



CITY COUNCIL SUMMARY MINUTES

Special Meeting
March 22, 2021

The City Council of the City of Palo Alto met on this date in virtual teleconference at 5:01 P.M.

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

Absent:

Special Orders of the Day

1. Appointment of a Candidate to an Unfinished Term on the Planning and Transportation Commission.

Mayor DuBois advised that the Council was going to proceed with the meeting while the City Clerk tallied the votes.

First Round of voting for one position on the Planning and Transportation Commission with a term ending December 15, 2021.

Voting For:

Bobi Adle

Doug Burns

Bryna Chang

Burt, DuBois, Kou, Stone

Rebecca Eisenberg

Kathy Jordan

Filseth, Tanaka

Kevin Ma

Jessica Resmini

Cormack

Beth Minor, City Clerk, announced that Bryna Chang with four votes was appointed to the unfinished term on the Planning and Transportation Commission.

[The Council proceeded to Agenda Item Number 2.]

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Agenda Changes, Additions and Deletions

Mayor DuBois reported a revised Agenda was posted online prior to the meeting.

Oral Communications

Salim Damerджи hoped the Council viewed the video of the police dog attacking Mr. Alejo. The Council needed to terminate Officer Enberg's employment and increase the Police Department's transparency.

Aram James commented that the video of the attack was appalling, and Officer Enberg needed to be charged with attempted murder or assault with a deadly weapon.

Rebecca Ward noted aircraft traffic over Palo Alto was returning to pre-pandemic levels. The City's lack of effective responses to increasing aircraft noise harmed the community. The City needed to prioritize aircraft noise and officially request membership in the San Francisco International Airport (SFO) Roundtable.

Raven Malone remarked that the lack of transparency around the Police dog attack was unacceptable. The incident was a blatant use of excessive force. Reform was needed in the Police Department.

Eva Tang summarized incidents that led to lawsuits against Officer Enberg. The City needed to settle Mr. Alejo's lawsuit and increase transparency within the Police Department.

Adam Schwartz believed allowing Police Officers to command dogs to bite people was contrary to the public good, Officer Enberg needed to be disciplined, and damages were owed to Mr. Alejo.

Lily Huang expressed concern that the proposed housing project at 2239 Wellesley Street was going to negatively impact traffic. Sites near the Fry's location were more appropriate for high-density housing.

Kevin Ma commented that the use of force against Mr. Alejo and the lack of Police Department transparency were serious concerns for the community. The Independent Police Auditor (IPA) needed to review and make recommendations for the incident.

Anna Lemke commended the City Council's recent efforts to approve more housing projects but opposed the proposed apartment complex on Wellesley Street. The Stanford Industrial Park was a better location for housing expansion.

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Yugang Cui opposed the project to build an apartment complex on Wellesley Street because the building was not compatible with the surrounding single-family homes and the project did not provide onsite parking.

Kaloma Smith, Human Relations Commission (HRC) Chair, read a letter from the HRC regarding hate incidents in Palo Alto and the HRC's recommendations.

Chuck Jagoda indicated Officer Enberg was negligent and cruel in commanding the dog to attack Mr. Alejo. He proposed the City require each Police Officer to purchase a self-insurance policy upon employment with the City.

Carol Li opposed the housing project on Wellesley Street because high-density housing was not appropriate for a single-family neighborhood.

Rebecca Eisenberg commented that Mr. Alejo did not deserve to be attacked or subjected to deadly force. She encouraged the Council to watch the videos of the attack.

Rohin Ghosh remarked that Council Members' inaction regarding Police Officer attacks on people was shameful. He supported the proposed housing project on Wellesley Street.

Winter Dellenbach hoped the Council was going to review future IPA reports. The IPA's 2019 report contained recommendations for changes in Police Department practices. She noted incidents contained in and omitted from the report.

[The Council returned to Agenda Item Number 1.]

Minutes Approval

2. Approval of Action Minutes for the March 08, 2021 City Council Meeting.

MOTION: Vice Mayor Burt moved, seconded by Council Member Kou to approve the Action Minutes for the March 8, 2021 City Council Meeting.

MOTION PASSED: 7-0

City Manager Comments

Ed Shikada, City Manager, reported criticism of Palo Alto Police Officers needed to be directed to the City Manager. The incident involving Officer Enberg was referred to the Independent Police Auditor (IPA) for a full report

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through the established process. The County of Santa Clara (County) anticipated its pandemic status to move to the Orange Tier either Tuesday or Wednesday. The Orange Tier increased the allowed indoor capacities for most businesses and attractions. Sutter-Palo Alto Medical Foundation (PAMF) was using the Myturn appointment system for COVID-19 vaccinations. Curative was providing COVID-19 testing on Tuesdays at Mitchell Park Library and Wednesdays at City Hall. Testing through the County was available at Mitchell Park Community Center on April 2 and 16, 2021. Pedestrian-only access continued on California Avenue and University Avenue, where bicyclists needed to walk their bikes. Members of the public, including those who were vaccinated, were encouraged to continue safety protocols. Starting March 29, 2021, Stanford University was expanding its on-campus residency and instruction. Wellness Wednesdays began on March 17, 2021, with Police Chief Jonsen's introduction to mindfulness. The topic for April 21, 2021 was earthquake preparedness.

Action Items

3. 855 El Camino Real (20PLN-00252): Adoption of an Ordinance Amending Chapter 18.16 of Title 18 of the Municipal Code to Allow Some Ground Floor Medical Office use With a Commensurate Increase in the Overall Office use Allowed at the Site Subject to Limitations. Environmental Assessment: Exempt From the Provisions of the California Environmental Quality Act (CEQA) in Accordance With Guideline Section 15301 (Existing Facilities). Zoning District: CC (Community Commercial).

