't at least for affordability yet.

Council Member Wolbach: What was the language that the City Manager recommended again?

Ms. Gitelman: Our recommendation would be something more like "increase the rate of housing and affordable housing production."

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Council Member Wolbach: Adopt policies to increase the rate of market rate and affordable housing production. On Transportation ...

Vice Mayor Filseth: There's a line in there about the Comp. Plan, right, Comp. Plan objectives?

Mr. Keene: That's out the way you have it right now. I'm sure your question is partly related to what does the verb increase relate to.

Council Member Wolbach: Moving on to Transportation.

Council Member Scharff: Before we move on (inaudible).

Council Member Wolbach: We could address the Comp. Plan in all (inaudible) to be honest.

Council Member Scharff: Isn't the amount—the rate of market rate and affordable housing production that we want to do is set forth in the Comp. Plan, which is roughly 300 units a year. Am I missing that? Shouldn't it say "adopt policies to increase the rate of market and affordable housing according to the goals set forth in the Comp. Plan"?

Ms. Gitelman: Yes, the Comp. Plan targets.

Mayor Kniss: Maker and seconder are comfortable with that?

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion under the Housing priority, "Adopt policies to increase the rate of market rate and affordable housing production according to the goals set forth in the Comprehensive Plan."

Council Member Wolbach: Under Transportation, I'd suggest we focus on improving Palo Alto residents' mobility to decrease single occupancy vehicle trips to Palo Alto. I'm going to leave it there and let other people play with it.

Council Member Scharff: I have no problem with that. We've been working on that forever. It's not very actionable. It's in our Sustainability Plan. If people want to do it, I don't mind. I would like at some point to add in there—I'll make it myself—that we really need to improve traffic flow.

Council Member Wolbach: I've made my suggestion on this one. I'm going to push it less hard than I did the Housing stuff. I'm going to let you guys play with it from here.

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Council Member Fine: A couple of comments here. When I saw this list, immediately I was wondering—I mentioned this to the Mayor—is it transportation or is it mobility. I'm not going to pick a battler over that. I don't think it matters. When we improve mobility for Palo Alto residents, what are we actually measuring there? Are we talking about moving them in their cars, on their bikes, by rideshare? How are we measuring that? Right now, we don't do that. The "decrease single occupancy vehicle trips" is something we're already goaling and executing against, but it's a good thing to have in here. This was what I was getting to earlier when I mentioned, on the issue of traffic and transportation, I'm not sure we have the granularity of the different types of problems people are facing and the solutions we want to offer them.

Mayor Kniss: Could I add just one thing in there? I've been talking a lot with Mountain View and Menlo Park as well. The agreement—I'll look to Hillary for this. The general agreement is 80 percent of the traffic every day in your city comes from another city. It's pass-through traffic. Some of the traffic, of course, is us, but 80 percent by any study that's done indicates that's traffic crossing through. It might be us crossing through Menlo Park or Mountain View. Think of your own daily trips. You probably leave Palo Alto once a day if you're like most people. We need to be very mindful of what it is that we can actually attain.

Vice Mayor Filseth: The value I see in the bullet points that we're putting down here is to clarify the intent of specifically what we mean. For example, "choose a preferred grade separation alternative by the end of the year" is very clear. The downside of adding these clarifying statements is at some level we constrain the problem a little bit. We say we're going to focus on this, and maybe that means we're not going to focus on other stuff. The Transportation one, I'd be okay with actually having no bullet in there. We know what to do, and it gives us latitude to take on the stuff that we have to.

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to add to the Motion under the Transportation priority, "Improve mobility for Palo Alto residents by decreasing single occupancy vehicle trips to Palo Alto."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Holman: You all know I'm a bit of a process nerd. I support the four Priorities, but are we combining—I appreciate Eric's comment about confusing things. Are we combining these two items on our Agenda? Are we now creating the sub-bullets for outcome milestones? It

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looks like we're sort of combining them, but we're sort of not because we're only putting one thing underneath. I'm a little confused to what we're doing.

Mayor Kniss: What we're doing—reading this in front of us, the Motion says to take up these four items. The question is do you want a more defined definition underneath them or not. We just had one under Transportation and erased it. Housing seems to be acceptable at least to four people. Finance seems acceptable. Grade Separation, that's fairly clear. At this point, we're looking at are you comfortable with these four that are here, do you want to add something, subtract something, or add to the definition.

Council Member Holman: To provide clarity and going from the Agenda, what we would have up here, from my perspective, would be Transportation, Housing, for instance, Finance/Infrastructure Funding, and Grade Separation/Preferred Alternative. When we go to this next item, we'll put sub-bullets under those that will make a list of the kinds of things we would address under those Priorities. That's how I read the Agenda and what would provide clarity. If we adopt this the way it's stated here, when we try to add sub-bullets, we're going to get really confused and confusing. That's why I was asking the question about are we combining these two items on the Agenda.

Mr. Keene: Might I jump in?

Mayor Kniss: Go ahead.

Mr. Keene: In one sense, yes, you are doing some of that. I don't think you have a process issue. I mean, I don't think you have a problem with this Agenda. We're already behind on the Agenda itself. If you want to do some of both of this at the same time, that's appropriate. I would imagine under the grade sep, when we get into that report—I can tell you right now choosing a preferred alternative by the end of the year is our number one recommendation, and it's the real reason we're saying you need to talk about it. You will also have conversation, some of which will result in actually maybe adding something more or not, having this opportunity to talk to each other to understand better how you see the issues during the year, and our public gets a chance to watch and see where the Council is on these things. I personally think you're in complete control about how you want to express this and the clarity of it. The truth is, if you adopted something and didn't like it and at the end of the day you wanted to modify it, you could still always do that.

Council Member Holman: Can I finish?

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Mayor Kniss: Let Karen finish and then jump back in.

Council Member Scharff: I was going to let you finish.

Council Member Holman: I have no problem with combining these two things. Recognizing we are behind schedule, I have no problem with that. I'm looking for clarity based on what's on the Agenda and how we then add bullets underneath these, that then provide clarity and something that's actionable. If Greg wants to address that, I will (crosstalk).

Council Member Scharff: That is what I wanted to address.

Council Member Holman: I'll have comments after that and an Amendment probably.

Council Member Scharff: What I wanted to say is this is really more of a two-part thing. We put in our Packets to the public, we put on our website what our Priorities are. That's what they are. We're going to have a discussion later about definition of Priorities with greater—that does not go as the Priorities. That's what the Priorities are. The rest of the discussion, sub-bullets, that kind of stuff we'll talk about, will give guidance to Staff. When we talk in—I don't know what books we put it in. I see our Priorities put in everything; those are the Priorities, not what we discuss later.

Mayor Kniss: That's the explanation by the maker of the Motion. Karen, you want to go on from there?

Council Member Holman: I'll give this a shot. Provide an Amendment that would be to list as our Priorities Transportation, Housing, Finance, Grade Separation, adding to Finance that would be Finance/Infrastructure Funding and Grade Separation/Preferred Alternative. It is an Amendment asking to revert back to ...

Mayor Kniss: It is.

Council Member Holman: I'll offer it as a Substitute Motion.

Mayor Kniss: Is there a second to the Substitute Motion? Hearing none ...

SUBSTITUTE MOTION: Council Member Holman moved, seconded by Council Member XXX to have the following priorities: Transportation, Housing, Finance/Infrastructure, Transportation/Grade Separation.

Council Member Holman: I'm trying to simplify the process and provide clarity so that when we do add the bullets underneath and provide the

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description and action plans that we have more clear guidance about what our Priorities are.

Mayor Kniss: If I'm correct—just to jump in—Karen, you're asking that these be separated out into four distinct categories, and then go in and define what they are as bullets. Correct?

Council Member Holman: That's correct. As our next exercise.

Mayor Kniss: I'm looking around to see if I see a second. I do not see a second.

SUBSTITUTE MOTION: Council Member Holman moved, seconded by Council Member XX to approve the following as 2018 Council Priorities:

- A. Transportation
- B. Housing
- C. Finance/Infrastructure Plan
- D. Grade Separation/Preferred Alternative

SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND

Council Member Holman: Then let me make these. I have some comments that are both general and specific. I want to thank Mayor Kniss and Council Member Wolbach for lobbying to continue Healthy City Healthy Community. I really appreciate that. As Mayor Kniss will remember, I was the strong advocate for that for a while before it got adopted. I do agree that we've made a lot of progress. We've met already this year and will continue meeting because, as Council Member Wolbach said, it has become embedded in our City's values. That's the goal of a Priority, to get it adopted as something central to where we're going to go. I wanted to recognize that. I have some general comments. A couple of them, you'll think what does that have to do with here. It's because there's no other better place to put them. Having to do with Housing, we have some inconsistencies that we need to address. We recognize the need, and yet it's been over a decade that we have not yet created an affordable housing overlay. That was discussed at the Planning Commission, for instance, in about 2007 when we did the last Zoning Ordinance update. We have talked about but still haven't come forward with a PC specifically for affordable housing. As Mayor Kniss said, I think literally every affordable housing project in Palo Alto has been a PC. Yet, we don't have that. That's a longtime frustration of mine. Again, an inconsistency, we talk about unit

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size equating to affordability; yet, we allow Accessory Dwelling Units (ADU) to have full basements, which increases construction cost and the unit size, both of which impact affordability. We also talk about creating new housing, and we're just starting to talk about this. We don't even count, let alone protect, how many units we lose each year to demolition or redevelopment. Those include existing ADUs, cottage clusters, reduction in density of existing housing development. Those are things that I hope, as we go forward, we'll be addressing. Again, these are comments I want to get out there because there's not a better place to put them. Having to do with Finance, having to do with retail, we need to do better support and stimulation of retail. Palo Alto's retail sales and revenues have been pretty flat the last couple of years or so. Some say it is because retail is dying off; statistics do not support that. There are many areas where retail is not only strong but thriving. Both Walmart and Target are opening small-scale retail stores to supplement their big block stores. This in a time where we might think they'd be focused entirely on online shopping. *Kiplinger* and other reports estimate retail to grow 4.7 percent in 2018. *Forbes* reported 2017 holiday sales growth of 4.9 percent. While growing, online sales account for only single digit percent of retail sales, varying depending on the source. In Palo Alto, we ignore the needs and trends and leave our retailers and shopping districts to fend for themselves. We have no vision, no plan, no initiatives, no programs, no events. I'll be working with colleagues to identify the appropriate approach of supporting Palo Alto retail including the hiring of an economic development person focused on retail attraction, needs, and support. To start, I think we need to readdress the topic of opaque windows in our retail sectors. When I'm visiting other retail areas that are thriving. I do not see frosted windows or opaque windows. An overarching topic about everything we do here has to do with Zero Waste. Palo Alto considers itself a leader in this arena, and yet we have bought into the metric of landfill diversion as the standard for measurement. The metric should be consistent with the environmental pyramid from top to bottom. This has to do with pretty much everything on our list here. Landfill diversion relies heavily on recycling, the bottom and least environmentally responsible measurement. Recycling demands energy consumption, both transport and processing demands. Waste creation from demolition is ground up, not reused or even recycled, and spread over landfills as Alternative Daily Cover (ADC) and as such is not even counted as landfill. Landfill diversion is the wrong metric. We should be using waste reduction.

Mayor Kniss: Karen, you are still speaking to the Motion?

