Special Meeting
September 18, 2006,

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2. Resolution 8640 entitled “Resolution of the Council of the City of Palo Alto Expressing Appreciation to Annette Bialson for Outstanding Public Service as a Member of the Planning and Transportation Commission...5

3. Resolution 8641 entitled “Resolution of the Council of the City of Palo Alto Encouraging the Promotion of Health Awareness for Ourselves, our Families and our Community.................................................................5

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7. Approval of a Contract with Wilson Construction Company in the amount of $1,584,590 for Construction of the Quarry Substation Expansion/Modification by Relocating Alma Substation 22/23 Switchgear Lineup......................................................................................7
8. Approval of a Contract with Spenco Construction, Inc. in the amount of $737,324 for FY 2006-2007 Sidewalk Replacement Phase 1 – Capital Improvement Program Project, Sidewalk Repairs PO-89003.

9. Resolution 8642 entitled “Resolution of the Council of the City of Palo Alto Summarily Vacating a Five-Foot Wide Public Utility Easement at 4155 Old Trace Court”.

10. Approval to Utilize the State of California Contract for Wireless and Cellular Services with Verizon Wireless (Primary) and Sprint Nextel Corporation (Secondary).

11. Resolution 8643 entitled “Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules EDF-1, EDF-2, and EDF-3 of the City of Palo Alto Utilities Rates and Charges Pertaining to Fiber Optic Rates”.

12. 1456 Edgewood Drive: Recommendation from the Historic Resources Board to Reclassify a Single-Family Residence Built in 1866 from Category 3 to Category 2 on the City’s Historic Inventory pursuant to Palo Alto Municipal Code Chapter 16.49.


14. Recommendation to Direct Staff to Prepare Resolutions in Support of Propositions 1C, 1E, 84, 86, and 89, California Ballot Measures for November 7, 2006 Election.


16. Approve Ordinance of the Council of the City of Palo Alto Amending Palo Alto Municipal Code Chapter 16.47 (Approval of Projects with Impacts on Housing) to Remove an Exemption for Hospitals from the In-Lieu Fee Required of Commercial Development Projects with Impacts on Affordable Housing. *(To be continued to a date uncertain)*

16A. (Old Item No. 14) Recommendation to Direct Staff to Prepare Resolutions in Support of Propositions 1C, 1E, 84, 86 California Ballot Measures for November 7, 2006, Election.

17. Human Relations Commission Recommendation to the City Council to Adopt a Resolution in Support of Immigration Reform Which Upholds the Principles of Justice, Fairness and Humanity.

18. Human Relations Commission Recommendation to the City Council to Adopt a Voter Confidence Resolution.
19. **Ordinance of the Council of the City of Palo Alto Adding Section 22.08.400 to Chapter 22.08 (Park Dedications) of the Palo Alto Municipal Code to Dedicate For Park Purposes a 6.2 Acre Parcel of Land at the Corner of El Camino Real and Page Mill Road to be Known as the Stanford/Palo Alto Community Playing Fields for the Term of the City’s Lease of Such Property** ........................................ 14

20. **Agreement between the City of Palo Alto, Eden Housing, Inc. and Community Housing Alliance, Inc. to Fund a Deposit for Site Acquisition and to Conduct Predevelopment Activities for the Proposed Alma Street Family Rental Housing Project** ...................................................... 15

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21. **CONFERENCE WITH LABOR NEGOTIATOR** .................................................. 19

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FINAL ADJOURNMENT: The meeting adjourned at 12:30 a.m. ....................... 20
The City Council of the City of Palo Alto met on this date in the Council Conference Room at 6:10 p.m.

