



City of Palo Alto

City Council Staff Report

(ID # 6045)

Report Type: Action Items

Meeting Date: 9/21/2015

Summary Title: Adoption of Interim Ordinance for Office/R&D Annual Growth Limit Boundaries

Title: PUBLIC HEARING - Adoption of an Interim Ordinance Establishing a 50,000 Square Foot Annual Limit on Office/R&D Development in a Portion of the City Including Downtown, the California Avenue Area, and the El Camino Corridor. Environmental Assessment: This Ordinance is Exempt from the California Environmental Quality Act (CEQA) Pursuant to CEQA Guidelines Section 15061(b)(3); The Planning and Transportation Commission Recommended Adoption

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that the City Council adopt the subject ordinance (Attachment A), establishing an annual limit of 50,000 square feet for new Office/R&D development in a subset of the City comprised of Downtown, the California Avenue Area, and the El Camino Corridor for an interim period of two years, or until the Comprehensive Plan Update is adopted, whichever is less.

Executive Summary

The City of Palo Alto and the region have experienced dramatic job growth since the end of the recession, resulting in increases in traffic, parking demand, and other impacts of growth. This growth and the attendant impacts are not directly addressed by the City's current growth management strategies, which include a cumulative cap on non-residential development in downtown and in the City as a whole.

Over the course of six meetings from January through June of 2015, the City Council discussed growth management strategies that might effectively address the *pace* of growth and provided staff with direction to develop an interim ordinance that would put in place an annual limit on new development of office and research & development (R&D) space in the City's fastest changing commercial districts. The interim ordinance is intended to control the pace of growth and change in these areas for a two-year trial period or until the Comprehensive Plan Update is

adopted, with the understanding that the Comprehensive Plan Update may perpetuate or modify this program.

The Council's recommended annual limit of 50,000 square feet per year will be effective at constraining development in years when the City is experiencing a lot of development pressure, as demonstrated by historic data for the past 15 years. In this timeframe, the 50,000 square foot limit would have acted as a constraint on development during six years. In other years, the cumulative total of new square footage entitled in the affected areas was less than 50,000 square feet.

The attached draft ordinance reflects the City Council's specific direction on parameters of the annual limit program, including affected land uses and exemptions, the process by which the annual limit would be implemented, the criteria that would be used to evaluate competing projects, and the disposition of pending or "pipeline" projects. The ordinance also reflects the Planning & Transportation Commission's recommendation regarding specific boundaries of the program, including the exemption of coordinated area plans (Palo Alto's version of specific plans), like the SOFA II plan. All of these issues are discussed further below, and four questions are posed regarding potential adjustments to the draft ordinance.

Background

The City's Comprehensive Plan contains an overall cap on the amount of non-residential development that can occur in Downtown and in the City as a whole, but does not currently limit the pace of development.¹ This issue was discussed at public workshops regarding the Comprehensive Plan Update in the summer of 2014, and the City Council took up the idea of limiting the pace of new office/R&D development over the course of six meetings from January through June of 2015. ([CMR: 5877](#); [CMR: 5689](#); [CMR: 5621](#); [CMR: 5565](#); [CMR: 5518](#); [CMR: 5404](#).)

On March 23rd, the City Council adopted a series of motions directing staff to (among other things) prepare an interim ordinance to effectuate an annual limit on new office/R&D development in those areas of the City experiencing the most rapid change: Downtown, the California Avenue Area, and the El Camino Corridor. The Council's motions are included as Attachment B and also identified measures to be considered for adoption on a permanent basis as part of the City's Comprehensive Plan Update. Key factors for the preparation of the interim ordinance identified by the Council include but are not limited to;

- Office/R&D annual limit would run until the adoption of the new Comprehensive Plan or two years whichever is sooner;

¹ The cap that applies to the City as a whole was established by Comprehensive Plan Policy L-8 and addresses non-residential development in "monitored areas." Non-residential development pursuant to this policy is not close to reaching the 3.2M square foot cap. Non-residential development in Downtown may reach the 350,000 square foot cap established for that area (in Comprehensive Plan Program L-8) within the next several years, necessitating reevaluation of this limit.

- The limit would apply to an area comprised of the Downtown, California Avenue area, and the El Camino Real corridor;
- The limit would be set at 50,000 sq. ft. of new office/R&D development (net gain) per year.

For a variety of reasons explained in prior staff reports (See [CMR: 5565](#)), the data associated with monitoring of Comprehensive Plan Policy L-8 is considered less intuitive and useful than data on development approvals that is submitted by the City to the Valley Transportation Authority (VTA) for use in the Congestion Management Plan (CMP). This CMP data provides a similar, though more refined picture of non-residential development in Palo Alto since it separates office uses from retail and from other non-residential uses. The one disadvantage is the CMP data's use of the Fiscal Year, rather than the calendar year for reporting purposes. Also, the CMP data is only considered reliable as an estimate of square footage changes for the period from 2001 to the present.

Table 1 below presents the updated CMP data for the fiscal years 2001 thru 2015 for geographic areas identified by the City Council's motion on March 23, 2015 and is based on the boundaries shown in Attachment C. As explained further in the Discussion section below, these suggested boundaries differ from the boundaries of the "Commercial Centers" identified in the Comprehensive Plan, and are based instead on zoning district boundaries.

Table 1. Net New Non-Residential Development Based on Congestion Management Plan (CMP) Classifications by District from FY2001 to FY2015

	California Ave/Ventura Area	Downtown Area	ECR Corridor	Stanford Research Park	Other	Totals
Retail	59,898	-48,852	-24,153	0	5,349	-7,758
Office and R & D	263,674	315,586	46,210	320,577	-570,053	375,994
Other	-147,354	49,407	-14,193	22,331	733,294	643,485
Total	176,218	316,141	7,864	342,908	168,590	1,011,721

Notes:

1. CMP data is reported by the City to the Valley Transportation Agency (VTA) each fiscal year and can be sorted by geographic area.
2. The numbers above represent the net change in each land use over the period from FY2001 to FY2015 and is based on planning entitlements granted.
3. These figures do not include "pipeline" projects and do not include the Stanford Medical Center (SUMC) or square footage gained/lost as a result of the Mayfield Development Agreement.
4. "Retail" is broadly defined to include automotive services, commercial recreation, and other uses that do not fall into one of the other CMP categories.
5. The CMP data does not distinguish between general office, medical office, and other types of office uses, although it does distinguish between office and R&D.

Source: Palo Alto Department of Planning & Community Environment, July 2015

On June 15, the City Council further discussed the details of the interim ordinance to limit new office/R&D development by discussing (1) the applicability of the limit to land uses as they are defined in the City's zoning ordinance; (2) the process and criteria that shall be used to evaluate applications for compliance with the annual limit; and (3) effect of the limit on applications that are currently in the "pipeline." (See [CMR: 5877](#)). The Council adopted another series of motions addressing these issues as discussed in detail below. See Attachment D for the 06/15/15 City Council action minutes.

As noted earlier, the cumulative totals for non-residential development only tell part of the story. The pace of growth is better reflected by looking at the commercial areas on an annual basis, as shown in Table 2 in Attachment E. As shown in Table 2, a 50,000 square foot annual limit in the commercial districts affected by the proposed ordinance would have acted as a constraint in six of the past 15 years (FY2006, FY2007, FY2010, FY2012, FY2014 and FY2015). In other years, the cumulative total of new square footage entitled in the affected areas was less than 50,000 square feet.

The Planning & Transportation Commission considered the draft ordinance at their meetings of August 12, 2015 and August 26, 2015, ultimately recommending adoption of the ordinance as drafted with the addition of an exemption for coordinated area plans like SOFA II. The majority of the PTC felt that the suggested boundary and exempt uses were appropriate.

Throughout much of the PTC's discussion, it was clear that members were ambivalent about the idea of an interim annual limit for a variety of reasons. One Commissioner characterized a temporary, two-year limit as a "distraction" from the Comprehensive Plan Update process, and another referred to it as a "blunt instrument." While ultimately recommending the ordinance for adoption, the Commissioners seemed to believe that the program would be more fair and easier to implement if the annual limit were administered on a first-come-first served basis (rather than through a competitive process). The PTC also suggested that the review criteria be explicitly weighted, or not included at all as they could produce a "beauty contest." Some PTC members also felt that a "rollover provision" that allowed unbuilt space to be built in the following years would mitigate unpredictable economic downturns. Please see Attachment F for the minutes of the 08/12/15 and 08/26/15 PTC meetings for more specifics regarding the Commission's discussion.

Discussion

The attached draft ordinance includes specific provisions regarding district boundaries, land uses and exemptions, the process and criteria for administering the program, and its applicability to pending ("pipeline") projects. These parameters are summarized below along with a number of questions for the Council's consideration.

Boundaries

The Council directed staff to prepare the ordinance so the office/R&D annual limit would apply to the Downtown, California Avenue, and El Camino Corridor areas but did not define the specific boundaries of these areas.

The proposed ordinance identifies the boundaries shown in Attachment C (map of potential boundaries for office R&D Cap and 1989 Commercial Growth Monitoring Areas). These boundaries generally conform with the zoning districts where office/R&D uses are permitted within the three areas rather than following the boundaries of “commercial centers” defined in the Comprehensive Plan. This would mean that the annual limit would apply to more parcels in the California Avenue Area and the El Camino Corridor than if the Comprehensive Plan boundaries were used, and fewer in the Downtown. (While there would be somewhat fewer affected parcels in downtown, those non-affected parcels are not currently zoned for office/R&D, so the exclusion is not expected to substantively change the effectiveness of the proposed annual limit.)

The City Council deadlocked when discussing the issue of boundaries because there was no majority either to include or exempt coordinated area plans (Palo Alto’s version of specific plans), like the SOFA II plan, ultimately voting to refer the office/R&D annual limit boundaries to the PTC. The rationale for exempting coordinated area plans (there is currently only one that allows office development) is that these areas have been the subject of neighborhood-specific planning through a public process. The rationale for not exempting these areas is that net new office/R&D development in the area contributes to the pace of district-wide change and associated impacts.

The PTC recognized that the process of establishing coordinated area plans involves a significant amount of civic engagement and conveys the community vision of development for that area or neighborhood. Therefore, PTC recommended that the Council adopt the attached draft ordinance using the proposed boundaries, but excluding coordinated area plans (See Figure 1 below or Attachment G for the proposed boundaries excluding coordinated area plans). This exemption has been added to the draft ordinance since the PTC’s meeting.

Question 1: Would the City Council like to accept the PTC’s recommendation and approve the draft ordinance with the suggested boundaries and an exemption for coordinated area plans?

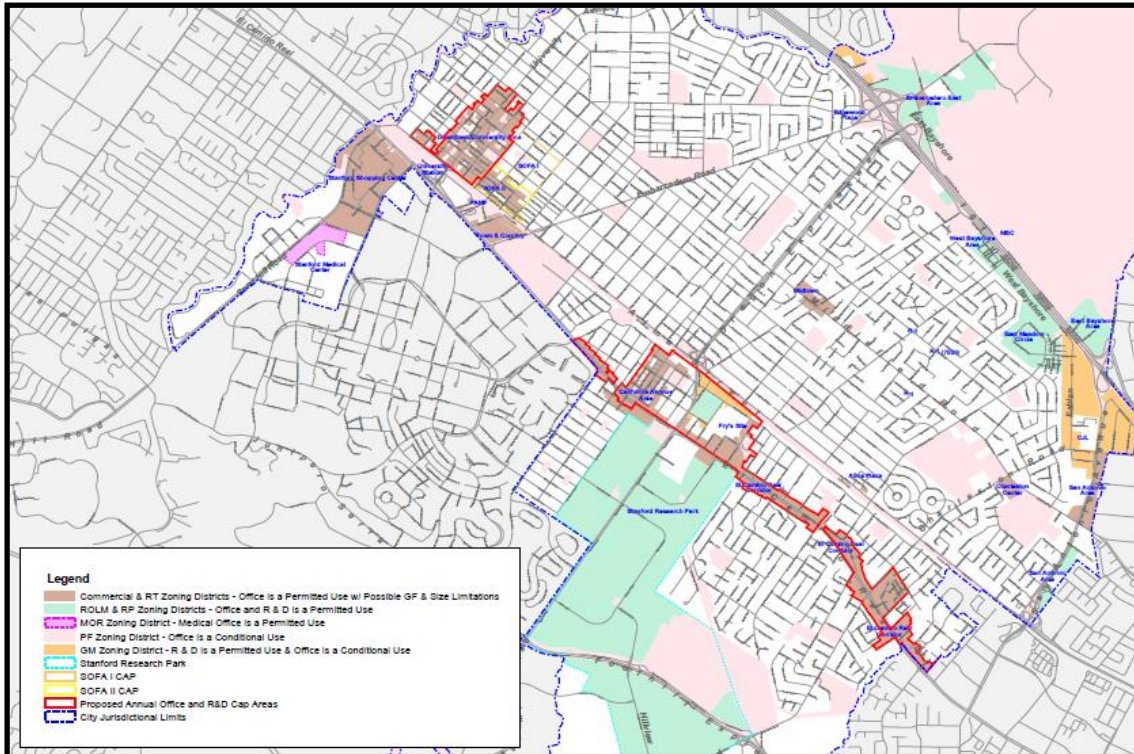


Figure 1: Map of Palo Alto showing areas where office and/or R&D uses are permitted or conditionally permitted and areas where an annual limit of 50,000 sq. ft. per year is proposed excluding coordinated area plans (SOFA I and II) (Attachment G)

Land Uses & Exemptions

The City Council’s direction was to prepare an ordinance that would apply office/R&D limit to Research and Development (R&D), Administrative Office, General Business Office, Professional Office, and Medical Offices over 5,000 square feet as defined in the Municipal Code 18.04.030. The Council also wished to exempt projects generating less than 2,000 square feet of net new office or R&D space and “self-mitigating” projects. The applicable land uses and exemptions have been included in the draft ordinance, which has been amended since the PTC’s hearing to clarify that government offices would not fall within the scope of the ordinance, since they are considered Public/Quasi-Public Facility Uses per Municipal Code Section 18.28.040.

Process & Criteria

The draft ordinance would establish a procedure by which applications are accepted and processed as they are currently, except no applications would be approved until after March 31 each Fiscal Year. At that point, if the square footage proposed by all applications combined would exceed the annual limit, completed applications that have been recommended for approval by an advisory body like the Architectural Review Board would be ranked based on scoring criteria and provided to the City Council for evaluation and action prior to the end of the Fiscal Year on June 30. If the square footage proposed by all applications combined would not exceed the annual limit, the completed applications that have been recommended for approval would be acted upon using the usual process.

The City Council's March 23, 2015 motion included proposed criteria for evaluating projects in a competitive process and additional criteria were suggested at the June 15th meeting. The proposed ordinance includes all of these criteria and does not provide any guidance as to how they should be weighted:

- density of the development in the context of underlying zoning and the site surrounding;
- ability to avoid or address potential impacts on traffic and parking;
- quality of design, including the attention to human scale where the building(s) meet the street, the compatibility with surroundings, and the overall architectural quality;
- environmental quality;
- the monetary and/or non-monetary value of public benefits offered.
- Mixed use projects including substantial housing;
- Mixed use projects including retail;
- Mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios;
- Any entitlement applications involving an Office/R&D development project deemed "complete" in terms of CEQA review after March 31, 2015 but prior to June 15, 2015.

Members of the PTC and the public have pointed out that without a weighting system, the competitive process envisioned by the ordinance is not particularly transparent or predictable. Also, with the use of a competitive process rather than a first-come-first system, the program will be complex and time consuming for both the staff and the Council.

Question 2: Would the Council like to reconsider the use of a competitive process and amend the ordinance to rely on a first-come-first-served system?

Question 3: If the Council elects to retain the competitive process in the draft ordinance, should the criteria be weighted either in the ordinance itself or in the administrative procedures referenced in the ordinance?

“Pipeline” Projects

The Department of Planning and Community Environment currently (as of August 31, 2015) has 12 pending applications for discretionary projects that would result in a net increase in office or R&D square footage, not counting applications for preliminary architectural review, since such applications do not result in a planning entitlement. The pending applications are listed in Table 3 below and segregated into those within the recommended boundaries (11) and an application outside the boundaries (one).

As shown below, the sum total of “pipeline” projects within the recommended boundaries currently pending exceeds the proposed annual limit of 50,000 gross square feet by approximately 84,000 square feet. Individual projects include those that have been in process since last year (for example, the 3045 Park Blvd and 2747 Park Blvd applications), and applications that have been filed quite recently (for example, the 3265 El Camino Real application filed in July 2015).

The pending projects are also at different stages of “readiness,” based on their categorization as complete or incomplete, and their status in terms of CEQA review and whether they have been recommended (or not) for a final action.

Table 3. “Pipeline” Projects with net new Office/R&D square footage as of August 31, 2015

Address	Date of Application	Application Status	Application Deemed "Complete" Date	Net Sq Ft Cal Ave	Net Sq Ft Downtown	Net Sq Ft El Camino Corridor	Net Sq Ft Other Areas
2747 Park Blvd	10/6/2014	Application Complete - Preparing EIR	4/10/2015	28,200			
3045 Park Blvd ¹	10/6/2014	Application Complete - Preparing EIR	4/10/2015	29,120			
3225 El Camino Real ²	1/5/2015	Application Complete -Preparing Initial Study	5/28/2015	3,437			
2755 El Camino Real	11/4/2014	On Hold – Planned Community Zoning Application		29,187			
2585 El Camino Real	4/29/2015	Notice of Incomplete Sent 08/01/15		9,408			
380 Cambridge Ave	6/16/2015	Notice of Incomplete Sent 07/15/15		2,917			
425-429 University Ave ³	6/19/2014	Appealed - HRB on 09/10/15 & ARB on 09/17/15			10,660		

Address	Date of Application	Application Status	Application Deemed "Complete" Date	Net Sq Ft Cal Ave	Net Sq Ft Downtown	Net Sq Ft El Camino Corridor	Net Sq Ft Other Areas
411 Lytton Ave- 437 Lytton Ave	12/9/2014	Application Complete	5/8/2015		6,096		
901 High St	2/9/2015	Notice of Incomplete Sent 08/30/2015			9,950		
3877 El Camino Real ⁴	11/20/2014	Application Complete - Initial Study	12/21/2014			4,020	
3265 El Camino Real	7/23/2015	Notified "Application Incomplete" during 08/19/15 DRC meeting				1,357	
3170 Porter Dr ⁵	3/23/2015	Notice of Incomplete Sent 04/15/15					29,046
		Totals by Area		102,269	26,706	5,377	29,046

Notes:

1. Project proposes 29,120 sq ft of office and demolishes the existing 17,956 sq ft of mostly automotive uses (some office use supporting the automotive uses is included in the existing 17,956 sq ft)
2. Project proposes 10,437 sq. ft. of commercial space, but is required to maintain 7,000 sq. ft. of retail (retain existing retail FAR). There is a potential for approximately 3,437 sq. ft. of office use
3. 10,660 sq ft = 12,860 - 2,200 sq ft; Existing office approximately 2,200 sq ft; proposed office = 12,472 + 388 = 12,860 sq ft; 388 sq ft = 775/2 ground floor utility spaces (stairwells, etc) split w/ retail use. Deemed "Complete" prior to 03/31/15 and will be exempted from Limit
4. Project proposes 4,020 sq ft net gain of Office which includes shared lobby space with other retail square footage. There is no existing office on this site.
5. Projects are "Designated Sites and Projects" under the Mayfield Development Agreement

- The list above only includes projects with a formal Architectural Review Board (ARB) application. It does not include projects in the Preliminary ARB process.
- The net Office/R&D square footage are based on the applicant's project proposal and may be revised before the project receives a Planning Entitlement.
- The list above only includes projects with a proposed net increase in Office or R&D square footage and is not a comprehensive list of all current pipeline projects.

Pursuant to Council's direction, the draft ordinance would exempt pipeline office/R&D development projects with applications deemed "complete" by March 31, 2015. The Council may wish to reconsider their direction depending on the time elapsed between this date and their consideration and adoption of the proposed ordinance.

There are two pending projects (425-429 University Ave and 3877 El Camino Real) deemed "complete" in terms of CEQA review prior to 03/31/15 that will be exempted from the annual limit while four pending projects were deemed "complete" in terms of CEQA review after 03/31/15 but prior to 06/15/15 (2747 Park Blvd., 3045 Park Blvd., 3225 El Camino Real, and 411-437 Lytton Ave.). Pursuant to the Council's direction, these pending projects, if recommended for approval by an advisory body such as the Architectural Review Board (ARB), will be given additional consideration in the evaluation process of projects affected by the office/R&D annual limit (see the discussion of criteria above). The rest of the remaining pending projects were either "incomplete" as of 06/30/15 or are projects outside the recommended boundaries of the office/R&D annual limit. (One project is a pending Planned Community zoning application that is on hold and has not been reviewed for completeness.)

