

Special Meeting
September 27, 2004

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of the Adjacent Section of Page Mill Road (195 Page Mill Road and 2825, 2865, 2873, 2891, and 2901 Park Boulevard). Environmental Assessment: Staff will Develop the Initial Study and Subsequent Environmental Documents in Compliance with CEQA Regulations..... 5

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FINAL ADJOURNMENT: The meeting adjourned at 11:45 p.m. 28

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:00 p.m.

PRESENT: Beecham, Burch, Cordell, Freeman arrived at 6:05 p.m.,
Kishimoto, Kleinberg, Morton arrived at 6:05 p.m., Mossar,
Ojakian

STUDY SESSION



1. Affordable Housing (Alma Substation – Below Market Rate (BMR) Program Study Update)

Linda Mandolini, the Executive Director of Eden Housing, gave a short presentation regarding the preliminary work that has been completed regarding housing development options for the Alma Substation site. She described the three development options studied, including seniors, Single Room Occupancy (SRO) and workforce housing, as well as the benefits and constraints for each option. The Council comments focused on parking requirements and parking provisions for the project and on the varying options. Most of the Council Members indicated preference for workforce housing on the site; however, given the site's constraints, senior housing was also a viable alternative. Most of the Council Members emphasized future public parking at the adjacent 800 High Street site should not be used to provide parking for the project.

Kate Funk and Debbie Kern from Keyser Marston Associates briefly explained the Below Market Rate (BMR) Program study that had just begun which would evaluate additional opportunities for producing and retaining affordable housing, as well as address potential improvements to administrative procedures. The Council Members described specific issues that the study should address including restrictions on income limits for BMR owners, identifying reasons for owners selling units, evaluating the appreciation formula and identifying methods of limiting BMR Program administration costs.

No action required.

ADJOURNMENT: The meeting adjourned at 7:10 p.m.

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:10 p.m.

PRESENT: Beecham, Burch, Cordell, Freeman, Kishimoto, Kleinberg, Morton, Mossar, Ojakian

ORAL COMMUNICATIONS

Joy Ogawa spoke regarding police and fire services.

Jeff Rensch, 741 Chimalus Drive, spoke regarding affordable housing.

Sally Probst spoke regarding her gratitude that Palo Alto was continuing to look at affordable housing, and she hoped funding could be found for workforce housing.

Herb Borock, P.O. Box 432, spoke regarding affordable housing, funding sources, and public parking.

John K. Abraham, 736 Ellsworth Place, spoke regarding noise.

CONSENT CALENDAR

Council Member Mossar stated she would not participate in Item No. 1 due to a conflict of interest because her husband was employed by Stanford University.

Council Member Cordell stated she would not participate in Item No. 1 due to a conflict of interest because she was employed by Stanford University.

Council Member Freeman registered a no vote on Item Nos. 1 and 4.

MOTION: Vice Mayor Burch moved, seconded by Ojakian, to approve Consent Calendar Item Nos. 1-5.

LEGISLATIVE

1. Ordinance 4840 entitled "Ordinance of the Council of the City of Palo Alto Amending the Budget for the Fiscal Year 2004-05 to provide an Additional Appropriation of \$206,150 for Anticipated Increased Contract Costs for Preparation of an Environmental Impact Report (EIR) on the Stanford/Mayfield Development Agreement and Associated Legal Services" *(Continued from 9/20/04)*

2. Request for Approval of Budget Amendment Ordinance for Outside Legal Counsel Services and for Authorization to Amend Existing Contract with the Strombotne Law Firm

Ordinance 4841 entitled "Ordinance of the Council of the City of Palo Alto Amending the Budget for the Fiscal Year 2004-05 to provide an Additional Appropriation of \$150,000 for Legal Contract Assistance"

ADMINISTRATIVE

3. Palo Alto Shuttle-Approval of Contract Extension No. 9 and Increase in the Expenditure Limit of the Rail Shuttle Bus Service Administration Agreement with the Peninsula Corridor Joint Powers Board
4. Amendment No. Four to Employment Agreement Between the City of Palo Alto and Lance Bayer
5. Agreement Between the City of Palo Alto and Palo Alto Housing Corporation (PAHC) and PAHC Apartments, Inc. in the Amount of \$113,672 for Funds Allocated During Fiscal-Year 2003/04 under the Community Development Block Grant Program (Second Agreement)

MOTION PASSED 9-0 for Item Nos. 2, 3, and 5.

MOTION PASSED 6-1 for Item No. 1, Freeman no, Cordell, Mossar not participating.

MOTION PASSED 8-1 for Item No. 4, Freeman no.

UNFINISHED BUSINESS

6. Public Hearing - The City of Palo Alto will Consider a Request by Court House Plaza Company for a Comprehensive Plan Amendment from Light Industrial to Mixed Use, and a Rezone from the Existing GM(B) District to a Planned Community to Allow the Construction of a Four Story Building to Include 45,115 Square Feet for Research and Development Space and 2000 Square Feet of Retail on the Ground Floor and 211,167 Square Feet for Three Level Residential Apartments Totaling 177 Units, Plus a Subterranean Parking Garage and Related Site Improvements Including the Proposed Vacation and Landscaping of the Adjacent Section of Page Mill Road (195 Page Mill Road and 2825, 2865, 2873, 2891, and 2901 Park Boulevard). Environmental Assessment: Staff will Develop the Initial Study and Subsequent Environmental Documents in Compliance with CEQA Regulations.
(Continued from 9/20/04)

Director of Planning and Community Environment Steve Emslie said the Planning staff and the Planning and Transportation Commission (P&TC) had recommended the Council deny the proposed Comprehensive (Comp) Plan Amendment and Planned Community (PC) Zone designation and project. In doing so, the applicant would be able to resubmit a substantially revised application and come into compliance with the City's Comp Plan. The PC process consisted of two steps: 1) the P&TC's initial review, which provided a broad oversight of major land use issues; and 2) a referral by the P&TC to the Architectural Review Board (ARB) for refinement of the architectural design. In the present case, the P&TC was not able to find consistency with the broader or general policies of the land use element of the Comp Plan. Staff believed substantial modification to the plan was necessary in order to achieve the compatibility with the surrounding neighborhood as well as the desire for a quality mixed-use and pedestrian environment.

