



CITY COUNCIL SUMMARY MINUTES

Special Meeting
January 25, 2021

The City Council of the City of Palo Alto met on this date in virtual teleconference at 5:00 P.M.

Participating Remotely: Burt, Cormack, DuBois, Filseth, Kou, Stone, Tanaka

Absent:

Special Orders of the Day

1. Presentation From the Palo Alto Community Child Care Non-Profit.

Mayor DuBois reported monthly non-profit presentations were intended to be similar to City Manager Comments rather than Study Sessions. He welcomed suggestions for presentations.

Nancy Shepherd, Palo Alto Community Child Care, advised that Palo Alto Community Child Care (PACCC) offered programs in early childhood education. The California Department of Education developed a Quality Rating Improvement System, which PACCC was attempting to fulfill. PACCC provided benefits for its staff and served 19 childcare centers. She shared the Mission, vision, values, a brief history, and COVID-19 impacts on PACCC. In December 2020, PACCC instituted a COVID-19 fee, reduced staff hours, closed the infant-toddler site, exercised the rent moratorium, suspended the employee Section 401(k) match, and reduced operating expenses. PACCC hoped to return to normal operations in the fall of 2021.

Mayor DuBois requested contact information.

Ms. Shepherd indicated contact information was available on the PACCC website.

Agenda Changes, Additions and Deletions

None.

Oral Communications

Aram James opposed construction of a new Public Safety Building (PSB), particularly City Manager Shikada's plans to issue Certificates of Participation (COP) to fund construction. Regional policing was a good idea. He requested

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copies of all letters dated 2019 and 2020 between City Attorney Stump and Council Members regarding Zach Perron.

Rebecca Eisenberg related that she previously requested the names of any Palo Alto Police Officers who participated in the Washington, D.C., riots and was told that the information was not going to be provided to her. This response did not engender trust with the community. Vice Mayor Burt did not have any evidence to refute her claims about his former company's record of toxic pollution. Vice Mayor Burt also needed to disclose his interests in power plants located on the Tuolumne River.

Jeremy Erman requested the status of KZSU broadcasts of Council meetings.

Mauro Botta requested the date when outdoor dining was going to resume on California Avenue.

Minutes Approval

2. Approval of Action Minutes for the January 4 and 11, 2021 City Council Meetings.

MOTION: Council Member Cormack moved, seconded by Council Member Stone to approve the Action Minutes for the January 4 and 11, 2021 City Council Meetings.

MOTION PASSED: 7-0

Consent Calendar

Rebecca Eisenberg, addressing Agenda Item Numbers 3 and 4, believed Development Impact Fees were ridiculously low and urged the Council not to subsidize companies that received federal subsidies. She opposed paying the law firm additional funds when the City had already lost the lawsuit.

Council Member Kou registered a no vote on Agenda Item Number 3.

Council Member Tanaka registered a no vote on Agenda Item Number 4.

MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth to approve Agenda Item Numbers 3-4.

3. Review and Acceptance of the Annual Status Report on Development Impact Fees for Fiscal Year 2020; and Adopt Resolution 9939 Entitled, "Resolution of the Council of the City of Palo Alto Making Findings Regarding Continuing Need for Unexpected Development Fees."

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4. Request for Authorization to Amend the Existing Legal Service Agreement With the Law Firm of Colantuono, Highsmith & Whatley, PC (Contract S17167696) to Increase the Contract Amount by an Additional \$85,000, Bringing the new Not-to-Exceed Amount to \$340,000; and to Increase the Term by one Year.

MOTION PASSED FOR AGENDA ITEM NUMBER 3: 6-1 Kou no

MOTION PASSED FOR AGENDA ITEM NUMBER 4: 6-1 Tanaka no

Council Member Kou disagreed with Staff placing Agenda Item Number 3 on the Consent Calendar because the Council must review the report at a public meeting and opposed allocating \$455,912 to the Public Safety Building.

Council Member Tanaka preferred the City settle the case and return funds to ratepayers.

City Manager Comments

Ed Shikada, City Manager, reported the Regional Stay at Home Order was lifted. Outdoor dining and personal services were allowed to resume effective immediately. Vaccine information was available at sccfreevax.org. Vaccinations were offered at the Mountain View Community Center by appointment only. Staff was scheduled to monitor creeks and roadways for flooding during the storm predicted to begin on January 26, 2021. The Annual Community Survey was underway and scheduled to close on February 10, 2021. The deadline to submit comments regarding Council Priorities was January 29, 2021. Staff adjusted the closure times for Foothills Park when the visitor cap was reached. Grassroots Ecology was offering a Foothills Talk on January 28, 2021.

Vice Mayor Burt asked if Staff intended to provide the City's response to the lifting of the Stay at Home Order in Agenda Item Number 4A.

Mr. Shikada advised that the closure of California Avenue to allow outdoor dining was not likely to occur for several days because of the predicted storm. Staff was recommending Downtown restaurants utilize parklets for outdoor dining. KZSU was broadcasting Council meetings, and Staff was discussing an alternative funding source for the broadcasts.

Council Member Cormack asked if the Foothills Talk was in person or virtual.

Mr. Shikada indicated it was virtual.

Council Member Kou requested storm warnings and information be included in COVID-19 messaging.