Also, if the Council chooses to accept the PTC's recommendation to exempt coordinated area plans, one pipeline project (901 High St) proposing 9,950 square feet of office space, would effectively be exempted from the annual limit.

Question 4: Does the Council wish to reconsider the March 31, 2015 date for exempting pending applications due to the passage of time and instead exempt all applicable pipeline projects deemed "complete" prior to June 15, 2015 or the effective date of the ordinance?

Policy Implications

The proposed program would seek to moderate the pace of development without changing the zoning regulations that affect land uses and densities. The annual limit program would be tested on a short term basis, and during that period would complement – and not replace – growth management strategies in the current Comprehensive Plan, which consist of a cumulative cap on non-residential Downtown and Citywide. In this way, the proposal would implement Comprehensive Plan Policy B-1: *"Use a variety of planning and regulatory tools, including growth limits, to ensure that business change is compatible with the needs of Palo Alto neighborhoods."*

If the annual limit approach is adopted on a permanent basis after the two year trial, it would likely involve amendments to the policies and programs about growth management in the Comprehensive Plan, for example Program L-8 about the Downtown cap.

Timeline

Establishment of an annual limit on development of net new office/R&D square footage, even on an interim basis is a complex endeavor that has the potential to substantially affect property owners who have already invested in pending applications.

If the Council takes their action to adopt the draft ordinance tonight, this could effectively mean beginning the FY16 trial as of an effective date in November (i.e. 30 days after a second reading in October.)

Consistent with the Council's direction on March 16, 2015, the proposed ordinance would make the annual limit effective for two years (FY16 and FY17), at which time it would cease, unless it were affirmatively continued or modified/replaced. By separate action, the City Council could also choose to make adjustments, cease, or extend the program at any time before the end of two years.

Environmental Review

Adoption of an ordinance implementing a short term (two year) limit on the amount of office space that can be entitled in a subsection of the City will have the effect of perpetuating the status quo if it discourages new applications for development or slows down the processing of pending applications. Also, while a longer-term annual limit might have the effect of directing

office development to other areas of the City or stimulating alternative development (such as housing), these market shifts are unlikely to occur within the two year time frame. For these reasons, it can be seen with certainty that the proposed temporary annual limit would not have the potential to cause a significant effect on the environment and no review pursuant to the California Environmental Quality Act (CEQA) is required pursuant to CEQA Guidelines Section 15061(b)(3).

The program-level Environmental Impact Report (EIR) regarding the City's Comprehensive Plan Update will evaluate the potential long-term impacts of the proposed annual limit on office/R&D development and will be used to inform a decision to extend the short term (interim) program at the end of two years if desired.

Attachments:

- Attachment A: ORD Office Growth Meter (PDF)
- Attachment B: March 23, 2015 City Council Action Minutes (PDF)
- Attachment C: Map of Office/R&D Office Limit Potential Boundaries and 1989 Commercial Growth Monitoring Areas (PDF)
- Attachment D: June 15, 2015 City Council Action Minutes (PDF)
- Attachment E: Annual Non Residential Growth in Subject Areas FY2001-FY2015 Based on CMP Classifications (PDF)
- Attachment F: Draft Excerpt PTC Minutes of August 12 and 26, 2015 (PDF)
- Attachment G: PTC recommended boundaries for office and R&D annual limit draft ordinance (PDF)

NOT YET APPROVED

Ordinance No. _____

Interim Ordinance of the Council of the City of Palo Alto Adding Section 18.85.200 (Annual Office Limit) to Chapter 18.85 entitled "Interim Zoning Ordinances" Imposing an Office Annual Limit of 50,000 Net New Square Feet in Designated Areas of City

FINDINGS

A. The City of Palo Alto has long been considered the birth place of Silicon Valley. With its proximity to Stanford University, its international reputation, its deep ties to technology firms, its highly rated public school system and its ample public parks, open space and community centers, Palo Alto continues to serve as a hub for technology-based business.

B. Palo Alto is considered one of Silicon Valley's most desirable office markets. According to one study Class A office rates have climbed 49 percent since the start of 2010. The same study reported Class B office space increasing by 114.4 % since 2010.

C. In particular, average commercial rental rates have gone up significantly from 2013 to 2015. In 2013 the average monthly rental rate citywide for office was \$4.57 per square foot. That rate increased to \$5.12 in 2015.

D. As a result, the City has seen a steady increase of new Office and Research and Development (R&D) projects. According to data submitted by the City to support the Valley Transportation Authority's Congestion Management Plan (CMP), since 2001, the City has added 234,002 of net new square feet of office/R& D development in the California Avenue area; 315,586 in the downtown area, and 46,210 in the El Camino Real corridor.

E. While this new development is consistent with the City's zoning ordinance and its Comprehensive Plan, the rate of change has been faster than anticipated, resulting in changes in the character of the City's commercial districts. The changes have also resulted in additional parking demand, traffic, and greenhouse gas emissions, and negatively impact the City's jobs/housing ratio.

F. Based on the CMP data, there have been six years since 2001 in which more than 50,000 net new square feet of Office/R&D development have been entitled in these districts combined, and these six years include the last two (fiscal years 2014 and 2015).

G. Record high monthly rental rates for office space and low vacancy rates suggest that the rapid pace of development is likely to continue, putting pressure on sites that are not currently developed to their maximum potential, and contributing to a feeling in the community that the character of the City's commercial districts are changing too fast.

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. A new Section 18.85.200 (Annual Office Limit) is added to Chapter 18.85 entitled "Interim Zoning Ordinances" to the Palo Alto Municipal Code to read as follows:

"18.85.200 Annual Office Limit

18.85.201 Definitions. For the purposes of this Ordinance, the following terms shall have the definitions below:

(a) Office Annual Limit Area shall include the area shown in Exhibit A, comprising the commercial districts of Downtown, the California Avenue Area, and the El Camino Real corridor. The South of Forest Area (SOFA II) and any other areas that are the subject of coordinated area plans shall be exempt from this Ordinance.

(b) Office Annual Limit Land Uses shall include any of the following uses in the Office Annual Limit Area:

1. Research and Development as defined in Section 18.04.030(123);
2. Administrative Office Services as defined in Section 18.040.030(6);
3. General Business Office as defined in Section 18.040.030(61);
4. Medical Office greater than 5,000 net new square feet as defined in Section 18.04.030(95); and
5. Professional Office as defined in Section 18.04.030(116).

(c) Qualifying Application shall mean an application for a permit or other planning entitlement for an Office Annual Limit Land Use which (1) has been determined to be complete, (2) has completed the necessary analysis under the California Environmental Quality Act and (3) has been reviewed by all required commissions and/or Planning Director, as applicable.

18.85.202 Office Annual Limit. During the pendency of this Ordinance no more than 50,000 net new square feet of Office Annual Limit Land Uses per fiscal year shall be approved by the City in the Office Annual Limit Area.

(a) For purposes of this Ordinance, the fiscal year shall be defined as July 1 to June 30.

(b) The 50,000 square foot limit imposed by this section shall not apply to exempt projects as defined in 18.85.203 and such projects shall not be counted towards this limit.

(c) This restriction shall be in addition to any other applicable growth restriction including but not limited to Comprehensive Plan Policy L-8 and Section 18.18.040 of the Zoning Code. In the event multiple policies apply to a project, the policy most restrictive of growth shall apply.

18.85.203 Exemptions. The following shall be exempt from this Ordinance:

(a) Small Projects. Projects containing less than 2,000 net new square feet or less of Office Annual Limit Land Uses and accessory office space that is incidental to and customarily associated with a principal use or facility are exempt from the Office Annual Limit.

(b) Small Medical Office Projects. Projects containing 5,000 net new square feet or less of Medical Office are exempt from the Development Cap.

(c) Self-Mitigating Projects. Projects that both: (1) provide sufficient rental housing such that the combination of dwelling units and Office Annual Limit Land Uses would improve the current citywide job/housing balance of 3.04 jobs for every employed resident; and (2) provide substantial transportation demand management strategies (individually or in cooperation with other projects or programs) to improve the current parking and traffic conditions.

(d) Pipeline Projects. Projects which have been approved, or which are considered “pipeline projects” as follows:

1. Projects which obtained a planning entitlement for an Office Annual Limit Land Use prior to the effective date of this ordinance.
2. Projects which are the subject of a planning entitlement application that was submitted to the City in 2013 or 2014 and deemed complete by the City on or before March 31, 2015.

(e) City Office Space. New office space used by the City of Palo Alto.

18.85.205 Economic Hardship Waiver or Adjustment. An applicant may request that the requirements of this Ordinance be adjusted or waived based on a showing that applying the requirements of this Ordinance would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property.

The applicant shall bear the burden of presenting evidence to support a waiver or modification request under this Section and shall set forth in detail the factual and legal basis for the claim, including all supporting technical documentation.

Any such request under this section shall be submitted to the Planning and Community Development Director together with an economic analysis or other supporting documentation and shall be acted upon by the City Council.

18.85.206 Procedures for Reviewing Qualifying Applications. The following additional processing and approval requirements shall apply to Office Annual Limit Land Uses:

(a) No Qualifying Application for an Office Annual Limit Land Use shall be acted upon by the Director or by the City Council between July 1 and March 31 of the following year.

(b) If the combined square footage proposed by all Qualifying Applications that are pending on March 31 would not exceed the annual limit, the Qualifying Applications shall be acted upon using the Zoning Code's usual process immediately following March 31.

(c) If the combined square footage proposed by all Qualifying Applications would exceed the annual limit, the Director shall rank all Qualifying Applications based on scoring criteria set forth in Section 18.85.207 and make a recommendation to the Council. The Council may accept the Director's recommendation or reevaluate the ranking based on the scoring criteria. Based on their review, the Council shall approve in ranked order one or more Qualifying Applications to achieve a maximum of 50,000 net new square feet. The Council may approve applications as proposed and recommended, and may require modifications of any project to reduce the proposed square footage in order to stay within the 50,000 square feet Office Annual Limit. The Council's action on all Qualifying Applications shall be made before the end of the fiscal year on June 30.

(d) Any application which is subject to City Council evaluation and action pursuant to Section (c) above and which was not approved by the City Council shall be denied unless, at the request of the applicant, it is rolled over to the next fiscal year for processing in accordance with the terms of this Ordinance. Further, in lieu of modifications to the project's Office Annual Limit Land Use, the applicant can elect to roll over the application to the next fiscal year. The City and applicant may agree to extend any applicable processing time periods to effectuate this provision.

18.85.207 Selection Criteria. The City Council shall evaluate applications subject to the annual limit using the following criteria:

(a) The density of the development in the context of underlying zoning and the site surroundings; and

(b) The ability to avoid or address potential impacts on traffic and parking; and

(c) The quality of design, including the attention to human scale where the building(s) meet the street, the compatibility with surroundings, and the overall architectural quality; and

(d) Environmental quality; and

(e) The monetary and/or non-monetary value of public benefits offered; and

(f) Mixed use projects including substantial housing; and

(g) Mixed use projects including retail; and

(h) Mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios; and

(i) Any entitlement application involving an Office Annual Limit Land Use submitted to the City in 2013 or 2014 and which was deemed complete by the City on or before June 15, 2015.

18.85.208. The Director has the authority to adopt rules or procedures to implement the efficient and equitable implementation of this Ordinance.”

SECTION 2. Supersede. This Ordinance supersedes any provision of the Palo Alto Municipal Code inconsistent with the provisions of this Ordinance.

SECTION 3. Severability. If any provision, clause, sentence or paragraph of this ordinance, or the application to any person or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable.

SECTION 4. Effective Date. This ordinance shall be effective on the thirty-first date after the date of its adoption. This ordinance shall expire within two years of its effective date or upon Council adoption of the Comprehensive Plan Update, whichever occurs first.

SECTION 5. CEQA. The City Council finds that this Ordinance falls under the California Environmental Quality Act (CEQA) exemption found in Title 14 California Code of Regulations Section 15061(b)(3) because it is a temporary measure designed to slow the rate of change in some commercial areas of the City.

INTRODUCED

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

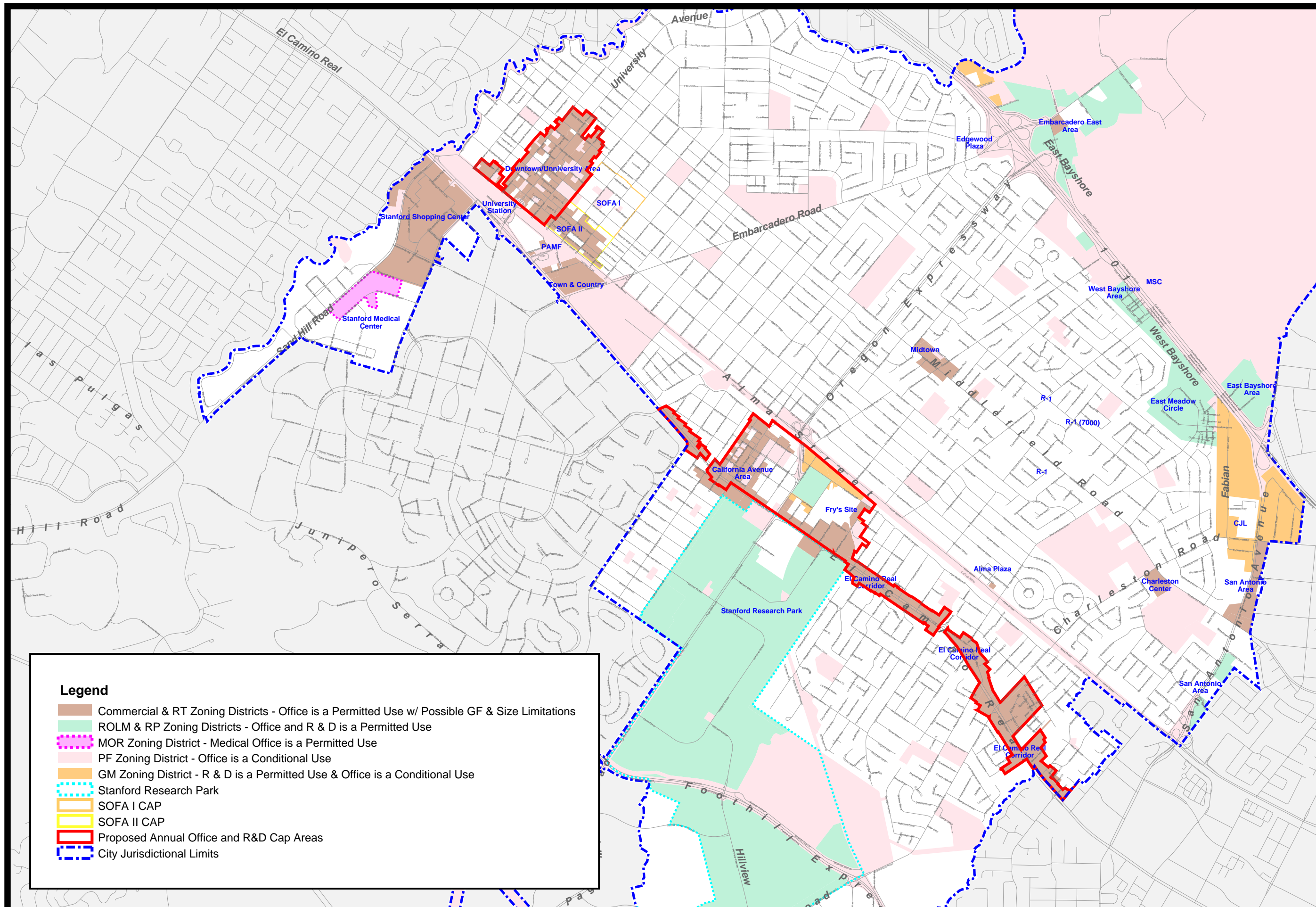
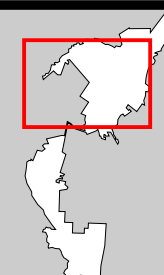
City Manager

Senior Assistant City Attorney

Director of Planning and
Community Environment



The City of Palo Alto

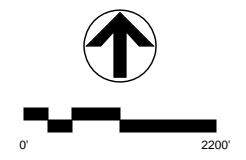


Legend

- Commercial & RT Zoning Districts - Office is a Permitted Use w/ Possible GF & Size Limitations
- ROLM & RP Zoning Districts - Office and R & D is a Permitted Use
- MOR Zoning District - Medical Office is a Permitted Use
- PF Zoning District - Office is a Conditional Use
- GM Zoning District - R & D is a Permitted Use & Office is a Conditional Use
- Stanford Research Park
- SOFA I CAP
- SOFA II CAP
- Proposed Annual Office and R&D Cap Areas
- City Jurisdictional Limits

Office and R&D Zoning Districts with Proposed Office and R&D Cap excluding Coordinated Area Plans

This map is a product of the City of Palo Alto GIS





CITY OF PALO ALTO CITY COUNCIL ACTION MINUTES

Special Meeting
March 23, 2015

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:09 P.M.

Present: Berman, Burt, DuBois arrived at 6:20 P.M., Filseth, Holman, Kniss, Scharff arrived at 6:46 P.M., Schmid, Wolbach

Absent:

Special Orders of the Day

1. Presentation to Development Services Department Regarding Recognition of Achievement by the International Standards Organization (ISO) for its Administering of the Building Codes Attaining the Highest Standards for Structural Safety.

Study Session

2. Update on the Santa Clara Valley Water District's Collection of All of its State Water Project Costs via Property Taxes Instead of Water Rates.

Agenda Changes, Additions and Deletions

James Keene, City Manager requested that the City Council continue Agenda Item Number 4- Adoption of a Resolution Authorizing Public Works Department to Submit a Function Classification Request to Caltrans to Expand the Number of Streets Eligible for Resurfacing Work Using Federal or State Grant Funding. until a later date in April 2015.

Minutes Approval

MOTION: Council Member Filseth moved, seconded by Vice Mayor Schmid to approve the minutes of January 26, 31 and February 2, 2015 with the addition to the January 26, 2015 minutes, page 39 of the vote for Agenda

ACTION MINUTES

Item Number 8- Potential Litigation (as petitioner) – Caltrain Joint Powers Board – Peninsula Corridor Electrification.

MOTION PASSED: 9-0

Consent Calendar

MOTION: Council Member Kniss moved, seconded by Council Member DuBois to approve Agenda Item Numbers 3 and 5-8, Agenda Item Number 4 continued to a date in April 2015.

3. Approval of Two 3-Year Contracts for a Computer and Data Center Data Storage or 'Cloud Backup' Solution Totaling \$618,991: 1) Exucom Contract Number C15156183 in the Amount of up to \$327,121 for Data Center Backup; 2) Code42 Contract Number C151566312 in the Amount of \$291,870 for Computer and Laptop Backup.
4. ~~Adoption of a Resolution Authorizing Public Works Department to Submit a Function Classification Request to Caltrans to Expand the Number of Streets Eligible for Resurfacing Work Using Federal or State Grant Funding.~~
5. Approval of Amendment Number Seven to the City's Lease Agreement with McCandless Limited, LLC., For Office Space at 1005 and 1007 Elwell Court, Palo Alto.
6. Approval of Amendment Number One to Contract C14153010 with Arnold Mammarella Architecture and Consulting to Increase the Contract by \$400,000 for an Amount Not to Exceed \$784,999 for On-Call Planning Services Needed to Support Implementation of the City's Individual Review Program.
7. Request for Procedural Change - Present the Results of the Animal Services Audit to the Finance Committee Rather Than to the Policy and Services Committee.
8. Approval of a Wastewater Enterprise Fund Contract with Precision Engineering, Inc. In the Amount of \$7,405,730 for Sanitary Sewer Rehabilitation Projects 24, 25, and 26 in University South, Professorville and Old Palo Alto Neighborhoods.

ACTION MINUTES

MOTION PASSED FOR AGENDA ITEM NUMBERS 3 AND 5-8: 9-0

Action Items

9. Discussion and Direction to Staff Regarding Establishment of an Office/R&D Annual Growth Limit (Continued from March 2, 2015).