**COUNCIL MEMBERS**

Present: Barton, Drekmeier, Kishimoto, Klein, Kleinberg, Morton, Mossar

Absent: Beecham, Cordell

**PUBLIC ART COMMISSION**

Present: Acebo-Davis, Bick, Cooper, Deem, Frankel, Kirkeby

Absent: Negrin

**STUDY SESSION**

1. Joint Meeting with the Public Art Commission

**No Action Required.**

**ADJOURNMENT:** The meeting adjourned at 6:55 p.m.
The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:09 p.m.

Present: Barton, Beecham, Drekmeier, Kishimoto, Klein, Kleinberg, Morton, Mossar

Absent: Cordell

SPECIAL ORDERS OF THE DAY

1. Resolution 8639 entitled “Resolution of the Council of the City of Palo Alto Expressing Appreciation to Phyllis Cassel for Outstanding Public Service as a Member of the Planning and Transportation Commission”

MOTION: Council Member Barton moved, seconded by Morton, to approve the Resolution Expressing Appreciation to Phyllis Cassel for Outstanding Public Service as a Member of the Planning and Transportation Commission.

MOTION PASSED 8-0, Cordell absent.

2. Resolution 8640 entitled “Resolution of the Council of the City of Palo Alto Expressing Appreciation to Annette Bialson for Outstanding Public Service as a Member of the Planning and Transportation Commission”

MOTION: Council Member Morton moved, seconded by Mossar, to approve the Resolution Expressing Appreciation to Annette Bialson for Outstanding Public Service as a Member of the Planning and Transportation Commission.

MOTION PASSED 8-0, Cordell absent.

3. Resolution 8641 entitled “Resolution of the Council of the City of Palo Alto Encouraging the Promotion of Health Awareness for Ourselves, our Families and our Community”

MOTION: Vice Mayor Kishimoto moved, seconded by Morton, to approve the resolution Encouraging the Promotion of Health Awareness for Ourselves, our Families and our Community.

MOTION PASSED 8-0, Cordell absent.

4. Update on Palo Alto Safe Neighborhoods

Police Chief Lynne Johnson provided information comparing the three quarters of the current year with the prior year. The report showed the
number of robberies and auto burglaries were down compared to the prior year. Stolen vehicles were a problem with all local cities.

**No action required.**

**APPROVAL OF MINUTES**

**MOTION:** Council Member Mossar moved, seconded by Klein, to approve the minutes of August 7, 2006, as submitted.

**MOTION PASSED** 8-0, Cordell absent.

**CONSENT CALENDAR**

**MOTION:** Council Member Barton moved, seconded by Mossar, to pull item 14 to become Agenda Item 16A.

**MOTION:** Vice Mayor Kishimoto moved, seconded by Klein, to pull item 15 to become Agenda Item 16B.

**MOTION:** Council Member Morton moved, seconded by Mossar, to approve Consent Calendar Items Nos. 5 through 13, and to continue Item 16 to a date uncertain.

Council Member Mossar stated she would not participate in Item 16 due to a conflict of interest because her husband is employed by Stanford University.

Council Member Klein stated he would not participate in Item 16 due to a conflict of interest because his wife is employed by Stanford University.

Council Member Morton stated he would not participate in Item No. 10 due to a conflict of interest because of family holdings in telecommunications stock.

Mayor Kleinberg stated she would not participate in Item No. 10 due to conflict of interest because her work at Joint Venture Silicon Valley Network has to do with the broadband companies and their financial partners.

5. **Approval of a Contract with Casey Construction, Inc., in the amount of $758,247 to extend Gailen/Bibbits Storm Drain Outfall to the Adobe Pump Station, Capital Improvement Program Project SD-06103**

**Ordinance 4916 entitled “Ordinance of the Council of the City of Palo Alto Amending the Budget for the Fiscal Year 2006-07 to Provide an Additional Appropriation of $200,000 to Capital Improvement Program (CIP) SD-06103, Extend Gailen/Bibbits Storm Drain Outfall to the Adobe Pump Station”**
6. Approval of a Contract in the Amount of $102,235 with Hewlett-Packard for Operating System Maintenance and Support of the City’s Hewlett-Packard Servers

7. Approval of a Contract with Wilson Construction Company in the amount of $1,584,590 for Construction of the Quarry Substation Expansion/Modification by Relocating Alma Substation 22/23 Switchgear Lineup