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Action Items

- 4A. Provide Feedback and Direction on the Community & Economic Recovery Workplan Which Includes Four Focus Areas: Managing Through the Pandemic, Community Wellness and Wellbeing, Focused Business Support, and City Initiatives; and Recommend Returning with Budget Amendments in Various Funds at the Mid-Year Budget Review.

Ed Shikada, City Manager, reported Staff sought Council feedback and direction regarding prioritization of work items and Budget appropriations. The November 2020 discussion included trends and economic circumstances, progress and challenges. Local impacts probably did not mirror state and national impacts. The Council needed to be aware of the connection between the local economy, Sales Tax and Transient Occupancy Tax (TOT) generation, and the City's ability to provide services. From Staff's perspective, recovery from the pandemic was the highest priority. Staff's workplan was extraordinarily aggressive and ambitious.

Kiely Nose, Administrative Services Director, advised that considerations for the Council included the goals of decisions, the City's role in implementing decisions, and fiscal resources.

Ken Dueker, Office of Emergency Services Director, indicated management through the pandemic guided the City in maintaining services, meeting daily needs, continuing public communications and engagement, and ensuring the safety of employees and visitors. Each community member had a role in managing and recovering from the pandemic and preparing for other possible emergencies.

Rumi Portillo, Human Resources Director, stated the City provided services to the community, kept employees and worksites safe, and facilitated information and support for local businesses, schools, and healthcare facilities. More than 11,000 COVID-19 tests had been administered in Palo Alto. Approximately a third of the City workforce was working remotely, which increased the difficulty of complying with regulations from various agencies. The number of COVID-19 cases within the workforce was relatively low. Staff utilized a rapid response model and conducted contact tracing when a workplace incident occurred. All Palo Alto Fire Department personnel had received their first vaccination, and approximately two-thirds were scheduled to receive the second vaccination by the end of the week. All Police Department personnel were scheduled to receive their first vaccination by the end of the week. Staff anticipated the remainder of employees to receive vaccinations by mid-March; however, vaccination plans changed frequently.

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Kristen O’Kane, Community Services Director, related that community recovery was as important as economic recovery. Supporting the emotional, mental, and physical wellbeing of the community was an important role for Staff. Staff focused on members of the community that were affected most by sheltering in place and recognized the importance of staying connected for every member of the community. Staff planned to develop forums for community engagement and presentations regarding wellness and resiliency, increase mental health support, modify programming for car-based activities, and repurpose spaces for outdoor events. The library offered virtual opportunities for community members to connect. The City website was being modified to become a virtual City Hall.

Rachel Tanner, Planning and Development Services Assistant Director, shared efforts to promote the Uplift Local Program, develop supportive strategies, fast-track permitting, engage local businesses in biweekly roundtables, provide technical support for implementing best practices, advance sustainability and electrification goals, and refine the scope of economic support activities.

Brad Eggleston, Public Works Director, reviewed long-term recovery initiatives such as redesigning Downtown and California Avenue for cars, pedestrians, and bicyclists, exploring potential ballot measures, and implementing the Sustainability and Climate Action Plan (S/CAP) update.

Dean Batchelor, Utilities Director, provided Staff’s plans to accelerate Fiber to the Home (FTTH) and expand community engagement. Staff’s plans included updating the Council at the end of March 2021.

Ms. Nose recalled the Council’s preference for governance to remain with the Council as a whole. Community engagement was tailored to each workplan item. If workplan items aligned with Council Priorities, Staff recommended the Council direct Staff to return with Budget appropriations in the mid-year process.

Aram James suggested the Council allocate one-tenth of the Police Department Budget and 1-2 percent of the jail budget toward a safe parking program to benefit the most vulnerable citizens.

Rebecca Eisenberg remarked that Police Officers needed to prove they did not participate in the Washington, D.C., riots before receiving vaccinations. The City did not promote childcare and youth when it evicted childcare from Cubberley Community Center and eliminated \$6 million from Palo Alto Unified School District’s (PAUSD) budget. The City needed a business tax and affordable housing.

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Mayor DuBois requested Council Members provide their top two or three priorities for the workplan.

Vice Mayor Burt commented that the Council needed to reexamine the allocation of resources and the Capital Improvement Program (CIP). The City needed a comprehensive plan to maximize the safety of City employees who were providing essential services.

Council Member Cormack felt an important component of the workplan was flexibility to respond to changing needs. She suggested Staff utilize community members already checking on and communicating with community members. The use of community health and wellness funds for facility environmental upgrades was reasonable. The City's business grant program funded for-profit childcare programs, and the City needed to fund nonprofit childcare programs. She supported expanding the FTTH project and packaging FTTH, electrification, and utilities undergrounding. She proposed Staff provide monthly updates on the workplan. She requested a timeframe for the launch of the new City website.

Meghan Horrigan-Taylor, Chief Public Information Officer, indicated beta testing was scheduled to begin in the next few weeks with the website launch anticipated in late March.

Council Member Kou suggested the City Manager's Office use community engagement to increase transparency and inquired about enhanced communications for the community.

Mr. Shikada reiterated communications with the community through business roundtables and monthly updates. The community's interest in monthly updates was low. New programs for community wellness were going to increase the volume and cohesiveness of programs offered by the Community Services and Library Departments and community partners.