Chief Planning Official Lisa Grote said the proposed project included a four-story building approximately 51 feet in height with 45,000 square feet of Research and Development (R&D) use, and 11,000 square feet of residential use, which would include 177 residential units ranging in size from 660 square feet to 1,300 square feet in a mix of one and two bedroom units. In addition, there would be 2,000 square feet of retail use and 392 parking spaces of which 275 would be underground. The total Floor Area Ratio (FAR) for the proposed site was 2.35 (258,282 square feet) of which 1.92 was for proposed housing and .43 was for R&D uses. For comparative purposes, the existing Comprehensive Land Use (CLU) designation and the General Manufacturing (GM) Zoning District would allow a FAR of 1.0, providing the FAR of any nonresidential use did not exceed .50 (54,970 square feet) and .50 FAR for residential uses further required to meet the RM-30 Zoning District Development Standards. On the proposed site it would be approximately 78 total units. The site was included in the Housing Element on the housing inventory at a 40 units per acre density, which would yield approximately 100 units on the 2.52 sized site. Approximately a year prior, the P&TC reviewed and recommended approval of Comp Plan map amendments for the site, which was Pedestrian/Transit-Oriented development and would be at an RM-40 zone density. Attachment K to the staff report (CMR:422:04) outlined an issue paper for a new zone district, which was being considered as part of the Zoning Ordinance Update (ZOU) and discussed the characteristics of a new pedestrian/transit-oriented zone district. It would include high-density housing and some allowance for retail and support personal service uses. It did not include an allowance for R&D uses. Staff's recommendation for denial of the project primarily rested with the land use mix and there was a large component of R&D use in an area, which was within 1,600 feet of a transit station anticipated to be for pedestrian/transit-oriented use. There were additional concerns raised by

the P&TC and members of the public, which included noise, traffic and parking, and the visual impact and loss of views.

Planning and Transportation Commissioner Phyllis Cassel said the P&TC recommended denial of the proposed project and referred to the list of primary concerns on Page 8 of the staff report (CMR:422:04). The applicant raised several policy issues, which needed to be resolved before any development could be reviewed by the ARB. The policy questions included: 1) should the north side of Page Mill Road be vacated and developed as a mall, and was a mall that doubled as an entrance to industrial use and parking spaces a pedestrian mall; 2) what was the appropriate FAR for a pedestrian/transit-oriented development; 3) should the first floor be all industrial research; 4) what was the appropriate setback; 5) were the mix of uses suggested by the developer acceptable; and 6) parking reduction. She asked whether the site should be granted a 20 percent reduction for being mixed use and a 20 percent reduction for being transit-oriented. The P&TC felt the proposed project was too large for the site, was too close to the street, lacked open space, and did not provide adequate public benefits. The P&TC believed the building should not be developed as proposed.

Mayor Beecham declared the Public Hearing open at 7:40 p.m.

Harold Hohbach, Court House Plaza Company, said he believed the project provided R&D and transit-oriented high density housing in an area that was resistant to revitalization. He was shocked to hear of neighbors, who were not within a 300-foot radius of the project, expressing their concerns. Scaling the project down would increase the losses to such a large negative cash flow that the residential portion of the project would have to be abandoned.

Richard Campbell, Hoover Associates, said his firm began working with Mr. Hohbach on the proposed project in September 2003, and was impressed and excited about the vision for the site. He narrated a slideshow presentation that outlined some of the constraints, and opportunities and challenges of the site. The site was presently occupied by a concrete building followed by five metal buildings, which were all in poor condition and ready for replacement. Mr. Campbell worked with acoustical engineers to address the Caltrain noise issue. Design features were built into the project to create a barrier along the Caltrain tracks to keep sound from entering into the interior courtyard. The proposed project would be built adjacent to Agilent Technologies, which had a building footprint of 79,200 square feet.

Annette Ashton, 2747 Bryant Street, spoke on behalf of the Midtown residents and expressed her opposition to the project.

Sheri Furman, 3094 Greer Road, said she did not believe the proposed project provided a public benefit and asked the Council to deny it.

John K. Abraham, 736 Ellsworth Place, said he did not believe the proposed project would be a suitable location for residential units because of noise and air pollution.

David Shayer, 2502 Emerson Street, expressed his concern the proposed project would act as a reflector and double the amount of noise he presently received from Alma Street traffic and the Caltrain.

Denny Petrosian, 443 Ventura Avenue, #2, asked the Council to remember the GM(B) Zone provided an important service by retaining light industrial small businesses of the type that were disappearing in Palo Alto. She urged the Council to vote against the project.

Loren Brown, 334 Kingsley Avenue, believed there were a number of benefits the project offered when considered in aggregate, which would provide the Council with reasons to encourage its development. Park Plaza would provide 177 residential units for Palo Alto, which was consistent with City and State goals to increase the housing stock, and was in walking distance to restaurants, a grocery store, retail establishments, and the California Avenue Caltrain station. It was also located within a short distance from Stanford Industrial Park and Stanford University. The distance from all sides of Park Plaza to existing residential neighbors made the site unique in Palo Alto and a prime candidate for high-density development. He believed greater leeway from normal zoning restrictions should be considered for the site without significant impact to residential neighbors.

Sharon Lake, 270 Leland Avenue, said she believed it was important for the City to get back to the basis of Silicon Valley and embrace the ability to get R&D space, which was within walking distance of a Caltrain station and in an area where people would want to live.

Herb Borock, P.O. Box 632, said the staff report (CMR:422:04) indicated the zone district provided an entitlement FAR of 1.0; however, he believed the 'B Suffix' reduced the GM zone entitlement to either .5 residential or .5 non-residential and prohibited addition.

Lynn Chiapella, 631 Colorado Avenue, said the proposed project was too large and should be denied.

Jeff Schwartz, 345 Sheridan Avenue, said he believed it was incumbent upon the Council to think hard about why there was not more rental housing.

Phil Capin, 3958 Duncan Place, expressed his support for the project.

Jeffrey Jones, 318 Bryant Court, Chief Operating Officer for Reliant Technologies, said Park Plaza was exactly what Palo Alto needed. The proposed building was of a mixed-use nature and perfect for start-up companies. He expressed his support for the project.

Jean Nuolandi, 577 Hawthorne Avenue, expressed his support for the project.

Frank R. Robles, 3160 Emerson Street, expressed his support for the project.