8. Approval of a Contract with Spenccon Construction, Inc. in the amount of $737,324 for FY 2006-2007 Sidewalk Replacement Phase 1 – Capital Improvement Program Project, Sidewalk Repairs PO-89003

9. Resolution 8642 entitled “Resolution of the Council of the City of Palo Alto Summarily Vacating a Five-Foot Wide Public Utility Easement at 4155 Old Trace Court”

10. Approval to Utilize the State of California Contract for Wireless and Cellular Services with Verizon Wireless (Primary) and Sprint Nextel Corporation (Secondary)

11. Resolution 8643 entitled “Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedules EDF-1, EDF-2, and EDF-3 of the City of Palo Alto Utilities Rates and Charges Pertaining to Fiber Optic Rates”

12. 1456 Edgewood Drive: Recommendation from the Historic Resources Board to Reclassify a Single-Family Residence Built in 1866 from Category 3 to Category 2 on the City’s Historic Inventory pursuant to Palo Alto Municipal Code Chapter 16.49

13. Approval to Extend the Technical Currency Agreement (TCA) with Indus Utility Systems, Inc. (Formerly SCT) in the amount of $166,660 for Annual Maintenance Under Contract No. C3149377

14. Recommendation to Direct Staff to Prepare Resolutions in Support of Propositions 1C, 1E, 84, 86, and 89, California Ballot Measures for November 7, 2006 Election

15. Finance Committee Recommendation for Council Approval of Ultra-High-Speed Broadband Request for Proposal (RFP) From Finance Committee Meeting of July 18, 2006

16. Approve Ordinance of the Council of the City of Palo Alto Amending Palo Alto Municipal Code Chapter 16.47 (Approval of Projects with Impacts on Housing) to Remove an Exemption for Hospitals from the
In-Lieu Fee Required of Commercial Development Projects with Impacts on Affordable Housing—(To be continued to a date uncertain)

**MOTION PASSED** 8-0 for Items 5-9, and Items 11-13, Cordell absent.

**MOTION PASSED** 6-0 for Item 10, Kleinberg, Morton not participating, Cordell absent.

**MOTION PASSED** 6-0 for Item 16, Klein, Mossar not participating, Cordell absent.

16A. (Old Item No. 14) Recommendation to Direct Staff to Prepare Resolutions in Support of Propositions 1C, 1E, 84, 86 California Ballot Measures for November 7, 2006, Election

**MOTION:** Council Member Barton moved, seconded by Beecham, to direct staff to Prepare Resolutions in Support of Propositions 1C, 1E, and 84, to vote separately on Propositions 86 and 89, and to vote “no” on Proposition 90, California Ballot Measures for November 7, 2006, Election.

City Manager Frank Benest said cities across the State were opposing Proposition 90 for very sound reasons. The League of California Cities (League) recommended the League represent all cities on Proposition 90 and that cities were not encouraged to adopt separate resolutions.

Council Member Mossar noted the Council was told the League does not support Proposition 90 and did not want cities to adopt individual resolutions. There needed to be a statement in the staff report that explained why the City of Palo Alto cared.

Council Member Morton said the Council needed to take a public position on the ballot measures. The motion was supported but segregating out two measures was unfortunate.

Council Member Drekmeier supported adding the “No” on Proposition 90 but did not support removing “Yes” on Propositions 86 and 89.

Mayor Kleinberg suggested separating out the vote on Propositions 86 and 89.

Council Member Drekmeier suggested adding Proposition 87, which was the Clean Energy initiative and fit in with the City’s goal of reducing greenhouse gas emissions.

Mayor Kleinberg said because Proposition 87 was not included in the staff report, the matter would be on the next week’s agenda.
Council Member Mossar said a year prior the Council voted on a policy for taking positions on ballot measures. Staff was asked whether the proposal before the Council was in compliance with the policy established by the Council.

Mr. Benest said he was unable to verify whether the proposal was in compliance with Council policy.

Council Member Mossar said she would vote no on the motion and on subsequent motions on various ballot measures.

Council Member Klein said the motion, as divided, had his support. The League’s position was illogical. The propositions and measures had a direct impact on Palo Alto, and the citizens looked to the Council for leadership. The Council needed to take an official position.