Jonathan Lait, Planning and Development Services Director, reported the proposed amendment pertained to Town & Country Village. The shopping center provided approximately 170,000 square feet of floor area and contained primarily retail and retail-like uses with some office uses. The Applicant requested permission to convert some ground-floor space to medical uses and decreased the amount of floor area proposed for medical uses from 20 percent to 10 percent. The Planning and Transportation Commission (PTC) recommended allowing conversion of 15 percent of ground-floor space to medical uses. As a result of concern about allowing medical uses for the long-term, the PTC recommended criteria for medical uses at the site, including execution of a lease by the end of 2021 and a ten-year limit on medical uses occupying retail and retail-like spaces. The Applicant expressed concerns related to attracting tenants and abandoning tenant improvements under the ten-year limit. The proposed amendment modified existing retail preservation policies for Town & Country Village. The Council had discretion to approve, modify, or reject the proposed amendment.

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Dean Rubinson, Ellis Partners, Development Director, advised that Ellis Partners purchased the property in 2005, renovated the property in 2006, and re-tenanted the property in 2007-2009. Town & Country Village was suffering from an increase in e-commerce and the pandemic. The 2019 vacancy rate increase resulted from sales volume declines in 2017 and 2018. The vacancy rate was currently 18.6 percent and rising. Approximately 33,000 square feet and 4,000 square feet of retail and office space respectively were vacant, and the Applicant believed another 20,000 square feet of space was at risk. The Applicant negotiated rent abatements with 40 of the existing 50 tenants. To date, the Applicant abated more than \$1.5 million in rent and projected a loss of more than \$7 million. Attracting new tenants required many more millions of dollars to convert spaces for new uses. Allowing medical office uses in the site was a significant component of maintaining a viable shopping center. The Applicant originally requested the conversion of 30,000 square feet of space to medical office uses, but Staff recommended a maximum of 20,000 square feet. At the PTC meeting, the Applicant agreed to convert a maximum of 10,000 square feet or 10 percent of ground-floor space and not to locate medical office uses on street frontages. Current medical offices were more retail-focused. The foot traffic generated by these offices was going to benefit other tenants. Town & Country Village was zoned Community Commercial (CC) and subject to an overlay that limited uses. The proposed amendment's impact on sales tax revenue was projected to be a reduction of about \$40,000 annually. This reduction was likely to be offset by an increase in sales tax revenue from retail tenants. If the Council rejected the proposed amendment, the loss in sales tax due to the failure of additional retailers was likely to significantly exceed \$40,000. Palo Alto High School and Stanford University students represented a significant amount of foot traffic but did not generate a significant amount of sales volume.

Rebecca Eisenberg commented that the property owner did not need these rents to maintain profits. Five former tenants of Town & Country Village were willing to discuss Ellis Partners' refusal to extend new leases. Ellis Partners increased rents for tenants of Town & Country Village. She urged the Council to reject the proposed amendment.

Vice Mayor Burt requested the existing uses and ground-floor occupancy requirements for Buildings 1 and 3.

Mr. Lait indicated that retail and retail-like uses were permitted.

Vice Mayor Burt inquired whether the proposal permitted retail-like medical uses or any medical use.

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Mr. Lait answered any medical office use. The Council directed Staff to confer with the PTC to understand the new retail medical use, but that conference did not occur prior to the meeting. If the Council provided a definition of retail medical use, Staff could incorporate it into the proposed amendment.

Vice Mayor Burt asked if Staff reviewed typical lease rates for medical offices versus retail.

Mr. Lait replied no, not for this application.

Vice Mayor Burt requested Staff comment regarding the accuracy of the Applicant's claim that a sales tax loss was going to be offset by foot traffic to the new uses generating additional sales tax at other retailers.

Mr. Lait was not able to validate the claim. Staff agreed that medical uses generated additional foot traffic.

Vice Mayor Burt remarked that the loss of retail uses was going to reduce direct revenue and foot traffic. He did not believe the claim was accurate.

Council Member Stone asked the Applicant to address the form of rent abatements provided to tenants.

Jim Ellis, Owner/Applicant, reported some agreements abated rents through June and out to December 2021. Other agreements restructured rents over the long-term. Some tenants simply elected to close. Retail uses were probably not going to lease existing and future vacant spaces. Consequently, sales tax was going to decline sharply.

Council Member Stone requested the details of rent abatements.

Mr. Ellis clarified that rent reductions ranged from 30 percent to 50 percent, and the reductions were forgiven. The Applicant was proactively granting rent abatements and did not expect tenants to pay the abatements. In some instances, rents were abated and deferred. The Applicant hoped the deferrals were paid but anticipated writing them off at some future time.

Council Member Stone requested the number of tenants that received reduced rents.

Mr. Ellis replied approximately 40.

Council Member Stone requested the average rent reduction.

Mr. Ellis estimated the average decrease was approximately one-third.

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Council Member Kou commented that the need for oversight of medical uses varied depending upon the specific type of medical use. She did not know the intensity of various medical uses. She wanted to review data or a peer review of the Applicant's claim regarding foot traffic and an offset of sales tax. She inquired regarding Code Section 18.16.050(a)(7).

Mr. Lait explained that Subsection 7 was new text that Staff proposed.

Council Member Kou asked if the Code provided the oversight needed for different medical uses.

Mr. Lait related that the medical industry regulated oversight of medical practices. The City evaluated medical uses for compliance with Building Code requirements.

Council Member Cormack requested the type of retail businesses that opened in the 18 months prior to the pandemic.

Mr. Lait advised that Staff did not track that data.

Claire Raybould, Planner, indicated tracking that data was very difficult. Most retail businesses probably opened through changes in use and occupancy permits. She was aware of some changes in use and occupancy permits, but not a lot.

Council Member Cormack inquired whether LaBelle or other tenants expanded into additional space.

Mr. Ellis responded only LaBelle to his knowledge.

Council Member Cormack remarked that the community's needs were signaled by business expansions or residents traveling to other cities. Allowing medical uses in 10 percent of floor area was an experiment. Retail and retail-like medical uses were probably not appropriate for Downtown or California Avenue. The question was whether the request was a one-off or the beginning of more requests to allow medical uses.