Council Member Holman: These are like over—yes. These are overarching considerations that won't make it to this list but things we ought to keep in mind as we talk about Priorities. I'm almost done. For every ton of goods

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created, there are 71 tons of materials upstream needed to create 1 ton of those materials used. That affects our greenhouse gases. We talk about transportation, which is a large contributor to our greenhouse gas impacts. While we pride ourselves on environmental programs—rightly so; we do a lot to support the environment—we also pick and choose, sometimes turning a blind eye to the obvious. The City has set an ambitious goal in reducing our global impact, but to be honest about what we are accomplishing we also need to count what can be known and measured that we currently do not. For instance, if we included the impact of our Scope III emissions created just by City purchases, the City government emissions would increase by 20-25 percent. This is from a study that the City itself commissioned. Yet, we continue to buy bottled water, for instance. We've been called on this publicly at a recent Council meeting. I think their point is well taken. You've also heard from Vice Mayor Filseth and me that the materials manufactured for a new 20,000-square-foot commercial building emits 750 tons of Carbon Dioxide (CO₂). Putting that in context for a push to move to EVs, one car emits an average 5 tons of CO₂ a year. Building a new 20,000-square-foot building is akin to adding 150 additional cars to our streets for a year. How many Electric Vehicles (EV) does it take to even neutralize that impact? We need to move to a building cycle calculation to determine the greenhouse gas return on investment of new versus older buildings. My intention here is not to say we need keep all older buildings. We need to be genuine in how we evaluate what our greenhouse gas improvements are and advances are. Look at charging a greenhouse gas impact fee for the true cost of construction and demolition, and those fees could be used to support a range of environmental initiatives. A lot of data exists on this topic, and I believe the Sierra Club has programs that would support our goals. As we go forward and start adding bullets to these, I will keep these things in consideration and ask you all to do that as well. Again, there's no better place to mention these than here and now. I appreciate your patience.

Mr. Keene: I would just remind the Council that we now have an hour and 40 minutes at most 'til we get to your wrap-up. You have some scheduled deep dives on your Priorities. I would suggest, with all due respect, that Council for the remainder of this phase focus on anything that would actually be in the Priority definition itself so the Council can act on it.

Mayor Kniss: Thank you, City Manager. I have Greg and Lydia in either order.

Council Member Tanaka: This looks like the right list of Priorities. I have two hopefully friendly Amendments. The first one has to do with something that Council Member Wolbach brought up, accounting for the true cost of our employees. Finance Chair Filseth last year on the Finance Committee spoke

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a lot about this. We all know about the pension issue approaching \$1 billion. It's really big and starting to crowd out other needs of the City. I don't think we necessarily need to solve the deficit or the debt now. I do believe we need to account for it. For every employee that we add, we have to not just look at their salary but how much do the benefits and pensions cost, which can be 2X their salary. What I'd like to propose is a friendly Amendment on Finance, that we add the words "account for the true cost of employees."

Council Member Scharff: I'm actually going to defer to Vice Mayor Filseth who was Chair of Finance last year to speak for me on this.

Vice Mayor Filseth: Thanks. I very much appreciate Council Member Tanaka bringing this up. It's a fundamentally important thing that we need to do. I'm in complete agreement on that. Our challenges in Finance, if you had to boil them down very simply are, one, match the growth of our expenses to the growth of our revenues for long-term sustainability. That includes our true cost of our expenses, including the impacts you're talking about. The other one is figure out how we're going to deal with the gap between the funding we have and the funding we'll need for all the capital infrastructure projects that we need to do. That said, I don't know that we need to call this out at this point. It's inherent to what we do. My bias would be to keep it terse. What Council Member Tanaka is talking about is fundamental (inaudible) things we have to address (inaudible). I don't think it needs to be a separate bullet on this. (Inaudible.)

Council Member Scharff: Based on that, I won't accept the Amendment.

Council Member Fine: Just a comment. I'm not sure these are the exact right words. It is incumbent on us to create the mechanisms to measure this kind of stuff. That's what Finance was working on in the past year. I hope you all will continue to do that this year.

Vice Mayor Filseth: I completely agree. Thank you very much. Finance needs to continue doing that. The reason for the bullet on the Infrastructure Plan was to make sure that was included. As everybody understood, that was included as part of the subject as opposed to (inaudible) focus.

Council Member Fine: When we have Finance written up, we know it's finance (inaudible) roughly. We could rename the whole thing if we wanted.

Council Member Tanaka: The only issue is that we've never done it. We've never really accounted for unfunded pension or the liabilities. We have these hidden costs that keep ballooning. It's actually a very big subject. I don't think almost any city actually accounts for their unfunded pension or healthcare liabilities. Right now in California, out of 500 cities, we're at

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number eight in terms of the highest per capita. I know this is implicit, but in some ways it's something that, unless we actually make it front and center and actually make some headway on it, it just will not happen.

Council Member Fine: Mr. Maker of the Motion, what do you think about "create a mechanism to begin accounting for the true cost of (inaudible)" or something or "employees and pensions"?

Council Member Scharff: I'm fine if we say something like "continue to"—help me with some language.

Vice Mayor Filseth: "Continue to account accurately for expenses" or something like that.

Council Member Scharff: What I'm really thinking ...

Council Member Wolbach: We think we know what ...

Council Member Scharff: Continue to work on Palo Alto's unfunded pension liability. Continue to prioritize work ... I don't think it needs to be in there frankly. The reason it doesn't need to be in there is this is something that Finance works on. It goes across a bunch of City stuff.

Vice Mayor Filseth: Council Member Tanaka's argument to elevate its priority (inaudible) I do understand that. By the way, I've got number six (inaudible).

Mr. Keene: Madam Mayor, if I can restate this. If you adopt this, these are clear. They're simple, and they're—you put infrastructure funding plan to honor the fact that six or seven of you had said, "Let's identify infrastructure as a priority." That's why you need to include it. You could argue that, to the extent that you start to put things under here right now, you don't want to limit yourselves to just what you put on this list. Finance may deal with a bunch of other things. Clearly, the Finance Committee already has two meetings, one in February and one in March, dealing specifically with this particular issue on pension liability, the unfunded liability and development of a plan to do that. I don't know if at this stage under your Priorities, how you express them in this moment is necessary for you to wordsmith and add that piece. The Committee said the last time it was more like Finance with a special focus on Infrastructure and Pension Fund, or something like that.

Mayor Kniss: Looking at this, this says an Amendment. Council Member Tanaka, you're moving this Amendment?

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Council Member Tanaka: Correct. It could be—who has some better words? It could be "working towards the accounting of it." We should make some headway on this.

Mayor Kniss: I'm waiting to hear a second. Not hearing a second, Council Member Tanaka. Let's move on to your next comment.

AMENDMENT: Council Member Tanaka moved, seconded by Council Member XX to add to the Motion under the Finance priority, "Account for the true cost of employees."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Tanaka: My second comment is—let me just ask for the folks in the audience—we still have some residents here—who here believes that we should for our grade separation take people's houses? Can anyone raise their hand that believes we should do that? Is it anyone? Anyone in the audience, anyone at all that believes that's the right thing to do? I don't see too many hands. As you guys know, I hold office hours just about every week. I've heard strongly from the community that eminent domain should be taken off the table. It's something which fundamentally I don't believe is the right thing to do. It impacts our housing supply, displaces families. It's just not a thing we should be thinking about. What I'd like to do is make a friendly amendment to the Grade Separation so that at the end of the first bullet, say "choose a preferred alternative by the end of the year that minimizes eminent domain."

Council Member Scharff: That's already part of the Guiding Principles. We have in there to minimize eminent domain.

Mr. Keene: I would just add a process statement here. Number one, one of the key discussions we were planning to have in-depth with the Council is a report on grade separation today, if we don't run out of time. You'll have the opportunity to hear some of this from the Staff point of view. We potentially have an issue that our City Attorney could weigh in here. Given the recusal situation, the two of you would be in here. You probably aren't in a position to take a vote today on that particular issue. I'm just saying. It starts to beg the question about location and some of those kinds of questions. I ask the City Attorney if the language on the preferred alternative was appropriate, and he said yes, that's very general, an outcome statement that is not directing particulars. To make the best use of the eight members of the Council here, think ...

Mayor Kniss: I'm not hearing support for this. I'm hearing that this already is included. Greg, do you want to make a comment or are you ...

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Council Member Tanaka: I'll make it unfriendly then. I'd like to make the unfriendly Amendment that we eliminate eminent domain.

AMENDMENT: Council Member Tanaka moved, seconded by Council Member Kou to add to the Motion under the Grade Separation priority sub-bullet i., "... and eliminate eminent domain."

Terence Howzell, Chief Assistant Attorney: Good afternoon. Terence Howzell, Chief Assistant City Attorney, Palo Alto. As to this amendment, as the City Manager commented, this Amendment gets into the particulars of the choices relating to grade separation, specifically as it relates to eliminating eminent domain. As to this Amendment, the recusals would be in effect if it were to go forward.

Mayor Kniss: Thanks very much, Terence. There is a Motion and a second to eliminate eminent domain. Do you want to speak any further to that, Greg?

Mr. Howzell: Just to be clear, the recusals being in effect, the meaning of that is the Councilpersons that are recused are not permitted to participate in any further discussion of this matter.

Mayor Kniss: I have to turn it over to the Vice Mayor?

Mr. Keene: No, the Vice Mayor's in the same situation.

Council Member Scharff: I have a point of order on this. I actually believe—I'm looking to our legal counsel—that this kind of thing is not agendaized, that we would make a substantive choice on something like this. I think the amendment is not in order.

Mr. Howzell: You've got a valid point. I would agree with that statement by you. It is out of order given how the matter is agendaized.

Council Member Scharff: Therefore, I don't think we can vote on it. Since both of them are recused, I'm going to take over as the former Mayor because somebody needs to say that or the Chair of Finance. I'm going to call it out of order and say we don't vote on it. It's removed. If you can get five votes against me (inaudible). Other than that, I'm not prepared to (inaudible).

AMENDMENT WITHDRAWN BY THE MAKER

Mayor Kniss: We've said it's removed. I think you've been very clear about it. I'm sorry, Greg, but we're going to remove that for just the reasons that Terence has articulated.

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Council Member Tanaka: I fail to understand why we can't vote on it.

Council Member Scharff: Because it's out of order. It's not agendized. (Inaudible) issue is not within the framework (inaudible).

Mayor Kniss: We're choosing Priorities; we're not making decisions. This is about Priorities, not about decisions as to what kind of decision would be made on eminent domain.

Council Member Wolbach: As the Chair of the Rail Committee (CCRC) for 2018, I just wanted to add that there are a number of important considerations of great concern to the community such as the one that was just raised. That's the kind of thing that the Rail Committee is going to have to tackle, the City and community are going to have to tackle over the course of this year. Some of those have already been identified in Guiding Principles. We're going to have to continue that conversation this year. I look forward to the City Manager and Staff's presentation about grade separation. As much as I appreciate the impetus that drove that amendment, I agree it was out of order. That would be like saying under Housing adopt a certain different Floor Area Ratio (FAR) for an affordable housing complex. That would be too specific for Priority setting. I agree that those conversations are really important, and we're going to have them this year.

Mr. Keene: You'll do them at Rail. In our presentation today, we'll identify these kinds of issues publicly for the whole Council.

Council Member Wolbach: I hope everybody who's interested in that topic stays 'til the end of our conversation today.

Mayor Kniss: Thank you. Thank you, former Mayor Scharff, for taking over. That would take us to—any more comments from you, Greg? Council Member Kou.

Council Member Kou: I wanted to ask the maker and the seconder if I might be able to add a bullet point under Transportation to include mobility, circulation, and traffic mitigations. When I talk about mobility, it's more about the different modes of transportation that the City is going to look into providing, different options. Circulation is actually the flow of traffic. That would basically include signal lights, making sure all the signal lights are in sync, whether there is something we can do about cutting into neighborhoods. I would like to add those under Transportation so that we're focused on that.