MOTION: Council Member Burt moved, seconded by Council Member Scharff to direct Staff to return with discussion of elements of an interim Ordinance along the following lines, and that Staff will have discretion to provide certain alternatives under the following guidelines and other aspects that Staff recommends for consideration:

- 1) Cap would run until the adoption of the new Comprehensive Plan; and
- 2) Areas would cover University Avenue, California Avenue and El Camino Real districts; and
- 3) Limit of ~50,000 sq. ft. of new office/commercial development net gain per year; and
- 4) That it have a set of scoring standards to attempt to drive quality, including:
 - A. Traffic impacts; and
 - B. Parking impacts; and
 - C. Design: Human scale of urban design, compatibility with surroundings, architectural quality; and
 - D. Environmental quality of building; and
 - E. Other potential public benefits.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to return with options of what uses to include in the Cap.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add "Potential intensity of use," under Number 4.

ACTION MINUTES

AMENDMENT: Council Member Wolbach moved, seconded by Council Member Scharff, that the Cap would run until the adoption of the new Comprehensive Plan or two years, whichever is sooner.

AMENDMENT PASSED: 5-4 Burt, DuBois, Filseth, Holman no

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to direct Staff to return with alternatives with types of development that might be excluded from the interim Ordinance.

AMENDMENT: Mayor Holman moved, seconded by Council Member XX to exclude the Stanford Research Park only with a clear and definitive means of addressing:

1. Single occupancy vehicle trips; and
2. Looking at minimizing the conversion of R&D to Office.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to include discussion of any additional zoning change measures.

MOTION AS AMENDED PASSED: 9-0

MOTION: Council Member Berman moved, seconded by Council Member Scharff to direct Staff to include an alternative of no new net car trip increase in the Comprehensive Plan update.

MOTION PASSED: 8-1 DuBois no

MOTION: Vice Mayor Schmid moved, seconded by Council Member XX to direct Staff as part of the Comprehensive Plan update to investigate a 35,000 sq. ft. office development limit within the Congestion Management Plan.

MOTION FAILED DUE TO THE LACK OF A SECOND

MOTION: Council Member DuBois moved, seconded by Council Member Wolbach to direct Staff to further define and evaluate as part of the

ACTION MINUTES

Comprehensive Plan update ways to encourage mixed-use that are not predominately office space.

MOTION PASSED: 9-0

MOTION: Council Member Wolbach moved, seconded by Vice Mayor Schmid to direct Staff to include consideration of an employee fee or tax in the context of the Comprehensive Plan discussion in regards to office and job growth.

MOTION WITHDRAWN BY THE MAKER

MOTION: Council Member Burt moved, seconded by Mayor Holman to direct Staff to consider under the Comprehensive Plan discussion of Stanford Research Park including comprehensive Traffic Demand Management, and a limitation of conversion of R&D to office in the Research Park.

Council Member DuBois advised he would not participate in this Motion due to his wife working at Stanford.

MOTION PASSED: 8-0 DuBois not participating

10. Approval of a Residential Curbside Compost Collection Program and Adopting a Budget Amendment Ordinance 5314 entitled "Budget Amendment Ordinance for the Council of the City of Palo Alto for \$387,000 for the Purchase of Kitchen Buckets and New Outreach Materials."

MOTION: Council Member Wolbach moved, seconded by Council Member Scharff to:

1. Approve a new residential curbside collection and composting program of food scraps commingled with yard trimmings in the green carts, effective July 1, 2015; and
2. Adopt the attached Budget Amendment Ordinance in the amount of \$387,000 to fund the purchase of kitchen buckets and outreach materials that are needed as part of the implementation of the new residential curbside compost collection program.

MOTION PASSED: 9-0

ACTION MINUTES

Inter-Governmental Legislative Affairs

None

Closed Session

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

MOTION PASSED: 9-0

Council Member Questions, Comments and Announcements

Council Member Scharff reported on his attendance at the Expressway Plan 2040 Policy Advisory Board meeting earlier in the evening. At the meeting, he learned that the Expressways have not received regular maintenance since 2010 due to the lack of funding. This has led to decreased road quality.

Council Member Wolbach attended the Gunn High School production of Anything Goes, which was a fantastic performance.

Council Member Burt presented at and sat as a panelist during the Local Government Commission Annual Conference this past weekend. He reported that California is viewed as a leader in regards to climate action planning and carbon neutrality and Palo Alto is viewed as the the leader on becoming carbon neutral.

MOTION: Council Member DuBois moved, seconded by Mayor Holman to agendize a discussion of temporarily suspending the fees associated with a single story overlay.

Council Member Berman attended Mix It Up at Duveneck Elementary School, his elementary school alma mater. Students from different grades participated in a lunch time project to bridge gaps between different ages. He stated Council Member Wolbach also participated in Mix It Up.

MOTION: Council Member Wolbach moved, seconded by Council Member Scharff to agendize exploring the density of units in multi-family zoning and easing the regulations for adding second units.

ACTION MINUTES

The Council went into the Closed Session at 11:41 P.M.

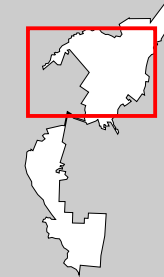
11. CONFERENCE WITH CITY ATTORNEY-Potential Initiation of Litigation
(1 Matter)
Santa Clara Valley Water District funding of State Water Project
obligation through property tax levy.
Govt. Code Section 54956.9(d)(4)

The Council reconvened from the Closed Session at 12:35 P.M. Mayor Holman reported there was no reportable action.

Adjournment: The meeting was adjourned at 12:36 A.M.

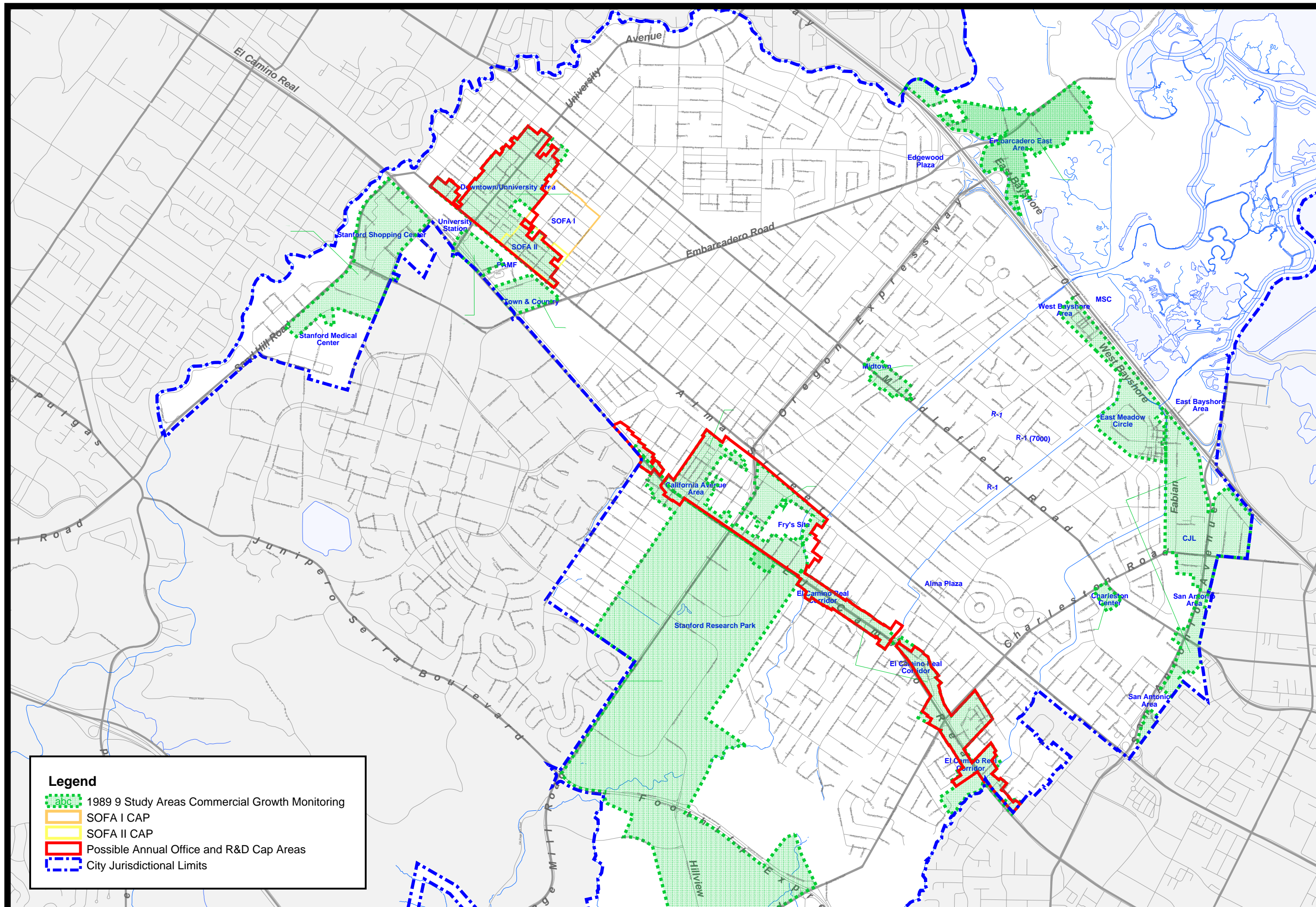
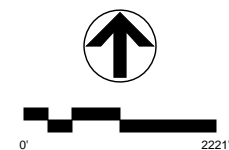


The City of Palo Alto



Proposed Office and R&D Cap and 1989 Citywide Commercial Growth Monitoring Areas

This map is a product of the City of Palo Alto GIS



Legend

- 1989 9 Study Areas Commercial Growth Monitoring
- SOFA I CAP
- SOFA II CAP
- Possible Annual Office and R&D Cap Areas
- City Jurisdictional Limits



CITY OF PALO ALTO CITY COUNCIL ACTION MINUTES

Special Meeting
June 15, 2015

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:07 P.M.

Present: Berman, Burt, DuBois, Filseth, Holman, Kniss, Scharff, Schmid, Wolbach

Absent:

Special Orders of the Day

1. Presentation of a Donation Check from the Palo Alto Library Foundation to the Palo Alto City Library.

Agenda Changes, Additions and Deletions

MOTION: Council Member Kniss moved, seconded by Vice Mayor Schmid to hear Agenda Item Numbers 14 and 15 before Agenda Item Number 13.

MOTION PASSED: 9-0

Consent Calendar

MOTION: Vice Mayor Schmid moved, seconded by Council Member Wolbach to approve Agenda Item Numbers 2-12A.

2. Approve and Authorize the City Manager or Designee to Execute the Following Energy Efficiency Evaluation Support Contracts in a Combined Not to Exceed Amount of \$250,000 per Year for a Three-Year Term With an Option to Extend Either or Both Contracts for an Additional Two Years: (A) TRC Engineers, Inc. in an Amount Not to Exceed \$210,000 per Year; and (B) Energy & Resource Solutions, Inc. in an Amount Not to Exceed \$40,000 per Year.

ACTION MINUTES

3. Approval of Contract No. C15158881 for \$270,000 With Palo Alto Housing Corporation for Provision of Below Market Rate (BMR) Administration Services Over a Two Year Period.
4. Approval of Amendment No. 2 to Contract No. C09124501 With GreenWaste of Palo Alto That Would Increase Zero Waste Services, Increase Efficiencies, Increase the Annual Costs by Approximately \$1,366,000 in FY2016, to Support Composting and Anaerobic Digestion Programs; and Extend the Contract Term for an Additional Four Years to End June 30, 2021; Adoption of Resolution 9517 entitled "Resolution of the Council of the City of Palo Alto to Revise Utility Rules and Regulations No. 2, 3, 11 and 24 to Reflect New Zero Waste Service Changes."
5. Approval of a \$9,500 Grant From Silicon Valley Creates, a \$9,600 Grant From the National Endowment for the Arts, a \$45,000 Contribution From the Friends of Palo Alto Children's Theatre and Adoption of a Related Budget Amendment Ordinance 5328 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto to the General Fund in the Amount of \$64,100."
6. Approval of a Contract With Graham Contractors, Inc. in the Amount of \$1,311,073 For The FY 2016 Preventive Maintenance Project, the First of Four Contracts in the FY 2016 Street Maintenance Program Project (CIP PE-86070).
7. Approval of a Three-Year Contract With an Option of Two, One-year Extensions With American Guard Services, Inc. in the Amount Not to Exceed \$321,215 Per Year for the First Two Years, and \$328,624 for the Third Year and Authorization for Additional But Unforeseen Work Not to Exceed \$32,121 Per Year for the First Two Years and \$32,862 for the Third Year.
8. Confirmation of Appointment of Edward Shikada as Assistant City Manager and Approval of Employment Agreement.
9. Resolution 9518 entitled "Resolution of the Council of the City of Palo Alto Authorizing Public Works Department to Submit a Function Classification Request to Caltrans to Formally Add the Streets Reclassified as Part of the 1998 Comprehensive Plan to the Caltrans System Map."

ACTION MINUTES

10. Approval of Contract Amendment No. 1 to Contract No. S14152995 in the Amount of \$14,949 with Balance Hydrologics, Inc. for the Design and Implementation of an Enhanced Flood Warning System for the San Francisquito Creek Watershed.
11. Adoption of Fiscal Year 2016 Investment Policy.
12. Finance Committee Recommendation that the City Council Adopt: 1) Resolution 9519 entitled "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Water Utility Financial Plan and Amending the Water Utility Reserve Management Practices;" 2) Resolution 9520 entitled "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Wastewater Collection Utility Financial Plan and Amending the Wastewater Collection Utility Reserve Management Practices;" 3) Resolution 9521 entitled "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Electric Utility Financial Plan and Amending the Electric Utility Reserve Management Practices;" and 4) Resolution 9522 entitled "Resolution of the Council of the City of Palo Alto Approving the Fiscal Year 2016 Gas Utility Financial Plan and Amending the Gas Utility Reserve Management Practices."
- 12A. Approval of a Three-year Contract With Municipal Resource Group (MRG) for Council Appointed Officers Evaluations for an Amount not to Exceed \$123,000.

MOTION PASSED: 9-0

Action Items

14. PUBLIC HEARING AND PROPOSITION 218 HEARING: Adoption of Budget Amendment Ordinance 5329 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto for Fiscal Year 2016, Including Adoption of Operating and Capital Budgets and Municipal Fee Schedule;" Adoption of Five Resolutions, Including: 1) Resolution 9523 entitled "Resolution of the Council of the City of Palo Alto Adopting a Dark Fiber Rate Increase of 2.7 Percent and Amending Utility Rate Schedules EDF-1 and EDF-2;" 2) Resolution 9524 entitled "Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain Rates by 2.7 Percent Per Month Per Equivalent Residential Unit for Fiscal Year 2016;" 3) Resolution 9525 entitled "Resolution of the

ACTION MINUTES

Council of the City of Palo Alto Adopting a Wastewater Collection Fee Increase of 9.0 Percent and Amending Utility Rate Schedules S-1, S-2, S-6, and S-7;" 4) Resolution 9526 entitled "Resolution of the Council of the City of Palo Alto Adopting Residential Refuse Rate Increases Ranging Between 9.0 Percent and 19.0 Percent, and Amending Utility Rules and Regulations 2, 3, 11, and 24;" 5) Resolution 9527 entitled "Resolution of the Council of the City of Palo Alto Amending the Salary Schedule Attached to the 2014-2016 Compensation Plan for Management and Professional Employees, as Amended by Resolution No. 9053 to Add One New Position and Change the Title of Two Positions; Amending the 2013-15 Memorandum of Agreement Service Employees International Union (SEIU), Adopted by Resolution No. 9398 to add One Position and Correct the Salary of One Position; and Amending the Terms for the Utility Management Professional Association, as Amended by Resolution Nos. 9492 & 9503 to Correct the Salary for One Position and Add Two New Positions; and Refer to the Finance Committee a Discussion of Changes to the Public Art Ordinance to Simplify the Calculation of the Public Art Fee and a Discussion of Usage and Replacement of Pool Vehicles (Continued From June 8, 2015)."

Public Hearing continued from June 8, 2015.

Public Hearing closed at 5:31 P.M.

MOTION: Vice Mayor Schmid moved, seconded by Council Member Kniss to approve the Finance Committee and Staff recommendation that the City Council adopt the portions of the Police and Fire Department Budgets and CIP relating to Stanford University for the Fiscal Year 2016 and related Ordinance and Resolution portions.

MOTION PASSED: 8-0 DuBois not participating

MOTION: Council Member DuBois moved, seconded by Council Member Kniss that there will be no planned revenues from Single-Story Overlay applications included in the Fiscal Year 2016 Budget.

MOTION WITHDRAWN BY THE MAKER

MOTION: Council Member Scharff moved, seconded by Council Member Berman to approve the budget including \$50,000 for Automated External Defibrillators (AED), and amendments as discussed:

ACTION MINUTES

- A. Budget Amendment Ordinance which includes:
1. City Manager's Fiscal Year 2016 Proposed Operating and Capital Budget; and
 2. Amendments to the City Manager's Fiscal Year 2016 Proposed Operating and Capital Budget; and
 3. Revised City Table of Organization; and
 4. Fiscal Year 2016 Proposed Municipal Fee Changes; and
- B. Resolution Adopting a Dark Fiber Rate Increase of 2.7 Percent and Amending Utility Rate Schedules EDF-1 and EDF-2; and
- C. Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm Drain Rates by 2.7 Percent Per Month Per Equivalent Residential Unit for Fiscal Year 2015; and
- D. Resolution Adopting a Wastewater Collection Rate Increase of 9.0 Percent and Amending Utility Rate Schedules S-1, S-2, S-6 and S-7; and
- E. Resolution Adopting a Refuse Rate Increase of 9.0 Percent and Amending Utility Rate Schedule R-1; and
- F. Resolution Amending Salary Schedules for the Management, Professional, and Confidential Unit, the Utilities Managers of Palo Alto Professional Association, and the Service Employees International Union:
- G. Refer to the Finance Committee a discussion of changes to the Public Art Ordinance to simplify the calculation of the Public Art Fee and a discussion of usage and replacement of pool vehicles.

MOTION PASSED: 9-0

MOTION: Council Member Kniss moved, seconded by Council Member DuBois to:

- a. Refer to the Finance Committee consideration of stronger encroachment fees for construction that impact portions or all of a city street or sidewalk; and

ACTION MINUTES

- b. Keep the Code Enforcement-Lead position in the Fiscal Year 2016 Budget; and
- c. Direct Staff and the Finance Committee to return in six months with an update on the Animal Shelter; and
- d. Direct Staff to investigate increasing Business Registry participation up to and including increasing late fees; and
- e. Include an additional \$80,000 for Project Safety Net.

MOTION PASSED: 9-0

- 15. PUBLIC HEARING AND PROPOSITION 218 HEARING: Staff Recommendation that the City Council Adopt a Resolution 9528 entitled "Resolution of the Council of the City of Palo Alto Amending Rate Schedules W-1 (General Residential Water Service), W-2 (Water Service from Fire Hydrants), W-3 (Fire Service Connections), W-4 (Residential Master-Metered and General Non-Residential Water Service), and W-7 (Non-Residential Irrigation Water Service) to Increase Average Water Rates by 8 Percent (Continued From June 8, 2015)."

Public Hearing continued from June 8, 2015.

Public Hearing closed at 6:33 P.M.

MOTION: Vice Mayor Schmid moved, seconded by Council Member Wolbach to approve Staff recommendation to adopt Water rates.

MOTION PASSED: 9-0

- 13. Discussion and Direction to Staff Regarding Establishment of an Office/R&D Annual Growth Limit Applicable to Downtown, the California Avenue Area, and the El Camino Corridor on an Interim Basis (Continued From June 1, 2015).

MOTION: Council Member Scharff moved, seconded by Council Member Wolbach to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff and; the Office/R&D Annual Growth Limit (Development Cap) will not apply to Office Space approved as

ACTION MINUTES

part of a Coordinated Area Plan or Specific Plan, with the exception of the South of Forest Area Coordinated Area Plan, Phase Two (SOFAII) and Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap.

AMENDMENT: Mayor Holman moved, seconded by Council Member Burt to remove the following from the Motion “and; the Office/R&D Annual Growth Limit (Development Cap) will not apply to Office Space approved as part of a Coordinated Area Plan or Specific Plan, with the exception of the South of Forest Area Coordinated Area Plan, Phase Two (SOFAII) and Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap.”

AMENDMENT FAILED: 4-4 Burt, Filseth, Holman, Schmid yes, DuBois not participating

MOTION FAILED: 4-4 Berman, Kniss, Scharff, Wolbach yes, DuBois not participating

MOTION: Council Member Scharff moved, seconded by Council Member Kniss that projects generating less than 2,000 square feet of net new office space will be exempt from the Development Cap.

MOTION PASSED: 8-0 DuBois not participating

MOTION: Council Member Kniss moved, seconded by Council Member Scharff to apply the Development Cap to these Land Uses defined in Municipal Code Section 18.04.030: Research & Development, Administrative Office Services, General Business Office, Medical Office over 5,000 square feet and Professional Office.