Council Member Tanaka requested the Applicant's confidence in his statement that vacant spaces were not likely to be occupied by retail uses.

Mr. Ellis suggested offering vacant space at no cost and subsidizing operating expenses were likely to result in a lease with a retail use. Because of its own expenses, the Applicant was not able to extend such an offer. The purpose of the request to allow these medical uses was to stabilize occupancy. He believed over the long term retail tenants were not going to

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pay sufficient rent for the Applicant to cover its costs. Medical uses did not pay premium rents that retail uses paid.

Council Member Tanaka asked if the Applicant generated a profit in 2020.

Mr. Ellis answered no.

Council Member Tanaka inquired whether reducing rents further resulted in additional losses for the Applicant.

Mr. Ellis replied yes. Re-tenanting costs included brokerage fees and expenses for improvements.

Council Member Tanaka asked if the Applicant owned other retail properties.

Mr. Ellis answered yes.

Council Member Tanaka requested a comparison of the vacancy rates for Town & Country Village and the Applicant's other properties.

Mr. Ellis reported Town & Country Village's vacancy rate was higher than other properties' rates likely due to the larger percentage of boutique and local apparel tenants in Town & Country Village. The ability to add more food uses in Town & Country Village was limited.

Mr. Rubinson noted national tenants were better able to weather changes; however, they were currently not in a position to expand. Town & Country Village tenants faced the challenges of e-commerce and being small and local businesses.

Council Member Tanaka noted claims that 60 percent of retailers were likely to fail. At one point, Town & Country Village was at the point of ceasing operations and may be headed to that point again. The medical uses the Applicant sought looked similar to retail uses and were likely to generate needed foot traffic.

MOTION: Council Member Tanaka moved, seconded by Council Member Cormack to:

- A. Adopt an Ordinance to permit limited medical office use on the ground floor at Town and Country Village; and
- B. Find the Ordinance exempt from the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15301 (existing facilities).

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Council Member Tanaka indicated the City needed tax revenues and successful retail businesses. Medical uses were going to create foot traffic and perhaps benefit residents. Medical uses were located in the area.

Council Member Cormack recalled Council discussion of the shift in retail over the past five years and COVID-19 accelerating the shift. The types of medical uses the Applicant sought fit with other kinds of retail in Town & Country Village. She supported the proposed amendment because it was going to benefit members of the community.

Council Member Stone requested comparisons of Town & Country Village's vacancy rate with the City's and region's vacancy rates as of January 2020.

Mr. Lait reported Staff did not have data more detailed than that provided in the Staff Report, which was not reliable. He did not believe Town & Country Village's 4-percent vacancy rate was high or uncommon.

Council Member Stone noted an extreme shift in the vacancy rate between January 2020 and January 2021. The narrative that Town & Country Village was suffering long before the pandemic began was not valid given the pre-pandemic vacancy rate of 4 percent. The graph reflected a natural ebb and flow of retail markets. The current vacancy rate was the result of the pandemic and was likely to decrease in the coming months. He did not understand how medical-related tenants were going to increase foot traffic and existing tenants' sales volumes. The Applicant's March 2, 2021 letter indicated the uses required years to generate foot traffic and develop regular customers. The Applicant stated it was virtually impossible to draft and execute leases with five to ten medical office tenants by the end of 2021; therefore, new uses could not benefit existing retailers within a year. The proposal was not going to generate any benefits for several months, if not years. This proposal highlighted the City's need for an economic development manager.

Council Member Kou inquired whether Staff investigated the opportunity cost of replacing one use with another.

Ed Shikada, City Manager, advised that the resource impact section included an estimate of the difference in uses. Staff did not analyze opportunity costs.

Council Member Kou agreed that the City needed an economic development manager to provide information. The Council needed to review the program comprehensively and obtain additional information before considering the proposal. Perhaps, the Staff member working with Uplift Local was able to prepare a list of businesses that continued to operate, closed, or relocated.

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Council Member Filseth asked if the Applicant had any data about the amount of local foot traffic in Town & Country Village.

Mr. Rubinson did not have that information.

Council Member Filseth assumed most businesses in Town & Country Village did not attract residents from other cities.

Mr. Ellison related that the trade area for Town & Country Village was ten miles. The uniqueness of many Town & Country Village businesses attracted residents of nearby communities.

Mayor DuBois stated the proposal contradicted the Ground-Floor Retail Ordinance. If possible, the City needed to work with retail centers to revitalize the retail experience as the economy recovered. He did not support the Motion.

Vice Mayor Burt requested clarification of the Applicant's proposal not to locate medical uses on street frontages.

Mr. Lait advised that the proposal was not to locate medical uses facing Embarcadero and El Camino.

Vice Mayor Burt commented that the types of medical uses the Applicant sought were similar to uses described as retail-like medical services. That was a category the Council needed to consider for Town & Country Village and other areas of the City. He proposed amending the Motion to allow up to 10 percent of retail-like medical services on non-interior or exterior street-facing locations for leases commencing within the next two years and direct staff to return to Council with a definition of the new retail category.

Mr. Rubinson advised that exterior street frontages were along Embarcadero and El Camino. All other retail facades faced an interior parking aisle.

Vice Mayor Burt inquired whether Building 3 had ground-floor retail.

Mr. Rubinson indicated ground-floor retail in Building 3 faced south.

Mr. Ellis believed the Applicant's interests aligned with the City's interest. He accepted the proposal for retail-like medical uses.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to allow up to ten percent of retail-like medical services, direct Staff to return to Council at the second reading of this Ordinance with a definition for this new retail category, and this would be for leases commencing within the next two years.

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Vice Mayor Burt wanted to retain a retail atmosphere while acknowledging the changes in retail. The compromise was modest and applicable more broadly to other areas of the City.

Mr. Lait asked if Staff needed to return with a definition of a retail-like medical use at the second reading of the Ordinance or develop a definition with the PTC first.