Council Member Kou inquired regarding efforts to publicize monthly updates.

Mr. Shikada indicated notice was provided in the COVID-19 report and on the City website.

Ms. Horrigan-Taylor explained that community updates began in June 2020, a mix of community members participated, recordings of the updates were available on the City's YouTube channel, and links to the recordings were included in the e-blast and posted to social media.

Council Member Kou noted cars were speeding and pedestrians and bicyclists traveling at night were not using lights.

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Council Member Stone felt managing through the pandemic was the top priority. Increased public outreach and workplace safety were needed. He inquired about methods for learning about best practices for heating, venting and cooling (HVAC) systems and plans to use MERV 13 filters.

Mr. Eggleston advised that Staff frequently communicated with PAUSD staff and other jurisdictions and were aware of PAUSD's modifications. Staff substituted MERV 13 filters for MERV 8 filters in all compatible systems a few months ago.

Council Member Stone appreciated the focus on community wellness and the need to support childcare programs. Staff needed to partner with neighborhood associations to advertise events and accept community feedback. Programs for school-aged youth were needed. He requested the types of modifications planned for Downtown and California Avenue.

Mr. Shikada indicated plans included widening sidewalks and reconfiguring parking so that opening and closing streets to vehicle traffic occurred quickly.

Council Member Stone asked if the changes would be permanent or temporary.

Mr. Shikada answered permanent.

Council Member Tanaka asked if the order of workplan items reflected the priority of items.

Mr. Shikada replied no. The workplan itself was prioritized over Staff's other work.

Council Member Tanaka offered priorities of health first, economic recovery second, revenue third, and services fourth. Metrics for the progress or success of initiatives were missing. He inquired about metrics for fast-tracking permit requests.

Ms. Tanner reported the system allowed staff to mark projects for expedited review and to follow their progress. A report of the time needed to review those permits could be provided. Fast-tracking pertained to permits for outdoor dining, parklets, and other activities that responded to the pandemic. Staff was improving the permitting system and needed to reformat review processes.

Council Member Tanaka requested Staff to begin tracking data.

Mr. Shikada advised that Staff could return with recommendations for metrics.

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Council Member Filseth viewed the workplan as re-prioritizing projects. At some point, the City needed to plan for regional people returning to work and shop in Palo Alto and to utilize lessons learned from the pandemic. He inquired about upgrades to City Hall to improve workplace safety.

Mr. Eggleston related that a contract was almost ready for a consultant to evaluate HVAC upgrades in City Hall, Rinconada Library, and Mitchell Park Library and Community Center.

Council Member Filseth recommended Staff test improvements on City facilities prior to recommending them to the community. Exploration of potential new revenue sources needed to begin soon.

Mayor DuBois suggested replacing traditional City events with virtual events, resuming Town Halls, replacing HVAC systems with electric heat pumps where appropriate, eliminating economic support for small businesses or encouraging large businesses to support small businesses, not utilizing Stanford University Medical Center funding for road closures, and monitoring for federal funding. His top three priorities were concluding plans for grade separations, a potential business tax, and a safe parking program and safe parking policies.

Vice Mayor Burt noted HVAC upgrades greatly decreased COVID-19 transmission and provided numerous long-term benefits. The City needed to devote resources to wildfires and updating the Foothills Fire Management Plan, open space needs, community engagement in plans for University Avenue and California Avenue, and the needs of recreational vehicle (RV) dwellers, the unhoused, and childcare.

MOTION: Vice Mayor Burt moved, seconded by Mayor DuBois to:

- A. Direct Staff to proceed with the City of Palo Alto's Community and Economic Recovery efforts and prioritized projects, community engagement strategies, and governance framework for future work;
- B. Direct Staff to bring forward budget adjustments to fund the following projects as part of the FY 2021 Mid-Year Budget Review to be funded from the Stanford University Medical Center (SUMC) Fund and Fiber Funds:
 - i. Building Systems Improvements Project for City Facilities related to COVID-19 (\$500,000);
 - ii. Fiber to the Home funding for engagement (\$200,000);

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- C. Direct Staff to amend the prioritized Community and Economic Recovery workplan and future budget actions with the following:
- i. Provide an updated, clear, comprehensive, and dynamic work safety plan;
 - ii. Identify any additional open space projects that are needed in response to the emergency;
 - iii. Begin the process of an updated consulting contract on the Foothills fire protection plan;
 - iv. Look at how to allocate additional resources to RV parking, unhoused, and childcare; and
 - v. Direct Staff to reevaluate the University Avenue Streetscape project in light of other priorities.

Vice Mayor Burt felt resources should be allocated to these needs.

Mayor DuBois believed Staff needed to present components of the workplan to the Council and was unsure whether reconfiguration of University Avenue was a priority given other items on the workplan. Foothills fire planning, consultants for the Regional Housing Needs Allocation (RHNA), and safe parking were appropriate uses for any surplus funds.

Vice Mayor Burt requested details of the planning project for University and California Avenues.

Mr. Eggleston advised that the project pertained primarily to University Avenue.

Mr. Shikada commented on the value of a recovery strategy as a rallying and unifying theme for the City's work. He anticipated regular, consistent, and cohesive reports to Council about the package.