MOTION PASSED: 8-0 DuBois not participating

MOTION: Council Member Wolbach moved, seconded by Council Member Berman to exempt from the Development Cap, self-mitigating projects; projects providing sufficient rental housing such that the job/housing balance would improve, and which would also provide substantial Transportation Demand Management plans (individually or in cooperation with others) to improve the current parking and traffic impacts.

MOTION PASSED: 6-2 Filseth, Schmid no, DuBois not participating

ACTION MINUTES

MOTION: Council Member Kniss moved, seconded by Council Member Scharff to:

- a. Establish a procedure by which applications are accepted and processed as they are currently; and
- b. Except that, no applications received after July 1 or the effective date of the Ordinance would be approved until after March 31 of the following year; and
- c. At that point, if the square footage proposed by all applications combined would exceed the annual limit, completed applications that have been recommended for approval by an appropriate advisory body would be ranked based on scoring criteria and provided to the City Council for evaluation and action; and
- d. If the square footage proposed by all applications combined would not exceed the annual limit, the completed applications that have been recommended for approval would be acted upon using the usual process.

SUBSTITUTE MOTION: Vice Mayor Schmid moved, seconded by Council Member XX to give preference to projects that have a jobs/housing ratio of 2.3:1 or less.

SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND

MOTION PASSED: 7-1 Schmid no, DuBois not participating

MOTION: Council Member Scharff moved, seconded by Council Member Kniss to evaluate applications subject to the annual limit using the following criteria:

- a. Their density of development in the context of underlying zoning and its surroundings; and
- b. Their ability to avoid or address potential impacts on traffic and parking; and
- c. The quality of their design, including their attention to human scale where the building(s) meet the street, their compatibility with surroundings, and their overall architectural quality; and

ACTION MINUTES

- d. Their environmental quality; and
- e. The monetary and/or non-monetary value of public benefits offered; and
- f. Mixed use projects including substantial housing; and
- g. Mixed use projects including retail; and
- h. Mixed use projects that provide space for cultural amenities such as but not limited to art galleries and studios.

MOTION PASSED: 8-0 DuBois not participating

MOTION: Council Member Scharff moved, seconded by Council Member Berman to exempt projects in the pipeline since 2013 or 2014 from the Development Cap.

AMENDMENT: Council Member Burt moved, seconded by Council Member XX to exempt projects that applied since 2013 or 2014 which the application is complete, from the Development Cap.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

SUBSTITUTE MOTION: Mayor Holman moved, seconded by Council Member Filseth to exempt projects in the pipeline that received project approval by July 1, 2015 or the effective date of the Ordinance.

AMENDMENT A: Council Member Scharff moved, seconded by Council Member Berman moved to exempt projects that applied since 2013 or 2014 which the application is complete, from the Development Cap.

AMENDMENT B: Council Member Wolbach moved, seconded by Council Member Burt to exempt projects that applied for in 2013 or 2014, which the applications were complete March 31, 2015, from the Development Cap; and for projects with applications complete June 15, 2015, as one of the criteria considered as part of the 50,000 square foot Development Cap.

AMENDMENT B PASSED: 7-1 Schmid no, DuBois not participating

ACTION MINUTES

MOTION: Mayor Holman moved, seconded by Vice Mayor Schmid to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff.

MOTION FAILED: 4-4 Berman, Kniss, Scharff, Wolbach no, DuBois not participating.

MOTION: Council Member Wolbach moved, seconded by Council Member Scharff to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff and; the Development Cap will not apply to Office Space approved as part of a Coordinated Area Plan or Specific Plan, with the exception of the South of Forest Area Coordinated Area Plan, Phase Two (SOFAII) and Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap.

MOTION FAILED: 4-4 Burt, Filseth, Holman, Schmid no, DuBois not participating

MOTION: Council Member Scharff moved, seconded by Council Member Kniss to continue this item to a date uncertain.

SUBSTITUTE MOTION: Council Member Filseth moved, seconded by Council Member Wolbach to use the precise boundaries as outlined in the Potential Office/R&D Cap Boundaries as proposed by Staff; and the Development Cap will not apply to Office Space approved as part of a Coordinated Area Plan or Specific Plan, with the exception of SOFAII. Staff will return with information pertaining to the impacts of excluding SOFAII from the Development Cap; and any coordinated area plan which allows net new square footage of Office/R&D Space, the 50,000 square foot Development Cap will be reduced by that amount.

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to add "half of" to the last sentence of the Substitute Motion.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

AMENDMENT: Council Member Filseth moved, seconded by Council Member XX to adjust to compensate for timeframes involved.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

ACTION MINUTES

SUBSTITUTE MOTION FAILED: 4-4 Berman, Scharff, Holman, Kniss no, DuBois not participating

SUBSTITUTE MOTION: Mayor Holman moved, seconded by Council Member Kniss to refer the Office/R&D Cap boundaries to the Planning and Transportation Commission.

SUBSTITUTE MOTION PASSED: 5-3 Berman, Scharff, Filseth no, DuBois not participating

16. PUBLIC HEARING: Adoption of an Ordinance 5330 entitled "Ordinance of the Council of the City of Palo Alto Extending for 22 Months and 15 Days Urgency Interim Ordinance 5325, Placing a Temporary Moratorium on the Conversion of Ground Floor Retail and "Retail Like" Uses to Other Uses Citywide; Exempt from the California Environmental Quality Act Under Section 15061 and 15308."

Public Hearing opened and closed without public comment at: 10:33 P.M.

MOTION: Council Member Kniss moved, seconded by Council Member Scharff to adopt an Ordinance extending the Urgency Interim Ordinance placing a moratorium on the conversion of ground floor retail and retail-like uses to other uses citywide.

MOTION PASSED: 9-0

17. PUBLIC HEARING: Approval of a Mitigated Negative Declaration and a Site & Design Review and Design Enhancement Exception Application for a Three Story Mixed-Use Building on a 27,000 Square Foot Site Zoned Service Commercial (CS) At 441 Page Mill Road. The Project Has Been Revised to Contain 19,093 Square Feet of Commercial Space, 91 Off-Street Parking Spaces, and 16 Apartment Units, Including Five Below Market Rate Units, and Includes a Request for Three "Off Menu" Concessions Under Palo Alto Municipal Code Section 18.15 and the State Density Bonus Law and Based on a Revised Economic Analysis Environmental Assessment: A Mitigated Negative Declaration was Prepared.

Public Hearing opened at 10:46 P.M.

Public Hearing closed at 11:26 P.M.

ACTION MINUTES

MOTION: Council Member Scharff moved, seconded by Council Member Kniss to approve:

- a. The Mitigated Negative Declaration (MND) and Addendum; and
- b. The Mitigation Monitoring and Reporting Plan (MMRP); and
- c. The revised Site and Design Review application; and
- d. The two Design Enhancement Exceptions (DEEs); and
- e. The three density bonus concessions for the revised project at 441 Page Mill Road, based on Architectural Review (AR), Design Enhancement Exception (DEE), Context Based Design Criteria and Density Bonus Findings, and subject to the conditions in the draft Record of Land Use Action; and

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER the following changes to the Revised Draft Record of Land Use, Section 8. Conditions of Approval:

- f1. Number 6, sentence three, change "City may also" to "City shall also"; and
- f2. Number 7, sentences one and two change "three units" to "five units"; and
- f3. Number 11, last sentence change "but normally mitigated" to "but shall be mitigated"; and
- f4. Number 26, add at the end "All trees proposed on the plans shall be maintained for the life of the project"; and
- f. Below Market Rate units will remain below market rate units for 50 years.

MOTION AS AMENDED PASSED: 5-4 DuBois, Filseth, Holman, Schmid no

Adjournment: The meeting was adjourned at 12:59 P.M.

Table 2. Annual Non-Residential Growth in Subject Areas FY2001-FY2015 Based on CMP Classifications

CALAVE BY YEAR																
	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Retail	1,377	-953	0	0	0	49,680	-2,000	0	-85	0	0	1,270	728	7,045	2,836	59,898
Office / R&D	5,828	4,490	0	0	26,320	1,860	60,703	0	1,754	0	0	58,473	0	45,406	58,840	263,674
Other	0	-4,740	0	0	-26,320	-12,600	-52,709	1,724	0	0	0	-52,709	0	0	0	-147,354
Total	7,205	-1,203	0	0	0	38,940	5,994	1,724	1,669	0	0	7,034	728	52,451	61,676	176,218

DOWNTOWN BY YEAR																
	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Retail	3,063	-5,040	-5,260	1,883	0	-16,006	-212	-6,636	13,421	-18,835	-11,009	1,507	0	-5,728	0	-48,852
Office / R&D	9,601	42,210	0	0	10,201	76,268	410	10,535	0	17,510	28,148	48,356	26,739	45,608	0	315,586
Other	-1,800	8,155	0	23,868	-13,096	-5,000	27,185	0	0	0	-12,862		22,957	0	0	49,407
Total	10,864	45,325	-5,260	25,751	-2,895	55,262	27,383	3,899	13,421	-1,325	4,277	49,863	49,696	39,880	0	316,141

ECR BY YEAR																
	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Retail	5,847	511	0	812	0	3,833	0	0	0	-34,406	4,342	-6,292	0	1,200	0	-24,153
Office / R&D	2,080	1,191	0	0	0	6,185	0	0	0	33,979	0	0	2,775	0	0	46,210
Other	1,370	0	0	0	0	-223,000	15,000	10,476	-19,454	95,730	0	105,685	0	0	0	-14,193
Total	9,297	1,702	0	812	0	-212,982	15,000	10,476	-19,454	95,303	4,342	99,393	2,775	1,200	0	7,864

Notes:

1. Shaded rows indicate those years where new office/R&D development in the three areas combined exceeded 50,000 square feet.
2. Non-residential change in square feet excludes Stanford University Medical Center (SUMC) expansion; although it has planning entitlements/approvals, total build out and full occupancy is expected in the future. The SUMC expansion is expected to add 1.3 million net square feet.
3. Non-residential net change in square feet based on Planning Entitlements from FY 2001 to FY2015. Data excludes Mayfield Development Agreement Projects which demolishes approximately 323k of non-residential square feet and replaces 300k of demolished square feet into Stanford Research Park.
4. Due to VTA's Congestion Management Program's (CMP) Land Use Classification System, "Retail" may include other uses such as Personal Service, Commercial Recreation, Automotive Services and other commercial uses that is not Office, Hotel/Motel, Manufacturing, R&D, and Industrial uses.

v071515

1 **Planning and Transportation Commission**
2 **Draft Verbatim Minutes**
3 **August 12, 2015**

4
5 **EXCERPT**

6
7 **Interim Ordinance for the establishment of Office/R&D Annual Growth Limit applicable to**
8 **Downtown, California Avenue Area and the El Camino Corridor** - The Planning and
9 Transportation Commission will Consider a Recommendation to the City Council for Adoption of an
10 Interim Ordinance to Establish an Office/R&D Annual Growth Limit Applicable to Downtown, the California
11 Avenue Area, and the El Camino Corridor on an Interim Basis. For more information contact Hillary
12 Gitelman at Hillary.gitelman@cityofpaloalto.org

13
14 Acting Chair Fine: [Starts in progress] to reconvene this meeting and move on to Item Number 3, which
15 is an Interim Ordinance for the establishment of Office/Research and Development (R&D) Annual Growth
16 Limit applicable to Downtown, California Avenue, and the El Camino corridor.

17
18 Hillary Gitelman, Director: Thank you, Commissioners. Hillary Gitelman, the Planning Director and I have
19 a brief PowerPoint. This is a little bit of a complicated item before you. It's consideration of an Interim
20 Ordinance that's included in your packet, which would establish an annual limit on the amount of office
21 and R&D space that could be permitted by the City in a given fiscal year. So the background to this is
22 really the tremendous increase in employment that's happened in the region since the end of the
23 recession and that's shown on this graph. And we know that at least some of the job growth here in Palo
24 Alto and in the region is the fact, is a function of new nonresidential development. Obviously some of it
25 comes from existing building space being filled up by new jobs and new employees, but there is a portion
26 of the growth that's being accommodated in new space. And we know that job growth including the
27 portion accommodated in new space contributes to traffic congestion, parking demand, and housing
28 affordability challenges.

29
30 We also know that in Palo Alto a lot of the growth that's happening or new development that's happening
31 is consistent with our zoning, but it may be changing the character of some of our commercial districts
32 more quickly than I think folks were anticipating. And as a growth management strategy the City has
33 always utilized the concept of a cumulative cap. So there's a citywide cap on nonresidential development
34 and there's a Downtown cap on nonresidential development. And in the community, in the Comp Plan
35 workshops we held in the Summer of 2014 members of the community posed to us whether that concept
36 of a cumulative cap is really effective as a growth management strategy or whether instead we should be
37 looking at the pace of development. I'm getting again at this sort of rate of change. The City Council
38 took up this issue in March of this year and requested that we start work on this interim ordinance that
39 you see here this evening. They gave us very specific direction on the parameters of this ordinance in
40 mid-June and so we're going to walk you through some of that tonight and then are happy to answer any
41 questions you have.

42
43 Just to continue kind of on the background side of this in our discussions with the City Council we spent a
44 lot of time talking about what data we have and what data we don't have. There are really two viable
45 data sets that we could use to talk intelligently about the track record in terms of nonresidential
46 development in the City. There's a data set that we collect and report on having to do with programs
47 and policies in the Comprehensive Plan. Effectively it doesn't really distinguish between different types of
48 nonresidential uses so we report every year on the amount of nonresidential development, but retail,
49 office, hospitals, hotels, they're all lumped into one big nonresidential category. In addition, that dataset
50 doesn't cover the City as a whole. It's really specific to what's called in the Comprehensive Plan
51 monitored areas. And so those are real disadvantages when we're trying to look at a citywide or a
52 district specific program that doesn't conform to the monitored areas in the plan.

53
54 And so we have this second data set that's shown on this slide and it has to do with a reporting function.
55 We're required to report on an annual basis to the Santa Clara Valley Transportation Authority (VTA)

1 information on land use and development for use in the congestion management plan, so transportation
2 planning exercise. And this data set is a little shorter, it doesn't go back as far as the Comprehensive
3 Plan data set, but it doesn't have some of those disadvantages. It does look at the City as a whole and it
4 does distinguish between different nonresidential uses. So in this case we're showing a citywide total of
5 about 376,000 net square feet (sf) of office R&D space over the 15 years shown. And more if you look
6 only at the sub areas of the City that the proposed ordinance is looking at. So that's Downtown, the
7 California Avenue area, and the El Camino corridor. There are a couple disadvantages to this data set as
8 well. One is of course it only goes back to 2001 and the other is more just an inconvenience than
9 anything else. It's based on the fiscal year rather than the calendar year, which introduces this
10 complexity to the whole thing that is unfortunate, but we can do it.

11
12 So just looking at the data in terms of net change over 15 years it isn't really all that interesting because
13 there have been additions and deletions and so the totals don't tell the whole picture. This is a chart that
14 reflects the data in Attachment E in your staff report. Attachment E shows a numeric table. This is a
15 graph showing that very same data and what it shows is over the 15 year period there have been 5
16 years, 5 fiscal years in which the pace of development in the affected areas exceeded 50,000 sf. So
17 there were kind of peaks or spikes in the amount of space entitled in those years. And this was really the
18 Council's concept of the interim office limit affecting these fast changing areas of setting a limit at 50,000
19 sf is not to prevent new development or halt nonresidential job growth, but it's to sort of moderate the
20 pace and take care of the spikes in that graph.

21
22 So on June 15th and as I mentioned the City Council had a very detailed discussion and looked at a
23 variety of parameters that they gave us guidance on and resulted in the draft ordinance in your packet.
24 There was one issue in particular that the Council sort of deadlocked on and they specifically wanted the
25 Commission's input on. They were very clear that they wanted to apply this Interim Ordinance to these
26 three districts that I've mentioned: Downtown, the California Avenue area, and the El Camino Corridor.
27 But where they deadlocked was on whether the coordinated area plans should be included in the
28 boundaries or not. They also did not give us specific detailed, they basically didn't take a vote buying
29 into the boundaries that we had shown because they sort as I said they sort of deadlocked 4-4. And
30 what we're showing here is the staff recommendation; it's also in your packet, of how we could define
31 the boundaries of these districts. And we've used really zoning district boundaries to define the areas in
32 each case rather than the boundaries of these "monitored areas" in the Comprehensive Plan. If we had
33 used the monitored areas in the Comprehensive Plan the California Avenue district would be much
34 smaller and it wouldn't capture where some of the development is occurring in that area. And so we
35 thought that the zoning district boundaries were more effective.

36
37 And again the real issue that the Council had was whether existing and potential future coordinated area
38 plans should be exempted. The only existing one that's relevant is the South of Forest Avenue (SOFA)
39 Plan so that appendage to the Downton district shown, but of course there's a potential that there could
40 be future coordinated area plans and if there was an exemption established or a principle in the
41 ordinance that those should be exempted then it would apply to any future coordinated area plans as
42 well. And just for those of you who are not familiar with this term as I wasn't when I came to Palo Alto,
43 coordinated area plans is really a terminology that we use here in Palo Alto for specific plans. Very
44 comparable to a specific plan or a precise plan some jurisdictions call it.

45
46 So in addition to discussing the boundaries and again not coming to resolution on that the Council
47 discussed land uses and exemptions that would apply in this case. The land uses that they directed us to
48 craft the ordinance around are all different types of office space, R&D; these are the definitions from the
49 code. So it's R&D, administrative office services, general business office, medical office uses over 5,000
50 sf, and professional offices. They did specify that they'd like to see in the draft ordinance some
51 exemptions. Again, they wanted to exempt medical offices less than 5,000 sf. They also wanted to
52 exempt any small office project, so less than 2,000 sf. And they wanted to include in the ordinance an
53 exemption that we can draw your attention to in the text for "self-mitigating projects." The idea being
54 that if it's a mixed-use project that has a sufficient number of dwelling units to counterbalance the job
55 growth that would happen and actually try and make the jobs/housing balance in Palo Alto a little better
56 that that could be considered a self-mitigating project. It would also have to mitigate for traffic and

1 parking and other things. And then they included an exemption for some pipeline projects and we'll talk
2 about that issue in a minute. And also something that I realized we didn't put in the ordinance, but we
3 clarified at the time with the Council and we could consider this that actually maybe we did put this in,
4 but the accessory office uses, home occupations, and government offices would not be affected by the
5 ordinance.

6
7 So the hardest part of this whole exercise has been coming up with a process for administering an annual
8 limit. It would be relatively straightforward if we were talking about a first come, first serve program. So
9 the first guy in the door with the completed application is first in line for the allocation of office space and
10 when the annual allocation is used up then the people who are at the back of the line end up waiting for
11 the next year. The Council instead wanted to try a competitive process and to make a competitive
12 process is really challenging. The way we've structured this in the ordinance and the Council kind of
13 directed us to proceed in this direction was that we would accept and process applications as we do
14 currently. So most applications for example [will come it] office projects will come in, they'll have to go
15 to the Architectural Review Board (ARB), the ARB will make a recommendation to the Director, the
16 Director will approve, and then it's appealable to the Council. What we said, we said in the ordinance is
17 that it will proceed as usual. So the ARB will make their recommendation, but the application, the
18 Director will not act on the approval of the project until after March 31st of any given fiscal year. So
19 that's three quarters of the way though the fiscal year. And on March 31st we'll take stock of all of the
20 applications that are basically pending, waiting for approval, and if they all add up to less than 50,000 sf
21 they all get approved like usual. Director approves them all, those that are people want to appeal they
22 can appeal to the Council. If they're not appealed the approval is done. But if we get to March 31st of
23 the year we're holding all this stable of projects in the queue and the sum total of the projects exceeds
24 the 50,000 sf annual limit then the staff would rank those projects against the criteria in the ordinance
25 and the City Council would decide the winners and losers, who would get the office allocation and who
26 would either be denied or put back in the pool for the next year. So that's the process that's set forth in
27 the ordinance that the Council directed us to include.

28
29 They also spent some time talking about what criteria should be used. Presently in the ordinance these
30 criteria are not weighted, but they address things having to do with the intensity of use, potential
31 impacts, compatibility, public benefits. And they wanted to give a leg up to applications that are not
32 exempted, but that were deemed complete before July 1, 2015, which brings up the subject of pipeline
33 projects.

