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: None

Special Orders of the Day

1. Adoption of Resolution 9989 Expressing Appreciation to Geoffrey Wong Upon His Retirement.

Public Works Director Brad Eggleston reported that Mr. Wong served the City for 31 years in various roles at the Regional Water Quality Control Plant (RWQCP). Mr. Wong was professional, enthusiastic, and knowledgeable. He thanked Mr. Wong for protecting San Francisco Bay over the course of his career.

Council Member Stone read the Resolution into the record.

**MOTION:** Mayor DuBois moved, seconded by Council Member Kou to adopt a Resolution Expressing Appreciation to Geoffrey Wong Upon His Retirement.

**MOTION PASSED:** 7-0

Council Member Cormack thanked Mr. Wong for making the City safer for all residents.

Council Member Kou thanked Mr. Wong for providing residents and the community with clean and reliable water. She wished him a happy retirement and new adventures.

Mayor DuBois remarked that Mr. Wong was an unsung hero, and his 31-year career was something to be proud of.

Geoffrey Wong indicated his career was an honorable journey with wonderful coworkers. New employees at the RWQCP were not able to afford a home in Palo Alto and probably would not spend many years with the City. He requested the Council and City Manager consider affordable housing for employees who kept the City running in order to retain healthy employees. He appreciated the Council's recognition of his 31 years of service.
2. Proclamation for Suicide Prevention Awareness Month.

Council Member Kou read the Proclamation into the record.

Mary Gloner, Project Safety Net, thanked the Council for proclaiming September as Suicide Prevention Awareness Month and acknowledging Project Safety Net. Project Safety Net's projects positively redefined the narrative of local youth.

Kimberly Eng Lee appreciated the Proclamation. Palo Alto valued the physical and mental health of young people.

**NO ACTION TAKEN**

3. Neighbors Abroad

Neighbors Abroad of Palo Alto President Bob Wenzlau reported that the Sister Cities Program provided political, civic, and community engagement and addressed culture, education, sustainability, and business. Mayor DuBois and he recently met with Heidelberg’s Lord Mayor and Vice Mayor regarding sustainability and a new art collaboration, visited education programs, and looked at the work of entrepreneurs. Palo Alto and its Sister Cities benefited from their relationships. Neighbors Abroad facilitated the San Juan Lachao's Forestry Carbon Project and a rain water capture project in Oaxaca. Sister Cities were participating in an Art and Sustainability Project to share sustainability stories and display murals.

**NO ACTION TAKEN**

Closed Session

4. CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION

Subject: Green v. City of Palo Alto, et al. Santa Clara County Superior Court Case No. 16CV300760 Authority: Government Code Section 54956.9(d)(1).

AA1. CONFERENCE WITH CITY ATTORNEY-POTENTIAL LITIGATION

Subject: Arbitration of Employee Discipline Matters Authority: Government Code Section 54956.9(d)(2) Two Potential Matters, as Defendant.

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

**MOTION PASSED:** 7-0
Council adjourned to Closed Session at 5:33 P.M.

Council reconvened from Closed Session at 7:35 P.M.

Mayor DuBois announced that in the Green vs Palo Alto case, the Council voted to authorize an appeal and directed Staff to issue an explanation of the item. There was no reportable action regarding disciplinary matters.

Agenda Changes, Additions and Deletions

Mayor DuBois announced Agenda Item Number 7 was withdrawn by the applicant. Agenda Item Number 9 was time sensitive and would start no later than 10:00 P.M.

Public Comment

Kat Snyder appreciated Palantir no longer being a sponsor of the Moonlight Run. She related the Human Relations Commission's (HRC) recent discussion of hate speech and incidents and urged the Council to read the HRC’s report.

Mora Oommen, Youth Community Service (YCS), thanked Council Members for participating in Palo Alto Together events and the City for hosting events.

Consent Calendar

Vice Mayor Burt registered a no vote on Agenda Item Number 6.

Council Member Tanaka registered a no vote on Agenda Item Number 6.