Council Member Tanaka wanted Staff to return to the Council with a definition at the second reading of the Ordinance.

Mr. Lait reported the definition was going to be focused on Town & Country Village initially. Staff intended to work with the PTC to apply the definition Citywide.

Council Member Stone opposed Staff returning to Council with a definition at the second reading of the Ordinance and supported PTC working with Staff to develop a definition as long as it did not commit the Council to making the change at the present time.

MOTION AS AMENDED: Council Member Tanaka moved, seconded by Council Member Cormack to:

- A. Adopt an Ordinance to permit limited medical office use on the ground floor at Town and Country Village with the following changes:
 - i. Allow up to ten percent of retail like medical services, direct Staff to return to Council at the second reading of this Ordinance with a definition for this new retail category, and this would be for leases commencing within the next two years; and
- B. Find the Ordinance exempt from the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15301 (existing facilities).

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

MOTION: Vice Mayor Burt moved, seconded by Council Member Cormack to direct the Planning and Transportation Commission to review the proposed Ordinance for inclusion of a retail health definition and a two-year limit to execute a lease.

Council Member Kou inquired whether the Motion included approval of the proposed Ordinance such that the Applicant was allowed to proceed with retail-like medical uses.

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Mr. Lait clarified that the Ordinance required a second reading, at which time the definition was not going to be resolved. Thirty days following the second reading, the Applicant was allowed to proceed. The Council had two options: remand the proposed Ordinance to the PTC to draft a retail health definition or continue the item to a date uncertain.

Council Member Kou reiterated that the Council had not discussed the topic comprehensively.

Council Member Stone understood that the Motion did not adopt the proposed amendment but deleted medical office use from the proposed amendment and potentially allowed retail-like medical services depending on Council's approval of a definition drafted by Staff and the PTC.

Vice Mayor Burt concurred with Council Member Stone's understanding.

Mr. Lait inquired whether the definition needed to apply to Town & Country Village or Citywide.

Vice Mayor Burt replied Citywide.

Council Member Cormack asked when Staff anticipated returning to the Council with a definition.

Mr. Lait anticipated presenting an item to the PTC in two to three months and returning to the Council six weeks or so thereafter.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to bring the Ordinance back to Council for consideration before the Council's summer break.

Council Member Cormack proposed amending the Motion to include the limit of 10 percent of floor area.

Vice Mayor Burt agreed with incorporating the 10-percent limit.

Council Member Cormack asked if the proposed Ordinance stated the 10-percent limit.

Mr. Lait responded yes.

Mayor DuBois suggested this was spot zoning. Once students returned to Stanford University and Palo Alto High School, Town & Country Village was going to rebound. He wanted the Council to support the Retail Preservation Ordinance.

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Council Member Filseth stated that the proposal was based on e-commerce altering the nature of retail, which the occupancy statistics supported. Retail needed to change in order to survive. Experimenting with new concepts in a few locations before applying them Citywide was logical. The Applicant revived Town & Country Village and seemed to understand retail. Ideally, the Council needed to review the effects of the Ordinance and the return of Stanford University and Palo Alto High School students. He wanted to see more data and the end of the pandemic before approving the proposed amendment. However, the amendment was moving in the right direction.

Council Member Stone looked forward to reviewing the definition of a retail health use. He inquired whether the Motion allowed medical office uses in Town & Country Village.

Vice Mayor Burt answered no.

Mr. Lait clarified that the proposed amendment was going to allow retail health uses, as defined by the PTC, to occupy a maximum of 10 percent of Town & Country Village's floor area.

Mr. Shikada inquired whether the Motion allowed the application to proceed.

Mr. Lait stated if Council Members were not inclined to support the proposed amendment when Staff returned with a definition for retail health use, proceeding to the PTC was pointless in light of Staff's workload.

MOTION AS AMENDED: Vice Mayor Burt moved, seconded by Council Member Cormack to:

- A. Direct the Planning and Transportation Commission to review the proposed Ordinance for inclusion of a retail health definition and a two-year limit to execute a lease; and
- B. Direct Staff to bring the Ordinance back to Council for consideration before the Council's summer break.

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

Council took a break at 7:20 P.M. and returned at 7:31 P.M.

4. Approval of the Revised Community and Economic Recovery Workplan and a Budget Amendment in the General Fund.

Ed Shikada, City Manager, recalled that the Council discussed the Community and Economic Recovery Workplan on January 30, 2021, and

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gave Staff directions. While Staff determined that accomplishing all workplan items was possible, doing so was going to exhaust resources.

Kiely Nose, Interim Assistant City Manager/Administrative Services Director, noted workplan items supported the Council Priorities. The projects and work associated with them were going to ebb and flow depending on the project. Assembly Bill (AB) 339, community programming and engagement, and augmentation of existing resources were going to impact Staff's work on projects. Staff planned to present requests for Budget resources to the Council as needed.

Kristen O'Kane, Community Services Director, reported community wellness and wellbeing included Wellness Wednesdays, a comprehensive community calendar, community events, teen programs, and the Library's Book to Action and summer reading programs. She shared a video of virtual and in-person programs available to the community.

Mr. Shikada advised that Staff was not seeking Council direction related to workplan items.

Don Jackson supported items for Fiber to the Home (FTTH), updating the Sustainability and Climate Action Plan (S/CAP), and refining electrification goals.

Loren Smith noted the many benefits of FTTH and funding sources to implement FTTH.

Rebecca Eisenberg urged the Council to restore funding to teen programs and to hire an economic development manager.

Monica Yueng Arima requested community wellness programs that highlighted the history of Asian-American people and different cultures working together peacefully.

Chris Robell suggested the Council clarify the workplan item regarding a ballot measure. The priorities were optimizing City spending and implementing a business tax.

Council Member Cormack requested the date of the May Fete Parade.