34
35 So this is another issue of some complexity and there's a table in the staff report that gives a list of some
36 of the projects that were, office projects that were pending in our office at the end of last fiscal year. So
37 June 30/July 1. Basically pipeline applications are pending applications for discretionary approval that
38 propose net increases of office and R&D space. That's how we've defined it. And the Council's direction
39 was to exempt pipeline projects that where the applications were deemed complete prior to March 31,
40 2015. And then as I mentioned they wanted to give a leg up to applications that were in the queue and
41 deemed complete between March 31st and July 1st. What we say in the staff report is that we think that
42 the Council may wish to consider some of these dates depending on when this ordinance actually gets to
43 them for their review and action and I'll talk about the timeline a little bit at the very end here.

44
45 Let me just show you the chart from the staff report that describes the pipeline projects. We can, I can
46 try and answer some questions about this chart if you'd like, but the one thing I wanted to note that
47 there are three applications that fall into this category of having been deemed complete between March
48 31st and June 30 or July 1. They are the first two projects on Park Boulevard and although that's shown
49 as combined close to 60,000 sf of net new office space they're actually only proposing about 40,000 sf of
50 net new building space. One of the buildings historically had an auto service use of some kind
51 [unintelligible] or something. So all of the I guess I should say all of these each one of the lines on this
52 table has a lot of detail behind it and we could get into very detailed questions about each of them at
53 some point if that's necessary. The third application that falls into the category of between March 31st
54 and July 1 is the one at 3255 El Camino that's proposing about 3,400 sf.

1 So as you'd expect there are some policy implications here and I think that's partially why the Council
2 directed us to bring forward an ordinance that would implement this on an interim or trial basis, kind of
3 see what happens. It does increase uncertainty for property owners and for neighbors. You never know
4 which projects are really going to make it through this competitive process or not. In fact, as the year is
5 going on you don't even know if the projects collectively are going to get to the 50,000 sf limit where
6 there would be a competition or whether it's going to be one of those years that's just under the limit
7 and no competition would occur.

8
9 We did explain to the Council or suggest to the Council that if we made this kind of program permanent it
10 does have the potential to have impacts on other areas of the City. It could direct growth to other areas
11 where you don't have this kind of annual limit. It could also discourage some types of office uses that we
12 like, nonprofit offices, some medical offices could be discouraged. And so all of these kind of potential
13 impacts of the program we'll have to look at in the EIR for the Comprehensive Plan update if this is
14 something that the Council would like to consider on a permanent basis. For now in this ordinance it's an
15 interim program, no more than two years, so we don't think that these kind of larger kind of economic
16 shifts about directing growth elsewhere or stimulating other kinds of growth I mean it's really a couple of
17 years is not going to be long enough to see those kind of impacts.

18
19 So in terms of the timeline we're hoping for your recommendation today. Again, definitely focusing on
20 the issue of boundaries, but your role is to make recommendations to the Council on proposed
21 ordinances, zoning ordinance amendments. So that's what this is. We currently are tentatively
22 scheduled to go back to the City Council on September 15th for their review and consideration of the draft
23 ordinance with your recommendation and then it's a zoning ordinance so it requires a second reading
24 that would happen sometime after that. And then it would not be effective until 30 days after the second
25 reading. As I've indicated it would be in place for two years, so the idea is fiscal year 16 and 17 so the
26 fiscal year we're in right now and the following fiscal year and then it would sunset unless it's
27 affirmatively continued or modified as part of the Comprehensive Plan update. So sorry that was kind of
28 a longwinded summary, but I'd be happy to answer any questions and we're looking forward to hearing
29 your comments and those of members of the public.

30
31 Acting Chair Fine: Thank you so much, Director. Let's open up the public hearing on this. We have two
32 speakers, five minutes each.

33
34 Acting Vice-Chair Michael: So the first speaker is Robert Moss to be followed by Ray Paul.

35
36 Robert Moss: Yeah, thank you. Not be surprised to hear that the jobs/housing imbalance and the
37 amount of development we allow in Palo Alto is not a new problem. It's been discussed for decades.
38 And I have an example it talks about employment. I have a copy of what nobody in City Hall knows
39 exists, the Palo Alto Comprehensive Plan from 1976, and talking about employment they said we have
40 some problems. Existing employment level should not be increased until adverse impacts can be
41 avoided. The potential for employment increases should be reduced. Low employment density should
42 be maintained. Existing business should be kept healthy and industrial/commercial uses should be clean,
43 quiet, and [unintelligible]. One of the things they projected in 1976 we had about 60,000 workers in Palo
44 Alto. They projected we would have 81,500 by 1990 and it would level out because we wouldn't have
45 any more place to put them. That development would essentially stop; of course it hasn't happened.

46
47 Second, nobody thought about it until recently I'm sure I gave you this before, but they've done some
48 surveys on how many workers there are per square foot. And for decades the nominal value has been
49 four per 1,000 or 250 sf each. Well they've done some surveys and in February of 2012 they found that
50 a quarter of the office spaces had 100 sf or less per employee. And 40 percent said that by 2017 they
51 would be under 100 sf also. In Palo Alto it's gone even faster because of our high rents for office space.
52 So we don't have four workers per 1,000 sf, we have at least seven or eight. This creates a little
53 problem, which was predicted. Established neighborhoods will have more commuters parking on their
54 streets. Other neighborhoods will experience more traffic as commuters seek less congested routes.
55 That was predicted 40 years ago. Came true, didn't it?

1 So I have a couple of suggestions for the proposal that's before you. One of them is I'd like to see the
2 annual limit reduced from 50,000 to 30 or 40,000. If [unintelligible] to 30,000 over the last 15 years it
3 would have been two years which exceeded the 30,000 limit. If it was reduced to 40,000 it would have
4 been only one additional year. So let's reduce it.
5

6 Second, I think we should expand the area we're talking about. You shouldn't limit it just to Downtown,
7 California Avenue, and El Camino. We have other areas which are office and industrial: San Antonio and
8 Bayshore. And if you put limits only on the three areas which are suggested I can tell you for certain
9 that office use in the areas in the City which aren't regulated specifically San Antonio and Fabian will see
10 a big burst in office development. So the entire area which is commercially zoned should be included in
11 the area which is limited.
12

13 Finally, we have to have hard data on how many people actually work here. We have got a business
14 registry. We don't have a business license tax. We're one of four cities in the entire state that doesn't
15 have that, but the registry isn't working. Less than a third of all the businesses have actually signed up
16 because the fee for not registering is a stinking \$50. That should be increased to at least \$500 and if
17 they haven't registered after six months increase it to \$1,000. That's the only way we'll have any real
18 hard data on how many people work here and where they work and it will give us a real option for
19 identifying where we need better transit, where we have to change the zoning, where we have to adjust
20 things so the jobs/housing imbalance doesn't get even worse. And as you know the imbalance we have
21 right now we're getting pushed by the state to build more housing, which is going to create even more
22 problems because where are you going to put it? Going to rezone the existing R-1 zones? [Uh uh]. So
23 we have some problems. We should solve them now, not wait another 20 years.
24

25 Acting Vice-Chair Michael: Thank you. Our next speaker is Ray Paul and that's our last speaker card on
26 this topic.
27

28 Ray Paul: Hi, I'm Ray Paul from Jay Paul Company. You'll have to excuse my voice I'm a little hoarse.
29 And I'm here to talk about the pipeline projects aspect of the proposed ordinance. We have two of the
30 applications that might have been in the pipeline because they are applications were complete as of April
31 10th, roughly 10 days after the March 31st cut off. And the one question to ask yourself is what is the
32 point of allowing pipeline projects to continue on via the normal process? And I think it's simply a
33 recognition of the amount of resources that a developer puts into getting to that stage. In our case it's in
34 excess of \$500,000 for the two projects.
35

36 And so how does it happen that a cut off is set two and a half months prior to the meeting of the Council
37 in which it gets set? You can actually look at the Council meeting and see that there was a great deal of
38 confusion when this discussion was had and it's fairly clear that what the Council was after was to limit
39 the amount of pipeline projects that would get through to something under 50,000. That eliminated our
40 two projects. The problem with that approach in our view is that it makes a distinction without a
41 difference. The fact is that we are no different than any other project in the pipeline that was actually let
42 through in terms of the kind of commitment of resources that we had made at that point in time. And I
43 think it's suspect whenever anything is backdated and in particular it's suspect when this pipeline
44 distinction got backdated to March 31st. During the discussion the date of July 1st was put out there and
45 it wasn't until I believe several people began to figure out what was going to happen, namely that our
46 projects would get through, there are about 40,000 sf of additional space.
47

48 Frankly, we don't think that this result is either fair or equitable. And we have a proposal and the
49 proposal is very simple and it would be acceptable to us and we think it's particularly unfair in light of the
50 fact that this is available. What the Council could do and what we would ask them to consider as an
51 alternative is to give us not a preference that is nondescript where we are given some consideration, but
52 to simply allow projects that were complete before the June 15th date have their applications complete to
53 be treated in a queue according to the when they were completed and to go through the normal process.
54 And what that gives us that the existing proposal does not give us is the certainty that we will eventually
55 be able to develop our project without spending another \$500,000 on a completely new set of plans
56 because the City is in the process of new zoning and a new Comprehensive Plan. So in summary there's

1 a simple way out of this that would meet the City's needs of not having more than 50,000 sf developed in
2 any given year and would not make a distinction without a difference for our two projects. Thank you.
3

4 Acting Chair Fine: Thank you, and with that we'll close the public hearing on this issue. I'd like to start
5 off a little bit by saying obviously the impetus behind this ordinance is to address quality of life impacts
6 particularly caused by the jobs/housing imbalance. That said this is a pretty wide ranging ordinance with
7 a lot of effects so we as a Commission owe it to our City and our Council to dig deep on this and surface
8 any potential issues. I'd also like to say I'd prefer us not to wordsmith this document, let's do try to
9 provide staff with helpful recommendations. With that let's open it up to questions from the Commission.
10 Commissioner Downing.

11
12 Commissioner Downing: I'm wondering if perhaps we could guide the discussion a little bit. The first part
13 of this to focus on the coordinated area plans since that's the part that the Council was most interested in
14 hearing our advice about maybe we could discuss that first, just that particular aspect and then go to
15 other things so we make sure that we cover this completely.
16

17 Acting Chair Fine: So I think Council asked us to focus on the coordinated area plans and the boundary
18 issue. I'm happy to focus on those two things first, but I do think we have to take this in totality. Sound
19 ok? To start the discussion with the coordinated area plans and then the boundary issue and then move
20 on to any other issues we have? Let's do it.
21

22 Commissioner Downing: Ok, so a couple of different thoughts I had on a coordinated area plans. So I'll
23 throw some of them out and ask you guys for what you think about them. So I had a couple of different
24 thoughts about this. So the coordinated plan is a very special form of planning because it involves deep
25 community investment in conversation and dialogue to come up with that plan. in order to do one of
26 these plans you would form a committee of stakeholders in that area made up of neighbors and business
27 owners or residents, workers, everybody who has an interest would probably participate in the planning
28 of such an area and it would probably be a fairly long drawn out process that would take many months to
29 do. So I just want to give a little background on what that means because I'm not sure that everyone
30 knows. So if we came up with a coordinated plan it would be after months and months of conversation
31 by such a committee as well as public hearings, lots of input, coming to Planning and Transportation
32 Commission (PTC), coming to ARB, coming to the Council. So this would be something that would be
33 well vetted and would have a lot of eyes and thoughts and conversations about it. It would not be a
34 surprise to anybody.
35

36 So with that in mind I'd like to say that I'm a big fan of coordinated area plans because it really gives the
37 neighbors, it gives the people who have the biggest stake in this the biggest voice, which is really great
38 and it's a really great way of community planning because no one is surprise, no one says we didn't
39 know, no one says we didn't have enough time. Everyone's working on it together so coordinated plans
40 are great things. I want to encourage them. I hope we see more of them in the City and to that end
41 one of the thoughts that I had about this is that it may be decided that that specific area actually has its
42 own growth meter. So I could see a community saying ok, we've planned it out in such a way, but we
43 actually only want 15,000 feet a year, right? Depending on the size of the area, we don't know, but I
44 could see a community coming up with their own meter. And it might be slower than the meter we're
45 proposing here.
46

47 So one of the things I'd like to put out here is the idea that if that community comes up with its own
48 meter or its own way of metering that should be respected. So 10,000, 15,000 sf a year or whatever it is
49 that they decide might be something they do. Another way that they could do it if a project is fairly large
50 and it has multiple components if it has housing, commercial, residential, retail, I could see them saying
51 well, in order to support the retail we need to do the office at the same time, whatever it is that they
52 come up with. Or maybe they say well, all the housing has to be built first only then can you build
53 anything else. So my first proposal would be to respect any meter that comes with a coordinated area
54 plan.
55

1 My second proposal that could be an additional proposal could be an alternative, but it would be to
2 actually extend the mitigation concepts that the Council has already come up with. So the Council has
3 said that if a particular mixed use project has more housing in it than jobs that it creates then it is self-
4 mitigating. And I could actually see extending that same concept to coordinated area plans as well,
5 right? Because I don't really see any difference between housing on top of office on the bottom and
6 housing next to office. To me these are more or less the same things. So Council has already come up
7 with that concept and I could see using that here.
8

9 The last comment I would like to make is given all the community input that goes into these plans and
10 how thoroughly vetted they are I would, I'm actually surprised that this was very controversial over at
11 Council because my own response to that would be that any construction within that coordinated plan
12 should actually be prioritized. Because of all the projects the City hears the projects that come out of
13 that coordinated area plan are the ones that have had the most community input. So those are my
14 thoughts to kick this off and I leave it to you.
15

16 Acting Chair Fine: Commissioner Michael.

17
18 Acting Vice-Chair Michael: So I'd like to qualify my comments with the notion that I think that the
19 approach of using a cap, a temporary cap is troubling to me as a distraction from a commitment to
20 complete the Comprehensive Plan update and to update the Zoning Map. And I think that the challenges
21 that the that arise in terms of updating the Comp Plan and in relation to that the Zoning Map take a great
22 deal of attention, focus from the Council, from the staff, and from the community. And because they're
23 so important and complex it's a protracted process that is I think leading Council into considering
24 temporary measures, which I believe are a distraction and should be avoided. But I'll probably want to
25 talk about that more in depth when we get to that part of our discussion.
26

27 I tend to support the comment from the public by Mr. Moss that if you have a set of concerns which are
28 citywide in nature relative to development, growth, jobs and housing, traffic, parking, whatnot to the
29 extent that you sort of squeeze the balloon in one place Downtown, Cal Ave., El Camino there may be
30 unintended consequences of development simply being displaced into areas that are not included within
31 City boundaries by the temporary cap, which I contend is a bad idea. So I think that when I listened to
32 the most recent Council discussion on this topic which went for several hours, I'm not sure I made it to
33 the end. It was late at night by that point. Many, many points were made by Council Members. Director
34 Gitelman's presentation was very complete. Many issues were posed and not all these had ready
35 answers.
36

37 I think that the, I'm sensitive to the difficulty of administration that would be placed upon the staff.
38 Director Gitelman spoke to this earlier. I think that comment from the public from Mr. Paul suggests that
39 there may be difficulties of fairness or even logic in terms of do you simply take applications in
40 chronological order or do you have a cut off? Is this a some sort of a postdating or ex post facto law or
41 maybe subject to legal challenge because a lot of money is involved and property rights affected? And I
42 think that the burden of on the staff of applying not particularly well defined criteria which may become
43 subjective in the final analysis are, is going to be a source of future controversy that would be avoidable.
44

45 And I would think that if we are to respond to the Council's curiosity about whether this temporary cap
46 might relate to coordinated area plans we can take the example of the California Avenue Concept Area
47 Plan, which is not exactly coordinated area plan or a specific plan or precise plan, but that's been
48 languishing in the planning process for many, many years. It's come to the PTC several times. There's
49 been numerous public meetings. And the last time when I was Chair of the PTC and we reported to the
50 Council on what we had done and whatnot there was some consternation from Council that they hadn't
51 actually had on Council meeting's agendized the discussion of the California Avenue Area Plan and there
52 was some frustration that this had been many, many years in the background and never on the front
53 burner. So I think that the hypothetical desire to use a device such as coordinated area planning is very
54 relevant to Palo Alto, but it's simply almost impossible to imagine the current players are going to be able
55 to address that effectively.
56

1 So I think the cap overall is probably fatally problematic. I think that if you try to restrict it to certain
2 areas but not others which have commercial zoning and excluding the Research Park may be illogical for
3 the same reason then any hope that you could place reliance on coordinated area planning which itself is
4 a multi-year, decade, sort of a lifetime pursuit in Palo Alto isn't going to help. So I will stop with that and
5 hold till my next turn.

6
7 Acting Chair Fine: Commissioner Alcheck.

8
9 Commissioner Alcheck: Ok, so I'm going to just go through the four topics in order. You know generally I
10 think the writing's on the wall and I think City Council is going to enact this ordinance irrespective of
11 some of the concerns that Commissioner Michal has that I share, but that said if there was, I think to be
12 effective my perspective here is that we do include boundaries on the annual limit. I would support that.
13 I support that staff, I support that recommendation from staff and I think everybody on every side of this
14 issue has some concerns about the impacts. What you had talked a little bit about policy impacts and
15 about real impacts and I think there's a lot of concern from both sides of this sort of table here that how
16 will this impact our community's general vitality and prosperity? And or to what extent is this so
17 necessary that [land] because otherwise the vitality and prosperity is going to be diminished because we
18 don't have this office cap?

19
20 I think that the two year sunset in some regard is an opportunity for us to test this out. And so I want to
21 I know that's not a part of the discussion that timeline, but I want to just throw out that I would like
22 some clarity on whether or not that sunset would be March of 2017 if it was retroactively applied to
23 March 2015. And then would that sunset date theoretically would be two years from what date?

24
25 I think the land use exemptions that you suggested all sounded very thoughtful. We didn't hear tonight
26 from anybody who was interested in suggesting another exemption, but I would encourage anyone
27 listening to take the opportunity in the weeks between now and when Council reviews this to contact our
28 staff if you feel that there's an argument for a different exception. Our staff works really hard to sort of
29 come up with the universe of wonderful ideas, but if there's an idea out there that or an exception that
30 hasn't been properly reviewed I really would encourage that exception to be delivered to the staff and I
31 would support a Motion tonight that didn't necessarily limit the exceptions to those that you suggested
32 tonight, but allowed staff to continue to evolve their rationale on exceptions between now and when they
33 present to City Council.

34
35 I think with respect to the process and criteria for implementing an annual limit that is an area where I
36 have tremendous concern. I there [isn't] a lot of people feel like the Planned Community (PC) process is
37 a process that lacks a lot of transparency. And this description of a competitive process and my
38 preconceived notions of a competitive process give me the same sense of concern. I don't want to get
39 into I mean... Number 3 is the quality of their design. I would suggest that there are... our ARB is staffed
40 by architects and it's a position appointed by our City Council and there's I believe a sensibility in terms of
41 the review that an individual architect may not appreciate that type of architecture, but they will work
42 together with the architect submitting the project to improve upon it. I have a little bit of a concern with
43 the community participating in a review of the quality of design and whether or not a building is
44 compatible with the surroundings. I would be concerned that we would see projects, if I could just have
45 a couple more minutes? I would be concerned if that we would be picking projects that in a way that
46 frankly feels a little un-American and so I don't I would encourage staff and I would encourage City
47 Council not to pursue a competitive process. I think a first come first served process would be much
48 more I guess fair and reduce ambiguity and reduce any kind of lack of transparency.

49
50 I just want to finish with the last one if that's alright? So applicability to pipeline projects, I completely
51 appreciate this notion that individuals who have applied have spent half a million dollars. I think that's in
52 some regards probably there are some applications where that number is actually underestimated. And I
53 don't want to touch upon whether or not there is a legal issue here, but I just can't appreciate how we
54 would do that because when someone begins their application process while it may not be complete that
55 process by which they sit with staff at the Development Center or with staff at higher levels of the
56 Planning Department is a team and collaborative approach. And so they've spent all these resources in

1 an effort to get their application completed. It's not as if when, it's not as if an application that is
2 incomplete but submitted is any less worthy of development, it's just that the staff hasn't finished its
3 review and I think to some extent our staff for example, has its own... it's my understanding that in the
4 Planning Department there are like these timelines. So if you apply for something there's a four week
5 turnaround for a response. At least that's the case in some residential projects, right? And so to some
6 extent it doesn't even seem entirely fair for an applicant who's submitted a project to be to have that
7 level of uncertainty. If I and I'm not, but if I was a developer I can imagine that the next and the last
8 couple of months I've had sleepless nights because these are some of our developers are local and some
9 aren't, but their this is their living. And so I am a little concerned about that.