Council Member Drekmeier said having a public debate about Proposition 90 was important because many people were confused. The proponents of Proposition 90 used it to include other measures that would severely restrict the zoning ability of local governments. Zoning was one of the City’s most effective tools to guide the future of the community. One way to create community dialogue was to vote on the issues.

Sally Probst, Coastland Drive, said Proposition 1C continued some of the programs that had been successful in the 2002 Housing and Emergency Shelter Trust Fund Act, which helped battered women, homeless families, and families who could not afford to live in their communities. The Council was urged to support Proposition 1C.

Mark Sabin, 533 Alberta Avenue, Sunnyvale, said Proposition 1C included the type of funds to be used to leverage other types of funding for needed housing and provided for infrastructure support for housing.

Mimi Raye, Palo Alto Housing Corporation, 680 Washington Street, Santa Clara, encouraged the City of Palo Alto to support Proposition 1C, which would replenish the existing bond funds available for housing and help nonprofits continue to provide critical funding for people in need to achieve housing.

**MOTION PASSED**  8-0, Cordell absent.

**MOTION:** Council Member Morton moved, seconded by Kishimoto, to direct staff to prepare a resolution in support of Proposition 86.

Council Member Morton said Proposition 86 provided significant funding to children’s programs, including children’s health programs.
**MOTION PASSED** 5-3, Barton, Beecham, Mossar no, Cordell absent.

**MOTION:** Council Member Morton moved, seconded by Drekmeier, to direct staff to prepare a resolution in support of Proposition 89.

Council Member Morton said Proposition 89 was a statewide measure that impacted local government. The quality of the electoral process was fundamental to a democracy.

Council Member Drekmeier said Proposition 89 would go a long way to taking some of the influence of money out of politics and was something the Council should go on record as supporting.

Council Member Beecham said his no vote was not an indication of whether or not he supported Proposition 89 but rather an indication that this was not an item the Council should address.

Council Member Barton said he shared Council Member Beecham’s concerns and would not support the motion.

Council Member Mossar concurred with the comments of Council Members Beecham and Barton.

Mayor Kleinberg said she favored supporting Proposition 89, noting that several years ago, there was a campaign that affected the representation of everyone in Palo Alto with millions of dollars being spent on one side of the campaign in order to be elected to State office.

Dave Joki, 3650 Louis Road, encouraged the Council to pass the Resolution for Proposition 89. The system was voluntary and constitutional. Other communities had a system in place that encouraged increased voter turnout and increased candidates from women and people of color.

Walter Hays, 355 Parkside Drive, said running for any State office cost a lot of money and people had to almost be a multi-millionaire or beholden to special interests. That did not contribute to good government. The League spent most of its time trying to lobby the legislature for issues that affected cities. The Council was urged to support Proposition 89.

**MOTION PASSED** 5-3, Barton, Beecham, Mossar no, Cordell absent.

16B. (Old Item No. 15) Finance Committee Recommendation for Council Approval of Ultra-High-Speed Broadband Request for Proposal (RFP) From Finance Committee Meeting of July 18, 2006
Council Member Mossar stated she would not participate in the item due to a conflict of interest because of family holdings in several telecommunications stocks including SBC and Comcast.

Council Member Morton stated he would not participate in the item due to a conflict of interest because of family holdings in SBC and Comcast.

Mayor Kleinberg stated she would not participate in the item due to conflict of interest because her work at Joint Venture Silicon Valley Network has to do with the broadband companies and their financial partners.

Mayor Kleinberg turned the meeting over to Vice Mayor Kishimoto.

**MOTION:** Council Member Klein moved, seconded by Kishimoto, to approve the Request for Proposal (RFP) for Ultra-High-Speed Broadband System Construction and Management with the following changes:

- 10.2.1 would be changed to read “The staff will return to City Council with the proposed review process.”
- 10.2.2 would be changed to “the relevant evaluation team” in place of “City Staff.”
- Section 8, Adherence to Laws and Regulations, Page 9, and Requirements of the System, Page 19. Add sentence: “to the extent such requirement is consistent with applicable law.”