Council Member Filseth requested Staff's opinion regarding the usefulness of a Foothills Fire Management Plan.

Mr. Shikada was unsure whether it related to recovery.

Mr. Dueker indicated the Foothills Fire Management Plan was posted at cityofpaloalto.org/preparedness. Updating the plan was an item on the Office of Emergency Services' workplan. Staff explored technology that provided situational awareness and early warning.

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Geo Blackshire, Fire Chief, related that the Foothills Fire Management Plan was valid for fire prevention, management, and evacuation. A mega fire in the Foothills was a real threat.

Council Member Filseth asked if the intent of the Motion was to add an item, the Foothills Fire Management Plan update, to the workplan.

Vice Mayor Burt explained that the threat of a mega fire warranted a focused priority on updating the Foothills Fire Management Plan. Individual agencies did not have sufficient resources to address this.

Mayor DuBois wished to ensure work on electric lines in the Foothills was prioritized.

Council Member Filseth inquired whether a consultant was needed to update the plan.

Mr. Dueker responded yes.

Vice Mayor Burt assumed Staff would leverage consultants from previous updates.

Mr. Shikada advised that the County of Santa Clara (County) hired a consultant to review fire services in the Foothills.

Council Member Stone supported an update of the Foothills Fire Management Plan and the Motion. The Council needed to understand the plans for University Avenue, and businesses and residents needed an opportunity to review and comment on plans.

Council Member Cormack asked if Subpart C-i was an informational report.

Mr. Shikada requested clarification of the Council's expectations.

Council Member Cormack believed an informational report was appropriate given the information provided in the current and prior meetings. She inquired whether the project for parking at Pearson-Arastradero Preserve was going to be completed in the spring.

Mr. Eggleston believed the timeframe for completion was spring 2021.

Council Member Cormack proposed Staff return to Council with information regarding the Foothills Fire Management Plan update.

Mayor DuBois clarified that the intent was for Staff to return with recommendations of funding sources or re-allocations for these items.

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MOTION SPLIT FOR THE PURPOSE OF VOTING

Mr. Shikada inquired about the intent of childcare in Subpart C-iv.

Vice Mayor Burt indicated it was childcare in a broad sense. Subpart C-iv directed Staff to return with a framework and an estimate of resources needed to address parking, unhoused, and childcare. The Motion prioritized these items in the workplan.

Council Member Tanaka suggested too many items had been placed under the COVID-19 umbrella. Perhaps the Council needed to eliminate rather than add items to the workplan. He inquired about staff's plans for metrics.

Mr. Shikada requested the Council to provide indicators for metrics.

Council Member Tanaka indicated FTTH was a high priority and proposed eliminating Workplan Items G, L, M, and N and Motion Subparts C-iii and C-v as not related to COVID-19 recovery.

Vice Mayor Burt preferred not to adopt workplan items as a whole but to discuss them at a later time.

Mayor DuBois wanted Staff to review the package as a whole and inform the Council of their priority items. Based on the Motion, Staff needed to modify its priorities.

Vice Mayor Burt proposed a future Agenda Item to discuss an updated workplan, which included the items in Subpart C and in the workplan.

INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER AND SECONDER to add to the Motion Part A "...and agendize a discussion of the updated workplan based on tonight's Motion."

Council Member Kou wished to ensure sustainability and climate change focused on increasing and preserving the urban tree canopy and groundwater. The City needed a Staff person dedicated to communications and engagement with residents. Community wellness included City employees. In opening outdoor dining, Staff needed to consider pedestrian access to retail and personal services businesses.

MOTION AS AMENDED RESTATED: Vice Mayor Burt moved, seconded by Mayor DuBois to:

- A. Direct Staff to proceed with the City of Palo Alto's Community and Economic Recovery efforts and prioritized projects, community engagement strategies, and governance framework for future work; and

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agendize a discussion of the updated workplan based on tonight's motion

- B. Direct Staff to bring forward budget adjustments to fund the following projects as part of the FY 2021 Mid-Year Budget Review to be funded from the Stanford University Medical Center (SUMC) Fund and Fiber Funds:
 - i. Building Systems Improvements Project for City Facilities related to COVID-19 (\$500,000);
 - ii. Fiber to the Home funding for engagement (\$200,000);
- C. Direct Staff to amend the prioritized Community and Economic Recovery workplan and future budget actions with the following:
 - i. Provide an updated clear comprehensive and dynamic work safety plan;
 - ii. Identify any additional open space projects that are needed in response to the emergency;
 - iii. Initiate and return to Council with recommendations for an updated Foothills fire protection plan and required resources; and
 - iv. Look at how to allocate additional resources to RV parking, unhoused, and childcare
 - v. Direct Staff to reevaluate the University Avenue Streetscape project in light of other priorities

MOTION PARTS A, B i. and ii., and C i.-iv. PASSED: 7-0

MOTION PART C. v. FAILED: 3-4 DuBois, Kou, Stone yes

Vice Mayor Burt inquired whether the vote on Subpart C-v retained the project as a priority but without funding.

MOTION: Council Member Filseth moved, seconded by Council Member Cormack to fund the University Avenue Streetscape Project Planning (\$150,000) as part of the FY 2021 Mid-year Budget Review.