Pierre R. Schwob, 200 Sheridan Avenue, #402, expressed his support for the project.

Heinz Semumm, 345 Sheridan Avenue, expressed his support for the project.

Tom Fischer, 645 Channing Avenue, said the location for the project was ideal for conversion and Palo Alto had a need for more housing. He expressed his support for the project.

Marcus Wood, 196 Colorado Avenue, said he favored the project because it met the goals of the City's general plan, was mixed-use, provided for affordable housing, was on the rail line, would make retailers more viable, and would increase the City's tax base by replacing old antiquated buildings with newer ones.

Len DeBenedictis, 153 California Avenue, said he lived and worked close to the proposed project and believed it would create housing and the R&D space. He urged the Council to vote in favor of the development.

Kathleen Alley, South Palo Alto California Avenue Area, said Park Plaza was exactly what Palo Alto needed. It would create a balance between being a bedroom community and a business. She expressed her support for the project.

Charles Alley, South Palo Alto California Avenue, said the R&D component of the project was extremely important. He urged the Council to vote in favor of the development.

Dawnet Beverley, 200 Sheridan Avenue, expressed her support for the project.

Michael Lyzwa, 144 Kingsley Avenue, said Mr. Hohbach was a true visionary for Palo Alto, and expressed his support for the project.

Douglas Moran, 790 Matadero Avenue, said the issue was how much of an exception to the Comp Plan and the Zoning Ordinance did the project entail. He opposed the project and urged the Council to vote against its approval.

Sharon Rupp, 2901 Park Boulevard, said she was a business owner in Palo Alto who employed approximately 25 people who could not afford to live in Palo Alto. She favored the project as it could possibly provide people the opportunity to live and work in Palo Alto.

Council Member Ojakian asked Ms. Rupp what type of business she had.

Ms. Rupp said it was Akins Collision Repair, which had been in Palo Alto since 1971.

Bob Moss, 4010 Orme Street, expressed his opposition to the project. He said Palo Alto already had approximately 800,000 square feet of vacant R&D space, which coincided with the 29 percent vacancy rate for offices. He did not believe Palo Alto could afford to increase the density, traffic, and impact on services from housing without destroying the community.

Brian Bayley, 2553 Emerson Street, expressed his opposition to the project.

Suzanne Bayley, 2553 Emerson Street, urged the Council to follow the staff recommendation and deny the application. She felt the project was too big.

Hannah Cranch, 2520 Emerson Street, urged the Council to deny the application.

Carol Jansen, 575 Hawthorne Avenue, said Palo Alto had the opportunity to have a rental housing project located on general industrial commercially zoned land in an area where the opportunity would most likely not occur again. She believed it was worth taking a look at, and recommended the Council refer the matter to the ARB.

Council Member Mossar asked for clarification as to the availability of data related to the project.

Ms. Jansen said she became involved in the project in March 2004, and her thrust involved getting a complete application before the City, which meant the handling of the following: 1) the soils and engineering reporting; 2) the traffic impact analysis; 3) parking; and 4) the acoustical analysis. Those

reports were given to the City and had been reviewed several months prior to the P&TC meeting.

Council Member Mossar clarified those documents had been completed by the developer and submitted to City staff.

Ms. Jansen said that was correct.

Mayor Beecham declared the Public Hearing closed at 8:55 p.m.

Council Member Morton said the Council was reviewing a project, which had been zoned for light industrial, but would come back as a mixed-use project. He asked for clarification on whether staff had looked at converting some of Stanford Industrial Park into housing.

Mr. Emslie said there was no inherent concern from staff's prospective about the mixed-use nature of the project. Residential space was the overriding consideration the Comp Plan gave to the proposed site.

Council Member Morton clarified the mixed-use element was not a rejection point, but rather residential would take a higher priority.

Mr. Emslie said that was correct.

Council Member Morton asked whether the ARB could review projects where there were objections that related to mass, setbacks, and reflected noise.

Mr. Emslie said staff presented projects to the P&TC at the initial hearing as a way to screen projects for basic compliance with land use policies. There were times the P&TC asked the ARB to use their expertise on certain issues. In the present case, the P&TC's findings were based on a sufficient amount of information, which supported their recommendation.

Council Member Morton said the City had, at one time, thought of acquiring part of the land at Park Plaza for low-income housing. He sensed the cost of the land, along with an inability to put together multi-parcels from different owners, precluded the City from being able to move forward with a low-income housing project on the site.

Mr. Emslie said he agreed with the statement.

MOTION: Council Member Morton, seconded by Burch, that the Council forward the project to the Architectural Review Board (ARB) for review and comments, go back to the Planning and Transportation Commission (P&TC)

for their review and comments, and then for staff to return to the Council with a recommendation.

Council Member Morton said he favored the project in concept, but felt it was too big. He hoped those issues would be addressed when the item went before the ARB.

Vice Mayor Burch asked whether the Council could take such action or did they first have to deny the project.

Mr. Emslie said the Council had the right to refer the PC application to any advisory body, including the ARB. Staff did not support that move because it would take the project back through the original PC process, in which the P&TC had already performed their responsibility of commenting on the broader issues. Closure was needed in order for the applicant to bring back a revised project and restart the process.

Vice Mayor Burch asked whether staff preferred the Council deny the request and let the applicant begin again with a new project.

Mr. Emslie said yes.

Vice Mayor Burch withdrew his second.

MOTION FAILED FOR LACK OF A SECOND

MOTION: Council Member Morton moved, seconded by Mossar, that the Council forward the project to the Architectural Review Board (ARB) for review, then forward to the Planning and Transportation Commission (P&TC) for review, and return to the Council with a staff recommendation.

Council Member Mossar said she did not believe the P&TC had all the information they needed when they recommended denial of the project. She did not understand the criticism of the project not being transit-oriented because it included R&D, yet the facility was near the California Avenue train station. She said she could not recall any RM-40 projects built in the last 10 years, and asked whether it was a product of the community.

Mr. Emslie agreed a straight RM-40 project had not come to the City and been approved.

Council Member Mossar said given the fact the City might also adopt some RM-50 zoning, she was confused about staff's suggestion to rezone the property to RM-40 when they knew something else was on the horizon.

Mr. Emslie said the RM-40 had certain problems in terms of the Comp Plan's objectives. In order for a site to qualify for inclusion in meeting the City's housing obligations, it must be zoned exclusively for housing.