Jeff Hoel, 731 Colorado Avenue, said he was a supporter of a Citywide Fiber to the Home system in Palo Alto, similar to systems in Utopia and Provo, characterized by active point-to-point links, 100 Mbps per second, IP for all services, and inter-operable components and open access. Changing the description of TV service and phone service that did not ask for analog services might be a good idea. The system should have, at a minimum, the capability for open access.

Andy Poggio, 2708 Gaspar Court, encouraged the Council to move ahead with the Broadband RFP.

Herb Borock, P.O. Box 632, said he agreed with comments made by Jeff Hoel. Mayor Kleinberg’s reason for recusal was questioned and clarity was requested. Prior to making a decision on the existing commercial fiber optic business that potential bidders might consider using or taking over, the Council needs to have an agreement as to the value of the system.

Robert Moss, 4010 Orme Street, urged the Council to approve the RFP and move forward. High quality Broadband access to every home and business in Palo Alto was essential in making Palo Alto competitive in the market and in the economy.
REPORTS OF COMMITTEES AND COMMISSIONS

17. Human Relations Commission Recommendation to the City Council to Adopt a Resolution in Support of Immigration Reform Which Upholds the Principles of Justice, Fairness and Humanity

Donald R. Mendoza, Human Relations Commission Member, 3898 Magnolia, summarized the resolution and explained why it was important to Palo Alto. Immigration Bill HR 4437 placed a heavy burden on all communities in the country in terms of the resources that had to be spent in order to comply with the bill.

Council Member Drekmeier asked for an update on HR 4437.

Mr. Mendoza said the Bill was still one of the House’s main resolutions towards immigration reform.

Council Member Drekmeier asked about the Human Resource Commission’s (HRC) concern with regard to HR 4437.

Mr. Mendoza said the primary issue of HR 4437 was that it minimized the entire issue and focused on the current illegal immigrants who entered the country through a system that currently was not working. HR 4437 put entire communities at risk.

Vice Mayor Kishimoto said she did not want to support a resolution that seemed to encourage illegal immigration.

Mr. Mendoza said the way the resolution was written called for changes in the process. The resolution called for the principles of justice and fairness to be upheld to the highest standard for everyone.

MOTION: Council Member Morton moved, seconded by Drekmeier, to accept the City of Palo Alto’s Human Relations Commission (HRC) request to adopt an Immigration Reform Resolution and Direct the City Attorney to draft the final version of the resolution.

Council Member Morton asked his colleagues to look at what they believed America stood for and to determine whether or not the resolution reflected the best spirit of the country.

Council Member Drekmeier said overpopulation was one of the biggest problems impacting the environment. Immigration added to the population growth. One of the main reasons for immigration to the United States was
because policies of multi-national corporations made earning an existence in neighboring countries difficult. There was a lot of exploitation of labor and environment, and the nation had a responsibility to address the issue. The economy became dependant on immigrant labor to do the tasks most people born in the United States would not do.

Council Member Barton said he could not support the resolution and the Council needed to get back to the business of the City Council.

Council Member Klein said he opposed the resolution and would not support matters beyond the Council’s purview, which did not directly affect the City.

Council Member Mossar concurred with the comments made by Council Members Beecham and Klein and said the Council needed to focus on City business.

Council Member Beecham urged the Council to contact Senator Feinstein, Senator Boxer, and Representative Anna Eshoo because they were in the best position to take action on the issue.

Vice Mayor Kishimoto said the immigration issue affected Palo Alto, both high and low economic statuses.

**SUBSTITUTE MOTION**: Council Member Morton moved, seconded by Drekmeier, for the City Council to go on record in opposition to HR 4437.