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Council Member Scharff: I actually support all those, but I feel like we've had this conversation. What goes on in my head a little bit is that we've put some stuff here that would be outside of normal stuff, like on Finance create the infrastructure funding plan and Grade Separation. I'm not so sure. I also have this, like Council Member Kou, sense that we are not prioritizing traffic circulation or traffic flow. We need to. I'm not sure that—I'm going to look to the City Manager. Do we need to call that out separately?

Mr. Keene: I go back to the point that most of you have raised. In part, you're trying to avoid prescribing what the focus would be in this Priority by how you title the Priority. I would presume that clearly the Council is going to deal with each one of those issues under Transportation even if it's not explicitly stated.

Council Member Kou: I just don't want the residents to all get annoyed before we even pay attention to it. If we have a continuous look, check on ensuring that these three items are being addressed, then there's not always going to be everybody having to get angry. There's the Residential Preferential Parking (RPP) and the Transportation Demand Management (TDM) and TMAs. Those are all things under transportation. To be honest, when I look at transportation, it's very, very broad. Under Transportation, there should be airplanes, trains, and automobiles. That's what transportation is all about. Right now, when we're looking at transportation for the past years, it's always been about cars, getting people out of their cars. That's the biggest focus. Even grade separation should be going under ...

Council Member Scharff: You've convinced me. Let's see if Adrian's good.

Council Member Fine: I can accept this. It's a little unfocused for a sub-bullet point here, but these are good things for us to focus on. What I might suggest is we're looking to increase mobility among multiple uses, and that does include auto traffic. We also have goals in the City to reduce automobile traffic. We need to be clear with ourselves that we've a given set of roadways we're unlikely to be able to increase that capacity so as to make better use of them. I think that's the problem we're facing. Council Member Kou, as you mentioned, these are good things we want to make sure the City is executing against, mobility, circulation, and traffic mitigations. I'm okay accepting it. I don't find it—as you said, transportation is still so broad, but so are these sub-bullets. I can go along with it.

Mayor Kniss: How about in the interest of moving us on, can we accept that and for forward?

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Council Member Scharff: I accept it.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion under the Transportation priority "mobility, circulation, traffic mitigations and reduction of in-bound SOV trips."

Mayor Kniss: Council Member Kou.

Council Member Kou: That was it. Thank you.

Mayor Kniss: Thank you all. I'm going to guess that at this point you will be accepting this. It's time to vote. Are you ready? Very quick one.

Council Member Wolbach: Since we're reopening ...

Mayor Kniss: You're going to add something?

Council Member Wolbach: I was going to ask again, since we—what Council Member Kou has gotten added to Transportation is a lot of what I was talking about. The only one that's missing there ...

Mayor Kniss: We'll give you credit.

Council Member Wolbach: She can have the credit. She worded it better and was more articulate than I was. If we could add to that "reduction of inbound Single Occupancy Vehicle (SOV) trips."

Council Member Scharff: Done.

Council Member Fine: At this point, we're just accepting things to move on. Frankly, the numbers 1-4 are the highest value we're having here today.

MOTION AS AMENDED RESTATED: Council Member Scharff moved, seconded by Council Member Fine to approve the following as 2018 Council Priorities:

- A. Transportation
 - i. Mobility, circulation, traffic mitigations and reduction of in-bound SOV trips.
- B. Housing

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- i. Adopt policies to increase the rate of market rate and affordable housing production according to the goals set forth in the Comprehensive Plan.
- C. Finance
- i. Create an infrastructure funding plan.
- D. Grade Separation
- i. Choose a preferred alternative by the end of the year.

Mayor Kniss: To move us on at 1:10 P.M., if all of you are in favor, would you say aye? Is there any dissension? This is with Council Member Tanaka absent.

MOTION AS AMENDED PASSED: 7-0 Tanaka not present, DuBois absent

Mayor Kniss: With that, we are going to move on. I'm going to make a decision that the next topic is going to be housing. I'd like to have that teed up by the City Manager.

Mr. Keene: Madam Mayor, members of the Council, Ms. Gitelman is coming up here to join us. You have on your Council Agenda for Monday this item. You also have two other Action Items dealing with the increased funding for the Junior Museum and Zoo and then Evergreen Park RPP. We were hoping that the Council could make a lot of progress in familiarizing yourself and having some public discussion on the Housing Work Plan today, and then helping that inform your Priority-setting discussion and hopefully allow us with an hour scheduled on the Monday Council meeting for you to take action endorsing the Housing Plan at that particular meeting. I'll turn it over to Hillary. She and her team have been working on this diligently and have organized a nice way of looking at the next 2 years in a sense, but certainly how to inform 2018. Hillary.

Mayor Kniss: One thing before. We should make a decision as a group. Let's say we've got an hour and a half 'til we get to wrap-up so that we can be done by 3:00 P.M. We should have a time limit on this because we still have two others. I'm going to guess if we took 45 minutes or a little more on this, we could get a good start today because we're going to continue on Monday night.

Mr. Keene: Madam Mayor, if I might understand. We clearly want to discuss housing. We also want to do a report on grade separation to the group. The grade separation, half an hour at most, maybe 20 minutes. This

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is one that is more of a report and not direction or action by Council partly because of the recusal issues. Let's say 20 minutes, that's 2:30 P.M. If housing was 45 minutes—the question is whether or not you feel the need for any more in-depth discussion on either infrastructure or transportation today. That's up to you. We were not really prepared to be making detailed presentations on either of those subjects, but it's your meeting.

Mayor Kniss: Our decision had been—this is more at mine and Jim's level than anything. In order to move us along and get us done by today, if we take close to the next 50, 55 minutes on the Housing Work Plan, which is a brand new project for us, and then go on to grade seps, that'll get us where we can be out by 3:00 P.M.

Mr. Keene: I'll pay attention to the clock. Hillary.

Ms. Gitelman: Thank you, Jim and Madam Mayor.

Mayor Kniss: First of all, thank you, Ms. Gitelman, for your very extensive report. A number of us have been able to work and meet with you. I appreciate that. This moves us in a whole new direction.

Ms. Gitelman: Thank you. Good afternoon, Council Members. First, I wanted to start by saying thank you to you for teeing up this conversation. It was the Colleagues' Memo that the Council heard on November 6 that laid the groundwork for this. My Staff and I appreciate as professionals in this field having an opportunity to focus on what is really the issue in the region today, housing. What we have today is really a preview, a shortened presentation of what we'll be able to give you on Monday. First, it provides some data and context that we're not going to be able to get into in-depth today. What we've done is taken the Colleagues' Memo, the implementation programs from the Housing Element, the implementation programs from the Comp. Plan, and what we know so far about Senate Bill (SB) 35 and tried to reflect all of those things in a short list of tasks that we an all work towards in the next year or two.

Mayor Kniss: Hillary, while you're looking for that, I might add that inherent in this is a discussion of why we are looking at the numbers we're going to be looking at. That has a great deal to do with the decision we made after 10 years of studying the Comprehensive Plan, after looking at our Housing Element, and also looking at the survey such as the one we discussed this morning. There are multiple reasons for looking at this issue and for heading in the direction of saying can we really attain, as this will say in here, 300 units a year for the next 15 years.

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Ms. Gitelman: That's right. On the slide now are the quantitative objectives called out in the Work Plan. The first one is from the Housing Element. You all know that we have an obligation to plan for a Regional Housing Needs Allocation or RHNA number. Our number in this cycle is almost 2,000 units between 2014 and 2022. The Comprehensive Plan has a longer time horizon and envisions between 3,500 and 4,400 units by the year 2030. That calculates to 236-294 units per year. We're already 2 years into the planning period, and we haven't met those goals. We're falling behind already. If we started today meeting our annual production goals, we'd have to produce 303 units per year. That's a number that's included in the Work Plan and that we tried to bring to the forward. Our current inclusionary requirement is that 15 percent of market rate ownership units in Palo Alto have to be affordable. By affordable, I'm using the formal definition of that. That means affordable to households at 120 percent of area median income or less. That's everything from very low, low, and moderate income, 120 percent of Area Median Income (AMI) or less. In the Work Plan is a study to consider whether that figure should be changed to 20 percent. Until that study is done, I'm going to say that we don't really have a workable target for the percentage of affordability that we're working towards. In this first year of the Work Plan, we'll be able to identify that target based on the study included. We do have to be very careful about using affordability as a rationale for not proceeding with housing projects. At the Planning Commission just last week, someone came to the podium and said, "We don't need this kind of housing," meaning housing that's not deed restricted as affordable. Just because of the subsidies it takes to build affordable housing, it is not realistic to think we can only build affordable housing. We also have populations and a workforce in Palo Alto that need other kinds of housing, that need housing that's affordable to people who make more than 120 percent of area median income. We're talking about goals in the housing arena that go well beyond affordability; although, we will have an opportunity this year to craft a meaningful, quantitative objective for affordable units. The Housing Work Plan divides all of our ambitions, all of the things in the Colleagues' Memo, the Housing Element, and the Comp. Plan related to housing into five buckets. There are five categories laid out in the Plan. When the Council takes this up on Monday, we're going to be specifically looking for a Motion to refer items in the second bucket to the Planning Commission, refer items in the third and fourth buckets to Policy and Services to work on further with Staff. We can talk about that more on Monday. Let me briefly run through what the five buckets are all about. The first one says, "We have a lot of ongoing initiatives that this Council has set in Motion. We should proceed in an orderly fashion to complete those tasks." The first one is reviewing after 1 year and adjusting as necessary our accessory dwelling unit regulations. The second is a pilot project aimed at providing workforce housing. We just

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took an item to the Planning Commission on that subject and defined workforce housing as housing that's between 120 percent and 150 percent of AMI just as a starting place. We also have, as Council Member Holman mentioned, a longstanding item to create an affordable housing overlay district. That's working its way to the Planning Commission, expected to get their recommendation in February and then come to the City Council. The North Ventura Coordinated Area Plan is on your Agenda on the 12th to kick it off and get us started in forming a citizen task force. We have underway a parking demand study related to different housing types and locations that will be informative moving forward. That's the first bucket, all of these ongoing things we need to proceed with apace and accomplish in the coming year. The second bucket is really what the Colleagues' Memo was focused on, which is how do we adjust our zoning regulations to stimulate and preserve housing in our community. What we've done is divided all of these ideas into 2 years. We think we can't do it all one year. If we proceed expeditiously to create a forward-looking Ordinance with zoning provision changes in 2018, we can get a lot done. What we can't get done in one year, we can do in a second Ordinance in 2019. This is probably the biggest opportunity we have to make it easier for folks and more attractive for folks to build housing, to affect the market and make it easier and more productive for people to build housing in our community. Most of the items on this list are directly from the Colleagues' Memo. We'd be happy to talk about each one in more depth today or on Monday. The 2019 Ordinance has some things in it we think will be a little harder to accomplish and take a little longer lead time, maybe more community engagement because they touch on the R-1 and R-2 districts. We're saying let's not try and get it all done in one year. That's something we should put over for the second year, 2019. The third bucket in the Housing Element are those things that were brought up in the Colleagues' Memo that we cannot do without an updated economic analysis. We have a firm we've worked with in the past to conduct the nexus study for the housing impact fees. We have them ready to go should the Council wish to proceed with this Work Plan on the study that will be necessary to do the three things shown on this screen. That is explore whether we can increase our inclusionary requirements from 15 to 20 percent; explore implementing an inclusionary requirement for rental units, what's called the Palmer fix; and then this no net loss policy. The idea that we put something in place that, if you redevelop a site and you're going to lose a unit, you have to replace that unit or you have to pay into a fund. We have to work with our lawyers and the economists on exactly how that would be accomplished. The fourth bucket is about using the City's housing funds. We collect impact fees and in-lieu fees from developers. Those funds can solely be used for the purpose of preserving, rehabilitating, and producing housing. We have about \$13 million in the fund. Given what we know about the cost of producing affordable units and the amount of subsidy