Ms. O'Kane answered May 1, 2021. The parade was going to be slightly different to accommodate COVID-19 safety practices.

Council Member Cormack asked if Staff anticipated car parades for high school graduations again in 2021.

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Mr. Shikada indicated Staff had not discussed it but was willing to collaborate with Palo Alto Unified School District (PAUSD).

Council Member Stone related that Palo Alto High School was discussing a car parade.

Council Member Cormack requested an explanation of the item for online platform for multiway communications.

Mr. Shikada stated the new City website and new Geographic Information System (GIS) capabilities were components of the item. The item was intended to facilitate communications and connections between residents and groups with similar interests.

Council Member Cormack requested clarification of the energy service agreements in the workplace environmental upgrades item.

Mr. Shikada explained that the agreements allowed commercial customers to finance upgrade assessments.

Council Member Stone believed additional utilization of nonprofits was going to be important and wanted to increase Human Services Resource Allocation Process (HSRAP) funding. He inquired whether Staff had the capacity to host summits for nonprofit groups with similar interests.

Ms. O’Kane advised that Staff held community meetings regarding Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) issues. Over the past year, Staff met regularly with nonprofit service providers, and those meetings resulted in nonprofits exchanging information and assisting each other. Similar meetings were held with childcare providers. A Summit regarding the status of women and girls was scheduled for May 2021.

Mr. Shikada added that the Council was scheduled to discuss HSRAP funding as a standalone item and within the Budget process.

Council Member Stone inquired about the potential use of American Rescue Plan (ARP) funding.

Mr. Shikada indicated Staff was reviewing eligibility requirements.

Mayor DuBois supported additional funding for HSRAP participants. Perhaps automating communications with the County of Santa Clara (County) was ready to happen. He questioned whether the City was able to purchase materials for workplace upgrades in bulk and resell them for a small profit. The Council needed to reconsider the item for redesign of University Avenue because it was premature. The Council needed to understand the traffic

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impacts of closing California Avenue and discuss fees for private use of the public right-of-way.

Vice Mayor Burt noted ARP funding was intended to prevent reductions in essential services and to meet needs resulting from the pandemic. He supported allocating a significant portion of ARP funding for new community needs. He inquired about the council of nonprofit agencies.

Mr. Shikada reported Staff was in contact with the Silicon Valley Council of Nonprofits. Within Palo Alto, nonprofit conversations were specific to sectors.

Vice Mayor Burt concurred with Mayor DuBois' comments regarding the redesign of University Avenue. A Master Plan for University Avenue was not a top priority. Live musical performances on University and California Avenues would have a major impact. The United Nations Association Film Festival (UNAFF) was willing to work with the City to provide documentary films for Movies in the Park. The City needed to proceed with safe work environments. He requested a timeframe for Council receiving an update on workplace environments.

Mr. Shikada indicated Staff was able to provide an informational item within the next week.

Council Member Tanaka felt FTTH was important. He requested the risk factors involved in workplan items.

Mr. Shikada wanted to establish regular reports of the status of workplan items. As the Council referred work items to Staff, Staff could utilize the reports to identify the impact of new work items.

Council Member Tanaka preferred to eliminate some items so that Staff's work was not subpar. He proposed eliminating the ballot measure item in light of the precarious economy and Staff's workload. A permanent closure of California Avenue seemed to be desirable.

Council Member Kou wanted to increase public awareness of new projects and community engagement for redesigning University Avenue and California Avenue and utilizing public spaces. She encouraged Staff to purchase more items locally. She requested clarification of multiway communications.

Meghan Horrigan-Taylor, Chief Communications Officer, reported the item concerned two-way information and conversation through a new online platform. It allowed the City to share information with the community and

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community members to share information with each other and the City. The new website included a function for community feedback.

Mr. Shikada added that the platform allowed Staff to obtain community feedback on services.

Council Member Kou requested Staff upload the report for workplace environments to the website, perhaps on the City Manager's webpage.

Mr. Shikada agreed to do so.

Council Member Kou asked if Staff intended to apply for State grants for community projects.

Mr. Shikada advised that Staff was preparing projects that were both eligible and competitive.

Council Member Filseth asked if Staff had sufficient information regarding FTTH to warrant beginning community outreach.

Mr. Shikada answered yes. Staff needed to obtain the Council's authorization for next steps.

Council Member Cormack supported Staff's proposal to allow participation in public meetings through various formats. She requested a potential timeline for reopening libraries.

Gayathri Kanth, Interim Library Director, related that Staff was planning for Phase III of reopening libraries. Children's Library was tentatively scheduled to reopen in mid April with Mitchell Park and Rinconada Libraries soon thereafter. Occupancy limits applied to counties in the orange and yellow tiers; therefore, visits were going to be by appointment only.

Council Member Cormack remarked that wellness and wellbeing omitted programs for women who had to leave the workforce or manage their children's remote learning while working. The Finance Committee was going to discuss potential tax increases.

Mayor DuBois requested the status of the University Avenue project.

Mr. Shikada indicated Staff was looking for a consultant. The goal of the project was to position it for private funding. Staff needed to evaluate the rate that the City potentially charged for use of public space, including parklets. Sooner or later, the issue of reopening University Avenue to vehicular traffic was going to return. This project was an attempt to develop a long-term strategy while recognizing the near-term decision. Currently,

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Public Works and community outreach were the only Staff working on the project.

MOTION: Mayor DuBois moved, seconded by Council Member Cormack to:

- A. Approve the City of Palo Alto's Community and Economic Recovery (CER) workplan (Parts A-I and K), including the revised recommended prioritized projects contained within the four CER elements: Managing through the pandemic, Community wellness and wellbeing, Focused business support, and City priority initiatives; and
- B. Approve an amendment to the Fiscal Year (FY) 2021 Budget Appropriation Ordinance in the General Fund by:
 - i. Decreasing the COVID-19 Recovery: Contact Tracing expense appropriation by \$50,000; and
 - ii. Increasing the COVID-19 Recovery: Business and Communication Support expense appropriation by \$50,000.
- C. Approve the CER workplan, Part C: Exploration of potential ballot measure.