MOTION PASSED: 4-3 DuBois, Kou, Stone no

Council took a break at 8:11 P.M. and returned at 8:17 P.M.

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5. PUBLIC HEARING / QUASI-JUDICIAL. 922 College Avenue [20PLN-00104]: Request for Review of a Preliminary Parcel Map With Exceptions to Adjust Lot Lines for two Substandard Parcels to Facilitate the Redevelopment and Sale of two Homes. Environmental Assessment: Exempt. Zoning District: R-1 (Single Family Residential).

Council Member Tanaka recused himself from this item as he had an ownership interest in real property located within 500 feet of the subject property.

Vice Mayor Burt disclosed no ex parte communications.

Council Member Cormack disclosed no ex parte communications.

Mayor DuBois disclosed no ex parte communications.

Council Member Filseth disclosed no ex parte communications.

Council Member Kou disclosed no ex parte communications.

Council Member Stone disclosed no ex parte communications.

Jonathan Lait, Planning and Development Services Department Director, reported the requested lot line adjustment resulted in parcels that did not conform with local zoning regulations. In order to grant the request, the Council needed to make specific findings. If approved, a preliminary parcel map would memorialize the existing conditions. The applicant proposed to construct a one-story single-family home; however, one accessory dwelling unit (ADU) on each lot and one junior accessory dwelling unit (JADU) on each lot was permissible. The Planning and Transportation Commission (PTC) reviewed and approved the request. More than one Categorical Exemption under the California Environmental Quality Act (CEQA) applied to the property. As provided in the Zoning Code, the parcel at 922 College, located on the corner of Cornell and College, fronted on Cornell Street so that the front yard setback for the parcel extended along Cornell Street and the street side yard setback extended along College Avenue. The street side yard setback for the parcel was 16 feet rather than 20 feet. Most structures along College Avenue respected the 20-foot front yard setback, but a few encroached into it.

Public Hearing opened at 8:24 P.M.

Aram James inquired regarding a pattern of Stanford University purchasing property in the College Terrace area and the possibility of advising Stanford University to construct housing on its vast campus.

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Rebecca Eisenberg remarked that Mr. Lait had no reason to withhold the property owner's name other than to hide Stanford University's purchase of property. The project was not going to increase housing in Palo Alto. The statement that Stanford University's plans for the property included a sale of the property was not true.

Curtis Smolar commented that entities other than Stanford University were interested in Palo Alto real property if they knew the sale price. Stanford University was going to take the property off the market.

Public Hearing closed at 8:31 P.M.

David Kirk, Applicant, advised that Stanford University provided programs to assist faculty and staff with locating housing near the campus. The property was gifted to Stanford University in 2019. Because the existing homes were past their serviceable lives, Stanford University decided to replace them with two new homes. In 1952, the City approved a subdivision of the lot, but it was not recorded with the County of Santa Clara (County). The owner in 1952 constructed two homes with separate utility services on the single lot.

Council Member Kou inquired whether the Council or the PTC needed to approve the application.

Mr. Lait replied the Council. The proper Categorical Exemption was Section 15301.

Council Member Kou requested the reason for the applicant obtaining a ministerial building permit.

Mr. Lait explained that a building permit for a one-story, single-family dwelling was issued ministerially because it did not require discretionary review.

Council Member Kou inquired regarding the relationship of the nonconforming lot and the construction of a single-story dwelling.

Mr. Lait indicated that only a single-story structure was allowed on a nonconforming lot.

Council Member Stone asked if the Council needed to make all four findings to approve the application.

Mr. Lait answered yes.

Council Member Stone requested clarification of the finding that an exception was necessary for the preservation and enjoyment of a substantial property right given the long history of two single-family homes being located on the

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parcel. The existing condition did not prevent the preservation and enjoyment of a property right.

Mr. Lait explained that the City in 1952 granted a subdivision of the parcel into two parcels and issued building permits for two homes. Because the subdivision was never recorded, the parcel remained one parcel, and development of two homes on one parcel was precluded. Staff supported the subdivision as a means to cure the action not completed in 1952.

Council Member Stone was struggling with the finding that an exception was necessary for the enjoyment of a property right. The property had been enjoyed as two parcels for many decades.

Mr. Kirk suggested the two homes could be maintained, but they were at the end of their lifespans and not in any serviceable condition. Demolishing and rebuilding the two houses in the same locations were impossible because lot lines extended beneath the houses.

Molly Stump, City Attorney, clarified the meaning of necessary as needed, appropriate, or convenient.

Council Member Stone questioned the finding that granting the exception would not violate the requirements, goals, policies, or spirit of the law. Two homes on one lot violated the Zoning Code, but the two parcels that resulted from the subdivision also violated the Zoning Code.

Mr. Lait explained Staff's interpretation that the subdivision did not violate the Zoning Code because the Zoning Code provided the exception process.

MOTION: Mayor DuBois moved, seconded by Council Member Kou to adopt a Record of Land Use Action (RULA) approving the requests for a Preliminary Parcel Map with exceptions based on findings and subject to the conditions of approval, and as recommended by the Planning and Transportation Commission.

Mayor DuBois related his ability to make the findings.