Council Member Mossar asked whether the project would count toward the City's housing goal if it were built as specified.

Mr. Emslie said yes it would.

Council Member Mossar clarified building housing on the site was beneficial to the City; however, zoning was a technicality. Although it had been some time since the Comp Plan Advisory Committee (CPAC) and the Citizen's Advisory Committee (CAC) had worked on the document, she recalled the Comp Plan spoke encouragingly about opportunities for start-up businesses and R&D. Their type of use was important in the community, there should be protection for those that presently existed, and encouraged for the future. She asked whether that was true.

Mr. Emslie said yes.

Council Member Mossar asked whether it was also true the community had embraced a more urban standard of projects built to the sidewalk in certain locations.

Mr. Emslie said it had a lot to do with the scale and proportion of the building wall with the public space, the street and sidewalk. In this case, staff believed the proportion was off and could benefit from a greater setback.

Council Member Mossar asked whether the setback issue was one the ARB would address.

Mr. Emslie said yes.

Council Member Mossar said one of the things the Council needed to do was take into account today's needs, but also have some future vision. It was important to recognize there was a segment of the population who wanted the type of housing being proposed, wanted to live and work in the community, who understood what R&D was, and were in the process of building their lives and contributing to Palo Alto's community and economy. She was in favor of forwarding the applicant to the ARB for their input. She did not believe the P&TC had any detailed information to weigh in on the details.

Council Member Kishimoto asked for clarification on what the GM(B) zone called for.

Ms. Grote said the GM(B) zone was intended to prohibit or limit uses that were employee and traffic generating, as they were already heavily impacted with either traffic or parking problems. It prohibited administrative and general office uses, did not allow R&D, and required general business services to obtain a Conditional Use Permit (CUP).

Council Member Kishimoto asked whether an easement or right-of-way for the railroad still existed.

Ms. Grote noted staff was not aware of an easement there; however, it could be determined by a property survey.

Council Member Ojakian suggested staff look at the issue with the Fry's Electronics site from the mid-1990s, in which the P&TC removed that designation.

City Attorney Gary Baum clarified the motion on the table directed the ARB to hear the matter, followed by the P&TC, and then the Council.

Mayor Beecham said that was correct.

Mr. Emslie said he would strongly suggest the Council limit the ARB's hearing so the project could come to a swifter resolution.

Mayor Beecham asked whether staff was recommending the ARB have only one hearing on the issue.

Mr. Emslie said the ARB's current practice, in response to the audit recommendations, would allow one continuance for no more than 30 days for the applicant to respond to concerns. He encouraged the Council to maintain the policy.

INCORPORATED INTO THE MOTION WITH THE CONSENT THE MAKER AND SECONDER for the Architectural Review Board (ARB) to hold one hearing on the matter with one continuance with the consent of the ARB and staff.

SUBSTITUTE MOTION: Council Member Kishimoto moved, seconded by Kleinberg, to approve the Planning and Transportation Commission and staff recommendation to deny the proposed Comprehensive Plan Map Amendment and Planned Community (PC) project without prejudice and to allow the applicant the opportunity to submit a new application.

Council Member Kishimoto said the Comp Plan was a balance between Palo Alto of the past and Palo Alto of the future. It outlined its vision for the Cal-Ventura area, which should be a well-designed mixed-use district with diverse land uses, two to three story buildings, and a network of pedestrian-oriented streets providing links to California Avenue. Setback requirements were in place for quality of life and environmental issues. She believed the Council should not refer the matter to the ARB as it was not an aesthetic architectural decision, but a fundamental land use decision.

Council Member Kleinberg concurred with Council Member Kishimoto. She said there were three Comp Plan policies considered in conflict with the project. In all aspects of the record, the project was incompatible. Staff suggested if the Council referred the matter to the ARB it should come with a directive to the applicant with development parameters such as, FAR, massing, bulk parking, and neighborhood compatibility. She did not believe the Council was ready to give definitive direction, and she urged her colleagues not to send the item to the ARB.

Council Member Cordell expressed her support for the substitute motion. If the Council wanted to be supportive of the efforts of the Planning staff to spearhead the Palo Alto process, it was essential to follow staff's recommendations. She said if Mr. Moss was correct with the amount of available R&D space in Palo Alto, there was no need for additional development in that area. The project's public benefit should not be characterized as "blackmail". When a zoning change was contemplated to create a PC, public benefit was a major factor. The language stated there must be a substantial public benefit, of which the project had none.

Vice Mayor Burch expressed his support for the motion. He said it was the right thing to do and sent a message the project needed to be smaller and more compatible with the area.

Council Member Morton said the Comp Plan clearly called for mixed use and the project area was right for it. He did not see how it would be more efficient for the developer to go through the whole process again instead of the Council providing him with a number of issues the ARB needed to address.

Council Member Ojakian asked whether a zoning change was quasi-judicial.

Mr. Baum said normally a zoning change was not, but because it involved a PC he believed it was.

Mayor Beecham said a PC was an ordinance and therefore legislative.
Mr. Baum said he stood corrected.

Council Member Ojakian said, for the record, he met with Carol Jansen and Mr. Hohbach. He also spoke with Sheri Furman for a brief period. He asked for clarification as to whether the Council had potentially looked at rental housing in South of Forest Avenue (SOFA) II.

Mr. Emslie said yes. The SOFA II Plan provided prescriptive FARs, and the Council gave some further allowance to 100 percent rental projects in the allowance of FAR's.

Council Member Ojakian said he believed the Council reached a ceiling of 2.0 FAR and part of the process was an economic analysis.

Mr. Emslie said that was correct.

Council Member Ojakian asked for clarification on whether the P&TC had received enough information to render its decision and recommendation.

Commissioner Cassel said the P&TC believed they had enough information to make the overall decision to bring the matter to the Council for a public hearing and decision.

Council Member Ojakian asked Commissioner Cassel if her opinion had changed after hearing what was presented that evening.

Commissioner Cassel said no.

Council Member Ojakian expressed his support for the substitute motion. He said what occurred in SOFA II acted as a good yardstick for how to look at rental housing, housing, and retail mixed uses.