Council Member Tanaka did not support Part J as the City was going to receive ARP funds and the economy was precarious. He requested the Motion be split for the purpose of voting.

Molly Stump, City Attorney, advised that the Motion was severable.

Vice Mayor Burt recalled that Council Member Tanaka's opposition to a business tax began in 2017 when the economy was strong.

MOTION SPLIT FOR THE PURPOSE OF VOTING

MOTION PARTS A and B PASSED: 7-0

MOTION PART C PASSED: 6-1 Tanaka no

- 5. Review of and Potential Direction Regarding Planned Fiscal Year 2021 Capital Projects.

Holly Boyd, Public Works Assistant Director, reviewed the objectives used to propose and approve capital projects for the Fiscal Year (FY) 2021 Capital Improvement Program (CIP). Staff identified \$2.7 million in savings through the reappropriation process for the FY 2022 Budget. Attachment A

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contained information the Council requested during its midyear review of projects in March 2021.

Ed Shikada, City Manager, noted potential Council actions ranged from delaying to advancing individual or groups of projects.

Arnout Boelens, Palo Alto Council of PTAs Safety Committee, supported the Charleston/Arastradero Corridor Project and was disappointed with the potential delay of Phase 3. He urged the Council to allow the project to continue without further delay.

Sonya Bradski remarked that the El Camino section of the Charleston/Arastradero Corridor Project was in terrible condition and encouraged the Council to fund Phase 3 as soon as possible.

Robert Neff encouraged the Council to maintain funding for Phase 3 of the Charleston/Arastradero Corridor Project. The two sections of Phase 3 were long overdue for improvements and included important bicycle connections.

Rebecca Eisenberg critiqued Staff's prioritization of projects and lack of emphasis on improving bicyclist safety.

Penny Ellson noted the benefits of completing the Charleston/Arastradero Corridor Project and asked the Council to move the project forward expeditiously.

David Coale suggested the Council consider its Priorities when discussing the capital projects. Funding roadways was not going to help the City reach its climate change goals. He supported funding the Charleston/Arastradero Corridor Project.

Star Teachout concurred with comments regarding the Charleston/Arastradero Corridor Project.

Shree Sandilya hoped the Charleston/Arastradero Corridor Project was completed as soon as possible. It was an important route for students biking to school.

Audrey Gold remarked that a focus on bicycling safety in South Palo Alto was important and urged the Council to fund the Charleston/Arastradero Corridor Project.

James Pflasterer, Gunn High School PTSA Transportation Safety Representative and PTAC Safe Routes to School Committee Co-Chair, commented that Phases 1 and 2 of the Charleston/Arastradero Corridor

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Project improved bicyclist safety, and Phase 3 needed to be completed to further increase bicyclist safety.

Council took a break at 9:18 P.M. and returned at 9:25 P.M.

Council Member Cormack asked if the project for a parking lot at Arastradero was delayed.

Brad Eggleston, Public Works Director, explained that the project was either underway or complete.

Council Member Cormack inquired whether the Budget Stabilization Reserve (BSR) balance was going to fall below the target level at the end of the fiscal year.

Kiely Nose, Interim Assistant City Manager/Administrative Services Director, responded no.

Council Member Cormack asked if all the projects were fully funded and were not going to reduce the BSR balance.

Ms. Nose answered yes.

Council Member Cormack inquired about the destination of the \$2.7 million carved out of projects.

Ms. Nose explained that a portion was going to offset the low Transient Occupancy Tax (TOT) estimate.

Council Member Cormack hoped the Council considered the park playgrounds as a group. The Pavement Condition Index (PCI) score of 44 was concerning. She inquired whether the Downtown parking guidance project was easier to install now with few people in the garage.

Mr. Eggleston answered yes. Installation was difficult if the garage was filled with cars.

Council Member Cormack inquired about the effects of Phases 1 and 2 of the Charleston/Arastradero Corridor project.

Ms. Boyd advised that Phases 1 and 2 were completed just before the beginning of the pandemic. She was unsure whether traffic and bicycle counts were conducted after construction. Data from the counts were probably not valid in light of the Shelter-in-Place Order that was in place. The number of bicyclists did not decrease during construction.

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Philip Kamhi, Chief Transportation Official, added that anecdotal reports indicated quite a few people were traveling along the Corridor. The parking guidance system maximized capacity utilization in parking garages, which allowed Staff to offset parking occurring in Residential Preferential Parking Permit (RPP) districts.

Council Member Tanaka inquired whether Staff considered federal funding.

Mr. Eggleston explained that the chart assumed only the funding allocated in the Capital Budget.

Council Member Tanaka asked if any of the projects were eligible for American Rescue Plan (ARP) funding.

Mr. Eggleston understood all projects were eligible if the Council chose to use the funding for the projects.

Council Member Tanaka inquired about the consequences for capital projects if the City did not receive ARP funding and TOT receipts remained low.

Mr. Eggleston reiterated that the projects were fully funded regardless of TOT revenues. If revenues were less than projections, Staff was going to reprioritize projects for the five-year CIP.

Council Member Tanaka asked if the order of projects in the list reflected the priority of projects.

Mr. Eggleston advised that projects were not prioritized.

Council Member Tanaka asked if Staff planned to prioritize the projects.

Mr. Eggleston clarified that the projects were ready for construction contracts. If revenues declined further, projects were likely to be selected for postponement during the Budget process.

Council Member Tanaka inquired whether Staff was actively seeking Federal and State grants to fund these projects.

Mr. Eggleston answered yes.

Vice Mayor Burt requested Staff comment regarding declines in construction costs.

Mr. Eggleston noted the bid for the Public Safety Building (PSB) was approximately 5 percent below the engineer's estimate. One bid for a street

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maintenance project was almost 20 percent below the engineer's estimate. Other bids were in the range of 10 percent below estimates.