Council Member Kou stated approving the subdivision made the existing conditions legal. Property owners had rights pertaining to their real property.

Council Member Filseth reiterated the City's intent in 1952 to approve a subdivision of the parcel.

MOTION PASSED: 6-0 Tanaka recused

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6. Status Report on the South Palo Alto Bikeways Project Funded by the VERBS Grant; Approval of the Community Engagement Plan; and Approval of Budget Amendments in the Capital Improvement Fund, Projects: Safe Routes to School (PL-00026), and El Camino Real Pedestrian Safety and Streetscape (PL-180).

Philip Kamhi, Chief Transportation Official, reported the South Palo Alto Bikeways Project (Project) was funded by a \$919,000 grant from the Vehicle Emissions Reductions Based at Schools (VERBS) program. The Project consisted of upgrading bicycle facilities on the Waverley Multiuse Path, the East Meadow Drive Enhanced Bikeway, and the Fabian Way Enhanced Bikeway. Due to grant requirements, construction had to begin by January 2023. To fund the community outreach plan and the local match, Staff recommended reallocating local match funding from the El Camino Real Pedestrian Safety and Streetscape Project to the Project. The 2010 VERBS grant application identified improvements for the Waverley Multiuse Path, and the Bicycle and Pedestrian Transportation Plan 2012 identified the two enhanced bikeways as key projects. Counts of bicyclists to schools located within the Project area had increased since the grant application was submitted.

Sylvia Star-Lack, Transportation Planning Manager, advised that the Project was the gateway project for the Adobe Creek Highway 101 Pedestrian and Bicycle Bridge that was under construction. Low-stress facilities connected to the new bridge capitalized on the City's investments in the bridge and the Charleston Corridor. The Project improved links to the Charleston Corridor Project, facilities at or adjacent to Mitchell Park, the Jewish Community Center (JCC), and to employment and housing on Fabian Way. Waverley Path improvements included widening, repaving, and grading the path. Palo Alto Unified School District (PAUSD) Staff had documented at least eight accidents caused by the unevenness of the path. East Meadow Drive bikeway improvements included installation of a protected bicycle facility to enhance bicyclist visibility and to accommodate peak school commute traffic. Fabian Way bikeway improvements may include a protected bicycle facility in each direction. In the spring of 2021, Staff intended to reevaluate the initial concept plan and conduct community engagement. Staff planned to present a final concept plan to the Council in late spring. The Community Engagement Plan was adapted from the Spectrum of Public Participation framework.

Curtis Smolar supported projects that improved children's safety. He disagreed with Ms. Stump's definition of necessary in the previous agenda item.

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Rebecca Eisenberg supported the construction of protected bike lanes as long as garage ingress and egress did not cross them.

Council Member Cormack asked if this was the first bicycle project to be presented to the Council in a number of years.

Mr. Kamhi answered yes.

Council Member Cormack inquired regarding the priority of the Project.

Mr. Kamhi explained that the Project was prioritized over other projects because it provided links between facilities. Also, grant funding for the Project was available. The Project responded to the Council's prioritization of projects and recommendation for protected bike lanes on East Meadow Drive.

Council Member Cormack asked if Park Boulevard improvements were prioritized higher than the Project or if funding could be reallocated to Park Boulevard improvements.

Mr. Kamhi related that the grant funds had to be used for the Project or reimbursed. Several community partners felt this project was worthwhile.

Council Member Cormack requested an image of a protected bike lane.

Mr. Kamhi indicated a drawing for the Project had not been developed. In fact, the City had not retained a consultant for the Project.

Council Member Cormack inquired whether the Council action was to approve the Community Engagement Plan.

Mr. Kamhi replied yes.

Vice Mayor Burt noted the lack of connections in this area of Palo Alto. The Project enhanced connections to the Highway 101 Bike Bridge

MOTION: Vice Mayor Burt moved, seconded by Council Member Tanaka to:

- A. Receive a status report on the South Palo Alto Bikeways Project funded by the One Bay Area Grant 2 (OBAG 2) for Vehicle Emissions Reductions Based at Schools (VERBS) program;
- B. Approve the Draft Community Engagement Plan (CEP), including specific public outreach strategies for the South Palo Alto Bikeways Project;
- C. Direct Staff to return after the first phase of public outreach to present the final concept plan for the project;

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- D. Approve Amendment of the Fiscal Year 2021 Budget Appropriation Ordinance by a 2/3 vote for the Capital Improvement Fund by:
- i. Increasing the Safe Routes to School Project (PL-00026) expense appropriation by \$110,000; and
 - ii. Decreasing the El Camino Real Pedestrian Safety and Streetscape Project (PL-18000) by \$110,000.

Council Member Tanaka shared his familiarity with the bike paths and believed protected bike lanes were logical.

Council Member Stone appreciated the Project and the improved Community Engagement Plan. He suggested stakeholders include residents' associations and student government bodies. He requested clarification of a route audit and the pop-up construction event in Phase V.

Ms. Star-Lack described a route audit as a self-biking tour with stops at specific locations to consider the conditions and provide feedback. The pop-up event may be a one-day demonstration of the concept.

Council Member Stone asked if Staff planned to return to Council after community outreach to present the final concept.