Council Member Freeman expressed concern about the auto dealership that abutted the property and was not sure the developer had negated any negative effects on that property. She said although the Comp Plan could be conflicting, there were more things out of balance than in balance. She believed it was a good time to deliver a message to all applicants applying for a development in Palo Alto, and that the Council was serious about the use of the Comp Plan as a view into the community's vision. The Council also supported the streamlining process suggested by the City Auditor. She expressed her support for the substitute motion.

Mayor Beecham said he believed the benefit of any project should be inherent in the project. The applicant indicated the primary benefit of the project was more housing. He appreciated the value of more housing and the efforts of the applicant. Housing needed to be in proportion to the City's zoning laws and other issues. Although his colleagues suggested referring

the matter to the ARB for massing, the ARB could only assist in designing; however, there was little that could be done when the massing was of its size for the site. The Council had been supportive for housing in virtually every case presented, but one could not make the argument every proposal for housing was good. He expressed his support for the substitute motion.

SUBSTITUTE MOTION PASSED 7-2, Morton, Mossar no.

PUBLIC HEARING



7. Public Hearing: The Palo Alto City Council will Discuss Possible Changes to Homer Avenue and High Street to Accommodate Eastbound Bicycle Egress from the New Undercrossing of the Caltrain Tracks at Alma Street and Homer Avenue. Alternatives Included: (1) Conversion of Homer Between Alma and High, and High Between Forest and Channing, from One-Way to Two-Way Travel; (2) Installation of Contraflow Bike Lane on Homer Between Alma and High, and Conversion of High Between Forest and Channing from One-Way to Two-Way Travel; and (3) Retain Existing Lane Configuration on Homer and High, and Accommodate Bicyclists on Alma Through Manipulation of Traffic Signal Timing.

Council Member Freeman would not participate in the item due to a conflict of interest because she resided on Channing Avenue, one mile from the location, and the character of the neighborhood may be affected according to Fair Political Practice Commission (FPPC) statutes.

Associate Traffic Engineer David Stillman said the staff report (CMR:428:04) recommended Council direct staff to implement traffic signal timing features at the Homer Avenue/Alma Street intersection, and retain the existing lane configurations along Homer Avenue and High Street following the opening of the Caltrain Undercrossing (Tunnel). Presently, Homer Avenue was a one-way street in the westbound direction, and High Street was a one-way street in the southbound direction until it reached Channing Avenue, at which time it changed to a two-way street heading southward. Once the Tunnel opened, there would be an exclusive bicycle/pedestrian (bike/ped) signal phase added to the existing traffic signal at Homer Avenue/Alma Street, which would allow bike/ped to cross Alma Street while all vehicles on the approaches must come to a stop and would be precluded from turning right on the red light. Accessing the Tunnel from the east in the westbound direction was of no problem. Bicyclists would ride with the flow of traffic on Homer Avenue until they reached the Tunnel. However, bicyclists who wished to travel eastbound were faced with opposing traffic on Homer Avenue and had no direct route to the downtown or the SOFA areas. Staff looked at ways to accommodate the eastbound flow of bicycles. Staff

recommended the use of Alma Street by bicyclists traveling in the eastbound direction through signal timing. At an average pace of 10 miles per hour, it would take approximately 30 seconds for a bicyclist traveling eastbound to turn left on Alma Street, then right on Forest Avenue to reach their destination. Most of the eastbound bike/ped traffic at the Homer Avenue intersection would turn left onto Alma Street, which would allow an additional 10 seconds or so of relatively vehicle-free time in which bicyclists could proceed northbound on Alma Street to Forest Avenue. The advantages included: 1) it was a safe cost-effective solution; and 2) it achieved the goals of providing a way for bicyclists to travel eastbound with minimum impact to the roadway or to vehicles on the roadway. The disadvantages included: 1) some bicyclists may still choose to use Homer Avenue to travel eastbound; and 2) it did not provide for a convenient route for bicyclists traveling southbound. Alternative No. 1 of the staff proposals would be to convert the first block of Homer Avenue between High and Alma Streets and the two blocks of High Street between Forest and Channing Avenues to a two-way street. This would allow bicyclists traveling eastbound from the Tunnel to proceed one block from Alma Street and turn left or right on High Street and proceed onward. The disadvantage would result in significant vehicle congestion on Homer Avenue because westbound travel would be confined to a single lane, extending the typical queue during typical peak hours one and two blocks long. This could severely impact businesses, such as Whole Foods Market, and the operation of the midblock crosswalk at Whole Foods. Vehicles who wished to avoid the long queue at Homer Avenue may attempt to use Forest Avenue to turn onto High Street; however, that would present safety issues because the movement was unprotected since Forest Avenue did not have a traffic signal. Alternative No. Two to the staff proposal would provide a contraflow or eastbound bicycle lane in the single block of Homer Avenue and convert two blocks of High Street to a two-way street. Both westbound lanes of vehicle traffic would be maintained under this alternative. The advantage over Alternative No. One was it provided a direct route for bicyclists. The disadvantages included: 1) potential bicycle/vehicle conflicts due to lack to driver expectation; 2) the loss of eight on-street parking spaces; and 3) it imposed the same intimidating left turn bicycle movement at the Homer Avenue/High Street intersection as the previous alternative. Staff conducted several public outreach meetings on the proposals where business owners and merchants, and the Palo Alto Bicycle Advisory Committee (PABAC) differed on the preferred recommendation. The Planning and Transportation Commission (P&TC) voted 4-1 in favor of Alternative No. 2, the contraflow bike lane alternative, and to move forward with a study on the full conversion of Homer and Channing Avenues to two-way streets as a means to accommodate bicyclists. At the present time, staff did not recommend pursuing the study of the full two-way conversion of Homer and Channing Avenues. Such a study would require a comprehensive traffic analysis, resolution of significant

issues with Whole Foods, Channing House, and a consensus of all SOFA area neighborhood residents. Implementing staff's recommendation only required the manipulation of the traffic signal controller and added zero cost. Alternative No. 1 or 2 would cost approximately \$10,000 to implement signage and striping changes, which would be funded through the Capital Improvement Program (CIP). Once the Tunnel opened, staff would study bicycle behavior and return to Council with any necessary changes to ensure the safety of the roadway users.