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required, you could potentially get up to 100 units with this amount of funding. We're going to recommend on Monday that you direct us to work with the Policy and Services Committee on framing a notice of funding availability and then evaluating the proposals that come in. The fifth bucket is a catch-all for some really important things. It includes conversations with the community about housing and what we're thinking and doing on the housing front, but also opportunities to partner with other agencies and organizations. You heard the County put forward a proposal to study housing near the Courthouse by California Avenue (Cal. Ave.) That's one example. The Cubberley Master Plan is another example. There's something in that scope of work that talks about exploring housing on that site. In our Comprehensive Plan, this Council identified as an opportunity collaborating with Stanford to build housing in the Research Park, the shopping center, and near the medical center. I should say that that is probably one of the ideas in this Work Plan that has maybe the greatest opportunity to produce units to meet our goals over the 15-year period. There are a couple of assumptions inherent in all of this. As you can see, it's a huge amount of work, all of these tasks from the Colleagues' Memo, the Housing Element, and the Comp. Plan. Each one of those documents lays out a very ambitious set of tasks. What we've tried to do is organize it in a way where we can accomplish them if we walk in basically a straight line. If we do a lot of backtracking and changing our mind along the way, we're not going to achieve our goals. We also assume that we're going to build on the community outreach and input we got during the Housing Element and Comp. Plan process. We're not going to redo all of that. We're going to use the input we received, use some additional, very focused, targeted outreach, a lot of it to people who build housing, who understand real estate economics to help us craft ordinances and changes in policy that will help us achieve our goals, and that we will not have to do a lot of additional California Environmental Quality Act (CEQA) analysis, that we can rely on the Comp. Plan Environmental Impact Report (EIR) and bring forward just ordinance changes that fall within the scope of what was analyzed in that environmental document. We will need to do a lot of this work to start to reach our goal and the 300 units per year. I actually brought a slide that tries to quantify where we are now and where we would need to get to in the coming year. This is just looking at one year, 2018. You'll see at the bottom the total is like 300 units. You're going to think we're there, but the permitted units are the only ones that count towards unit production the way the State calculates it. We're actually only halfway to where we would need to be if all the projects that we entitled in 2017 are built, so permits are pulled in 2018, and if our ADU Ordinance results in about 50 units. We will need to do more. We have in the pipeline projects that could potentially add another—what is that—150-something units if some miracle happened that they could be both entitled and permitted in the first year. It's more likely

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that those would be permitted in 2019. What we have in the pipeline and what we're looking at really is producing housing at the rate of about 150 units per year, not 130. We need to do more, and this Housing Element is trying to articulate ways that we think we can do that. I'd be happy to answer any questions today or, of course, when my Staff is with me on Monday evening.

Mayor Kniss: Thanks very much, Hillary. I appreciate that. I know it was put together somewhat quickly. When we get to the point, I'd also like to ask some more about other funds that are out there and available. I've got first to go to Adrian. Adrian is going to be chairing Policy next year. It will be a different construct to the Committee than we've had before. Instead of establishing a new Housing Committee, this one will be an overlay on the Policy and will mean that you spend a little less time on policy, which normally has not met usually more than once a month. We'll spend more time on the housing aspect of it. Adrian also is the one who authored the Memo that Cory and I supported last fall.

Council Member Fine: Thank you, Mayor. Thank you, Hillary, very much for this and for all your Staff's work in support of the Plan. This is a great start for our City. We're beginning to tell a story about what we want to see in terms of housing production and affordability and availability here in Palo Alto. For members of the public, I encourage you to go through the Work Plan and take a look at it. It does begin to highlight where we're coming from, what constraints we're working within, and what tools we have available and what we might do in the next year. This is really building on the outreach of the Comprehensive Plan efforts and our Housing Element. That's really important so Council policy is just focusing what we've already said we're going to do and work with the community to identify different sites in the programs. I'll point out to my colleagues that the meat of this Plan is really Page 26 and 27, where it says the 2018 proposed ordinance and the 2019 proposed ordinances. That's roughly what we're debating. Staff has laid out all of the ongoing programs that they've done, and some of the lists in this Plan, on Pages 26 and 27, have the meat of what we're looking at doing going forward. Hillary, thank you for the little chart at the end. That was actually pretty helpful to show. We have some ways of getting to our goals, but it's going to take a bit of work. There are three things right here that we would need to approve and move forward in the City. You all know how slow our process is. Just one last thing. For the members of public, one reason I do encourage you to look through this Plan is it shows what our housing production has been historically and how, in some years, we've created maybe 15 housing units; other years it's 100 units; other years it's 200 units. On average the past couple of years, we've been looking at about 100 units per year in Palo Alto, maybe slightly less.

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The goals outlined in our Comprehensive Plan and in our RHNA numbers, our regional allocation, roughly have around 300 or 290 units, something like that. We need to triple our housing production in the City if we really believe in these goals and if we think they're good for our environment, for our economy, and for our social equity. That's a challenge for us. As we just discussed in our last items, we were trying to figure out what's the actual thing we want to move, what's the goal, what's the target. Here, put simply, it's how do we triple our housing production to meet the goals that we've set for ourselves. I'm going to continue working with each of you on Council and with Staff on this Plan because it is really important. I hope we can all support this on Monday night. One last comment. Staff has put a lot of work into this in terms of what they're working on now and what they think would be a success for us. I'd encourage us to look at this as a holistic plan, where it's not something we can go picking and choosing. Our housing regulations are a pretty complex set of rules for many of us who have looked at them. This is taking an approach to figure out how do we increase the production and availability of affordable and market rate housing in Palo Alto, particularly near transit, services and jobs. That's the future. I hope we can embrace it and think of this in terms of a 30-year vision for Palo Alto or beyond.

Mayor Kniss: I would observe something interesting. We have lost just about all of our residents, which is interesting. I think housing is fascinating, but apparently—maybe there will be more there on Monday night. With that introduction from—Jim, did you want to say any more at this point or shall we go to Council comments?

Mr. Keene: I would go to Council.

Mayor Kniss: You've now heard from Hillary. You've heard what the situation is straight from Adrian on this as well. You know that we probably should—even though you said 150 units, Hillary, I think we're really heading toward 300 if we're actually to meet our RHNA numbers. Before I go to the rest of you, Hillary, I have a couple of questions. People always say that was just the Comprehensive Plan, those are just RHNA numbers, and why are we really concerned about those. Do you want to address the "why are we concerned about the numbers anyway"? Aside from being good citizens.

Ms. Gitelman: Someone earlier today said, "We don't have a housing crisis." Many of us in the Bay Area accept now that the region is in housing crisis. We have created more jobs faster in this region, and housing costs have risen faster than we'd be able to produce housing. Palo Alto has a share of that responsibility. We have three jobs for every employed resident who lives in Palo Alto. We have grown our jobs faster over the last umpteen

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years—this isn't a recent phenomenon. Probably since World War II we have driven our job numbers higher than we've been able to build housing. As a planner, we believe that this is for a variety of reasons. We need to address this issue, and we need to address it not just elsewhere in the region but here in Palo Alto. It does dovetail with the traffic conversation and the transportation issues that have been raised today as well. When we recently went out to coffee shops and had the chats with residents, I had a wonderful opportunity to talk to people who are besieged by traffic. Their first reaction was, "No, we can't add any housing." When you asked them where they wanted housing, they said put it in Turlock. We got deeper into the conversation, and we got to the point where they understood that if we build housing that can accommodate people who work here or people who live here and want to downsize or people who already have a connection to this community, we're potentially helping our traffic situation or at least not making it worse. All of these issues are comingled. Our Comp. Plan goals set by this Council are thoughtful; they're aggressive. There is a way we can reach them with some of the items in this or all of the items in this Work Plan.

Mayor Kniss: Maybe you could address the issue of whether there are teeth in the RHNA numbers.

Ms. Gitelman: The State Department of Housing and Community Development, (HCD), takes the RHNA process very seriously. They require that we zone for the number. The State housing package that was adopted last September makes it ever more important that we don't just zone for the housing, that we actually implement programs to ensure that the housing gets built. HCD is watching carefully about whether jurisdictions are meeting their housing requirements and the programs in their Housing Element. We do expect our next RHNA numbers, when they come in 2022, 2023, to be quite a bit more than our current numbers and also the State to require us to have quite an additional buffer. In fact, there's a pending bill in the Legislature that would require us to zone for twice the number of units as in our RHNA.

Ms. Kniss: Do you want to briefly address SB 35 at this point?

Ms. Gitelman: I'd be happy to add ...

Mayor Kniss: Do you want to wait 'til Monday night? Either way.

Ms. Gitelman: There is one new piece of information on SB 35 that it might be good to share with the Council. If everyone remembers, SB 35 was passed by the Legislature in September and signed by the Governor along with 15 bills in a housing package. It's called the by-right bill or the

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streamlined process for housing projects that meet certain criteria and on certain sites. Just last week, HCD issued their list of all the jurisdictions in California and who was going to be subject to this bill. Palo Alto, like most of the local jurisdictions in the State, is going to be subject to SB 35. Because of the amount of housing we've produced in the market rate category—the market rate category of our RHNA number is pretty small—our exposure, maybe is the way to say it, under SB 35 is only going to be in the affordability category. For projects at 50 percent or higher in terms of affordable units, if we have a project like that, it is potentially going to be able to avail itself of this streamlined process. Your typical market rate project with a 10 or 15 percent affordable component will not be able to, in 2018, avail themselves of the streamline bill. Now, that could change in 2019. This is a good year for us to get ready to implement SB 35 in a meaningful way in future years. We did include some of that in the proposed ordinance for this year.

Mayor Kniss: I would further mention, while I have the floor for a few minutes before I go to all of you, that we often think of just market rate housing, what market rate housing will do to us or for us. There are many other kinds of housing we need to be looking at, aside from simply the affordable, the ones that are under Palo Alto Housing Corp. It's also housing for those who have either difficulties with mobility or have difficulties with functioning on their own. We could use far more senior citizen housing than we currently have. While we are fairly well supplied in this community, as someone once said, another Channing House would be filled overnight because that's just the kind of thing that people who would like to downsize would prefer. We've talked about how few—I don't think we did this. There are very few houses on the market right now. There are probably a number of citizens who would like to move out of their homes if they had another place to go to in Palo Alto. Lastly, to talk just a little more to the affordable housing. As I said earlier today, it really increases the richness of our community, but it also keeps retail going. Retail is—if you've talked to people on University or Cal. Ave., they're having a very difficult time finding employees, especially those who will come in at the minimum wage, at a below-wage rate. From both those angles, both from the—as I said, it increases the value of our community and restates our values. Additionally, the need from retail—we've said today how important retail is and how we need it to thrive. They need people who can work and who are particularly located close by. Let me go on. I'm trying to see who's—Karen, you're first.

Council Member Holman: Going to your presentation, the San Andreas Regional Center for housing and services for people with developmental disabilities, how would we partner with that? It's in Campbell, isn't it?