Vice Mayor Burt advised that cash flow was low, interest rates were extremely low, and construction costs were down. The Council may want to consider bond financing for large projects in an effort to conserve infrastructure funds. He inquired about the minimum amount for which bond financing was practical.

Ms. Nose reported the City typically utilized Certificates of Participation (CoP), and fixed costs totaled approximately \$250,000 depending on the size of the debt. The City's cost for borrowing was low because the City's bond rating was high. As the City financed more projects, its rating was likely to decrease. She encouraged the Council to consider the impact of additional debt on the City's credit in the financial markets.

Vice Mayor Burt stated as interest rates decreased, the cost of debt service decreased, and the City was allowed to carry more debt without affecting the rating.

Ms. Nose related that rating agencies did not consider only the City's debt margin.

Vice Mayor Burt suggested the Council explore financing Fire Station Number 4. He requested the status of the theatre seat project.

Mr. Eggleston indicated that a fair amount of funding was budgeted for the project in the current fiscal year. A consultant contract was underway to evaluate the project. The scope of work initially was repair of broken seats. Staff found issues concerning safety and the Americans with Disabilities Act (ADA) and hired a consultant to evaluate issues, prepare designs, and estimate costs.

Council Member Filseth asked if additional adjustments to capital projects were possible at a later time and, if so, what was the latest time for adjustments.

Mr. Eggleston advised that adjustments were possible as late as the date a contract was presented to the Council for approval. Staff hoped to avoid bidding a project and writing a Staff Report for a contract that the Council changed during a meeting.

Council Member Filseth believed the Council was going to have to reduce the Capital Budget over the next five years and estimated the reduction at 10-15 percent of the Capital Budget each year, assuming ARP funding was utilized

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for capital projects. One approach was to reduce all projects by a certain percentage. He wanted the ability to adjust the reduction amount once additional information was available.

Council Member Stone remarked that the Charleston/Arastradero Corridor Project was critical because of the safety issues for students. He inquired whether Table 1 reflected projects that were complete or postponed.

Mr. Eggleston replied yes. A number of the projects were complete, and excess funds were returned to the fund balance. Staff determined other projects were not critical and returned funds budgeted for those projects.

Council Member Stone wanted to reduce projects for park improvements but did not know which improvements were necessary.

Mr. Eggleston advised that none of the projects was likely to suffer from a one-year delay. However, a backlog of catch-up maintenance was going to develop.

Daren Andersen, Community Services Assistant Director, indicated that some components of each project were critical. For example, portions of the surfacing for playgrounds in Ramos Park did not pass safety tests and needed to be replaced. If the surfacing was not replaced in the next several months, Staff may have to close the playground. Old equipment suffered frequent failures, and repair parts were not always available or triggered additional failures.

Mayor DuBois asked if design/build was considered for Fire Station Number 4.

Mr. Eggleston answered no. It was a traditional design/bid/build.

Mayor DuBois asked if the Council needed to consider that for Fire Station Number 4 in an effort to save funds.

Mr. Eggleston related that it was worth exploring. Staff considered design/build for the California Avenue parking garage and decided it was not feasible because of the City's process. The design/build process was appropriate for a less-defined project scope.

Mayor DuBois questioned whether value-engineering the Charleston/Arastradero Corridor Project was possible and whether a different material with a longer lifespan was available for the Magical Bridge. The Council needed to consider financing some of the projects. Replacing a 25-year-old, wooden play structure for \$200,000 seemed reasonable. He inquired

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whether the Council needed to place components of some projects on hold and discuss funding or postponing them during the Budget process when more information was available.

Ms. Nose felt that was a reasonable approach.

Mr. Eggleston suggested the Council direct Staff to reduce project costs to some amount.

Council Member Kou requested the City's portion of funding for street maintenance.

Ms. Boyd explained that three street resurfacing projects, totaling approximately \$6.5 million, for FY 2020 were awarded in June and August 2020. The City received around \$1.2 million annually in Senate Bill (SB) 1 funding, and the City was required to utilize SB 1 funding for street improvement projects. The City received approximately \$2 million in grant funding and allocated about \$4 million from the General Fund.

Council Member Kou inquired about a deadline for use of grant and SB 1 funding.

Ms. Boyd stated the Council approved SB 1 funding for specific projects.

Council Member Kou asked if additional repairs related to the Civic Center roof were needed.

Ms. Boyd responded no.

Council Member Filseth requested Staff's actions if the Council directed a further reduction of \$2.5 million.

Mr. Eggleston reported Staff would eliminate the least critical components of projects until the savings totaled \$2.5 million.

MOTION: Council Member Filseth moved, seconded by Council Member Tanaka to direct Staff to find an additional \$2.5 million in savings in the Fiscal Year 2021 capital project contracts planned to be approved by the end of June 2021.

Council Member Filseth noted capital and operating expenses were not easily fungible. Some projects or project components were going to be postponed for many years.

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Council Member Tanaka believed this action was prudent. The Council needed to look at the list and attempt to value-engineer projects. He inquired about the Rinconada Park improvements.

Mr. Eggleston explained that the restroom was removed from the project.

Vice Mayor Burt commented that some projects were going to be value-engineered, but the majority of projects was going to roll into FY 2022. The Motion dovetailed with the upcoming Budget process.

Council Member Cormack requested the intent of the Motion.

Council Member Filseth reported the Motion directed Staff to reduce the FY 2021 Capital Budget by \$2.5 million by any means possible. The annual reduction to the Capital Budget, beyond the current forecast, was going to be much larger than \$2.5 million or \$5 million.

Council Member Cormack inquired whether Staff believed the four park projects needed to be done before the others.

Mr. Eggleston noted that several park projects were delayed more than once, and these four park projects had probably been delayed.

Mr. Andersen indicated the playgrounds were some of the oldest in the park system, and the projects contained critical components.

Council Member Cormack commented that parts of projects were not going to happen.