Planning and Transportation Commissioner Phyllis Cassel said the P&TC discussed the three alternatives presented by City staff to provide appropriate movement of bicycle traffic as it exited from the Homer Avenue Undercrossing at Alma Street and Homer Avenue. The P&TC recommended a contraflow lane be developed for bicycle movement from Alma to High Streets with appropriate markings and signage; however, they also believed it should be a temporary measure until the conversion of Homer and Channing Avenues to two-way streets could be accomplished. The P&TC was concerned about the loss of parking spaces for the businesses and would like to see some accommodation made for that use. She noted both the development of the underpass and making Homer and Channing Avenues two-way streets were programs noted in the Comp Plan.

Mayor Beecham declared the Public Hearing open at 10:08 p.m.

John Ciccarelli, 2065 Yale Street, expressed his support for the contraflow bicycle lane. It would reduce conflicts with respect to longer routes, and allow bicyclists to safely and conveniently re-enter traffic at either end of Alma and High Streets.

Chop Keenan, 700 Emerson Street, said he felt staff's recommendation was a good one to start with; however, if Homer Avenue converted to a two-way street, the Whole Foods Market would have to close. Currently, Whole Foods discreetly was delivered more than 30,000 items through the limited alley staging area and by using one of the lanes on Homer Avenue's one-way street. When the City first attracted Whole Foods, it was a challenge for them to go without loading docks, have remote parking across the street, and yet the Council, at that time, felt it was an important use for downtown. He implored the Council not to convert Homer and Channing Avenues to two-way streets if they intended to keep Whole Foods Market downtown.

Edward Holland, 1111 Parkinson Avenue, said he had been a bicyclist since 1959. He believed it made more sense for Channing and Homer Avenues to be one-way streets when the Palo Alto Clinic was in operation. When the Bicycle Plan was drawn up a few years ago, it was obvious Homer Avenue

had to become a two-way street because the underpass was placed inline with it.

Norman Carroll, Emerson and University, said the contraflow lane and converting High Street to two-way traffic was the best option, because it only lost two blocks of the current one-way traffic. It would also change the traffic flow in front of 800 High Street to become two-way, which would allow easier access and exit from its parking garage.

Audrey Alonis, Parent-Teacher-Association (PTA) Traffic Safety Representative of Palo Alto (Paly) High School, 2870 South Court, said the Homer Avenue Undercrossing would be an opportunity for cyclists to go from the downtown SOFA area to the Embarcadero Bike Path. She did believe the egress on the Undercrossing must provide a designated bike lane for cyclists as soon as they crossed Alma Street in the eastbound direction. She did not concur with staff's belief the majority of bicyclists would learn to use Alma Street. She expressed her support for the P&TC recommendation and urged the Council to approve the solution with proper engineering to provide a designated bike lane for eastbound bicycle egress from the Homer Avenue Undercrossing.

Council Member Kleinberg asked whether Ms. Alonis was speaking on behalf of the Paly High School PTA.

Ms. Alonis said it was her position, and it had not been formally endorsed by the Paly High School PTA.

Paul Goldstein, Chair of PABAC, 1024 Emerson Street, said the staff recommendation was severely lacking in several important respects. Accommodation of cyclists on Alma Street was poor and without other enhancements, such as removing parking or installing a bicycle lane, the street was dangerous, especially at peak hours. The staff recommendation made no provision for cyclists headed southbound. In the short term, a contraflow bike lane was the best solution for eastbound cyclists. These types of lanes had been successfully installed in other cities and PABAC believed they could work with City staff to address the safety concerns. The Homer Tunnel was not planned in isolation. Both the Comp Plan and the SOFA Coordinated Area Plan (CAP) envisioned Homer and Channing Avenues as two-way streets. The recently adopted Bicycle Transportation Plan (BTP) showed Homer Avenue as a proposed bicycle boulevard connecting SOFA with points east. The Tunnel had the potential to provide a direct connection between the Palo Alto Medical Foundation (PAMF) campus, the Caltrain Station, Palo Alto High School, Stanford University, SOFA, and downtown.

Karen Holman, 725 Homer Avenue, said she had lived on Homer Avenue for the past 10 years and found the residential end of Homer Avenue to be a virtual speedway with frequent traffic going the wrong way. She mentioned the possibility of converting parking on Emerson Street at Homer Avenue to delivery space, which would accommodate some of the needs for Whole Foods Market and eliminate the need for double parking. The staff report did not consider the following: 1) if the streets were converted to two-way, the queues indicated at Homer Avenue and Alma Street would not be the same because traffic would be redistributed; and 2) the only way for residents of 800 High Street to get into their building with the current street configuration would be to cut through the Whole Foods parking lot. She disagreed with staff and concurred with the recommendations of the P&TC.

Ole Christensen, 801 Alma Street, said he would like to see staff's recommendation implemented, which would change the traffic signal light only until the 800 High Street project was completed. He currently had difficulty receiving deliveries because of the construction in the alley. If Homer Avenue became a two-way street or a bike lane was installed, he would have no way to get any deliveries. He also suggested to leave the Tunnel closed until after the completion of 800 High Street.

Irvin Dawid, 753 Alma Street, #125, said the contraflow lane was doable, and he believed safety should come first.

Mayor Beecham entered the testimony of Ellen Fletcher. She expressed her support for the recommendation of the P&TC.

Mayor Beecham declared the Public Hearing closed at 10:30 p.m.

Vice Mayor Burch asked staff whether eastbound pedestrian traffic from the Tunnel and across Alma Street would cross on both the southeast and northeast corners.

Chief Transportation Official Joe Kott said that was correct.

Vice Mayor Burch clarified they would be marked as pedestrian lanes with sidewalks along Ole's Auto Shop and the Bimmer's Auto Shop.

Mr. Kott said yes.

Vice Mayor Burch asked for the width of the sidewalk adjacent to Ole's Auto Shop.

Mr. Stillman said it was approximately eight feet in width.

MOTION: Vice Mayor Burch moved, seconded by Kleinberg, to approve the staff recommendation for the retention of the existing lane configurations along Alma Street, Homer Avenue and High Street following the opening of the Homer Undercrossing with signalization changes.