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Ms. Gitelman: Thank you for that question. It is actually a program in our Housing Element. During the preparation of our Housing Element, this was raised under the Council Committee or the citizen working group, that we should reach out to nonprofit organizations in other communities that are doing these important things, learn from them, and see if we couldn't partner with them to provide a similar service in Palo Alto.

Council Member Holman: It's an exploration to see if we could provide similar kind of housing in Palo Alto. That's the point here?

Ms. Gitelman: Similar kind of programs.

Council Member Holman: On your Slide 13, just a little bit of clarity, trying to understand what some of these numbers are. You've got projects entitled in 2017 is 89. What kind of projects, what does that represent? Is it 89 units? What are they and what kind of units, for instance?

Ms. Gitelman: I just asked Staff to let me know how many things that we had entitled. They didn't get their building permits, but they got a planning entitlement for a net new unit. An Architectural Review is most of those entitlements. There may be one or two that are Individual Reviews (IR) (Process), but they're mostly Architectural Review entitlements.

Council Member Holman: These aren't necessarily new units?

Ms. Gitelman: They're net new.

Council Member Holman: Net new. They're not like ...

Ms. Gitelman: An example would be the Mike's Bikes site that was entitled in 2017. It could be permitted now; building permits could be issued in 2018.

Council Member Holman: Accessory Dwelling Unit (ADU) is separate. Affordable housing overlay zone, you've got 61 units. That's pretty precise since we don't even have that zone yet. How did you arrive at that number?

Ms. Gitelman: In developing the overlay zone, we've been talking to the Palo Alto Housing Corporation (Corp.). They have an idea and have been very valuable to us as we develop the Ordinance to bounce ideas off of. If the ordinance proceeds, they would like to bring forward a project that has 60, 61 units.

Council Member Holman: I'm still a little bit of a mixed mind whether it's an Affordable Housing Overlay Zone or a PC specific to affordable housing. I'm still a little—which one is going to be the most effective and the most

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palatable, I'm a little of mixed mind about that. The pending applications would be net new, the first item in that table?

Ms. Gitelman: That's correct.

Council Member Holman: I'll stop there for the moment, but I may come back if we get a second shot at this. Those are my questions on your presentation. Thank you.

Council Member Scharff: Thanks a lot. Thanks a lot for bringing this pretty booklet together. There's a lot of really good stuff in it. In general, bucket number 1 is all good things, but I don't think they create any housing. That's something we need to keep in mind. Obviously, the pilot workforce project housing that we're working on (inaudible) already gone to the Planning & Transportation Commission (PTC) and that's come to us. We've been working on that now for 2 years, the Valley Transportation Authority (VTA) lot. That's what we're talking about when you're looking at ... Besides that, the affordable housing overlay district, the same. We've been talking about that; hopefully that allows us to move forward on the one on El Camino that the Housing Corporation has been talking about. I assume that's the plan, but then that also creates a broader one. The North Ventura Coordinated Area Plan, that's almost a year process before we see any housing there. The parking demand study for different housing types is great. That removes a barrier. It let us know what the effects will be. That's really good. When we get to actually creating housing, we need to think about where we want the housing. We saw in the Citizen Survey that Downtown, California Avenue, El Camino were the preferred places to put multifamily housing. There's a real opportunity to put housing Downtown. I see eliminate dwelling unit densities and use FAR. That's a really good thing. Help me understand this. Most of Downtown is zoned 1 FAR, I think, or 2 FAR. 2 FAR. If you took a housing project on a 10,000-square-foot lot, which is pretty—more like a 5,000-square-foot lot in Downtown, with the 2 FAR you could do 20,000 square feet of housing. Right? No, on a 5,000-square-foot lot it's 10,000 square feet. It's 10,000 square feet of housing. How many stories is that? What does that look like? Isn't that two stories basically? On a Downtown lot, don't we basically use the whole lot?

Ms. Gitelman: We actually have done some quantitative analysis of where opportunity sites are in Downtown and what you could get at existing FARs. We also have to look at parking as a huge constraint Downtown.

Council Member Scharff: I'm actually asking is that two stories?

Ms. Gitelman: Yeah, if you build out the entire lot.

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Council Member Scharff: Is that typically what we do or do we typically not build out the whole lot?

Ms. Gitelman: We typically don't build out the whole lot. You've got (crosstalk).

Council Member Scharff: What percentage of the lot do you typically not build out? Is it 50 percent, 75 percent?

Ms. Gitelman: No, it's less than that. I can't tell you off the top of my head.

Council Member Scharff: In Downtown, those lots—I'm looking at those office buildings there. They look pretty much like they cover the entire lot. No? I'm confused.

Ms. Gitelman: What you're seeing Downtown too is Transfer Development Rights (TDR). You're seeing people use the permitted FAR in the Zoning Ordinance plus they're buying and using TDRs.

Council Member Scharff: This is my point. My point is shouldn't we just up-zone Downtown. I don't know where we up-zone it to. Is it a 3 FAR? What I'm looking at is—if we got rid of unit densities, said FAR, and basically said what we're really looking to do is have up to 50 feet, attractive architecturally, which means you have some setbacks and articulation so it's not 100 percent box on the lot, what does that look like? What we should have on Zoning Ordinance revisions is in places like Cal. Ave. and Downtown how do we change the zoning. That's what's going to develop housing. Most of this stuff, to me, seems to not make the incentives where you're actually going to get the housing in Downtown or California Avenue without changing the FAR. I don't see changing the FAR.

Ms. Gitelman: We can certainly look at that as we develop this ordinance. I'll tell you one of the things that we tried to do is identify ways that we could maximize existing FAR, add potential FAR at places like North Ventura, when we talk to Stanford about the Research Park and other sites.

Council Member Scharff: I want to talk about Downtown and Cal. Ave.

Ms. Gitelman: We were really trying to work within the existing Comp. Plan, so we wouldn't have to do a whole other environmental review and a whole other (crosstalk).

Council Member Scharff: Why would changing the zoning Downtown not be within the existing Comp. Plan? That's a zoning change; it's not a Comp. Plan change.

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Ms. Gitelman: When we talk about increasing FAR in a meaningful way, we could potentially be going above what was assumed in the EIR for the Comp. Plan.

Council Member Scharff: Why? We have 3,500 housing units.

Ms. Gitelman: We'll have to look at that.

Council Member Scharff: I'm not suggesting building more housing units. We can't even get to 300 units.

Ms. Gitelman: We'll have to examine that issue in detail when we get into this ordinance. We do have quite a bit of data on Downtown and the existing development potential.

Council Member Scharff: You anticipate this in 2018 to be one ordinance? It strikes me that it's several ordinances.

Ms. Gitelman: It may take several Ordinances. That will elongate the amount of time involved.

Council Member Scharff: If we want to move forward on changing the FAR Downtown or California Avenue, which is where the Citizen Survey indicates people want the housing, we won't build the housing unless we change the FAR. It's not going to happen. How do we actually move forward on that?

Ms. Gitelman: I'd like to talk further with the Council and explore that idea further. If we talk about, for example, the Palo Alto Housing Corp. project that we're trying to enable with the affordable housing overlay ...

Council Member Scharff: That's over on El Camino.

Ms. Gitelman: It's on El Camino.

Council Member Scharff: I'm talking about Downtown. I'm talking about California Avenue.

Ms. Gitelman: Yeah, but with a 2.0 FAR on El Camino in that project, we're getting a four or five-story building that's going to have 60-plus units of housing. A 2.0 FAR is one of the biggest FAR numbers we have in town, and it is potentially very productive when it's on the right site. When you have a small, constrained site and you have to provide onsite parking, you don't get the kind of housing that we're going to need. When you combine that FAR with some of the other things we're talking about, working on the development constraints and the requirements for open space and onsite

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parking and the rest, we think there's an opportunity to really increase the amount of housing we're seeing.

Mr. Keene: Could I just jump in? What I'm hearing is the way we've articulated this as a strategy to reshape that or add to it a perspective that says assuming we want to constrain or continue to constrain ourselves with a 50-foot height limit, let's say, and generally ground-floor retail, how do we maximize the amount of building that we can have within those constraints to provide new residences. That's really what we're after.

Council Member Scharff: That's exactly what I was asking. I was asking how you were going to bring that forward. I wasn't convinced—I didn't see that on this Work Plan. I didn't see that, and I thought we needed to make that happen.

Ms. Gitelman: We are intending, by looking at some of these things related to development standards, 2.4.1, and parking and TDRs, we're thinking we're going to be able to achieve ...

Council Member Scharff: TDRs just require people to buy it. If you really want to produce housing—TDRs are a different issue. If you want to produce housing, you should just zone for it. I know there's someone on this Council that keeps saying zone for what you want. I'm saying let's zone for it.

Council Member Holman: Mayor, can I ask a procedural question? I thought what we were going to be doing is getting a presentation on this and then asking general questions. We're getting into pretty great detail, and it's not agendized. The conversation that we're having now seems like it would be appropriate for Monday night. It seems like the community should be here and notice that we're going to have an in-depth discussion about this Plan. That's not on our Agenda.

Mayor Kniss: I think it is on our Agenda. It's what we have been saying would happen. We are taking this and asking in-depth questions on it. It was indicated that we would take up housing, unless I'm mistaken.

Council Member Holman: I look at the Agenda, and it says discussion and definition of the Priorities with great specificity, sub-bullets, outcomes, milestones, key performance indicators. That isn't an in-depth discussion of the Housing Work Plan. If we were going to have that discussion, it should have been noticed for the public to be here.

Mr. Keene: If I just might add. There was an expectation that this particular item is going to have the benefit of being carried over, in a sense,

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to Monday when you do the Housing Work Plan. That being said, we specifically listed Transportation, Housing, Finance, and Grade Separation in this item so that it was clear that Housing, one, could be something that would be spoken about. You see that under the recommendations on Priorities and the discussion. Respectfully, I would argue that a key performance indicator on Housing would be actually how much housing are we actually going to be able to build in some of these target areas. Raising questions about are we artificially constraining ourselves is a legitimate issue. I would imagine you guys would carry over a lot of what you're saying today and when you take action at the Council meeting on Monday. I even led off at the very beginning today saying we were expecting the opportunity to have some in-depth discussion on housing, knowing that we've got an hour scheduled for the Housing Work Plan on Monday itself.

Council Member Scharff: I'll just bring it back to where I was on a high level. I have huge and grave concerns about a 2018 ordinance and even more so about the 2019 Ordinance. It looks like a very small (inaudible) to me frankly. I don't think that moves the housing gain. What we really need to do is look at this and say to ourselves, if we're going to try and do 300 units a year, it matters a lot to me where those go. It should matter a lot to the community in terms of the impacts and what it feels like. If we build housing in Downtown, we build it in California Avenue. I'm hesitant about too much housing on El Camino. I recall the huge pushback we got when we changed Ricketts Hyatt. Those people talked about that for years. Downtown and California Avenue work better than El Camino for the most part. I'm not opposed to El Camino. We need to figure out what it takes to make housing work there. What I particularly like about California Avenue and Downtown is that we cannot give residential parking permits if we choose not to. We can control how that parking works in a way to make them car lite. I don't think this works if we actually create the traffic. A lot of these internal studies I've seen—I'll call them out. Lenny Siegel was telling me they have a consultant who's done one for their North Bayshore project. By building the housing in North Bayshore, they showed only a 30 percent internalization rate for multifamily housing for apartments and lower for condominiums. If we're going to build housing in—at 30 percent, you're making traffic worse by far. What you need to do is have a much higher internalization rate for that. I want to know how we do that. If we build it on El Camino, you don't get that internalization rate. If you build it Downtown and California Avenue, you're right near the train station, you have a real possibility of getting a good internalization rate for traffic. I think; I don't know. We may need to study that. I'm just saying the way we have this laid out right now doesn't move the needle, and it puts housing in the wrong places in Palo Alto.