**MOTION TO TABLE**: Council Member Beecham moved, seconded by Mossar, to table the motion.

**MOTION TO TABLE FAILED 4-4**, Drekmeier, Kleinberg, Kishimoto, Morton no, Cordell absent.

**SUBSTITUTE MOTION PASSED 5-3**, Beecham, Klein, Mossar no, Cordell absent.

18. Human Relations Commission Recommendation to the City Council to Adopt a Voter Confidence Resolution

Shauna Wilson Mora, Human Relations Commission Member, said the Human Relations Commission (HRC) appreciated the feedback from the Council in May. The HRC believed the Voter Confidence Resolution greatly impacted Palo Alto and anyone who voted and urged the Council to adopt the Resolution.

**MOTION**: Council Member Drekmeier moved, seconded by Kishimoto, to accept the City of Palo Alto’s Human Relations Commission (HRC) request to adopt a Voter Confidence Resolution and direct the City Attorney to draft the
final version of the resolution focusing on the first seven points and excluding points eight and nine.

Council Member Drekmeier commended the HRC for accepting the feedback from the Council and tightening up the resolution. The resolution focused on guaranteeing the votes were counted accurately. The Council needed to go on record saying it wanted election reform to ensure confidence that the person with the most votes was the one who assumed office.

Vice Mayor Kishimoto said she asked the City Attorney to review the resolution and limit the number of “Whereas” clauses.

Council Member Morton said if there was no confidence in the voter system at the lowest level, there would no confidence at the national level, and there must be a way to verify votes.

Council Member Beecham said for reasons previously stated he could not approve the motion.

Brent Turner, Half Moon Bay, Open Voting Consortium, supported the resolution, noting it is a step in the right direction.

Cheryl Lilienstein, 4050 Manzana Lane, reported a group of Princeton University professors recently showed how voting systems can be hacked into and how the Diebold system works. It is a serious problem and elected officials must take a stand in this matter.

Council Member Barton requested the last “Further resolved” clause be removed from the motion.

INCORPORATED INTO MOTION WITH CONSENT OF THE MAKER AND SECONDER to remove the last “Further resolved” clause from the resolution.

MOTION PASSED 5-3, Beecham, Klein, Mossar no, Cordell absent.

ORDINANCES AND RESOLUTIONS

19. Ordinance of the Council of the City of Palo Alto Adding Section 22.08.400 to Chapter 22.08 (Park Dedications) of the Palo Alto Municipal Code to Dedicate For Park Purposes a 6.2 Acre Parcel of Land at the Corner of El Camino Real and Page Mill Road to be Known as the Stanford/Palo Alto Community Playing Fields for the Term of the City’s Lease of Such Property

Council Member Mossar stated she would not participate in the item due to a conflict of interest because her husband is employed by Stanford University.
Council Member Klein stated he would not participate in the item due to a conflict of interest because his wife is employed by Stanford University.

Council Member Morton complimented staff and Stanford University for doing something incredibly quickly that would be appreciated by many.

City Attorney Baum confirmed this is the best way to dedicate parkland since it is a lease with Stanford University and not a “taking” of land.

**MOTION:** Council Member Morton moved, seconded by Kishimoto, to adopt the Ordinance Dedicating Six Acres of Land for Park and Recreational Purposes to be known as the Stanford/Palo Alto Community Playing Fields for the Term of a Ground Lease.

**MOTION PASSED** 6-0 Klein, Mossar not participating, Cordell absent.

**REPORTS OF OFFICIALS**

20. Agreement between the City of Palo Alto, Eden Housing, Inc. and Community Housing Alliance, Inc. to Fund a Deposit for Site Acquisition and to Conduct Predevelopment Activities for the Proposed Alma Street Family Rental Housing Project

City Manager Frank Benest stated this is a wonderful collaboration between our non-profit partners, Community Housing Alliance, and Eden Housing, which will help Palo Alto’s housing deficit by creating 53 very low income units towards the deficit of 107 low income housing units. This is an exceptional location for a transit oriented development, which will be designed by Rob Quigley, an award-winning architect. Palo Alto is providing $3.5 million in existing affordable housing funds for the purchase of the Ole’s Car Shop site, consistent with an outside party appraisal, and the City will ultimately provide another $3.5 million for construction.