**MOTION:** Mayor DuBois moved, seconded by Council Member Cormack to approve Agenda Item Numbers 5-6.

5. Approval of Minutes from August 23, 2021.


**MOTION PASSED ITEM 5:** 7-0

**MOTION PASSED ITEM 6:** 5-2, Burt, Tanaka no
Vice Mayor Burt supported the contract and noted that Staff constraints delayed the contract for trail maintenance. The Council needed to understand the impacts of constraints.

Council Member Tanaka preferred to obtain multiple bids on contracts.

City Manager Comments

Ed Shikada, City Manager, reported face masks were required at all City facilities. COVID-19 booster vaccinations were approved for individuals 65 years of age and older or at risk of severe COVID-19. COVID-19 testing was available periodically at City Hall and Mitchell Park Library. The deadline to apply for seats on the Architectural Review Board (ARB), Historic Resources Board (HRB), Parks and Recreation Commission (PRC), and Planning and Transportation Commission (PTC) was October 19, 2021. A new blog in the Climate Action Plan Series was published. Project Safety Net was hosting events on September 22 and 24, 2021 to highlight Suicide Prevention Awareness Month. A meeting of the Finance Committee was scheduled for September 21, 2021. Upcoming Council Agendas included a preliminary quarterly finance update.

Action Items


**ITEM WITHDRAWN BY THE APPLICANT. NO ACTION TAKEN.**

8. **PUBLIC HEARING:** Staff recommends the City Council review the North Ventura Coordinated Area Plan (NVCAP) alternatives, take public comment, and determine the preferred alternative.

Planning & Development Services Director Jonathan Lait reported the Council expressed questions and concerns regarding alternatives at the June 14, 2021 discussion of the North Ventura Coordinated Area Plan (NVCAP) and requested additional information. Economic feasibility was provided in the Council packet. The goal of the current discussion was to discover Council support for various components of the alternatives in order to make adjustments before work continued. The prior week, two of the largest property owners in the NVCAP area emailed Staff and the Council with concepts that the property owners felt were appropriate for the NVCAP.
concepts were not part of the NVCAP Working Group's deliberations. Staff prepared an at-places memorandum to provide transparency and the concepts.

Long Range Planning Manager Clare Campbell reviewed Alternatives 1, 2, and 3, Alternative 3 open space concepts, and transportation improvements. Next steps included selection and refinement of a preferred alternative, preparation of technical analyses, Council review and endorsement of the NVCAP, and initiation of environmental review.

Assistant Director of Planning & Development Services Rachael Tanner advised that the Council may mix and match plan components. Alternatives 2 and 3 were similar in types of allowed housing units. Alternative 3 contained more office and Research and Development (R&D) commercial uses than Alternative 2. Alternative 1 envisioned lower density within the core and a higher density on the perimeter of the NVCAP area. Housing typologies ranged from lower-density townhomes to low-rise block, mid-rise block, and mid-rise block with ground-floor commercial uses. Proposed policies allowed an additional two stories or a maximum height of 70 feet for 100 percent affordable and workforce housing and increased the inclusionary housing rate to 20 percent for ownership projects and 15 percent onsite for rental projects. The increase to 20 percent included a 1:1 parking ratio. Potential policies for the Council's consideration were an Enhanced Infrastructure Financing District (EIFD) and land dedication. Alternative 1 considered one parking space per bedroom up to a maximum of two parking spaces per unit. Alternative 2 considered 1.5 spaces per unit, and Alternative 3B considered one space per unit. Alternative 1 allowed office and R&D uses to fade over time with parcels rezoned to housing, retail, retail-like, and small professional office uses. Alternative 2 allowed office and R&D square footage to be rebuilt. Alternative 3 allowed increases in office square footage as proposed. An option to amortize active office and R&D uses was possible under any of the scenarios. Alternative 1 for 340 Portage looked at adaptive reuse for housing or office, R&D, or retail. Alternatives 2 and 3B proposed redevelopment. Sobrato's concept for 340 Portage included townhomes and adaptive reuse of the building. All alternatives proposed preservation of the Ash Office Building. The proposal for 395 Page Mill Road was a mix of uses. All alternatives included the concept of breaking up the large block with walking and biking paths and providing a public park. The amount of retail space was scaled up or down with residential uses. Potential locations of retail space were along El Camino Real, Park Boulevard, and Portage. The retail parking rate could be a blended rate with the first 3,000 square feet of retail exempt from parking requirements. Options for commercial parking rates were a blended rate of one space per 250 square feet and a more progressive blended rate with the
first 1,500, 2,000, or 3,000 square feet of ground-floor commercial space exempt. Concept 1A proposed enhancing the existing Matadero Creek easement corridor and integrating Boulware Park. Concept 2A proposed a moderate expansion of the corridor and integration of Boulware Park. Concept 3 proposed maximum naturalization of Matadero Creek and expansion into Boulware Park. Tools for achieving open space included parkland dedication, Parks Impact Fees, public lands/financing, and different types of open space. Alternative 3B provided the most park space. The Planning and Transportation Commission (PTC) recommended Alternative 3B.