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Mayor Kniss: Let's move on to somebody else discussing this. We're due to be done with us around 2:10 P.M. Eric, do you want to speak next?

Vice Mayor Filseth: Sure.

Mayor Kniss: Cory will be after you.

Vice Mayor Filseth: The Finance Chair has raised a really important point. If you want to reduce traffic, what if your internalization rate is only 30 percent? I believe that too. If you look at the Draft EIR or the draft existing conditions study for the Comp. Plan, it says that two-thirds of employed Palo Alto residents actually are employed outside of Palo Alto. You've got outbound traffic as well as inbound (inaudible). That's a really important point. I don't know the answer to do you put it Downtown near the train station or do you put it out near jobs in the Research Park and the Veterans Association (VA) hospital. Those are the kinds of things we've got to think about. We have a Comp. Plan; it's got targets. Our mission is to manage to that. The question is, given that we have an envelope target, how do we parse the allocation of that between different groups. That's what we should do. I favor a large—personally I think we ought to go in the direction of as much affordable and below market and broader affordability, not just traditional affordability, including workforce and so forth, that we can get to. Personally, I'd be okay if it were all that, but that's not realistic. It would be good to move in that direction. Let me then make an argument for that. First of all, I don't think you can talk on a regional perspective or a local perspective on housing without talking about jobs at the same time. As long as 500 square feet is going to provide workspace for five workers but housing space for only one, the economics of housing are going to continue to be really tough as long as there is demand. That's really the root of the housing crisis, not cranky neighbors or crazy zoning or something like that. That's really the problem. Studies confirm that it's basically—no matter how much housing we build as a region, it's not going to move the needle on prices very much. Palo Alto has taken the most important step towards managing housing in the region of any city. Between the Comp. Plan targets and the office cap, arguably we're fully housing our job expansion. Nobody else is doing that. There's an issue about previously, but you can look at it and say everybody who has a job here or in Redwood City or Mountain View has some place to live already. You can look at the past or you can look at the future. No other city has done that. We go, "This other city is building—our next door neighbor is building 10,000 new housing units," but along with that 10,000 housing units they're also building 3.6 million square feet of office space, which is going to produce 15,000 or more new jobs. This was interesting too. Bear with me just a minute. I don't know if you read in the paper a week ago that the new owner of the Malibu Grand Prix site has

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proposed a 1.2 million-square-foot office complex—I won't say who it is—that will accommodate 7,800 tech workers. A representative of the company said, "High tech offices are the most feasible use for the site. A city commission study by Keyser Marston concludes that there is high demand for high tech office space in the city and region." It doesn't say anything about housing in here. I don't know where all those people are going to live. As you look at this, I would argue that the high-end market sort of works, sort of. Palantir, Facebook, and Google, which I think of as Palfago, and other companies like that pay well enough for their workers to live here. Otherwise, they couldn't hire people. Yes, there are issues there. Yes, they'd like more choice. Yes, the dynamics—the fact that there are zero new single-family homes means as the population increases, even those folks are going to have a harder and harder time getting a single-family home as opposed to multifamily in the future. At least at the high end, it sort of works. The place it doesn't work is the four other people that you have to have in a functioning community for each one of those. Dental hygienists, retail staff, veterinary technicians, school teachers obviously mentioned a bunch of times, that's where it doesn't work. The signature problem that we have is affordability by non-highly paid workers whose presence enriches our community. That's our big problem as a community, particularly once we've tackled the marginal jobs/housing ratio issue. This is borne out by—if you go read obviously the Citizen Survey. Comment after comment in there is affordability, affordability, affordability. I gather that we're on track for market rate in our RHNA numbers but behind on affordability. It's funny because I talked to a bunch of people who said, "I really wish my kids could afford to live in Palo Alto." I haven't talked to a lot that say, "We really need to backfill for the jobs overflow from our nearby cities." There are some people who do that; I know that. That's my plea. As we go through this process, how can we weight this as much as practical to some of these underserved groups. You mentioned seniors as one. There are others. As we look at all these policies, if we do this, is it going to make it easier for my kids to live here? That's the part of the market that doesn't work. That's my two bits on this.

Mayor Kniss: I know Cory wants to speak. Because we're trying to get done within 10 minutes, Lydia or Greg, do you want to speak on this? Hold that for a minute because Cory was next, and then I'll come right back to you.

Council Member Wolbach: I agree with like 95 percent of what Eric just said. Maybe I'll say, "yes and" when it comes to the high end of the market working. The high end of the market works because the people who are highly paid go and displace the people who are not highly paid out of the housing they have right now, whether it's in Palo Alto. I've talked to Palantir workers; they got some support to work at Palantir. They went and got

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housing in East Palo Alto, causing gentrification displacement in East Palo Alto. The overflow isn't just other cities bringing their overflow to us; it's our overflow to other cities. That's where our 3:1 jobs/housing balance is so important. It's invaluable that we have started to address our imbalance. Not that we have an obligation to provide the housing for people from other cities, we have an obligation to provide housing for people here that we never did. Looking at the big picture of everything we've been talking about today, I actually am feeling a sense of relief. Not because we're done, but because looking at the change in where our community has been, where our discourse has been, where our policymaking foci have been for the last few years, we're really at a point now where we're thinking about things in a systems way. We're hearing Eric and others talking about, even 2013, 2014, thinking about how do we talk about things in a system, how do we talk about things in a holistic way. The jobs/housing/transportation nexus is the center of that. If we have all these jobs that we've been adding for decades, but we don't have the transportation and housing to support it, where does that leave us? It leaves us with a housing crisis and a traffic crisis. We're making really positive steps. Looking at this Work Plan in general, there are a couple of things I wanted to address outside of the 2018-2019 ordinances, and I want to get to those. I'll again try to be quick here. ADU is coming back. One of the things that we asked for in the Colleagues' Memo and that our Motion last year—March 7 Motion when we first talked about ADUs and then we added to it and made a couple of tweaks in April last year—one of the things that we expected to come back to us was having PTC and Staff bring recommendations for how to make accessory dwelling units available for people with disabilities, public employees, and seniors and people of low income. I think Eric put it really well. If we could get 100 percent of our new housing feasibly—if we could get our 3,000-4,000 housing units that we're going to build, if we could have 100 percent of it be for those targeted groups, low income, seniors, people with disabilities, the teachers and City Staff who we'd love to spend more time in the community, that would be great. That's not feasible; it's not going to happen. We still want as much as possible. I just want to encourage Staff and I wanted to ask that was one part of our direction 11 months ago. That's coming back to us, right?

Ms. Gitelman: We're working with the PTC on a review of the ADU Ordinance. You will see that; it's currently scheduled to get to you in June, which is 1 year after you adopted the ordinance last year.

Council Member Wolbach: That's great news. Looking at the specifics—picking up on something that Council Member Scharff was focusing on, FAR. If you look at our Colleagues' Memo that launched this, increasing housing FAR where appropriate was our very first goal. Separately, we also later

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under affordability talked about FAR for projects that are substantially below market rate. We talked about it twice. Implied there is once for market rate or in general and then especially or an add-on FAR for BMR housing. I just want to emphasize—just to clarify. Maybe the confusion was in how we wrote it. To clarify for Staff the intention here is BMR housing. We should explore increasing FAR for BMR, but we should also explore increasing FAR for market rate in addition to exploring how to reduce the parking demand. There's one area where I noticed—I touched base with Staff about this and heard that they weren't sure. At the very end of the matrix on Page 33 of the Work Plan pamphlet, it says additional information was needed from Staff about one of our parking recommendations that was in the Colleagues' Memo, where we said explore bringing underutilized parking spaces into a public market to support new housing. Something a lot of us have noticed is there are a lot of parking spaces especially in Downtown Palo Alto or on the periphery of the Cal. Ave. area where it's on private property, often commercial property, and it's hardly used. It's just not well utilized. What we're encouraging here is starting a conversation or encouraging the startups—they're starting to look at this—to figure out how we can get a marketplace for using those existing parking spaces more efficiently. If somebody is building an apartment complex or a condo or even a townhome and there's a business across the street that has parking they're not using, can we let them work together to figure something out? I just wanted to give that clarification because Staff said they wanted more information. As far as FAR Downtown, if you've got ground-floor retail and you're within the 50-foot height—the height limit beyond 50 feet was not something we addressed in this Colleagues' Memo; that is something we didn't want to push on. If you're Downtown, especially right in the core Downtown, and you've got ground-floor retail, our goal here is to say you should be able to maximize the rest of your height limit up to 50 feet for housing. If that means it goes over 2.0 FAR for housing, then it goes over 2.0 FAR for housing. The central constraint we wanted, especially for the core Downtown is the height limit. That's something that should be in the 2018 ordinance. We'll talk about it more on Monday. We're not making motions today. I just wanted to preview that that's important. Beyond that, I want to just say thank you so much to Staff for putting all this together. This Work Plan, this pamphlet is very useful for us on Council. As a starting point, it's very useful for the public. It puts things in context and lays it out very clearly. While we'll offer tweaks and additions here and there, this really gets us moving in the right direction. When we brought forward the Colleagues' Memo that we worked on for so long, putting together the Work Plan was a Staff recommendation. I really appreciate that. It's moving together really well. Thank you.

Mayor Kniss: Lydia.

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Council Member Kou: Mostly it's already been said. I just wanted to add since you're looking at the Housing Plan, you might as well include an area in there that would support the Recreation Vehicles (RV) dwellers so that we're not leaving them out.

Mayor Kniss: Anyone else who wants to add something at this point? Adrian.

Council Member Fine: Thank you. Just one last thing I've heard, that's kind of interesting here. Both Council Members Wolbach and Scharff mentioned this issue of more housing FAR Downtown. That was our first request, so it would be important to do that. I don't want us to forget what's in here already. I see there are two things. One is how big is the box that we're allowing for housing in the right places. The second is what are the rules by which that box is stretched, constrained, chipped away, etc. That's what's in the plan right now, but it would be nice—come Monday we can talk about this more—what kind of increased housing density we want to see. Thank you.

Mayor Kniss: For me, what this does is it finally moves the needle. We have a plan in front of us. We may not agree on it. Some of us may agree; some may disagree. Overall, what we've done is really addressed the problem and said here are some solutions. We probably won't be able to accept all of them. Working on this together this year will make a big difference. Thank you, Hillary and your Staff, for putting this together, putting it out so that it's very clear and succinct. I don't think people could misunderstand what's in it. We'll go forward. On this we need no vote because this is a discussion today. It's going to come back to us on Monday. I know you'll be tempted to say all the same things on Monday night that you did today. I might remind you that brevity is always welcome. I have two that want to speak from the public. I'm also going to ask if on Monday night, Hillary, we could talk some more about what housing funds might be available, not just City but County and so forth. There are some places where we can apply pressure as a City on the County. I don't think certain measures that have passed are being interpreted correctly. I'd really like to push back on that at the same time. Before we get to rail, we have two people who wish to speak. Is it on this item? Sea Reddy, are you out there? Did you want to speak on the Housing item? Please. Stephanie, was that the same for you? On this item or another item? Greetings.