Council Member Filseth related that this was the process for prioritizing projects.

Mayor DuBois hoped the bid process produced some savings.

MOTION PASSED: 7-0

6. Adoption of a Park Improvement Ordinance for Renovations at Ramos Park (Continued From March 8, 2021).

Ed Shikada, City Manager, recommended the Council adopt the Park Improvement Ordinance (PIO) to establish a Master Plan for Ramos Park. Capital projects were going to be scaled down based on the Council's action in Agenda Item Number 5.

Mayor DuBois asked if the timing and phasing of projects were going to be determined in the future.

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Kristen O’Kane, Community Services Director, reported the PIO did not commit the City to implementing projects within a specific timeframe.

Rebecca Eisenberg inquired regarding the pilot program for a dog park.

MOTION: Council Member Cormack moved, seconded by Mayor DuBois to adopt the Park Improvement Ordinance for renovation of the playground and park amenities and installation of a restroom at Ramos Park, with the removal of Section D.5.

Council Member Cormack explained that chain-link fencing was directly related to the dog park. A separate Ordinance was needed for the dog park.

Mayor DuBois liked the idea of a pilot program for a dog park and the hours. He inquired whether it was possible to consider a dog park without a fence in the future.

Mr. Andersen advised that public comments initially supported a pilot program. The Parks and Recreation Commission determined that Ramos Park was not the right location for a dog park.

Mayor DuBois felt Ramos Park was a good location, especially for a pilot program that did not include permanent fencing.

Council Member Kou asked if funding for the restroom was going to be allocated to another project or returned to the capital fund.

Mr. Andersen indicated the restroom was funded with impact fees, which were subject to restrictions.

Council Member Kou asked if the Parks and Recreation Commission discussed enforcement for the dog park.

Mr. Andersen replied yes, as well as other issues.

Council Member Kou inquired whether Animal Services responded to calls for enforcement.

Mr. Andersen related that responding to calls in a timely manner was a concern because of the lack of Staff resources.

Council Member Stone inquired whether the Council was approving funding.

Mayor DuBois responded no.

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Council Member Stone questioned scheduling construction over the summer, when the most people visited parks.

Mr. Andersen stated rescheduling construction was an option.

MOTION PASSED: 7-0

7. Colleagues' Memo: Discussion and Adoption of Resolution 9947 Entitled, "Resolution of the Council of the City of Palo Alto Denouncing, Condemning and Combating Racism, Xenophobia, and Intolerance Against Asian Americans and Pacific Islanders in the City of Palo Alto."

Council Member Kou noted racism against Asian Americans began in the 1850s. The Page Act of 1875 restricted the immigration of Chinese people to the United States. In 2020, hate crimes overall decreased by 7 percent, but hate crimes against Asian people increased almost 150 percent. She hoped the Council adopted the Resolution.

Council Member Tanaka advised that he attended a protest the prior day and heard many first-hand accounts of racism and discrimination towards Asian Americans. He felt racism against Asian Americans decreased from World War II to the present but was still occurring.

Mayor DuBois believed the community valued belonging and a sense of welcome. Palo Alto was proud of the diversity of the community. All people needed to stand up to hateful behaviors based on race. He reviewed the Human Relations Commission's suggestions for battling racism.

Rebecca Eisenberg supported the Resolution and urged Council to investigate the Police Department's potential targeting of Asian Americans.

Monica Yeung Arima commented that many hate crimes were never reported. Police Officers need to be trained to identify hate crimes.

Aram James advised that people in the community had been fighting racism against Asian Americans for more than 40 years. People needed to speak out loudly against racism.

Bing Wei, Neighbors Abroad, felt more could be done to connect all minorities and immigrants. Dialog and interactions among communities facilitated understanding. Neighbors Abroad hoped to collaborate with the Council to promote racial equity, harmony, and community wellness.

Alan Yang indicated he did not feel safe in his hometown because of the increase in crimes against Asian people. It was important for Palo Alto to recognize these incidents and pledge to fight them.

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Winter Dellenbach thanked the Palo Alto Police Department and the California Highway Patrol for committing their support to Asian Americans and Pacific Islanders.

Aadi Mehndiratta commented that South Asians experienced discrimination in all spheres. Palo Alto was not immune to acts of discrimination.

Micaela Leong stated racism against Asians was often discounted, especially in Palo Alto, but it must be addressed. She and her family and friends did not feel safe in the community. The Resolution was a small token of the Council's support for Asian Americans and Pacific Islanders.

MOTION: Council Member Kou moved, seconded by Council Member Tanaka to adopt the Resolution Denouncing, Condemning and Combating Racism, Xenophobia, and Intolerance Against Asian Americans and Pacific Islanders in the City of Palo Alto.

Council Member Kou related that hate crimes caused fear and had to be addressed. She commended Jessica Zang for continuing to fight hate and racism. She hoped the Palo Alto History Museum displayed items that Asian Americans and Pacific Islanders contributed to the community.

Council Member Tanaka inquired about methods for reporting incidents of racism and advancing the fight against racism.

Ed Shikada, City Manager, reported the Palo Alto Police Department policy manual addressed hate crime reporting. Ongoing conversations with the Human Relations Commission (HRC) were a foundation for next steps, including legislative advocacy.

Council Member Stone thanked Council Members Kou and Tanaka and members of the public for sharing their personal stories. These stories reflected the systemic nature of racism. He looked forward to continuing the conversation and adding actions that supported the conversation.

Council Member Cormack commented that the HRC may help the Council and community move forward. She resolved to be part of the solution.

MOTION PASSED: 7-0

Council Member Questions, Comments and Announcements

Council Member Cormack reported the San Francisco Public Utilities Commission (SFPUC) was scheduled to discuss water rationing in mid-April and anticipated not imposing rationing.

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Mayor DuBois noted the California Avenue Farmers Market was working well with restaurants.

Adjournment: The meeting was adjourned at 11:20 P.M.