Vice Mayor Burch said he understood pedestrians could walk across the street at the signal, and bicyclists could turn left at the signal, go up Alma Street and then turn right on Forest Avenue. However, it seemed like a very narrow window of opportunity and assumed the bicyclist was right at the limit line waiting for the light to change. It did not take into account bicyclists who were halfway down the Tunnel and did not get to the opening until 10 seconds before the light changed. This would result in cyclists going down Alma Street with automobiles right behind. He learned from the Downtown North Traffic Calming trial to start small and then build up, have bicyclists walk one block from Alma to High Streets, and then proceed onward. It was too soon to contemplate changing Homer and Channing Avenues to two-way streets, especially if it meant losing Whole Foods Market.

Council Member Kleinberg asked for an explanation of the genesis, motivation, and objective behind the Homer Avenue Undercrossing and the PAMF project moving onto El Camino Real.

Mr. Kott said the key objective was to provide direct access from the new PAMF site to the downtown area for cyclists and pedestrians with connections along the west side of the tracks, which the City did have in the form of the Embarcadero Bridge Bike Path.

Council Member Kleinberg clarified the original motivation was to ensure the convenience for persons at the PAMF to continue to come downtown and shop, and help retail businesses.

Mr. Kott said that was one motivation. The Tunnel was intended to be a key component of the Citywide system of bikeways, which was why it connected to the Embarcadero Bridge Bike Path.

Council Member Kleinberg said more bicyclists than pedestrians would utilize the Tunnel; however, students from Paly High School and people from the PAMF could make use of the Tunnel during the same peak hours.

Mr. Kott said yes.

Council Member Kleinberg said she questioned a comment about bicyclists mowing down the pedestrians.

Mr. Kott said if approximately 600 daily bike riders were spread out, there would be a lot of gaps with different time dimensions.

Council Member Kleinberg asked whether the PTA groups were given the opportunity to speak on the issue, and what process was used to contact Palo Alto parents.

Mr. Kott said staff went to the local businesses, the PABAC Committee, and the P&TC. They did not contact the PTA groups.

Council Member Kleinberg asked what was contemplated regarding delivery space for Whole Foods Market and Ole's Auto Shop. She expressed concern about the lack of a bike lane, especially for students, in the first block of Homer Avenue.

Mr. Kott said staff was reluctant to put a contraflow lane in a problematic location from a safety standpoint. Staff had worked with Whole Foods Market in the past to try and resolve the off-loading issue with respect to a two-way street, but found it difficult because of the mid-block pedestrian crosswalk.

Council Member Kleinberg said the fact there were cautionary comments about a contraflow lane in the first block of Homer Avenue led her to support the P&TC's recommendation. She concurred with Vice Mayor Burch to go slow, see how the signalization worked, encourage safety outreach through the PTA, and hope the approach was a safe one. She did not feel the project was at the point where there were discussions on making Homer Avenue a two-way street. Whole Foods Market was an important asset for downtown Palo Alto and all of the residents who lived nearby.

Council Member Morton asked whether there was any possibility of turning the sidewalk on the south side of Homer Avenue into a contraflow lane for bicyclists only.

Mr. Kott said it was a possibility; however, staff was concerned about cycling on the sidewalk with respect to the driveway between Ole's Auto Shop and 800 High Street.

Council Member Morton asked whether it would work better on the north side of the street. He was opposed to using Alma Street to solve the problem, and would not support the proposal.

SUBSTITUTE MOTION: Council Member Morton moved, seconded by Mossar, to approve the Planning and Transportation Commission recommendation to implement a contraflow bicycle lane on Homer Avenue,

as described under the Board/Commission Review and Recommendation section of CMR:428:04.

Resolution 8459 entitled "Resolution of the Council of the City of Palo Alto Establishing an Eastbound Bike Lane on Homer Between Alma Street and High Street, Establishing a no Parking Zone on Homer Avenue Between Alma Street and High Street, and Converting High Street to a Two-Way Street Between Forest Avenue and Channing Avenue to Facilitate Bicycle Travel from the Homer Avenue Undercrossing to the Downtown and South of Forest Areas"

Council Member Morton said he could not imagine a bicyclist on Alma Street when the light changed having to peddle as fast as they could to either Forest or Channing Avenues to get out of the way of traffic.

Council Member Mossar said, historically, when the Tunnel was first contemplated, it was assumed Homer and Channing Avenues would be converted to two-way streets. The SOFA Plan did not address the issue. If her colleagues chose to approve staff's recommendation, she hoped it would include removal of the parking spaces on Alma Street and the creation of a dedicated bike lane to protect the bicyclists. She understood the problem Ole's Auto Shop would have and suggested creating a space on Alma Street as a loading and unloading point.

Council Member Kishimoto asked whether a delivery zone space on Alma Street would be of benefit to Ole's Auto Shop.

Mr. Kott said staff would be happy to provide that; however, they did not believe it would work for Ole's business.

Council Member Kishimoto said none of the three alternatives were ideal, but any one of them would work. She expressed support for the substitute motion because it was important to provide bicyclists a safe route on Homer Avenue.

Council Member Ojakian expressed his opposition to the substitute motion. The location of the Tunnel was determined because the City lost its second largest employer in the downtown area and wanted to find a way to get those people back into the downtown businesses without driving. As part of the condition of the approval, the PAMF provided approximately \$300,000. In doing so, there needed to be a nexus, or a connection between what was required of the business and what would be done with it. In the short term, bicyclists may need to change their behavior in the section of Alma Street and Homer Avenue, and then staff could re-address the issue after 800 High Street was completed.

Vice Mayor Burch clarified when bicyclists came out of the Tunnel traveling eastbound, they could turn left to Forest Avenue, turn right to Channing Avenue, or keep straight. The motion did not specify which direction a bicyclist could go, only that the traffic signal would be changed to allow bicyclists and pedestrians to proceed to their destination.

Council Member Cordell said in her observation vehicles did not adhere to the 25 mile per hour speed limit, but traveled at a faster speed. She hoped staff would consider a bike lane on Alma Street, as Council Member Mossar previously mentioned. She also asked for staff to closely monitor the timing of the traffic signal. Perhaps 20 seconds was not enough time. She expressed her support for main motion.

Council Member Morton said he would be more comfortable with the main motion if the Council were to revisit the issue after 800 High Street was completed.

Mayor Beecham expressed his opposition to the substitute motion.

SUBSTITUTE MOTION FAILED 3-5, Kishimoto, Morton, Mossar yes, Freeman not participating.

INCORPORATED INTO MOTION WITH THE CONSENT OF THE MAKER AND SECONDER that Council would revisit the issue after 800 High Street is completed to review other options.