Sea Reddy: (Inaudible) that are already in the area like Palo Alto. You're saying there's going to be about 300 units that will be built each year, plus or minus. Would there be a nicer way to accommodate seniors by a lottery system or something that want to downsize? I'm not talking about BMR, not

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the below market. Straight market housing for people that want little, modest houses and not 2,500 square feet. They're getting older, 65, 70, 75 years old. Is there any plan in your consideration? Is there any provision for that? As well as recent college graduates, sons and daughters of families that live in Palo Alto, if they want to start a family here, they want to work here, is there a consideration to give maybe 10, 15 percent of these 300 units allowable for those two categories, the low-end, the younger people and the elder people without worrying about the—the theory is, of course, they won't need cars and all that. My question is do you have any consideration for that in the 2018-2019 plan. It's a question to you.

Mayor Kniss: You can talk about it with her after we're done today, but you know we don't exchange during Oral Communication.

Mr. Reddy: Thank you. It's for all of us to think about. Thank you.

Mayor Kniss: I agree. Thank you. Stephanie.

Stephanie Muñoz: Hi, Mayor Kniss and Council Members. What I have to say about housing is about all and some. We have to commit to having under shelter all, all, everybody, every single body. The sum of it is it can be done in other ways. If you have a person who is floundering around and is never going to amount to anything but also isn't going to harm anybody, it's probably adequate for shelter, that there just be some garage or some basement or some thing where he can lie down in safety next to a bathroom, that's okay. For people who really need and deserve because of the part they play in the community, like teachers and other Palo Alto employees, you need a decent house. We can commit to doing that. As I came in there was a newspaper, the *Palo Alto Weekly*. It was talking about the PC process and how it's a problem because people have the impression that the commercial interests are getting more out of it than they agree to or than they propose. It's bait and switch. I think I can agree with it. I don't think you'll get much argument. The problem is that some 50 years ago, Palo Alto decided, because of the great love that we all have for Stanford, that they would change the Comp. Plan, and instead of putting industry, whatever there was in the way of industry, down on the flatlands by Bayshore Freeway, which they had just put in, they'd put it up at Stanford so that Stanford could get the money. That's a good thing for Stanford to have money. They didn't realize at the time what difference it would make to have a workplace here and the people living over yonder. It means that everybody in between gets stepped on or rolled over. It's very unsatisfactory. It kind of worked because the people could go to Menlo Park, Los Altos, Cupertino, San Jose. They really weren't thinking the way we think now. They took out the railroad. They took out the railroad to the

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west valley, making things even worse. We have to be creative and ingenious. I've talked about teacher housing. I think it is the most important. It's more important than anything.

Mayor Kniss: Stephanie, that's time. Come on Monday night.

Ms. Muñoz: I'll just finish. However, remember that the School Board has lots and lots of acreage on which the teacher housing could go up. It could even go over the existing schools. Whereas, other people don't have that privilege. Stanford is much the same situation ...

Mayor Kniss: Stephanie, thank you and do come back on Monday night.

Ms. Muñoz: Needs to house the workers. Thank you.

Mayor Kniss: Thank you. So that we can, again, attempt to be done by 3:00 P.M., Jim, I'm giving this back to you. Whomever is going to discuss rail separation is up.

Mr. Keene: Thank you, Madam Mayor. Thank you, Hillary and to all of your team, for all the prep work you've done over the past several months getting ready for today. Madam Mayor, I'm going to admonish the Council potentially in advance with as much directness but care in what I'm going to say. We're going to have a Staff presentation on the rail grade separation issue, and then you're going to do wrap-up. A couple of things. A lot of the work that we'll be doing on the rail issue this year will take place in the Rail Committee. The appointment to the folks on the Rail Committee was specifically designed to manage through the recusal challenges we have as we're dealing with questions about looking at the rail line in its entirety and that sort of thing. We thought it was important though, and there was a comment earlier in this meeting to the extent that our community isn't surfacing the criticality of the grade separation issue to the same extent as some of these other issues. We think that's because it's not understood fully how transformed our community will be in coming years with intensified rail traffic and with congestion doubling by 2030 if we don't deal with these kinds of issues. This really is a matter of extreme importance. The main thing we wanted to do today was give the whole Council—some of the Rail Committee members have been able to spend time over the past year on these issues of understanding. Thankfully, what you added to your definition of the Priority is extremely important. The takeaway we were hoping to have today is the Council would realize it does need to make a decision on a preferred alternative within this next calendar year. Ed's presentation is very much focused on trying to identify the different factors that are going to inform the need to make decisions. That being said, it's not exactly an absolute gag order being placed on the Council. The fact is I

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don't think we can get into any kind of discussion on follow-up. Respectfully back to Council Member Tanaka, if a Motion were to be put forward as we had earlier, that would present an issue that the City Attorney would say we can't have that discussion with the Mayor and the Vice Mayor here, given the recusals. That being said, we've been looking through what happens when the Mayor and Vice Mayor are excused. Who runs the meeting? I don't think we've found the definitive answer on that right this moment. If we get to that point, we're almost abruptly ending the meeting, given the fact that you have 35 minutes max left in your overall planned schedule between now and 3:00 P.M. We would encourage the Council—I say this because you all are so devoted to your jobs that it's almost impossible to have any issue come before you without you wanting to dive deeply into it and discuss it and make motions. I would ask that that is not what we are doing today. We are surfacing this to the public and to you so that the criticality of the issue and the schedule is understood. We'll put some texture on that, but we'll really ask that you leave it as a Staff Report at this point in time. Thanks. Terence, is there anything you need to add?

Mr. Howzell: Yes. I would add that under the Municipal Code Section 2.04.080—I'm not inviting the Council go down this route. If the Mayor and the Vice Mayor are not participating, then the remaining Council Members would select a presiding officer to direct the conversation. I just want to make you aware of that should the Council decide to go down that road after the Staff Report.

Mayor Kniss: You're not speaking of that today, Terence? You're speaking of when we take it up at the full Council. (Crosstalk.)

Mr. Howzell: That applies in either case. It would apply today; it would apply at a future date. What I am indicating is should the Council not heed Jim's words here, that would be the road we'd be going down if the Council wanted to have some discussion.

Mr. Keene: I would hope you wouldn't do that.

Ed Shikada, Assistant City Manager and Utilities General Manager: Let me proceed with what I'll call a high-level briefing. In large measure, it's really intended to ensure both the Council as a whole, as well as for the purpose of this Priority setting, has a good grounding on two elements, the time sensitivity of the work ahead for us as well as the significance of the decisions that the Council will be able to address hopefully over the coming next several months. Jim covered many of the key points. To really just drill down a bit on why the time sensitivity. We recognize that Caltrain modernization, what's alternatively called electrification or the Peninsula

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Corridor Electrification Project, is now underway. Portions of the line has actually started construction with foundations being placed. While they haven't begun active work in the Palo Alto segment, this work is underway with the potential for the electrified trains running in 2021, a mere 3 plus or minus years from now. Just to reiterate what Jim pointed out, by 2025 we could have the potential for 20 trains per hour during peaks, up from the current eight or nine, which is effectively doubling the volume of trains and significantly increasing the gate downtime with up to about 25 percent of the peak periods with gates down and associated impacts with access as well as traffic congestion as a result. While recognizing the ongoing work that Caltrain is doing and the potential that brings to the no-project alternative, if you want to call it that, Staff and community and Council have already completed a round of community discussions and have built a large level foundation of community awareness including the invitation to bring ideas for what could be done at the various crossings. At this point, Staff has organized what has been called 40 discrete ideas that will need to be narrowed in order to conduct the level of technical studies that will be necessary in order to identify whether they be property impacts or functional issues to be evaluated and ultimately decided on. Just to give you an order of magnitude, what's shown here is the cost of \$200,000, \$300,000 per alternative as an order of magnitude, which Staff is anticipating, which is a large measure why the number of alternatives needs to be winnowed down in order to conduct the evaluations, preliminary engineering, and the like that can both analyze as well as communicate the potential dimensions, impacts, functionality, and implications of the different alternatives that the Council will be evaluating. Earlier, the Mayor mentioned Measure B funding. This \$700 million identified in Measure B we're really not assured as to how that will be allocated among the cities and then among the individual grade crossings that are within the three cities that have been identified under Measure B with other communities much further along the process of identifying alternatives, engineering, and then being ready to go with construction. That also raises the potential that the funding, as decisions are made, will potentially be pushed out in time, which needs to be part of our calculus as well. Just to quickly go through the progress that's been completed to date. As I mentioned, we've discussed and held a number of community meetings, community roundtables, to increase the level of awareness that residents, businesses have with the options that are under consideration or that could be considered and also conducted some preliminary traffic analysis to be able to get a feel for an order of magnitude of what different alternatives would mean, whether it be the no project or what could be done if some streets are grade separated and others remain at grade or potentially closed. That's been presented in a white paper on traffic analysis. There's been another white paper on financial options that has spurred quite a bit of lively discussion on financing options, some

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sources that could be considered, and order of magnitude of proceeds that would be generated and established venues for ongoing discussions with VTA and others for coordination of the work that we're doing with neighboring communities. Let me spend a little bit of time talking through the schedule. What's labeled here as the title is an aggressive schedule in our path forward. When you get to the bottom line, 2028, which is 10 years from now, doesn't sound very aggressive. Unfortunately, that is the nature of major capital projects such as we are anticipating here. Even achieving that 10-year, decade-long effort will require significant discipline and a sustained effort in order to ensure the work is done in a manner that meets the Council's and community's expectations but is also moving us toward the decisions necessary in order to get these projects complete. First off in terms of 2018, we've shown here a number of items, three items, award new consultant agreement, select alternatives to analyze and select a preferred alternative. I would note that the first line, based on being very deeply into the evaluation, Staff has identified the need to reevaluate the consultant support that will be required in order to get us through this process and, as a result, is developing a new scope for consultant support. Just quickly going through 2019, the environmental process. The Council is very familiar with the CEQA, California Environmental Quality Act, the mandated timeframes and the analysis that will be necessary in order to evaluate any alternatives that we develop for the purpose of ensuring that we've looked at those alternatives and their potential environmental impacts. That takes us to 2020, 2 years from now, to begin agency agreements, recognizing that once we've identified the locally preferred alternative that has gone through environmental process. We will need to reach very specific agreements with agencies such as Caltrain and VTA on funding, on roles and responsibilities for project management, for construction management, for communication throughout the multiyear construction process involved, 2022, acquire properties with a question mark. Again, depending on which alternative is selected, there is very likely property transactions involved, earlier reference to eminent domain. I would note that property transactions don't simply mean the full taking of properties. They could involve easements, even subsurface easements in the case of whether there are foundations that are necessary, that could go under existing private properties. Eminent domain could even be necessary for those types of property rights as well as what's known as temporary construction easements. While recognizing that we are in all likelihood in multiyear construction period, temporary will be potentially for quite an extended period. Finally, to complete the agency agreements and approvals necessary once property rights are acquired. In some cases you can't proceed with entering into contracts until all rights have been secured on the properties necessary in order to construct. That gets us to 2023 for the award of, in all likelihood, multiple construction contracts and beginning of

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construction with a 5-year timeframe shown here. All of which, again, is an extremely aggressive timeframe. Even to envision the potential for construction to be completed within the next decade comes back 2018. Let me just reiterate if I could. Our mission for 2018 would be to take the 40 ideas that we have solicited and that have been brought forward for discussion and turn those into a group of 4-8 alternatives that would be studied in greater detail by June. Certainly the Rail Committee has been involved with the evaluations to this point and knows that getting from 40 to 8 will be a significant undertaking with a goal of having a single preferred solution that would be evaluated through the environmental process beginning at the end of this calendar year. On the topic of engagement. Just do this very quickly. Ramped up in the year 2017, established a foundation of awareness, and created a number of venues for discussion including the Rail Committee. Would note the questionnaire that was distributed with 800 responses. Eight hundred responses is a very strong indication of interest and now awareness of the ongoing discussions. We now are able to turn that into more specific discussion.