Mr. Kamhi responded yes. Staff intended to seek Council review multiple times.

Mayor DuBois asked if Staff intended to present detailed plans and maps.

Mr. Kamhi replied yes.

Mayor DuBois noted the Council had not approved the El Camino Real project, but it was listed in the Capital Improvement Program (CIP). He inquired whether re-allocating funding from the El Camino Real project to the Project in effect canceled the El Camino Real project.

Mr. Kamhi advised that canceling the El Camino Real project was a possibility. Deadlines for the Project and the El Camino Real project were the same, but the City had limited funding for the local match funding. In Staff's opinion, the El Camino Real project did not provide as much value as the Project, and the PTC and the public expressed concerns about the El Camino Real project. Consequently, Staff recommended returning grant funds for the El Camino Real project and proceeding with this Project.

Mayor DuBois inquired regarding traffic analysis and impacts as part of the Project.

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Mr. Kamhi clarified that a traffic analysis depended on the concept developed for the Project.

Mayor DuBois recommended Staff plan a temporary installation of at least a couple of weeks in Phase IV.

Council Member Cormack requested the rationale for a school program funding the Fabian Way bikeway.

Ms. Star-Lack noted housing and the JCC were located on Fabian Way. The JCC submitted a letter of support for the Project and expressed interest in increasing the number of students who biked to JCC programs.

Council Member Cormack appreciated the details and the robustness of the Community Engagement Plan. She inquired regarding the Project's intersections with El Camino.

Mr. Kamhi answered the intersection of El Camino and California Avenue. The El Camino Real project provided improvements for only pedestrian safety.

Council Member Cormack recommended community engagement include other projects in the area and any overlap in construction schedules.

Council Member Tanaka inquired whether Staff had some ideas for the protected bike lanes.

Mr. Kamhi advised that Staff planned to present different options to the public and seek their feedback.

Council Member Tanaka suggested Staff consider reversing the bike lane and parking lane and connections with Mountain View and Menlo Park.

MOTION PASSED: 7-0

7. Update on the Status of Capital Improvement Fund and Potential Direction on Prioritization of Projects for the Fiscal Year (FY) 2022 Budget and 2022-2026 Capital Improvement Plan.

Kiely Nose, Administrative Services Department Director, reported the item was intended to assist the Council's review of public financing and the Capital Improvement Program (CIP) and award of a contract for the Public Safety Building (PSB).

Paul Harper, Budget Manager, advised that the Council previously reduced the General Fund transfer to the Capital Improvement Fund for fiscal year (FY) 2021. The base transfer from the General Fund of approximately \$5.1 million

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was allocated to catch-up/keep-up work. Transient Occupancy Tax (TOT) funding designated for capital projects totaled approximately \$6.6 million. Projections anticipated additional reductions in TOT revenues. Other funding sources for the Capital Improvement Fund were not likely to change in FY 2021, with the exception of Measure B funding, and their uses were largely restricted. Staff provided three scenarios for the ending fund balance, and the scenarios were related to the Long Range Financial Forecast and various TOT estimates.

Ms. Nose noted the TOT estimates included two new hotels.

Mr. Harper indicated the bond for the California Avenue garage was issued at an annual cost of \$2.4 million, and debt service repayment was programmed into the Capital Improvement Fund. Based on the current bond market, Staff revised the debt service estimate for the PSB from \$7.3 million annually to \$5.6 million annually.

Brad Eggleston, Public Works Director, reviewed the guiding principles for developing the CIP. For FY 2021, the Council reduced the General Fund transfer to the Capital Improvement Fund by \$19.1 million. He and City Manager Shikada reviewed the CIP to ensure reduced funding supported appropriate investments.

Aram James opposed proceeding with a PSB at the current time and expanding Police Department personnel.

Hamilton Hitchings advised that there was no plan to expand Police personnel. He encouraged the Council to accept the PSB bid now.

Jeremy Erman did not understand how the Council could consider a CIP for FY 2022 without reviewing reductions made in the FY 2021 Budget. The Council needed to review each line item for which it reduced funding.

Rebecca Eisenberg believed housing was the number one priority and urged the Council to consider a business tax.

Curtis Smolar did not believe TOT revenues were going to be sufficient to fund the PSB. He urged the Council to tax the richest people and companies to fund housing.

Council Member Filseth requested Staff provide General Fund revenue and departmental expense projections prior to the Long Range Financial Forecast.

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Ms. Nose indicated the projections for FY 2022 were released in December 2020. Projections for FY 2023-2026 were going to be released Thursday before Council consideration of the PSB on Monday.

Council Member Filseth expressed interest in the base transfer from the General Fund rather than TOT revenues. He inquired whether the total transfer from the General Fund was going to be closer to \$8 million.

Ms. Nose anticipated a reduction in the TOT estimate. The Staff Report contained a table of General Fund base transfers, both adopted and revised forecasts.

Council Member Cormack felt Scenarios B and C were both possible, depending on various factors. The guiding principles failed to consider necessity and use. The Council failed to plan for the replacement of Cubberley because it was 65 years old and not in the Infrastructure Plan. The Council had not discussed the Parks Master Plan and funding for it. The amount shown for grade separations seemed low. The Council needed to update the 2014 Infrastructure Plan.