Don Barr, Community Housing Alliance, Inc., reported the Opportunity Center opened yesterday and he thanked the Council for their support. The Community Housing Alliance is contributing $.5 million of its own money for this proposed project, which will provide affordable workforce housing and is a great partnership.

Jeff Bennett, Eden Housing, reviewed the project details noting there would be a four-story building consisting of 53 units, with one underground level of 77 parking spaces connecting to 800 High Street. The resident profile might be 30 and 35 percent of the average median income (AMI) and might consist of university employees, daycare providers, medical and dental assistants, payroll clerks, beauticians, restaurant workers, security guards etc. There will be many wonderful amenities including a high tech computer lab managed by Eden Housing, as well as a scholarship program for adults and...
children who want to further their education. The project will also include many green building features contributing to resource conservation, improved indoor air quality, and increased energy efficiency. The PC rezone will hopefully be approved by the end of 2007 with an application for a building permit to be submitted the middle of 2008 and construction to begin at the end of 2008.

Council Member Drekmeier stated he was pleased the project was open to a bike lane on Homer Street.

Mr. Barr said they would have no objection to the bike lane.

Mr. Benest reported that staff is working on this issue.

Mr. Barr noted there would be an income level requirement and then priority would be given to individuals who currently work or live in Palo Alto, or have a family member who works or lives in Palo Alto.

Council Member Barton referred to Page 3 of the CMR, last paragraph, and questioned the gift of public funds regarding the fair market cost of the sites to be acquired.

Mr. Baum said it is not a gift of public funds; it is the use of public funds for a housing project. Palo Alto is required to pay no more than the fair market value of the property.

Mr. Benest clarified it is a key corner site and the value of the property was provided by outside real estate appraisers.

Council Member Klein asked how Palo Alto’s housing element requirement for low income housing would be affected now that it has been achieved.

Mr. Emslie advised the housing created in the planning period would be credited for that year. The year 2007 would be the end of the planning period for the current housing element and this project won’t come on line until a later date. Discussions between colleagues in the region believe it will benefit the cities that have met or exceeded their housing elements. The methodology for setting housing element requirements has not yet been determined.

Mr. Benest noted that City Managers are actively working on this topic.
**MOTION:** Council Member Morton moved, seconded by Drekmeier, to accept the Agreement Between the City of Palo Alto, Eden Housing, Inc. and Community Housing Alliance, Inc. to Fund a Deposit for Site Acquisition and to Conduct Predevelopment Activities for the Proposed Alma Street Family Rental Housing Project.

Mark Sabin, 533 Alberta Avenue, Sunnyvale, referred to the median price of homes today, which means there are more and more people priced out of the housing market. This project will allow many of those individuals to live in the community where they contribute their labor. He applauded the project and urged approval.

Doris Petersen, League of Women Voters, 1803 Edgewood Drive, urged Council to approve and move forward with the project.

Sally Probst, Coastland Drive, said this is the culmination of several years of effort and it is a wonderful project.

Tom Wasow, 758 Barron Avenue, quoted Mayor Kleinberg at the opening of the Opportunity Center yesterday who stated, “This is just the beginning.” He stated he is also very excited about having a bike lane to the tunnel.

Litsie Indergand, 336 Ely Place, urged approval of the project.

Bena Chang, Santa Clara County Housing Action Coalition, 224 Airport Parkway, Ste. 620, San Jose, said it is the right project and urged approval.

Eve Agiewich, 3427 Janice Way, thanked Council Members for attending the opening of the Opportunity Center this weekend.

Carol Lamont, 618 Kingsley Avenue, stated her appreciation of the low cost housing provided for her in 1991 and urged the Council to provide more opportunities such as this project.

Robert Moss, 4010 Orme Street, supported the concept of the project but noted his concerns regarding the price to purchase the Ole’s Car Shop property and, also, who actually owns the sub-station site.

Norman Carroll, 3061 Emerson Street, thanked everyone who attended the Opportunity Center opening. Affordable housing is necessary so that young people can come back to Palo Alto and buy a house after college.