10
11 And the last comment I want to make is you had mentioned earlier that this 50,000 sf cap will act as
12 some sort of buffer for the spikes. And the market in some regards is our buffer on spikes. And I
13 thought it was particularly telling that San Francisco has a rollover plan. I would encourage staff and the
14 City Council to consider a rollover plan. In years that we don't hit the 50,000 that, those square feet
15 should rollover to the next year indefinitely. If our concept here is that we can manage 50,000 sf of
16 growth then this concept of the [spike] so you made the statement that we're trying to sort of even out
17 the spikes. You can even out the spike on a year where there's lots of resources to invest in our assets,
18 but on a year where there's no resources to invest in an asset you can't encourage it. So for example,
19 it's not surprising to me that in 2006 and 2007 you saw a lot of growth, 2008 you didn't see very much,
20 and in 2009 you didn't see very much. I am a little surprised that in 2011 and 13 it was that's a little
21 odd, but those are years where there won't be very much investment and you wouldn't be able to
22 encourage it. So I just think that it's telling that San Francisco did it differently and I wonder if there are
23 some merits to investigating that approach. So that's it, that's basically all I have to say about it.

24
25 Commissioner Downing [I think? Off mike]: [Unintelligible].

26
27 Commissioner Alcheck: I feel this just I think I mentioned at the very beginning, but I feel the same way
28 about coordinated plans. I, you know when you're hungry you're not supposed to go shopping for food
29 because you're going to probably buy too much and you'll buy things that you don't really want to eat. I
30 think some of the issues that we are having with finalizing these coordinated plans is that there's a
31 tremendous uncertainty as to what's our Comprehensive Plan going to be. So everything has stalled.
32 When I first joined the Commission we were a part of a Comprehensive Plan update and a lot of those
33 elements that we worked on are in a holding pattern essentially because they are being rewritten. I
34 don't, I share the concern that a coordinated area plans will not materialize. So invoking them seems
35 redundant. I just I don't know if that even makes sense. So I don't know if that answers your question,
36 but I think this is going to sunset before the coordinated area plans come into effect so in some regards I
37 don't even know if it's relevant to have the discussion because I don't know how they would sort of work
38 together.

39
40 Acting Chair Fine: Thank you, Commissioner Alcheck. I'm going to start just with the coordinated area
41 plan and the boundary issues and then move on to more general stuff. If this were to go through I
42 would not support including the coordinated area plans. I kind of agree with Commissioner Downing that
43 coordinated area plans take a lot of civic engagement and they essentially build that community buy in
44 for a vision of development that's really where the zoning and Comprehensive Plan the rubber hits the
45 road. I wouldn't support including them in this cap.

46
47 With regards to the boundary issue this boundary includes all but two of the pipeline projects. That
48 seems pretty good, I guess. But then you get to the issue of when we put a boundary on this of course
49 development is going to go elsewhere; speaking to that I'd also say that development would go to some
50 of the exempted uses even if they are self-mitigating. That might be another problem for this City.

51
52 So moving on I have some particular questions about the size of the cap and the pipeline and the criteria.
53 Why 50,000? I don't know if staff has an answer, anybody in the public?

1 Ms. Gitelman: Well, the 50,000 number came from the Council and I think it really was because of the
2 data that you see on this slide. It was a number that was chosen to be effective at kind of moderating
3 the peaks.
4

5 Acting Chair Fine: Right, so I mean if the goal there is to moderate those peaks and control the impacts
6 then we should be projecting the impacts from this cap whether it's 25,000 sf, 50,000, or 100,000.
7 Whatever that number is we should actually be projecting forward what we think the impacts will be so
8 that the community knows what they are. I happen to agree with Commissioner Alcheck. I think a
9 rollover would be an appropriate mechanism to implement there.
10

11 Moving on to the pipeline and the dating of it, I'd like to ask would this qualify as an ex post facto law
12 where applications that were in, that were, sorry, that were submitted by March or past March the March
13 deadline, but before Council had taken up this issue would this be some kind of taking from those
14 applications?
15

16 Cara Silver, Senior Assistant City Attorney: Thank you, Cara Silver, Senior Assistant City Attorney. No, it
17 wouldn't be. The way courts typically look at entitlements is that the entitlement vests at the time that
18 it's actually issued. And so the issuance date is the appropriate date to look at to determine which laws
19 apply. So as long as this ordinance is in effect at the time that the actual permit is issued then it's not
20 considered an ex post facto law.
21

22 Acting Chair Fine: Ok, so then in that case it appears to me that's actually the backdating in a way is
23 almost to catch projects that were in the pipeline. I don't find that particularly fair to the developers.
24 There is a lot of people who have invested time and money and effort into making those plans and just
25 the fact that this discussion came up later seems to be unfair to them. My opinion is that if this does go
26 through it should be dated to the ordinance adoption date, which I understand probably will cause a rush
27 of developers trying to get their projects in before that date, but so be it. The fact is we're actually living
28 through the issue that we haven't finished our Comp Plan and I think that is on the City. It shouldn't be
29 shifted to developers in that regard.
30

31 With regards to the evaluation criteria I tend to agree with Commissioner Alcheck. I think it's setting up
32 the City and the Council for criticism and it puts developers who have already submitted their plans at a
33 loss in terms of they haven't crafted a project that's to these right criteria. The criteria don't have any
34 weighting. It seems pretty subjective to me and I'm not sure that's the best option for development in
35 the City.
36

37 A few more points; I agree with Commissioner Michael that this is a big distraction from the hard work of
38 the Comprehensive Plan. And I'm wondering if staff can kind of characterize how much effort this will
39 take and will that take away from us finishing the Comprehensive Plan?
40

41 Ms. Gitelman: Well, I mean clearly it's involved some attention and effort on staff's part. I've had a lot of
42 assistance from Roland Rivera on our staff who manages this data set and who's done a lot of the
43 analysis and Cara Silver and I have each had to spend quite a bit of time on this. But other than the fact
44 that yes, it takes time and the Comprehensive Plan update is another project that takes time and a lot of
45 attention I don't know that I could characterize it any more than that.
46

47 Acting Chair Fine: Ok, so in my opinion and thoughts on this a cap here seems like a pretty blunt
48 instrument to address quality of life issues whereas our Comprehensive Plan and particularly the zoning
49 updates that come after them are an opportunity to come together and think of creative solutions to
50 actually address those impacts. There's already a lot in the works in terms of the business registry,
51 Transportation Demand Management (TDM) programs, parking programs in the works and I think it's
52 strongly worth thinking about whether this is going to impact our evaluation and ability to finish the
53 Comprehensive Plan and whether this actually addresses the issues which are parking and transportation
54 and affordability of housing. I don't particularly see this ordinance doing that. I think at that moment
55 I'm done, but I'd like to turn it back to anyone else on the Commission with comments or questions.
56

1 Acting Vice-Chair Michael: So I think the comments from my colleagues are hopefully helpful to Council
2 and to staff. And I agree with most all of them. I made a number of notes earlier based on Director
3 Gitelman's presentation and comments from the Commission. And in no particular order to the extent
4 that we'd like to respond to the public concern about the impacts of growth and to the extent that we
5 have a list of projects which are currently in some state of working through the Palo Alto process, if the
6 arbitrary notion of 50,000 net new feet is what Council believes meets the public need and there is about
7 100,000 sf of projects, 102,000 sort of currently in the process, and you're looking at a two year period
8 rather than trying to impose upon staff some draconian administrative process of determining sort of
9 where, when, how, and why to differentiate among these proposals why not simply say that as of the
10 time that the Council finally takes action if the list of things that's in process is approximately what you'd
11 like to see constrained over a two year period why not just say that's it? There's a moratorium anything
12 beyond that, but keep it simple.

13
14 I want to come back just to the notion that I think that the use of a cap whether it's interim or
15 cumulative or citywide or based on coordinated area planning which itself is hasn't happened I would
16 much prefer to see the energy and attention and the vision of the Council directed at articulating policies
17 that and maybe draft policies that they would like to propose for inclusion in the Comp Plan. For
18 example, in the Land Use Element you might have a policy that relates to the rate of growth. And you
19 might have various programs and Comp Plan details that would support that policy, but I think that the
20 Council has by focusing on interim ordinances taken its eye off the ball of the Comp Plan. And I think
21 that the concern about rate of growth is legitimate, but I think it belongs as a policy in the Comp Plan
22 and I think the Council should focus their attention at that high level of importance and drop the interim
23 ordinance and go back to the Comp Plan.

24
25 And also to implement the policy that it ultimately decides in terms of updating the Zoning Map I think **I**
26 **sort of** probably attended a number of Council meetings where Mayor Holman or others who were
27 particularly astute on Planning issues said well, we shouldn't we should zone for what we want. And I
28 may be misquoting, but I think that that's generally a good impulse and if we'd like to have development
29 of a certain nature in a certain location then maybe we can promote that, that would preserve the
30 residential character of the existing neighborhoods that maybe would promote more walkable
31 neighborhoods proximate to transit or alleviate the jobs/housing imbalance, but that to me come through
32 the Comp Plan and the Zoning Map and not a cap. Not an interim cap that you try to make permanent.
33 The whole notion of a cap seems to me to be politically correct, but almost impossible to administer.

34
35 The words blunt instrument were mentioned. I had written that down here. I mean how do you allocate
36 between different neighborhoods? Why **[you've]** exclude the Research Park? If traffic impact is a
37 concern that is just as much of an impact on the City as Cal Ave. and it's they're right next to each other
38 so that's illogical. This question of prioritizing and I think it's, it was certainly well intentioned in the
39 Council discussion that I viewed online and in Director Gitelman's presentation that certainly there may
40 be factors that would seem to be useful in trying to make these decisions, but I think that again I don't
41 like the notion of a cap. And when you try to think of the factors and the exemptions the exemptions are
42 probably going to swallow the whole and you may actually as you if you place certain neighborhoods out
43 of you know, ineligible for new development then **[unintelligible]** go to the other neighborhoods. If you
44 say well these are the exemption that you're going to encourage those it'll be a distortion in favor of
45 exemptions that wouldn't necessarily what you would want in your land use policies. So that was I think
46 well intentioned, but I think probably would be the grounds for many future disputes that are avoidable if
47 you drop this notion of a cap. I'll stop at that.

48
49 Acting Chair Fine: Commissioner Alcheck.

50
51 Commissioner Alcheck: Yeah, I want to highlight something that I think Commissioner Fine mentioned
52 that I think is relevant. I, if we do a competitive process I imagine that the resources and time of staff
53 would actually be pretty intense that the process **[involved]**. I also think if you use a competitive process
54 you're actually encouraging applications, right? So you get a bunch of people who applied in January and
55 they've maxed their 50,000 sf of potential development, but you've got a developer later on in the year
56 who's like well I might throw it in there because I might win the beauty contest. And so you're

1 encouraging sort of an over subscription of applications, right? If we do a first come first served process
2 then in theory, right, you have individuals just applying and let's say the applications add up to 400,000
3 sf. So basically the next eight years of development have been applied for in 2016. Well at least you
4 know as an individual considering investment in the community where you stand. I won't be able to
5 develop this property if I apply today until 2023. And that is I really want to suggest that there is a
6 tremendous benefit to creating a process that provides transparency, stability, and gives everybody a
7 sense of where they are.

8
9 So if for no other reason than I can't even imagine how much busier you would be if you had to
10 administer a process that involved a beauty pageant and I call it a beauty pageant because that's a little
11 cynical, I know. But I do want to say this, I'm not opposed to supporting a Motion to recommend this
12 interim motion or interim ordinance or ordinance for that matter. San Francisco has this ordinance.
13 Walnut Creek has this ordinance. This is not this, I appreciate this idea that it's a blunt tool, but our
14 community has spoken and our Council has provided direction and I think to some extent we owe it to
15 our, we owe it to ourselves and to our community to try it. But I do think that we should, that doesn't
16 necessarily mean that we shouldn't at least attempt to fine tune it in such a way that we don't make it
17 like really hard for us to succeed at administrating, administering it. And I think that's why I'll try to
18 speak for all of us, I think that's why some of us are concerned with the pipeline process because that
19 just we're going to if you were in the pipeline you'd hate it and I think that's why some of us are
20 uncomfortable with the competitive process.

21
22 And I don't necessarily think and you can say where did we come up with 50,000? I think you could
23 have said that about any number and I appreciate the idea that we could of fined tuned and sort of
24 identified well what number is it where we are uncomfortable. The number that we uncomfortable is
25 one. One additional square foot of office space is making people uncomfortable. Maybe it doesn't make
26 you or I uncomfortable, but it's making a significant proportion of our community uncomfortable. And so
27 I think from there's one end of the spectrum here which wishes the number was zero.

28
29 And so I think I'd like to end tonight with a Motion. I would suggest that we, I'd like to make a Motion
30 that we recommend to City Council to approve this cap and I would hope that they would the cap that
31 they would approve would incorporate changes that reflect our concerns about the successful
32 implementation of that cap in a way that our, that we don't create a lot of tension between the two sides
33 of the desk at the Development Center, right? I think that's a, I think that's my goal at least in making
34 this recommendation. And so if that's acceptable as a Motion I will (interrupted)

35
36 Acting Chair Fine: I think I get your drift. If you could just sharpen it up a little bit for Council.

37
38 MOTION #1

39
40 Commissioner Alcheck: Ok, I'll use the language here that... I would like to make a Motion that the PTC
41 recommend the draft ordinance included as Attachment A establishing the annual limit of 50,000 sf for
42 new office and R&D subject to the interim sunset two year provision and/or until the Comprehensive Plan
43 is adopted, whichever is less as it's written here. And I would also suggest that that ordinance, I wonder
44 if I should bifurcate this, but I would suggest that that ordinance not include a competitive process, but
45 serve first come first serve process. And I would suggest that that ordinance include a rollover for
46 unused square feet in years when we can't attract any development investment. And I would encourage
47 that ordinance to include the exceptions that staff has presented tonight and any other exemptions that
48 staff determines are acceptable in the next two weeks or four weeks. And finally, I would encourage, I
49 would support that that ordinance be applicable to the boundary as laid out by staff tonight.

50
51 Acting Chair Fine: Alright, thank you Commissioner Alcheck. So we have a Motion on the table which is
52 the boilerplate plus that the ordinance not include a competitive process, the ordinance does include a
53 rollover, the ordinance does include the exceptions as outlined in this presentation, and the ordinance
54 includes, sorry, what was the last?

1 Commissioner Alcheck: I mean I know this part is not perfect, but for the sake of just getting it to them
2 so that they can discuss it the boundaries suggested by (interrupted)
3
4 MOTION #1 FAILED
5
6 Acting Chair Fine: The ordinance does include the boundaries as in this document. Do we have a second
7 or any amendments? So we do not have a second. So if I would add a few amendments. One I can
8 think of at the moment I don't know if it'll get a second still.
9
10 Commissioner Michael: [Unintelligible-off mike] Substitute Motion.
11
12 SUBSTITUTE MOTION #1
13
14 Acting Chair Fine: I'd like to make a Substitute Motion then since there was no second. Thank you.
15 Essentially the same Motion, but also bringing the pipeline up to the date of adoption of the ordinance.
16
17 Commissioner Alcheck: I apologize for not including that. If that will get your second then I will
18 accommodate that or if you would like me to second your Motion then I will. Second.
19
20 Acting Chair Fine: Ok.
21
22 SECOND
23
24 Commissioner Alcheck: I don't think you're asking me about a friendly amendment, so I will second your
25 Motion if it's my (interrupted)
26
27 Acting Chair Fine: Substitute the Motion, yes.
28
29 Commissioner Alcheck: I don't know why I didn't include that.
30
31 Acting Chair Fine: Are there any more amendments or discussion on this Motion? Commissioner Michael.
32
33 Commissioner Michael: So my intention is to vote against the Motion because I think that the mechanism
34 of the cap is not preferable to the effort that could be used instead by staff and Council and the various
35 boards and commissions to articulate instead of the interim ordinance for the cap to articulate policies,
36 draft policies, and related language that could be considered in the Comp Plan update process.
37
38 Acting Chair Fine: Other comments? Commissioner Downing.
39
40 Commissioner Downing: Yeah, so I haven't had a chance to speak about this a little bit broadly. So I
41 would like the opportunity to do so. So the reason why we're looking at this ordinance is because we're
42 concerned with the impacts of growth. We're concerned with parking, we're concerned with traffic, we're
43 concerned about use of resources, access to resources. I find all of those concerns about quality of life
44 to be incredibly important. Those are real concerns and are real problems that our community is facing
45 and I take them really seriously and I think that we need to do more than we've been doing although I
46 will also say that we've been doing a lot. There's a lot of programs that are coming up, about 12
47 different programs that deal with traffic and parking that will be implemented within the next year, year
48 and a half.
49
50 So with that in mind the point I would like to make about this is that from my perspective the entire
51 ordinance just kicks the can down the road, right? It slows down those impacts, but it doesn't actually
52 do anything to get rid of them or mitigate them, make them not happen. And I think it's really clear
53 when you look at this chart and you look at that growth of office, right? So let's say you have this 50,000
54 cap, right? You can see that for any year that we don't build that 50,000, right, you just wait for a slow
55 year and then you build it then, right? So you're still going to get all your office development that you
56 were going to get, but you're just spreading it out across the years. And so my concern with that is that

1 you're investing lots and lots of time and staff time, money, resources to basically 10 years from now end
2 up in the exact same place as without this ordinance, right? Because these things even out over years
3 and that's all money that you could have actually been spending on real programs that would have
4 actually gotten rid of the things that were the problem in the first place, right? With all the money that
5 we spend on staff time, resources, monitoring, beauty contests, all the different Council hearings we've
6 had, I mean we spent six months on this ordinance already and it's going to be months until this thing is
7 finally approved, right? So we'll have spent close to an entire year on a two year ordinance.

8
9 And so my point is that that's all money that you could have used to actually buy people commuter
10 passes, expand our public transportation networks, expand shuttles, expand bike access, expand
11 sidewalks, right? You could have actually just given people money to take Ubers, right? There's a lot of
12 different things that you could have done with this money and a lot of different things that you could
13 have done with the time that we spent on this. And that's my real concern is that this doesn't actually
14 get rid of any of the problems that we have, it just slows them down. And that is problematic because I
15 think the quality of life issues are there and they're real. And I would actually really like to solve them.
16 And I'd like to spend time solving them and coming up with problems that are going to fix them instead
17 of doing this, which I think is just a band aid. It looks good on paper and it sounds really great, but it
18 doesn't actually do much for us.

19
20 The other point I'd like to make Mr. Moss was talking about the intensification of office use and people
21 packing more people into offices. When you actually run the numbers of all the office space on Palo Alto
22 even one percent intensification, one percent increasing the number of people in your building
23 overwhelms anything that you get by this cap, right? So if you're worried about more cars driving in, if
24 you're [unintelligible] about more people creating traffic this doesn't really do much for you, right?
25 Because even a one percent intensification eats up any gains you get this way. So that's another thing to
26 keep in mind because this is just it encourages people to cram more people into offices. It intensifies
27 those uses even further and I'm not really sure you want that. That sounds worse than the alternative.

28
29 And then lastly Bob Moss right again, you are pushing development to other areas. You're pushing
30 development to the SRP, you're pushing development to San Antonio, out to the Bay and the issue with
31 that is that you're pushing development to places where there's no public transit. So we know that
32 companies that are on a Caltrain have only 40 percent of their employees driving alone. We know that
33 people [unintelligible] on all those other places have an almost 100 percent driving rate. So if your goal
34 was to reduce the number of people driving to our City and creating traffic you're doing the opposite with
35 this.

36
37 So I can't help but feel that this ordinance is ill advised and I agree with everybody else on the PTC who
38 have said likewise. And again, it's because I do care about quality of life and I do live here and I do have
39 to drive here and I'd like it to be better than it is. And I just don't think it gets us there. That being said,
40 I understand that Council they have cooked up a plan that they are happy with. They are in agreement,
41 they want to move this forward, and at the end of the day we're an advisory body, right? No matter
42 what it is that we advise it seems pretty clear that Council's already decided on what they're going to do.
43 So we can help them as much as we can with the technical details and providing the additional
44 information we've provided today, but I think the asterisk for most of us is this is how to get the details
45 right, but you're sort of missing the forest for the trees.

46
47 Acting Chair Fine: Commissioner Alcheck.

48
49 Commissioner Alcheck: I'm glad you didn't say yet that you wouldn't support the Motion, because in an
50 effort to salvage this... so let me, I want to respond to two things that you said. The first is I don't think,
51 I think San Francisco's implementation of their cap suggests that it wouldn't be 50,000 every year. There
52 is money for development and when there is no money for development there is no development. And it
53 follows the market so in San Francisco for example like the report said because of their rollover they saw
54 a lot more development in the last couple of years and they didn't see any in the years that or they didn't
55 see very much in the years where they didn't hit the cap because the economy didn't support that

1 development investment. And so I don't think that we're just going to see 50,000 sf developed every
2 year.