Public Hearing opened at 8:20 P.M.

Mary Sylvester believed the City did not provide adequate notice of Sobrato's two concepts and the at-places memorandum.

Gail Price, Palo Alto Forward, supported Alternative 3B enhanced as the only feasible and viable alternative.

Angela D remarked that Sobrato's concepts disdained the Working Group's suggestions and disregarded guidelines contained in the Palo Alto Comprehensive Plan.

Ken Joye urged the Council to ignore the two concepts and focus on the alternatives that were available for public review.

Kristen Flynn noted that the two concepts did not provide 4 acres of open space per 1,000 people and worsened the jobs/housing imbalance.

Cedric De La Beaujardiere hoped the Council supported full naturalization of Matadero Creek, preserved the open space at 395 Page Mill, incentivized rooftop gardens, significantly increased housing, and utilized Context-Based Design Criteria.

Tim Steele, Sobrato, related that the Working Group did not reach consensus for a specific alternative. Sobrato proposed retaining the existing 142,700 square feet of office/R&D located within the main Cannery Building. The vacant Fry's Building would be removed to construct townhomes.

Becky Sanders believed requiring the Ventura neighborhood to fulfill the City's Regional Housing Needs Allocation (RHNA) goals was not fair. Alternative M was viable. The Cannery may be a historic resource.

Tom Gilman reported J. Paul Company proposed a project based on Alternative 3 that provided 420,000 square feet of office, 508 new housing
units, 20 percent of which were Below Market Rate (BMR), a 2.3-acre park, 40-foot setbacks, and additional sustainable features. J. Paul Company intended to work with the Magical Bridge Foundation to make areas accessible.

Kat Wortham, Housing Action Coalition, supported Alternative 3B because it included sufficient housing for the City to plan for its RHNA goals and was financially feasible.

Maia Harris, J. Paul Company, reiterated Mr. Gilman's description of J. Paul Company's proposal.

Scott O'Neil concurred with Ms. Price and Ms. Wortham's comments and encouraged the Council to create even more housing.

Winter Dellenbach questioned the City's ability to control use of public open space.

Terry Holzemer commented regarding the importance of the historic buildings on the site and supported Alternative M. Few Working Group members supported Alternative 3B.

Keith Reckdahl discussed insufficient parking, on-street parking's impacts on bike routes, and feasibility of the project.

Susan Stansbury supported restoration of Matadero Creek and Concept 3.

David Hirsch shared four ideas for redevelopment of the Fry's site.

Olenka Villarreal supported J. Paul Company's project as it provided housing units for disabled persons and accessible spaces.

Public Hearing closed at 9:01 P.M.

Mayor DuBois advised that the Council was reviewing the NVCAP. The at-places memorandum should be considered public comment.

Council Member Filseth asked where in-lieu fees were deposited.

Assistant Director of Community Services Darren Anderson explained that in-lieu funds were deposited in a reserve fund and used to purchase land or expand the capacity of parks. Fees could not be used for maintenance.

Council Member Filseth inquired whether amortization applied to smaller mixed-use areas.
Ms. Tanner was not aware of any land uses where amortization was not allowed.

Mr. Lait cautioned the Council to ensure the property owner was able to achieve its economic investment in the site.

Council Member Filseth asked if amortization could be used to obtain park space.

Mr. Lait suggested purchasing the property was a better way to obtain park space.

Council Member Filseth inquired regarding Staff's confidence in Fehr & Peer's parking numbers.