Joy Ogawa said she opposed the project because it paves the way for a giveaway of millions of dollars of public funds to a private partnership. It will be difficult to pass a bond measure for a new police building or libraries.
Elaine Meyer stated it is the job of the City Council to protect the interests of the City and not to make a few people happy. This project is flawed and too expensive. The actual value of the sub-station is $6.07 million and not $2 million. She recommended other areas in the City for low income housing and to use this site for a police building.

Council Member Beecham said it is difficult to find the perfect site for low income housing and he is also concerned about the high price the City is paying for Ole’s site.

Mr. Emslie advised the Ole’s property was valued at the time the City would take possession, which is mid-2008, and the sub-station is valued in today’s dollars.

Jeff Benett, Eden Housing, stated the appraisal of $3.5 million for the Ole’s site was done by Community Housing Alliance looking forward to August 2008, which would be less than the fair market value. As of May 18, 2006, the property was valued at $2.36 million.

Mr. Benest stated a third party appraiser performed the appraisal for the Ole’s property and the City real estate appraisers valued the sub-station property, which is owned by the City.

Mr. Bennett referred to land cost per unit at 88 units per acre, which is $167,000 per unit and is comparable to 800 High Street.

Vice Mayor Kishimoto questioned the cost per unit as noted under Resource Impact in the CMR with a total cost of $24 million.

Mr. Emslie clarified the $24 million figure includes all development costs and the $167,000 per unit was just the cost for land.

Vice Mayor Kishimoto said she would like to see the City retain control of the sub-station land and not have to change title, since Stanford would not allow more than a 50-year lease of the Quarry Road site for the sub-station.

Mr. Benest stated there is a reversionary clause in the agreement for the land to be returned to the City if it is not used for these particular purposes.

Vice Mayor Kishimoto would also like to see a PTOD resident traffic reducing element since there are 77 parking spaces for 53 family units.

Mr. Emslie advised the parking ratio will no doubt change once it goes through the PC review.

Vice Mayor Kishimoto noted the cost is still $500,000 per unit and with expansion of the Medical Center and the Shopping Center, there will be
many jobs generated by future developments. She noted the City is making a value judgment between land and new housing, which will come up when going to the voters with a bond measure.

Council Member Morton recommended reviewing the actual value of the City contribution, which should be a book entry that is more reflective of the actual value.

Council Member Drekmeier stated the City is socializing the cost and privatizing the gain, but the housing is badly needed. There are many challenges to be addressed.

Council Member Klein said the agreement is being approved this evening and the details of the project would be determined at a later date. It is a very expensive project, which is not unique. The City also has an obligation to the State.

Mayor Kleinberg noted she is concerned with the financial valuation aspects of the project and is also troubled with the earlier public comments that such a good location should not be used for low cost affordable transit oriented housing.

**MOTION PASSED 8-0, Cordell absent.**

**COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES**

Council Member Barton stated he recently attended the League of California Cities Conference in San Diego.

Council Member Drekmeier reported the Green Ribbon Task Force held a very productive meeting last week at IDEO.

Council Member Beecham noted he would be attending an unique renewable energy source meeting at The Geysers on October 25-26 and invited his colleagues to join him.

Mayor Kleinberg mentioned the opening celebration of The Opportunity Center this past weekend, and congratulated Frank Benest and Steve Emslie, in particular, for an extraordinary project.

**COUNCIL ADJOURNED TO A CLOSED SESSION AT 11:00 P.M.**

21. **CONFERENCE WITH LABOR NEGOTIATOR**
   City Manager and his designees pursuant to Merit Rules and Regulations (Frank Benest, Russ Carlsen, Keith Fleming, Lalo Perez, Sandra Blanch)
   Employee Organization: Local 715, Service Employees International Union (SEIU)
22. CONFERENCE WITH CITY ATTORNEY -- EXISTING LITIGATION  
Authority: Government Code section 54956.9(a)

The Council met in Closed Session to discuss matters regarding labor negotiations and existing litigation as described in Agenda Item Nos. 21 and 22.

**Mayor Kleinberg announced there was no reportable action taken.**

**FINAL ADJOURNMENT:** The meeting adjourned at 12:30 a.m.