3
4 And I also think that like to, I think to be fair I think for many people in our community the growth rate
5 itself is the problem. So you were, you were suggesting that we're not really mitigating the problem. I
6 think from many people's perspectives that you could do all of the things that you suggested with money
7 like the Uber rides and the various things that you suggested and that still wouldn't be enough if we
8 continued to allow the growth rate that is occurring and so we would never achieve any positive
9 mitigation. It would still be like a diminishing scale of mitigation. We would not reach the same sort of
10 rate of growth.

11
12 So I guess my response to your comment is the following: if you knew the ordinance was going to pass,
13 if you knew that there was going to be an ordinance, what would you suggest we, what would your
14 recommendation, how would you suggest that ordinance be crafted to make it better? And that's, that's
15 sort of the goal of, was the goal of my Motion and it's the goal of why I seconded Commissioner Fine's
16 Motion, which is that I think this ordinance is going to come to pass and I think we're going to test it out.
17 It's going to be two years and we're going to see what happens. And there are a few things that I think
18 we could do right now to improve it. And I think it would make a difference if our Commission had a
19 positive, had a conclusive recommendation, if we didn't come to a tie with no recommendation approved
20 that suggested what we thought would be better. I don't want to suggest to you that I think it's perfect,
21 but I also want them to hear from all of us that there are ways to make it better if it's going to happen
22 anyways from your perspective. And so if there's an amendment, if there's anything else that could
23 make it better, you knew it was going to happen anyways, how would you, how can we move forward
24 with your support I guess?

25
26 Commissioner Downing: Right, so I support the Motion as made and I support the amendments that
27 have been made. I am in favor of it.

28
29 Acting Chair Fine: Thank you both. Commissioner Alcheck I do have an answer to that question, but I do
30 want to go over the Motion once more; after my comments let's call the vote. So we are moving that the
31 City Council adopt the ordinance establishing an annual limit of 50,000 sf for new office and R&D
32 development in a subset of the City comprised of Downtown, Cal Ave., and El Camino corridor for an
33 interim period of two years or until the Comprehensive Plan update is adopted, whichever is less. The
34 ordinance has a couple amendments including that the ordinance not include a competitive process for
35 evaluating projects, the ordinance should include a rollover, and it should include the exceptions as
36 outlined in this project or presentation. The ordinance should include the boundaries as suggested by
37 Council and the ordinance should bring, I'm sorry?

38
39 Commissioner Downing: [Unintelligible – off mike] staff.

40
41 Acting Chair Fine: Boundaries as suggested by staff, thank you, and the ordinance should bring the
42 pipeline deadline up to the date of adoption of the ordinance. Now for a few comments and then I'll call
43 the vote. I'm sorry.

44
45 Acting Vice-Chair Michael: [Unintelligible – off mike].

46
47 Acting Chair Fine: Ok, well I'll just go through this and then you can go. So I really appreciate how hard
48 our Council and staff cares about the concerns of our citizens and impacts they face from developments
49 ongoing and in the future of Palo Alto, but this ordinance doesn't address those development impacts and
50 furthermore it prejudices the City and staff against particular types of development based on subjective
51 criteria. So I'm not going to be supporting my own Motion. I'm not a developer, I'm not a homeowner,
52 I'm not a business owner, I'm just someone who lives in Palo Alto and I want to see this continue, to see
53 this City continue to thrive, be interesting, and be an economically successful place. In my opinion the
54 City's efforts would be much better spent focusing on the Comprehensive Plan and the zoning updates
55 that come after that and policies which put our developments on a newer, better course. Of course

1 Council can still consider this ordinance and if they do adopt it I highly encourage them to explore the
2 amendments we've made.

3
4 Acting Vice-Chair Michael: So I should know more about this; but so this ordinance which I don't like, but
5 in its current form it speaks to a certain amount of square footage per year of net new development in
6 relationship to what is the current square footage of office throughout the City. So for example, if rather
7 than a number of net new square footage in the entire City spread across Downtown, Cal Ave., and El
8 Camino what's the square footage in Downtown currently? What's the square footage currently along El
9 Camino? What's the square footage in Cal Ave.? What's the square footage elsewhere: Midtown, San
10 Antonio, Research Park? And if you express it as a percentage versus square footage what would that
11 look like? So for example, if you're talking about no more than X percent in any commercial area net
12 new and let's say it's I don't know 5 percent or 1.5 percent whatever the incremental growth of any
13 particular so you have an impact that's proportionate in areas which are commercially zoned rather than
14 a just a number which has all sorts of problems relative do you or do you not do rollover? What about a
15 single project which would be bigger than the total amount that might be a good project [unintelligible]
16 the Council can do whatever they want as an exception, but if you this idea of expressing it differently as
17 a percentage rather than a number seems to me [they] might have some bearing and make it citywide.
18 Make it everywhere that was commercially zoned that allows office so you don't and I would also
19 encourage no exemptions.
20

21 I think that this should be as simple as possible. And I think you want to distort people's behaviors
22 around a well-intentioned road map for how to have an advantage. You're, I think Commissioner
23 Downing was pretty articulate in terms of the Universal concern in Palo Alto for quality of life in all of its
24 different dimensions and how that may be impacted by growth of office use, but just because it's a
25 medical office and because you like medical offices or maybe it's a small office, what if it's a different sort
26 of an office which we also like, but it's... but I think you if you're overly prescriptive or if you're
27 prescriptive at all I think you introduce distortions which would make the administration of this more
28 difficult. I think then the notion of competition and the beauty contest I think just seems to me to be a
29 train wreck coming down the road.
30

31 And I do think that I would like when we do a vote I'm probably going to vote against the ordinance
32 because I think that it's a substitute for proper planning in the form of the Comp Plan update and the
33 Zoning Map and it's sort of a, it's a belief that we can address the litany of problems that Commissioner
34 Downing went through I thought was pretty articulate. This isn't the solution to those problems. And so
35 I would encourage all of the well intentioned efforts of Council and staff and the public to address I think
36 more enduring long term solutions to real problems.
37

38 VOTE
39

40 Acting Chair Fine: Should we take a vote on this Motion? All those in favor? Commissioners Alcheck and
41 Downing. All those against? So the Motion does not pass.
42

43 SUBSTITUE MOTION #1 FAILED (2-2-3, Commissioners Fine and Michael opposed, Commissioners
44 Tanaka, [Rosenblum], and Gardias absent)
45

46 Acting Chair Fine: At this point do we close the issue and move on to the next one or?
47

48 Ms. Gitelman: Thank you, Commissioners. I think we have two choices. We could continue this to an
49 evening when Commissioner or Chair Tanaka will be back and he can resolve the deadlock or you could
50 continue working to see if there's a Motion, another Motion that could be supported by the
51 Commissioners who are present here this evening.
52

53 Commissioner Alcheck: Clarification, who supported the Motion?
54

55 Acting Chair Fine: You both supported it.
56

1 Commissioner Alcheck: You did not support your Motion?
2
3 Acting Chair Fine: No.
4
5 Commissioner Downing: Your own Motion?
6
7 Acting Chair Fine: No. I wanted to make a Motion that I thought would be helpful to Council in terms of
8 some of the amendments, but I was not in support of it.
9
10 Commissioner Alcheck: [Unintelligible – off mike].
11
12 Acting Chair Fine: So my opinion there thank you, Director (interrupted)
13
14 Commissioner Alcheck: Can I ask a question? Is there a variation of the Motion or any Motion? Is there
15 a variation of this Motion that you would support? Or are you, or I'm just trying to understand, are you
16 supporting a Motion that we recommend not approving this ordinance? I'm trying to understand that.
17
18 Acting Chair Fine: I don't want to preclude Council from doing what they see is best for the City. I don't
19 support this ordinance. I think there are improvements that could be made if it goes forward, but in full I
20 don't support this ordinance. With regard to Director Gitelman's comments I am personally in opinion
21 that we should wait for the rest of our Commission.
22
23 Ms. Gitelman: You know I can make one other suggestion. I mean if you could make a Motion just
24 against and had three votes to recommend against the ordinance that would be taking action too, but it's
25 up to you. We can also wait until Commissioner Tanaka is back; I think Commissioner Rosenblum is
26 conflicted out. Oh, oh that's right. So Commissioner Gardias will be back as well so we'll have two
27 additional Commissioners.
28
29 Acting Chair Fine: So would anybody on the Commission like to make a Motion against or should we
30 postpone till Chair Tanaka returns?
31
32 MOTION #2
33
34 Commissioner Downing: I would Motion against, I think it should just go back to Council.
35
36 Acting Chair Fine: Is there a second?
37
38 SECOND
39
40 Acting Vice-Chair Michael: I will second Commissioner Downing's Motion.
41
42 Acting Chair Fine: Alright, so we are voting on a Motion not to recommend this ordinance, the option of
43 this ordinance. Shall we vote?
44
45 Acting Vice-Chair Michael: Can I speak to my second?
46
47 Acting Chair Fine: You may, sorry.
48
49 Acting Vice-Chair Michael: So I believe that the PTC is an advisory body and we make recommendations
50 at Council and the Council has the power to act on this. One of the ways that the Council is informed of
51 our recommendation is through the verbatim minutes of our meeting. And I believe that they will have
52 the full benefit of the minutes of our discussion this evening. If it would be helpful to Council for us to
53 continue this to a date certain so that there would be more commentary from people who are not
54 conflicted out who are not in attendance tonight we could do that certainly, but I think that there's a
55 sense of urgency at the Council level to get this back to them and maybe we should just let them have it
56 with the benefit of our verbatim minutes.

1
2 VOTE
3
4 Acting Chair Fine: Alright, are we ready to vote? All those in favor of not recommending the Motion?
5 She wasn't going to support it.
6
7 Commissioner Downing: Wait a minute.
8
9 Acting Chair Fine: We were just voting on a Motion not to recommend that the City Council adopt this
10 ordinance and as Commissioner (interrupted)
11
12 Commissioner Downing: That seems different because I thought the question at hand was whether or
13 not we wanted this to come back to PTC again. Is that the question?
14
15 Commissioner Alcheck: If you make a Motion it doesn't come back if your Motion passes, just to be clear.
16 If your Motion is to wait until we have a Commission that's different. The Motion you made was
17 (interrupted)
18
19 Ms. Silver: My, excuse me, my understanding of the Motion was the Motion was to recommend against
20 adopting the ordinance. And there was a Motion and a second on that Motion. That's what's on the
21 table.
22
23 Acting Chair Fine: That was your Motion seconded by Commissioner Michael.
24
25 Commissioner Downing: [Unintelligible – off mike].
26
27 Commissioner Alcheck: Well, she's entitled to not support it. You did not support your Motion.
28
29 Acting Chair Fine: Right, you don't have to support your own Motion. So I think we're deadlocked on
30 this.
31
32 Ms. Gitelman: I think you could withdraw your Motion. If we misunderstood your Motion you can
33 withdraw.
34
35 MOTION #2 WITHDRAWN
36
37 Commissioner Downing: Yeah, I think I'm going to withdraw. There has [been misunderstand].
38
39 MOTION #3
40
41 Acting Chair Fine: Ok, I'll make a Motion that we not recommend this issue for adoption.
42
43 SECOND
44
45 Acting Vice-Chair Michael: I will second that.
46
47 VOTE
48
49 Acting Chair Fine: Right, the Motion on the floor is that we not recommend to Council the adoption of this
50 ordinance. All those in favor? All those against?
51
52 MOTION #3 FAILED
53
54 Ms. Gitelman: Ok, maybe you could adopt a Motion continuing this matter until August 26th? And we will
55 hear it as the first item on the agenda and your colleagues will help decide.
56

1 MOTION #4
2
3 Acting Chair Fine: Yes, I'd like to make the Motion that we postpone this to August 26th, our next
4 meeting. Is there a second?
5
6 SECOND
7
8 Commissioner Alcheck: Second.
9
10 VOTE
11
12 Acting Chair Fine: All those in favor? All those against?
13
14 MOTION PASSED (3-1-3, Commissioner [REDACTED] against, Commissioners Tanaka, Rosenblum, and
15 Gardias absent)
16
17 Commissioner Alcheck: I thought that was your Motion?
18
19 Commissioner Downing: [Unintelligible – off mike].
20
21 Acting Chair Fine: No, that was my Motion. Alright, we're done with this item.
22
23 Ms. Gitelman: Thank you, Commissioners.
24
25 Acting Chair Fine: The vote is three to one (interrupted)
26
27 Ms. Gitelman: We'll take this up again on the 26th.
28
29 Acting Chair Fine: Thank you everyone for, yes.
30
31 Commissioner Alcheck: [Unintelligible – off mike].
32
33 Acting Chair Fine: It's hard working the negatives. Let's take a few minutes of break and then we'll do
34 the last item.
35
36 **Commission Action**: Commission discussed and item continued to date certain of August 26, 2015

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Planning and Transportation Commission
Draft Verbatim Minutes
August 26, 2015

EXCERPT

Interim Ordinance for the establishment of Office/R&D Annual Growth Limit applicable to Downtown, California Avenue Area and the El Camino Corridor: The Planning and Transportation Commission will Consider a Recommendation to the City Council for Adoption of an Interim Ordinance to Establish an Office/R&D Annual Growth Limit Applicable to Downtown, the California Avenue Area, and the El Camino Corridor on an Interim Basis. For more information contact Hillary Gitelman at Hillary.gitelman@cityofpaloalto.org CONTINUED FROM AUGUST 12, 2015

Chair Tanaka: Ok, so we're now going on to our second item and I think Commissioner Rosenblum you are conflicted so you can't attend this one.

Commissioner Rosenblum: [Unintelligible – off mike].

Cara Silver, Senior Assistant City Attorney: Oh, yes, please. No, please actually the Political Reform Act does require you to state why you're recusing yourself.

Commissioner Rosenblum: I have been advised to recuse myself because this issue impacts Stanford, which is the employer of my wife.

Chair Tanaka: Ok, so let's begin Item 2, the Interim Ordinance for the establishment of Office/Research and Development (R&D) Annual Growth Limit applicable to Downtown, California Avenue Area and the El Camino Corridor. Does staff want to make a statement on this just to help frame the conversation?

Hillary Gitelman, Director: I'd be happy to do that. Hillary Gitelman the Director. First let me acknowledge this is a continuation of a hearing from our last meeting at which there were only four members of the Commission present. It would be good to hear when we get to Commissioner comments that the two members who were absent had listened to the whole tape and are prepared to act on this as a continuation of that hearing.

Because we had that earlier hearing I'm not going to review the whole slideshow again. I am, we do have it here in case you'd like, you have questions about it, but let me just briefly recap the draft ordinance before you establishes an annual limit on the amount of office space that could be approved in a subset of the City. The subset includes Downtown, the California Avenue Area, and the El Camino Real Corridor. The limit according to the Council was set at 50,000 square feet (sf) in the ordinance. The idea of the ordinance is really to control the pace of development more than the cumulative total or amount of development, which is currently the growth management strategy that's in the City's Comprehensive Plan.

The City Council's direction on this ordinance was very specific. It included a direction regarding the 50,000 sf limit, direction on the type of projects that should be exempt, the type of uses that fall under the purview of this ordinance, basically all office/R&D uses except for office projects less than 2,000 sf and medical offices less than 5,000 sf. Council also provided direction on the definition of pipeline projects that would be exempted from the ordinance and on a competitive process and criteria that would be used by the Council to evaluate proposals in the event that the total applications pending in a given year exceeded the 50,000 sf limit. Those of you, most of you or all of you will remember the ordinance describes a process where basically projects are accepted for review and processed as they are today, but nothing will get approved until after March 31st of a fiscal year. And on March 31st basically we look at the sum total of applications that are pending. If it is less than 50,000 sf then those applications are approved, if it's more than 50,000 sf then they go through this competitive process.

1 So the one issue where the City Council really deadlocked and asked for the Commission's input was on
2 this issue of boundaries. We've recommended boundaries in a map in the ordinance and it's basically the
3 three areas that I mentioned using zoning district boundaries kind of to identify where office uses are
4 permitted in those districts, but the Council couldn't reach agreement on whether to include or exclude
5 coordinated area plans like South of Forest Avenue (SOFA) 2. Currently SOFA 2 is part of the area
6 around that's shown for Downtown and it's currently the only coordinated area plan that the City has that
7 allows office space although of course in the future there could be additional coordinated area plans. So
8 this is an area that the City Council specifically asked for the Commission's direction and our
9 recommendation for you this evening is that you review the proposed ordinance and recommend
10 adoption with a very specific recommendation regarding the boundaries of the area affected and this
11 issue of whether coordinated area plans should be exempted. I'd be happy to answer any questions.
12

13 Chair Tanaka: Ok, great. So before we go to the Commission I want to just take it to the public and see
14 if there was any comments that anyone has.
15

16 Vice-Chair Fine: We have two speakers, Mr. Lee Lippert followed by Mr. Bob Moss.
17

18 Ms. Gitelman: I'm sorry, Mr. Chair, if we could hear from you and Commissioner Michael about or no, it
19 was Commissioner Gardias about the fact that you'd read the or listened to the hearing, the last hearing
20 and were prepared to act on the whole of the record that would be great.
21

22 Chair Tanaka: Well, I was going to take public comment first.
23

24 Ms. Silver: So just as a clarification so in quasi-judicial matters if a Commissioner is not present at the
25 first hearing they may not make a decision if the matter is continued unless they've reviewed the
26 videotape of the original hearing. But since this is a legislative matter it's not required that you review
27 the tape. Of course it's helpful and I believe we sent a link to the first hearing.
28

29 Chair Tanaka: Sure, ok. So let's do the public hearing. So the speaker each has five minutes.
30

31 Lee Lippert: Chair Tanaka and Commissioners, I'm Lee Lippert. No single topic could be more
32 appropriate and timely to greenhouse gas reduction and climate change as the cap on commercial office
33 space. Embodied in the proposed office cap are three potential carbon impacts that come together:
34 traffic, urban growth, and architecture. I use architecture with a small A as I'll address building design
35 later from another, other than visual aesthetic, neighborhood compatibility or character defining point of
36 view.
37

38 Traffic is a corollary of urban growth. As you know Palo Alto has a population of 66,000 residents which
39 swells to a daytime population of 110,000 people. If you build it they will come; however, in the light of
40 recently published Palo Alto Transportation Department survey the majority of single occupancy
41 automobiles are retail clerks and restaurant workers that cannot afford to live locally and must commute.
42 These are mainly lower income earners and even with just recently adopted Palo Alto minimum wages,
43 wage, many of these workers cannot afford to live locally. The majority of single occupancy automobiles
44 coming to Palo Alto, the minority of single occupancy automobiles coming to Palo Alto are office workers
45 or business professionals who prefer carpooling or taking public transportation. This traffic and parking
46 survey needs to be more closely examined to evaluate the true impacts from commercial office and R&D
47 development versus blue collar workers that cannot afford to live here. These exact numbers should be
48 clearer with the Residential Preferential Parking (RPP) rollout.
49

50 However, urban growth and commercial density isn't completely blameless either. With the 60:100 ratio
51 we currently have a very steep jobs/housing imbalance. Unless Palo Alto's elected officials have the
52 acumen to build more affordable housing we will continue to have professionals and blue collar workers
53 commuting here for the benefit of our rich high tech economy. If you wish to address the jobs/housing
54 imbalance or commercial residential deficit in a meaningful and equitable way then it should be obvious
55 that every new commercial project needs to be a mixed-use development and spread throughout the City
56 or have a nexus to economically diverse multi-family housing. Otherwise we will continue to see

1 commuters coming to Palo Alto. The Palo Alto Municipal Code currently allows for bonus density and
2 parking reduction in most commercial zones that are mixed-use and include both commercial and
3 residential uses. Most of these projects need to be encouraged and incentivized.
4

5 Lastly, I wish to address the architectural component. As I mentioned previously this is architecture with
6 a small A, building technology. Eighty percent of every building's lifecycle cost goes into maintenance
7 and operating costs. That means construction and land costs represent a minority portion of a building's
8 overall lifecycle costs and financing and utilities including electricity, gas, water, and sanitary waste, daily
9 operations and wear and tear or maintenance on buildings become when buildings become outmoded
10 become in the majority of a building's lifecycle cost. Stand-alone single-story buildings proportionately
11 have a much greater energy consumption and demand per square foot than today's smart buildings and
12 technology advanced developments. The new green building requirements leading to carbon reduction
13 and net zero energy consumption by the second quarter of this century heralds in a highly, a high
14 efficiency technology including energy reduced consuming artificial lighting, heating, and cooling systems,
15 water reducing plumbing fixtures, and recycled wastewater, enhanced performance building components
16 and recycled building materials, and decentralized renewable energy systems are just a few of the
17 building technology advances. These newer buildings are structurally more delicate taking advantage of
18 daylight, natural ventilation thereby further reducing energy consumption.
19

20 I have a little bit more, can I finish? Further, there is much less energy waste in heat lost or cooling and
21 greater efficiency in zero lot line multi-story development. Older stand-alone single-story buildings will
22 always have the, be the energy, will always be the greater energy wasters. With the moral imperative of
23 reducing greenhouse gas emissions and slowing or reversing climate change we all have an obligation to
24 reduce our carbon footprint by any means necessary. We all have the right to use energy, but we don't
25 have the right to waste energy.
26

27 Commercial office tenants pay triple net leases. The tenant pays for all utilities, building improvements,
28 and property taxes in [unintelligible] to monthly rent. There are no incentives for a property owner to
29 upgrade and reduce a building's carbon footprint and energy consumption without an increase in floor
30 area. By eliminating a 50,000 sf annual commercial cap we will slow and hamper conversion of outdated
31 buildings to new energy efficient technology. Please consider replacing outmoded commercial buildings.
32 We are extending a valuable energy resource to higher density development by nearly three times in
33 doing this. What I've previously described sound a, sounds like a bit like an oxymoron. Building our way
34 out of carbon reduction, but I suggest you Google Ed, Edward Mazria, the American Institute of
35 Architects (AIA) 2030 Imperative, and the AIA 2050 Challenge. Architects are working very hard to solve
36 the challenges of greenhouse gas emissions and Global Warming through energy efficiency and green
37 building practices. Thank you very much.
38

39 Vice-Chair Fine: Thank you. Next up is Bob Moss.
40

41 Bob Moss: Well thank you, Chairman Fine [note-Vice-Chair] and Commissioners. I agree that we need to
42 have some kind of a limit on office and R&D growth. I think 50,000 sf per year is probably more than we
43 can accommodate. That would equate to between 3,000 and 3,500 new jobs per year. That doesn't
44 take into account the fact that existing office space is going to get, be crammed with more workers as
45 the density per 1,000 sf increases. I think I've given you references several times before about studies
46 that have been done that show that by next year the average space used per office worker will go down
47 to 100 sf instead of the 250 which is used for years as an estimate that now has been reduced to
48 approximately 175 to 200 sf. So we'll be cramming more workers in. That's more traffic, more parking,
49 greater jobs/housing imbalance, which is going to create pressure to develop more housing in Palo Alto,
50 a city where the residential zones are almost entirely already built out at the existing densities that it's
51 allowed. So it's going to create some real problems for future control of overdevelopment in the City.
52

53 As we build more housing it hurts our budget. You may recall about a year, year and a half ago the City
54 Manager reported to the Council that every housing unit cost the City more than it contributes in taxes,
55 about \$2,500 a year more. That's not new. When I did the initial evaluation for incorporating Rancho
56 Palos Verdes I found that at that time in 1971 the net cost for housing was about \$750 per housing unit

1 per year, so including the increase in value of the dollar and the higher cost because of Proposition 13
2 housing costs even more.