Ms. Tanner expressed a good level of confidence with respect to the report.

Council Member Filseth noted that the sample was fairly limited.

Lexington Planning Consultant Jean Eisberg reported the Fehr & Peers study looked at occupancy and nine housing projects across the City.

Council Member Filseth inquired whether Sobrato prepared a parking analysis.

Mr. Steele reported Sobrato provided a study as part of the 3001 El Camino housing project.

Council Member Filseth asked if changes in use in commercial districts were the primary scenario for blended parking standards.

Ms. Tanner clarified that a blended parking rate was a simple way to understand the amount of parking needed.

Council Member Filseth asked if housing was allowed in General Manufacturing (GM) zones under the Comprehensive Plan rather than the Zoning Code.

Ms. Campbell answered yes. A number of years ago, GM zoning allowed housing. When Pedestrian and Transit Oriented Development (PTOD) zoning was developed, a decision was made to remove housing from GM zoning, but the Comprehensive Plan was not revised.

Council Member Filseth felt Alternatives 1 and M and perhaps Alternative 2 were probably closest to the Working Group's priorities. The Council may
want to consider relaxing constraints for financial feasibility and maybe retail.

Council Member Stone referred to the City Council Policy and Protocols Handbook regarding late submissions. At the least, the PTC needed to review the new concepts. The Council should not discuss the proposals as the public was not provided with adequate time to review them. He asked about utilizing land dedication to spur affordable housing.

Ms. Tanner explained that a developer was allowed to utilize land dedication to fulfill its affordable housing obligation. The City developed a framework for land dedication. Land dedication was complex.

Council Member Stone understood that the State provided funding for this and asked if Staff explored the City's ability to access that funding.

Ms. Tanner related that Staff was not looking at funding a project but focusing on the area plan. If the Legislature continued to allocate funding to affordable housing, hopefully it was still available when the City had a project.

Council Member Cormack requested the Council's goals for the NVCAP and asked what made the South of Forest Area (SOFA) plan successful.

Ms. Tanner indicated that one of the factors was land ownership. One person owned a large parcel in SOFA, and Staff successfully negotiated with the property owner. Two large parcels in the NVCAP were owned by two entities with the remainder of parcels dispersed among a number of owners.

Council Member Cormack inquired regarding the residual land value analysis.

Consultant Sujata Srivastava explained that the residual land value method looked at the value of the land if it was redeveloped using the assumptions in previous feasibility studies. Properties with a 40 to 45-foot project had residual value, but the land value was far less than the market value in Palo Alto and the NVCAP area. The value was currently estimated at approximately $275 per square foot. Scenarios reflected a value of $63 to $127 per square foot depending on the number of BMR housing units included in the project. Most property owners expected to recoup the full market value of their property.

Council Member Kou requested the reason for the traffic study being conducted at a later time.
Ms. Tanner advised that additional funding was needed to conduct traffic studies for all of the alternatives. The project scope included only one traffic study for the preferred alternative.

Council Member Kou expressed concern regarding the number of incentives provided for community benefits. The purpose of a CAP was to build a sense of community through public interaction. Neither Alternative B nor Alternative 2 seemed to build a sense of community. She requested the rationale for using a blended parking rate of one space per 250 square feet of commercial space.

Ms. Tanner advised that local policies for the Downtown were utilized. The Council could direct Staff to utilize a different ratio.

Vice Mayor Burt found the two concepts useful for comparison to NVCAP alternatives and goals. The office component of the building at 395 Page Mill provided a density approximately twice the highest NVCAP density. The assumed office occupancy density was 3.4 workers per 1,000 square feet or approximately 300 square feet per worker. He highlighted the differences between the SOFA and NVCAP processes.

Mayor DuBois requested the current parking requirement for the NVCAP area.

Mr. Lait indicated one space per 250 square feet, but the rate was based on the use.

Mayor DuBois preferred Scenario 1 for housing and office with a focus on the 15 percent inclusionary rate. Over time, housing could be increased beyond Scenario 1. The Council needed to consider other sources of investment and modification of the underlying zoning to consider conversion of more zoning in the NVCAP area. He was interested in exempting up to 2,000 square feet of ground-floor retail from a parking requirement. The J. Paul Company's proposal did not comply with the community's desires. He liked elements of the Sobrato proposal and supported naturalization of Matadero Creek. The parking ratio needed to be 1.5 or 1.33 spaces per bedroom with a cap of two spaces per unit.