Mayor Kniss: Ed, 800 responses of how many did you send out?

Mr. Shikada: It was an online survey. In some ways, it was both mailed as well as online. Hillary, you may want to chime in on this. You could argue there were thousands of potential touchpoints. Again, any survey that generates 800 responses (crosstalk).

Mayor Kniss: You just sent it to a general list of our population?

Mr. Shikada: There was a geographic area that was used for mailouts and also online availability. It's really the combination of both. Again, it's really simply establish multiple channels being identified as necessary, both direct mail, online surveys, meetings, workshops. Residents and businesses have engaged in a variety of ways. Going forward. Jim mentioned that our office specifically has gotten very involved. We see that continuing going forward from here. We definitely have a multidisciplinary team that's now involved with Planning and Community Environment Transportation Staff in working through the various dimensions of the work ahead. Recognizing that multiple channels, both in person and online and through forums, but also one-on-one, necessity of a much deeper level of engagement being necessary going forward. Recognize that the Rail Committee also is a key venue that will lead to the formal decisions that the Council will be taking over the course of the year. In terms of the process going forward for decisions, what we've got here on this slide is the list of criteria that the Council has adopted, that Staff is now using as the basis for screening the 40 ideas that were brought forward. Rather than go through this

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individually, let me describe them in some categories. We've got the category of the technical criteria, which are in many ways the functionality in terms of the grade separations, how it functions, as well as the intentional and unintentional consequences whether it be grade separation or closure of particular streets. There's a financial shown here as a single bullet among many. That said, costs can be a go/no go determinant as to whether any of the alternatives are feasible or not, as well as options for how costs could be met. There is the property dimension. A little bit of an understatement in some ways that it's one bullet in the second tier but, as has been discussed already, the significance of property acquisitions being really potentially go/no go for any given alternative and also community interest in it as well. Finally, construction impacts and fully understanding not only the concept of the process of construction but the very specific dimensions, including what's known as a shoe fly, the necessity of keeping Caltrain operating during the construction period, meaning need to realign the tracks in order to keep that running, in fact in this timeframe, realign electrified tracks that will have, in all likelihood, overhead catenary lines for the power to Caltrain. The final slide simply to reiterate the governance and policy resources that we'll be using going forward. We've got the Rail Committee that will be in the lead and helping to narrow the options that will come forward to the Council for further discussion through the formal approval process, while recognizing we have our key partners of VTA and Caltrain with a few specific venues pointed out, the Policy Advisory Board for VTA, the Measure B grade separation cities, Sunnyvale and Mountain View, that VTA has now identified and recognized the importance of having more small group discussions and that those are also happening at Staff. Finally with Caltrain, both in terms of the grade separations that there are numerous cities in various stages along the Caltrain line that are involved in grade separation discussions that they're as an organization recognizing the importance of their engagement more along the entire corridor, and the Local Policymaker Group being a key venue that those discussions are happening not only in terms of their role in constructing grade separations but also longer term. Caltrain is updating and developing a business plan. The Local Policymaker Group will be a key venue for discussion of that going forward as well.

Mr. Keene: Thank you, Ed. If I could just add my perspective. I think I said a little bit in the year in review, looking at the year ahead. I've come to the conclusion as we've really looked at the schedule and the issues and the risks that I'm hard pressed to think there is any more important issue and decision that needs to be made in the next year to 3 years than how we're going to proceed on this grade separation issue because of the factor of the ticking clock and how that impacts our flexibility as it relates to other jurisdictions, when elections take place, and the opportunity to go to the voters, whatever those issues are. Our beloved Palo Alto process is not well

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aligned with the crisis aspect of this issue. We've got to figure out ways that we can both honor that and be decisive enough. I'd pay attention to the criteria on the left that simply lists things. There are technical choices as to what you're going to have to look at. There's clearly the financial issue of what does it cost. It costs anywhere between hundreds of millions of dollars and billions of dollars, depending upon what direction we go in. We have this issue about how we need to deal with property one way or another that needs to be decided. One discussion that's had very little focus is the real-life construction impacts of the alternatives, which will potentially be the biggest, most disruptive construction project this City has seen. Maybe you go back to Oregon Expressway, which still reverberates in this town, what this will be like. We can hardly paint a curb red in a neighborhood without having to engage with the neighbors about why we did it and when, and we're talking unimaginable impacts depending upon the kind of solutions that we think about. Those are all things that, in this year at the Rail Committee and ultimately with the larger Council, are going to have to be in the public domain and the ability to make the best possible choice for the City. We thought it was extremely important as you're doing your Priorities that you recognize that there is a real time-based priority relationship on this particular issue. We'll have the opportunity at Rail and subsequently with the whole Council as we refine the options for you to be quite engaged with this. Thanks.

Mayor Kniss: Thanks very much. We are not going to be discussing this any further. This was an overview, a chance for us to hear what's been going on and what's potentially ahead. To underscore what the City Manager just said, this is not only a high priority but one where we really must reach a decision by the end of the year. If not, I would say in public I am concerned we may not get our fair share of the funding in the end. That's of great concern.

Wrap-up and Next Steps

Mayor Kniss: This is now time for the wrap-up and any last comments you have to make. What I'd like to do, if we can, is throw up on the board the Priorities that we agreed on, voted on, and we'll go forward with for 2018. Here is our Motion that dealt with Transportation, Housing, Finance, and Grade Separation with some information added after each one that gives us a good idea of where we're actually headed. At this point, having talked through the housing issue pretty substantially—it will come back again on Monday night—we still have to talk about Finance and Transportation during our regular Council meetings. Grade Separation, Cory is going to be chairing that this year. This is going to be an intense year for transportation. That's pretty much what we've done. Thank you for the Grade Separation Report,

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Ed. That was very helpful. I would underscore on that that the amount of money that it's going to take to do this is rather daunting. With that, does anyone want to add anything to what we have said today? You could get out a little early. Lydia.

Council Member Kou: Just to clarify the funding that is from Measure B. There was going back and forth whether we're going to be able to get enough funding because the other cities are moving faster than us. At another meeting, somebody said that we all will have our share equally. Which one is that just so that we can ...?

Terence Howzell, Chief Assistant City Attorney: I apologize for the interruption.

Council Member Kou: No questions?

Mr. Howzell: I believe that question can be answered outside the context of this particular meeting. Out of an abundance of caution, the Council would be best served by not going down this road unless it's prepared to have the recusals take place and then have the body ask questions and receive information without the Council Members that are going to have to recuse themselves.

Mayor Kniss: Rather than recuse ourselves, those of you who will have questions about rail can stay after and talk with Staff. Any other comments on the day? I'm sorry. I didn't see you, Adrian.

Council Member Fine: Thank you. I just wanted to thank you all for being here today and giving up a Saturday to work on this stuff. We've set a good course for this year. Some of these are obvious; some will take a little more work in terms of unpacking them and identifying what we want to do. As we just learned on the grade separation issue, these all go through our Palo Alto process. I would challenge us all this year to figure out where we can be a little more quick and a little bit more efficient in terms of using our time on Council and Staff's time and the public process to reach efficient, sustainable, and transparent decisions. Mayor Kniss, you're now chairing our meetings. I put the challenge to you also to keep us on a time clock and make sure that we do our meetings efficiently and rapidly and crisply.

Mayor Kniss: Thank you. I'll take that as throwing down the gauntlet in that case, Adrian. I would echo what Adrian just said. Thank you all. You've been very patient. We've worked through breaks and lunch and so forth. You've certainly been responsive. This sets a tone for the year. Let me also say what Adrian has suggested, which is that we attempt to be more succinct, limit our comments. One year, we actually did try timing

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people, if any of you remember that, to 5 minutes. That wasn't very successful. It's been suggested every year that I've been back on the Council. Apparently it doesn't seem to be part of our process to limit our comments. However, if you do limit your comments, it makes it far easier to get through the meeting and much easier to get out in a reasonable length of time. Greg.

Council Member Scharff: I just did notice that you did limit the breaks to zero but not the comments.

Mayor Kniss: You had a break while you got your lunch. I'll come back to you, Jim. Thanks to Staff. This is a long day, an extra day. As my husband has texted me a couple of times, it's really such a pretty day, what am I doing indoors, as though I really needed to be reminded of that. This is probably the longest—I was thinking we got here at 8:30 A.M.—maybe not the longest we've spent together. That's only 7 1/2 hours; we've done much better than that. Is there anything that you need to add at the end of this day, that is going to just burn a hole in your pocket or your tongue? If not, Jim wants to say a couple of words.

James Keene, City Manager: First of all, thank you all for the work. It's extremely helpful for you, the community, the Staff for you to identify Priorities. Thank you for acknowledging the Staff. About an hour and a half ago, I went to a bunch of them and said, "I don't think you guys have to stay here anymore." They left, so we have a few folks in addition to some citizens who are still here. I want to thank you guys for spending essentially a whole Saturday. I'm stating the obvious. The four Priorities you set are all interconnected. They're not a grab bag. Each one of these things is part of a systems challenge we have as a City. You could think about it as a four-part Venn diagram, if I could take that kind of liberty with things. There is a community quality of life ecology to these four items, every one of which potentially can interconnect and affect each other, the financing of infrastructure, the grade separation issue, what we're doing on housing, what we're doing on traffic. It makes a lot of sense for our City and our community. What you've said you really want to see us do and the recommendations from Policy & Services Committee (P&S) to get a little more specific even in this session from what we've done in the past about Priorities is really a great start for 2018. Thank you on behalf of the Staff.

Mayor Kniss: Karen.

Council Member Holman: I just have one question. I've enjoyed sitting here and looking at the computer with the hoodie. I'm just wondering if it's going to be coming out again because it reminds of—you've got to amuse

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yourself sometime in the little gaps here—ET and the bicycle basket as they're flying across the sky.

Mr. Keene: It does look like that.

Council Member Holman: I just wonder if we're going to see the "hoodie-d" monitor again.

Mr. Keene: Thank you. Special thanks to the Clerk's Office, the soup to nuts and literally everything. Half of the time I was looking for David, and he was actually back in the kitchen helping prepare the food and everything in addition to other duties. Thank you.

Mayor Kniss: I would say the same, Beth, Jessica, and David. Beth went shopping yesterday so that we had more things. The number of items that were brought here today was pretty daunting. I'm not sure exactly how you did it. There was so much stuff, right down to you got your own candy basket of sorts. I noticed that most of them are gone. Kind of interesting.

Council Member Holman: In light of that, I'd also like to thank Staff very much for bringing fruit. It's a nice alternative to this. Thank you a lot for the fruit.

Mayor Kniss: Which says something for Healthy Cities Healthy Communities. With that, we are 7 minutes early. If someone is just dying to fill those last 7 minutes, please do. Otherwise, with thanks to everyone, Clerk's Office, Ed, Michelle, Hillary, Rob. Am I not seeing some other Staff who is here? Thanks to the guys running the Information Technology (IT) things at the back of the room. A special thanks to you, Jim, because you have guided us through this process once again. I'm very appreciative of that. Look forward to seeing you all Monday night. It doesn't start 'til 6:00 P.M. We will be discussing housing again. As I said, you might think of being succinct on Monday night if you said a lot today. Once again, we're there at 5:00 P.M. After housing, there will be a discussion on Evergreen and chaired by the Vice Mayor. With that, unless there's something else, we're adjourned.

ADJOURNMENT: The meeting was adjourned at 2:52 P.M.