Council Member Kleinberg said she hoped the staff would work with the Paly High School PTA to make sure the Tunnel was safe for the students.

Council Member Kishimoto asked whether taking out parking spaces on Alma Street was a viable option.

Mr. Kott said staff was reluctant to remove parking in the downtown area, but they would take a look at it.

Council Member Mossar said it was an irresponsible act for the Council not to make sure bicyclists had a safe and protected travel lane on Alma Street, and she could not support the motion.

MOTION PASSED 6-2, Morton, Mossar no, Freeman not participating

REPORTS OF OFFICIALS

8. City Auditor's FY 2004-05 Work Plan

City Auditor Sharon Erickson said the Palo Alto Municipal Code (PAMC) required her to submit an annual Audit Plan for the Council's review and approval. The Finance Committee reviewed the proposed Audit Plan at its meeting of July 2004. In response to the Finance Committee's comments, the priority order on some of the projects had been revised. The proposed audit of streets and wastewater treatment was moved onto the active list. Questions were raised at the Committee level about the audit coverage related to the City's contracting practices and staffing. An audit of contract contingencies was in process and was expected to be presented in November 2004. The proposed Work Plan included three audits related to staffing: 1) worker's compensation; 2) Community Services' Department (CSD) class programs and staffing; and 3) CSD's Parks Maintenance Contracting and staffing. Other projects presently in process included the external financial audit, the ongoing review of SAP controls, and ongoing revenue audits. Staff was also working on a review of the Environmental Services proposal and an audit of the cable franchise and related fees. During the coming year, the Audit staff would be undertaking a triennial peer review, as required by government auditing standards, would issue the third annual Service Efforts and Accomplishments Report with results of the National Citizen's Survey, and then would move on to the two CSD audits previously discussed, as well as an audit of the police property room, and the street maintenance repair and reconstruction. As time permitted, staff would conduct other audits to include: 1) a proposed series of audits on the City's entrepreneurial programs; and 2) an audit of the Wastewater Treatment Fund. The Work Plan included more items than staff could realistically accomplish during the remaining fiscal year. Some of the items would be carried over, which was normal with the types of long-term projects they had. She asked the Council to accept the Auditor's Work Plan for Fiscal Year 2004-05.

MOTION: Council Member Morton moved, seconded by Burch, to approve the City Auditor's Fiscal Year 2004-05 Work Plan.

Council Member Mossar stated she would not participate in the portion of the item regarding Comcast due to a conflict of interest because she had family holdings in telecommunications stock. She asked whether it was possible to look at the ability to make sure park maintenance by City staff, as opposed to contractors, enabled the City to be more readily in compliance with the environmental policies.

Ms. Erickson said yes.

Council Member Morton asked if by merely accepting the Work Plan, which included audits of Comcast and other contractors for which some members of the Council might hold stocks, would not constitute a conflict of interest.

City Attorney Gary Baum suggested dividing it into two votes.

MOTION WITHDRAWN BY MAKER AND SECONDER

MOTION: Vice Mayor Burch moved, seconded by Kishimoto, to approve the City Auditor's 2004-05 Work Plan.

Council Member Morton stated he would not participate in the portion of the item regarding Comcast due to a conflict of interest because he had family holdings in telecommunications stock.

Council Member Ojakian stated he would not participate in the portion of the item regarding Comcast due to a conflict of interest because he had family holdings in telecommunications stock.

Council Member Freeman expressed her support for the motion, and understood the City Auditor's workload. She believed it was important to get a handle on staffing or at least have the ability to clearly communicate the rationale for higher than average ratio of staff to residents. She also hoped staff continued with an audit of the Code to allow an open and inclusive government of contracting practices and to eliminate sole sourcing.

Vice Mayor Burch asked whether the comments of Council Member Freeman would come under Council Comments, or whether it was a directive to the City Auditor.

Mayor Beecham said Council Member Freeman did not give staff a directive, nor did she make any additions to the motion. She just expressed her opinions.

MOTION PASSED 9-0.

COUNCIL MATTERS

9. Colleagues Memo from Mayor Beecham and Council Member Kishimoto regarding a request to staff to forward letter to the Valley Transportation Authority Regarding Long-Term Capital Investment Program

MOTION: Vice Mayor Burch moved, seconded by Morton, to ask the Mayor to execute the letter to the Valley Transportation Authority (VTA) Board of Directors.

Council Member Mossar expressed her opposition to support the motion. She said the letter had asked for process and not for result, and it would be

better served to ask for result. She believed a community-wide workshop was not the vehicle to effectively illicit consensus responses. In her opinion, the County already knew what the priority transportation needs were. They had already been identified, incorporated into the Valley Transportation Authority (VTA) Plan, and Metropolitan Transportation Authority's (MTC's) future plans. The problem was there was not a plan to implement them and the Bay Area Rapid Transit (BART) project was the key. She understood the spirit of the letter was to try to move Palo Alto forward in helping the VTA, Santa Clara County, and the region solve transportation problems in a realistic way; however, she did not see how asking for the long-term capital investment program was the answer.

Council Member Kishimoto said the letter suggested Palo Alto was ready to cooperate with VTA on innovative, cost-effective solutions for the entire County.

MOTION PASSED 8-1, Mossar no.

COUNCIL COMMENTS, QUESTIONS, AND ANNOUNCEMENTS

Council Member Freeman noted on Sunday, October 3, 2004, at 2 p.m. that Council Members Kishimoto, Burch, and herself would be available at Piazzas to comment on issues from the public.

Council Member Ojakian noted Saturday, October 9, 2004, was "Public Art Day," which would start on the City Hall Plaza at 10 a.m.

Council Member Kleinberg noted her support for Proposition 71 regarding California Stem Cell research.

CLOSED SESSION

The meeting adjourned at 11:20 p.m. to a Closed Session.

10. Conference with City Attorney -- Existing Litigation
Subject: In re Enron Corp., Debtor, U.S. Bankruptcy Court, Southern District of New York; Case No.: 01-16034(AJG)
Authority: Government Code section 54956.9(a)

The City Council met in Closed Session to discuss matters anticipated litigation, as described in Agenda Item No. 10.

Mayor Beecham announced there was no reportable action taken.

FINAL ADJOURNMENT: The meeting adjourned at 11:45 p.m.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.