Council Member Tanaka inquired about the Council's discretion.

Mr. Lait reported the Council could utilize different zoning to achieve its vision for the area.

Council Member Tanaka inquired regarding the property owner's rights.
Molly Stump, City Attorney, explained that amortization allowed the City to achieve its goals while honoring the rights of the property owner.

Council Member Tanaka asked about Sobrato's experiences with attempting to lease the property.

Mr. Steel indicated leasing the site was extremely difficult. The site was not appropriate for retail based on its size, visibility, and context with surrounding retail uses.

Council Member Tanaka inquired about the viability of retail uses along Park.

Mr. Steel suggested Park may be a viable location if it was supported by sufficient density in the area.

Council Member Filseth concurred with many of Mayor DuBois' comments. Senate Bill (SB) 9 was law. The Council could afford a long-term view of the NVCAP area. The traditional scenario of commercial development subsidizing affordable housing may not achieve the community's objectives. The Region's affordable housing goals were founded on a regional funding strategy. The Council needed to identify the need of the community as the top priority and work with the Region to fund it. The Council should take a long-term view of potentially decades and consider basic rezoning and selective amortization. The site was approximately four blocks by two blocks, located less than five minutes from California Avenue, and probably was not a good location for a mini city. The area was not suitable for grocery stores, boutiques, or movie theaters.

Council Member Cormack inquired whether the 70-foot height limit in Alternative 3B was comprised of the 55-foot height limit and bonuses.

Ms. Tanner reported that the 70-foot height limit applied to scenarios for workforce or affordable housing. A 5-foot bonus was added to the 55-foot height limit for ground-floor retail.

Council Member Cormack noted that the Council had to obtain private land to create park space. She requested Staff comment on the primary funder's acceptance of relaxed constraints for feasibility.

Ms. Tanner did not believe the grant agreement provided specific requirements other than to adopt a CAP.

Council Member Cormack asked if Matadero Creek was feasible in Concept 3.

Ms. Tanner advised that hydrologically Matadero Creek was feasible but other requirements made it potentially infeasible.
Council Member Cormack requested a potential source for the $16 million.

Ms. Tanner suggested Valley Water or grant resources.

Council Member Cormack requested an estimate of additional funding needed for the NVCAP.

Ms. Tanner could not provide an estimate until the Council provided its comments regarding alternatives.

Vice Mayor Burt stated the building at 395 Page Mill was in good shape. However, all three scenarios proposed demolishing the building. The Council could significantly up-zone a portion of the site for housing. The property owner only needed to replace parking. The City could negotiate for park space and integrate the existing buffer. Sobrato was considering adaptive reuse of the cannery, but the site could accommodate more housing than Sobrato proposed. The City could then negotiate to naturalize the creek. He distinguished among park space, publicly accessible open space, and private open space. All three were valuable. Rooftop gardens provided recreation and green space.

The City Council suspended consideration of the item at 10:05 P.M. and continued at 10:20 P.M.

Ms. Campbell provided parking ratios for retail, restaurant, and office/R&D/financial uses.

Mayor DuBois inquired whether a blended parking rate could help restaurants or retail on California Avenue.

Mr. Lait felt a holistic review of California Avenue was needed.

Mayor DuBois asked if a parking requirement of 1 space per 250 square feet in the NVCAP area was likely to result in the same issue as in the California Avenue area.

Mr. Lait explained that a blended rate allowed interchangeability of uses and spaces. It potentially could require less parking for a restaurant.