Vice Mayor Burt summarized the Council's plan to fund catch-up and keep-up and large projects based on recommendations from the Infrastructure Blue Ribbon Commission (IBRC). The Council reduced transfers for the CIP but did not reduce the pace of implementing the Infrastructure Plan. The five-year CIP was no longer feasible. TOT revenues were not likely to recover to pre-COVID-19 levels for five years.

Council Member Stone concurred that the Council previously cut essential services rather than capital projects.

Council Member Tanaka remarked that the Council needed to transfer funding from the Capital Improvement Fund to the General Fund. Scenario C was more likely to occur than the other scenarios. Perhaps the Council was willing to restore some funding for services rather than proceed with capital projects.

Council Member Kou agreed with Vice Mayor Burt's and Council Member Tanaka's comments.

Mayor DuBois asked if hotel occupancy was currently about 20 percent.

Ms. Nose replied yes, but she anticipated occupancy rates to decrease before increasing.

Mayor DuBois inquired whether the reduction in General Fund transfers and TOT revenues totaled about \$22 million.

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Mr. Harper indicated the reductions plus projections for additional reductions totaled \$22-\$23 million.

Mayor DuBois asked if Staff proposed issuing debt for the PSB without counting on TOT revenue.

Mr. Shikada answered yes.

Mayor DuBois requested the total cost of the PSB with capitalized interest.

Mr. Shikada remarked that the least expensive way to construct a PSB was to accumulate revenues to pay for the project with no financing. The issues were timeliness and the rate at which costs might change.

Mayor DuBois stated Staff was talking about a financing strategy, the long-term impacts, and the consequences of delaying a PSB. The Council may want to consider policies that benefit hotel occupancy and value public-private partnerships. Staff's ability to forecast in uncertain environments was good. The Council needed to determine a process for prioritizing capital projects. He supported proceeding with projects that paid for themselves over time.

Vice Mayor Burt requested an update of capital projects that were budgeted in FY 2021 but were not likely to proceed or were not fully funded.

Mr. Shikada indicated all cities budgeted more funding for capital projects than they expected to spend in a given year. Staff's task for this item was to provide an update regarding funding.

Vice Mayor Burt disagreed with Staff's task. He wanted to hear about trends in construction bids. In 2020, Staff estimated the cost of delaying the PSB at \$100,000 per month.

Mr. Shikada noted that information was available because Staff compared the costs for Bay Area projects similar to the PSB. Staff provided a micro snapshot of the CIP as a whole for this discussion, and it was not intended for use in discussing projects.

Vice Mayor Burt clarified that several Council Members wanted to review projects, revenue projections, and construction costs.

Council Member Filseth asked if the capital projects included the expansion of Boulware Park.

Mr. Eggleston replied yes.

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Council Member Filseth seemed to recall Pets in Need was to raise funds for a new Animal Shelter.

Mr. Eggleston explained that Pets in Need was to handle fundraising, but the amount was listed as a known unknown because of the uncertainty around fundraising.

Council Member Filseth wanted to review projections for the next five years.

Council Member Tanaka related hoteliers' comments regarding the high TOT rate in Palo Alto. He recommended the Council understand the costs of financing and the services that were eliminated to pay for debt service.

Mayor DuBois proposed maintaining a reasonable flow of capital projects moving forward. Public Works Staff accomplished capital projects on time and on budget. The interest rates for debt financing were low.

Council Member Filseth requested revenue and departmental expenses projected through FY 2026 or FY 2027. He inquired regarding the \$5 million budgeted for the Downtown parking garage.

Ms. Nose recalled that the Council eliminated General Fund funding for the Downtown garage but left in place in-lieu fees of approximately \$6 million because the fees were required to be used for the project.

Ms. Stump advised that in-lieu parking fees had to be used for the creation of new parking in the Downtown area.

Council Member Filseth inquired whether in-lieu parking fees could be utilized for valet parking programs.

Ms. Stump agreed to review the legal analysis and provide that information at a later time.

Council Member Cormack proposed a thorough review of the Infrastructure Plan before the Council, the Finance Committee, an ad hoc committee, or a reconstituted IBRC.

Vice Mayor Burt suggested Council Members consider using the \$6 million in in-lieu parking fees for one level of parking in an affordable housing project because affordable housing partners would purchase the real property for affordable housing.

Mr. Shikada indicated Staff was exploring that type of public-private partnership.

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Vice Mayor Burt requested the interest rate for which the City qualified.

Ms. Nose answered around 3 percent.

Vice Mayor Burt suggested costs were lower because of COVID-19 impacts on construction costs and interest rates.

NO ACTION TAKEN

Council Member Questions, Comments and Announcements

Council Member Cormack reported the San Francisco Public Utilities Commission (SFPUC) representative indicated SFPUC was going to discuss water conservation in the near future, and a letter from the Tuolumne River Trust was going to be addressed at the February 5, 2021 SFPUC workshop.

Vice Mayor Burt advised that the Santa Clara Valley Transportation Authority (VTA) was recruiting for a Chief Executive Officer (CEO) and was temporarily in good financial shape due to receipt of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The City needed to engage VTA to ensure Measure B funding was properly distributed.

Adjournment: The meeting was adjourned at 11:02 P.M.