**MOTION:** Mayor DuBois, seconded by Council Member Filseth to direct Staff to develop a preferred scenario with the following parameters:

A. For Housing, to follow Alternative 1 plus going to a 50 ft height in designated areas;
B. For Office, to follow Alternative 1 and evaluate the need for amortization of some office uses;

C. For Retail, incentivizing retail through parking requirements and other ways to encourage (or require) some ground floor retail on El Camino and Park Blvd;

D. For Park and Open Space, to focus on pursuing a naturalized creek, Alternative 1 for other buffers, parks, bike paths, and opportunities for park space in the plan area;

E. Maintain a maximum 50 ft height limit with exception for 100% affordable housing, and consider other incentives for affordable housing;

F. Allow higher density housing on the two largest properties in the NVCAP;

G. Adaptive reuse of the historic structures subject to CEQA;

H. Request Staff to return with a recommendation on residential parking requirements based on the existing Fehr and Peers study and other context-based conditions;

I. Commercial parking with a blended rate of 1 per 250 sq. ft;

J. Staff to minimize additional expenditures needed to complete the NVCAP;

K. Request Staff to return with a researched revision or set of alternatives for jobs created per 1000 sq. ft of office; and

L. Direct Staff to engage with the large property owners in order to meet the goals of this motion.

Council Member Filseth agreed with beginning with Alternative 1 due to the unpredictability of the Legislature with respect to zoning legislation.

Council Member Cormack related that Alternative 1 did not provide a wide variety of housing or park space. A parking requirement of 1.33 spaces per bedroom was unnecessary.

Council Member Tanaka inquired whether the Motion prohibited a current R&D use from continuing.

Ms. Tanner replied no.
SUMMARY MINUTES

Council Member Tanaka requested clarification of adaptive reuse.

Mr. Steele explained that Sobrato proposed restoration of a portion of the former Fry's space, relocation of an existing R&D use into that space, and demolition of the least historic portion of the building that abutted Park to make way for residential uses. The Ash Building was occupied with office, and Sobrato did not propose any changes to the building. The Ash Building contained approximately 5,000 square feet.

Mr. Lait reported Alternative 1 had two properties that were identified as 50 feet in height. If there were areas where the Council felt extending beyond 35 feet to 50 feet was logical, Staff might review where the Code allowed 50 feet while staying away from some of the R-1 zones. Part H directed Staff to utilize existing information and return with a recommended parking distribution for housing. Part K directed Staff to provide some additional metrics for the Council to consider.

Council Member Stone asked Staff to comment regarding environmental review and a feasibility study for adaptive reuse of the historic structures.

Ms. Tanner advised that environmental review was going to occur later in the process. Staff would not perform a feasibility study on the structure and its adaptability. Demolition of a portion of the historic building required a Statement of Overriding Consideration if demolition resulted in an unmitigable impact.

MOTION SPLIT FOR THE PURPOSE VOTING

MOTION PARTS B, E, I, K PASSED: 5-2, Cormack, Tanaka no

MOTION PARTS A, C, D, F-H, J PASSED: 6-1, Cormack no


City Council adjourned to a break at 10:06 P.M. and returned at 10:12 P.M.

Planning & Development Services Director Jonathan Lait reported that the City received funds from the U.S. Department of Housing and Urban Development (HUD) annually and prepared an Annual Action Plan and a Consolidated Annual Performance and Evaluation Report (CAPER). The City had disbursed funds of slightly less than $1.6 million to nonprofit entitlement agencies to benefit individuals of low and very-low income.
**MOTION:** Council Member Kou moved, seconded by Council Member Stone to authorize Staff to submit the Fiscal Year 2020-2021 Consolidated Annual Performance and Evaluation Report to the Department of Housing and Urban Development by the September 30, 2021 deadline.

Council Member Stone noted that 2,115 people received assistance.

Council Member Cormack requested an explanation of the lack of affordable housing.

Community Development Block Grant (CDBG) Consultant Erum Maqbool advised that funds were provided to Alta Housing, but Alta Housing returned the funding because it could not identify a contractor. Rehabilitation of rental units was going to occur in the second year of the five-year reporting period.

**MOTION PASSED:** 7-0

**Council Member Questions, Comments and Announcements**

Council Member Cormack reported the regional water supply was at 68.5 percent of total system storage. If dry conditions persisted, the earliest that the San Francisco Public Utilities Commission (SFPUC) would declare a water emergency was January 2022. Mandatory 10 to 20 percent water reductions from 2020 levels were likely.

**Adjournment:** The meeting was adjourned at 11:15 P.M.