3
4 So when we talk about limiting offices I think what we should be doing is not limiting ourselves to the
5 three areas that is suggested. If you look at Page 9, Figure 1 on the right-hand side there's an orange
6 area at Fabian, San Antonio, and Bayshore. That area should be included also because it's heavily used
7 for offices. Space [Unintelligible] in that area alone has at least 2,500 office workers there and there are
8 a number of other office facilities. If offices are limited Downtown and California Avenue and El Camino
9 they will move over to the Fabian/Charleston area and San Antonio. So if you don't add that as an area
10 that's included in the 50,000 sf you will not be limiting office development in Palo Alto anywhere near
11 what you think you are limiting it to.

12
13 One of the other things that is interesting, I don't know how you cure this is if you get requests by March
14 31st for more than 50,000 sf of development you have to have an evaluation process that says well, I like
15 this project more than that project. And a lot of the likes and dislikes are not quantitative, they're
16 qualitative. So it will be very helpful if identifying useful versus not as desirable projects could be
17 identified in advance. One way of doing that would be to say development projects which can guarantee
18 Transportation Demand Management (TDM) is going to significantly reduce traffic and parking. This is
19 how I'm going to do it. These are the buses I'm going to have running from where our workers live.
20 That project would get a higher value than a project that doesn't do that. So I'd like to see something
21 added to the evaluation set that includes reducing traffic and reducing parking. Snd you can use your
22 imagination how you want to do that, but introducing TDM is one way of doing it. Another way which
23 some projects actually have tried is having housing onsite, but add that reducing traffic and parking as a
24 criteria for selecting which of the office projects would be approved.

25
26 Chair Tanaka: Ok, so I think before we begin I saw a whole bunch of people have comments or lights hit
27 so, but before I do that I just wanted to ask the Planning Director about kind of our scope. So this is
28 kind of like our second go around here. And I think City Council actually had some specific things they
29 wanted us to address. So one of them you mentioned was the boundaries, right? Was there anything
30 else in particular that we should really hit first and really try to nail per Council's direction before we go
31 off to other areas?

32
33 Ms. Gitelman: Thank you, Chair Tanaka. Really the Council's request was for you to look specifically at
34 this boundary issue and whether coordinated area plans should be included or exempted.

35
36 Chair Tanaka: Ok.

37
38 Ms. Gitelman: And that's the recommendation we have on the screen is that you focus on that and
39 ultimately recommend the ordinance to the Council.

40
41 Chair Tanaka: Ok. So then would your recommendation be that for tonight's discussion that we focus
42 just on that and don't talk about the merits of the overall ordinance?

43
44 Ms. Gitelman: Well, as indicated on the screen we do need you to make a Motion to recommend the
45 ordinance or not to the City Council, but what they've specifically asked for your input on is this issue of
46 boundaries. So it would be great if you could focus on that first, but ultimately we would like a Motion
47 from you addressing the whole package.

48
49 Chair Tanaka: Ok, great. So then I think what we'll do for this meeting is we'll focus first on what we've
50 been asked to focus on, which is the boundaries. And so I think well I guess some folks didn't have a
51 chance to ask questions. So maybe we'll start off with that then what I'd like to do is I'd like us to focus
52 on the boundary issue and I think what would be good is for everyone to kind of state what their opinion
53 is about the boundaries in terms of where the boundaries should be, the merits of why they think that is,
54 and then we could have some deliberation around this and hopefully come to some sort of understanding
55 as to what is the right decision. So, so I guess what we're doing right now is I'll go through the lights

1 and what we'll do is you can ask questions, but also I'd like you to state an opinion about what you guys
2 think about the boundaries. So let's start with Commissioner Michael.

3
4 Commissioner Michael: So I wonder [unintelligible] to clarify Director Gitelman what, what Council's
5 expectation is because I know that Council met on March 23rd and they approved the notion of an interim
6 ordinance by a unanimous 9-0 vote. Then on June 15 it came back to the Council and they had
7 deliberations that went well over three hours according to the minutes that we have and they extensively
8 deliberated all these issues. And it seems out of all of that they're really not wanting us to second guess
9 them except as to this one point on which they had a 4-4 deadlock. And I wonder if maybe it deserves
10 the Planning and Transportation Commission (PTC) to review the proposed ordinance in its entirety
11 because that's actually quite a lot of work and we may actually have substantive questions regarding the
12 wisdom of policy that's actually set by Council if we were to adopt, recommend the adoption of the entire
13 ordinance whereas if we were to give a response to the I think the rather focused question that they're
14 curious about on the boundaries then I think we can help them without creating a false conflict between
15 our role and that of the Council.

16
17 But on the boundary issue I think that the staff proposal (interrupted)

18
19 Chair Tanaka: Actually Commissioner Michael do you want to let staff answer that first?

20
21 Commissioner Michael: Sure, ok.

22
23 Ms. Gitelman: Thank you, Commissioner Michael. And maybe the City Attorney can help me here, but I
24 think you're absolutely correct. The City Council's discussion and their action was very prescriptive. They
25 were very specific about the ordinance they wanted us to write and we've tried to live up to those
26 directions and bring forward an ordinance that conforms in every way to what their direction was. So I
27 don't think they're expecting or looking for a lot of deviation from that from the Council except on this
28 one issue where they wanted your input.

29
30 With that being said, the Municipal Code does require that ordinances be heard at a public hearing by the
31 Planning Commission and that the Planning Commission forward a recommendation to the Council. That
32 recommendation could be for or against, but the Code requires that you take some action with regard to
33 the ordinance as a whole. I think the Chair's suggestion that the Commission focus on the boundary
34 issue and resolve what your opinion is going to be on that and then take some action on the whole of the
35 ordinance that that was, that was a good suggestion. I don't know Cara whether you have anything to
36 add?

37
38 Commissioner Michael: Ok, so then on the boundary issue I think that the proposal that you introduced
39 to Council on June 15th regarding using the map on Page 9 of the staff report which is identified as
40 Attachment C to me seems to be the optimal solution. I think that the reference to the Comprehensive
41 Plan commercial districts is less useful in part because the Comprehensive Plan update process is ongoing
42 and there's no end in sight. And I think also the request to clarify whether or not coordinated area plan
43 areas would be within or without the cap area is a little bit theoretical insofar as we have some SOFA 2
44 coordinated plan from the past, but there's no new coordinated area plans that are pending and I don't
45 think this will be feasible for the staff or the Council to address until well after the Comprehensive Plan is
46 updated many years into the future. So that's a wonderful concept, but somewhat inapplicable and I
47 thought that the staff recommendation was perfect and makes perfect sense. And I think going to the
48 question of Bob Moss raises [is] adverse impacts of growth I think if you're really concerned about
49 adverse impacts of growth you'd want to have the cap be more broadly applicable, but I think the staff
50 proposal is perfect in that regard.

51
52 Chair Tanaka: Let's see, Commissioner Alcheck.

53
54 Commissioner Alcheck: Ok, I'll try to be concise. On the topic of boundaries I think the ordinance should
55 exclude the coordinated areas and not apply to those areas. With all due respect to what the City
56 Council asked us to do and Chair, I don't know if you happened to watch the segment, but in case others

1 didn't I want to just highlight that while I would like to acknowledge that to some extent that was an
2 incoherent session one of the components that I was attempting to get across was the notion that when
3 staff goes before them there is an opportunity to potentially advise Council on a few items related to this
4 ordinance that could make for a better ordinance. And one of the comments I made last meeting was
5 that I think the writing's on the wall and I think as a local community we can even if there are individuals
6 who are not necessarily supportive of this idea, we have an opportunity here to test something out and
7 it's a two year ordinance, but we owe it to ourselves to suggest components that could potentially
8 improve this two year ordinance. And there were four items that I mentioned last time.
9

10 The first is the one I already touched upon, which was the boundaries. The second was that I suggested
11 that staff relay to City Council our preference for a noncompetitive process. I think it should be a first
12 come, first serve process. We had a little bit of a discussion about that. I think having a, I'm going to
13 use the term beauty pageant, is a mistake. I know that's, we're not supposed to review that, but I think
14 it would help if when staff goes to City Council if they, if we came to consensus on this, if they could
15 coherently articulate our suggestion on that it might lead to an interesting dialogue when this ordinance
16 gets reviewed. The third element was the idea to follow San Francisco's guideline or San Francisco's
17 current ordinance, which is using a rollover square footage meaning if 50,000 sf doesn't get used in a
18 given year because let's say the economy isn't strong enough to support development those square feet
19 could get rolled over to the next year and so forth, which is the way San Francisco's ordinance operates.
20 And finally the fourth one was a discussion we had about projects that were already in the pipeline,
21 projects that had spent a significant amount of money developing their plans before this discussion even
22 took place which are potentially subject.
23

24 Now again, I know those aren't areas that we are specifically agendized to discuss or directed to discuss,
25 but I do think that if we're going to... I'm prepared to make a Motion that would suggest that we
26 recommend approval of this ordinance (interrupted)
27

28 Chair Tanaka: Ok.
29

30 Commissioner Alcheck: But I'd also like to suggest that they review some of these items in a coherent
31 way so that that discussion could take place at City Council with some of our input.
32

33 Chair Tanaka: Ok.
34

35 Commissioner Alcheck: And I just think that's important.
36

37 Chair Tanaka: Ok. Well I think we'll get to those later, but let's first try to nail the boundaries topic. So
38 I'd like to just try to stay on that topic if we can. Let's go to Commissioner Gardias.
39

40 Commissioner Gardias: Thank you. I just unintelligible a couple of questions before I get to this to the
41 essence of this. So my first question is about 27 University. Is it a subject of the coordinated areas or
42 not? Because it's not part of this, this cap.
43

44 Ms. Gitelman: That's correct, the 27 University site is not a coordinated area plan and it is also not
45 included in the suggested boundaries which have been drawn based on the current zoning designations
46 that allow office space.
47

48 Commissioner Gardias: Ok. So based on this, right, and also I believe that we should include 27
49 University because it's a significant, significant project and we can talk about this earlier, but this would
50 be my observation. But before we get to the concrete resolutions with my colleagues there was also
51 somewhere in the text that staff was going to prepare to do the research on inclusion of SOFA 2 in the
52 boundaries and present it to the Council. And I wasn't present at the prior meeting if there was some
53 overview of this research that staff did I would like to just ask about the quick summary. What would be
54 the impact of inclusion or exclusion of this area?
55

1 Ms. Gitelman: Thank you for your question. I'm not sure that I understand the reference to researching
2 the issue. This was the really the question that the Council posed. SOFA 2 does allow office space. It's
3 a pretty built out area so it's they're not going to be huge office projects there, but the question was
4 whether that district which has gone through an extensive neighborhood planning process should be
5 included within the boundaries where this ordinance applies or whether it should be left out.

6
7 Commissioner Gardias: Ok, so there was no specific (interrupted)

8
9 Ms. Gitelman: We haven't done any further analysis.

10
11 Commissioner Gardias: Ok. Were there any analysis because that in terms of that of the issue that Mr.
12 Moss raised so my question would be were there any analysis official or unofficial or maybe you have
13 some observations if by limiting this red areas if by limiting the growth in this red bounded areas,
14 boundary areas to 50,000 a year what would be the perspective areas that office and R&D development
15 would move into? With the normal understanding that if you push somewhere in one area it's going to
16 pop up somewhere else, right? Because those are just a connected, connected events. So are there
17 areas that from your perspective or from the staff's perspective are at risk of overdevelopment or the
18 areas where the potential growth move over once we restrict those areas to 50,000 a year?

19
20 Ms. Gitelman: Well thank you for that question. I'm grateful for the opportunity to clarify this. First of all
21 let me say that the City does already have a growth management strategy in place in the Comprehensive
22 Plan. It's this cumulative cap on development and that is not proposed to change. Second, let me say
23 that we have considered this issue and have raised it as a concern for a long term program like this. So
24 if this were more than a two year program I think we would share Mr. Moss' concerns that tinkering with
25 the rules in some office, some districts that permit office might cause more development, stimulate more
26 development in another area. But our analysis of the current proposal which would be in place for two
27 years or until the Comprehensive Plan is adopted is that it's a temporary measure. It would not be
28 around for that long and our feeling is that its primary impact would be to basically slow the pace of
29 growth rather than to stimulate it anywhere in Palo Alto and so we don't, we don't see that as a big issue
30 unless this were to become something that is permanent or long term, which we will analyze in the
31 program level Environmental Impact Report (EIR) for the Comprehensive Plan update. So I hope I
32 addressed that question.

33
34 Commissioner Gardias: Yes you did. Thank you very much. Thanks.

35
36 Chair Tanaka: Vice-Chair.

37
38 Vice-Chair Fine: Thank you for the report; just a comment on the geographic boundary issues. Like
39 Commissioner Alcheck I also would be in favor of excluding coordinated area plans. We've only done one
40 recently, but it has a lot and pretty deep community buy in. I think that process itself kind of negotiates
41 the rate of development for those areas. With regards to the boundaries I completely agree with
42 Commissioner Gardias that this will push and Mr. Bob Moss that this ordinance will push development to
43 other areas: San Antonio, perhaps 27 University. That being said, in my opinion these boundaries could
44 be improved a little bit to the areas that are most likely to receive that development pressure are those
45 actually closest to the zone that we're restricting it in. So the few areas along El Camino just across from
46 California Avenue kind of up Cambridge, California and Page Mill, there's three or four parcels along there
47 on the south side of El Camino which may want to be included in that area. Those are in my opinion the
48 most likely to receive development pressure before you go to San Antonio or some of the other areas in
49 the City.

50
51 Chair Tanaka: Ok, I see no other lights, but I don't know if I know everyone's opinion. I don't know if
52 Commissioner Downing you have a, Commissioner Downing.

53
54 Commissioner Downing: Sure, so I spoke about this fairly extensively at our last meeting so I'm just
55 trying to keep these comments short. As others have said coordinated area plans involve a lot of
56 community buy in. These are usually, these are usually plans that are created over the course of more

1 than a year with a large number of community stakeholders. They are in fact the plans that receive the
2 most community input and scrutiny in this entire City; therefore, of all the, what's in those plans should
3 be respected and those communities had opportunities to zone for what they wanted and anyone who
4 creates coordinated plans in the future will have an opportunity to do so as well. And there's no reason a
5 coordinated area plan in the future couldn't set its own growth meter for example or tie in their
6 commercial development with their residential development based on whatever ratios they come up with.
7 So I think that these area plans should be excluded. I think not doing so would actually be I think a lot
8 of people who participated in that plan would really question their participation if after the fact the City
9 redrew those coordinated area plans and all that work was pretty much ignored.

10
11 The last point I'll make about that is... what was I going to say? I'll just stop there.

12
13 Chair Tanaka: Ok. So I just did a kind of like an informal tally. So Commissioner Michael likes the plan
14 as it is, I think Alcheck, Fine, Downing, I'm actually sure about where Gardias stands on this, but and
15 myself. I think the four of us think that we should exclude it. Gardias, Commissioner Gardias I don't
16 know if you want to clarify your thoughts on the boundaries?

17
18 Commissioner Gardias: Yes, so I mean Director Gitelman just answered my question. I'm just I'm not
19 sure really that probably would require just farther understanding if affecting one area is not going to
20 affect the others like for example south of we talk about that SOFA 2, but also there's a development
21 there was recent building that was approved I believe by [unintelligible] in the SOFA 1 that replaces
22 American Automobile office I believe that's going to be replaced with the offices, right? So I think that
23 there could be risk in that area that and that could skew the natural boundaries of the Downtown and
24 that's my concern. So for this reason I could eventually consider inclusion of the SOFA 1 because
25 otherwise the Downtown that's, that gravitates in the various directions may pretty much be affected.
26 But I'm still on the fence in this, on this issue. But definitely I would include 27 University in the
27 boundaries. Thank you.

28
29 Chair Tanaka: Commissioner Michael.

30
31 Commissioner Michael: So I'm learning a lot from the questions asked by my colleagues on the
32 Commission and I want to come back to how the question of boundaries may relate to the purpose of the
33 interim ordinance and I think that to me if the concern that Council is responding to about the pressures
34 of growth are such that you want to limit the growth of office and R&D space one would think that you'd
35 want to have the limit be as broadly applicable as possible. And the places where it's been pointed out
36 might be inadvertently sort of stimulated for growth and its impacts might be 27 University, might be sort
37 of the areas close to California Avenue but across El Camino, and might be the Research Park, might be
38 San Antonio, might even be sort of the Arastradero East area where there's office development. And I
39 think if the various details and mechanics of the cap are difficult to administer they may not have their
40 desired effect. And I think particularly because of my concern about the design of the proposed interim
41 ordinance the likelihood in my view that it won't achieve the desired protection of the public interest and
42 also the fact that the tremendous amount of time and energy focused on interim ordinances rather than
43 long term planning in the form of updating the Comprehensive Plan more urgently I think this is, this is a
44 distraction and not likely to help the cause of quality of life in Palo Alto. But I would think that the
45 boundaries should be as broad as possible and exceptions be limited so as to achieve the desired
46 objective of growth limitation or management if that is in fact the Council's policy.

47
48 Chair Tanaka: Commissioner Downing.

49
50 Commissioner Downing: I remembered the last thing I wanted to say about coordinated area plans,
51 which is this: which is that in a list of priorities for choosing projects to be under that 50,000 sf limit I
52 would actually prioritize projects that are actually in coordinated area plans because again that zoning
53 designation, those plans have had more overview than anything else in this City. So I would actually
54 prioritize building in those specific areas over others.

1 Chair Tanaka: Ok, so I think in terms of boundaries we have kind of a range of opinions. I think a
2 majority think that we should exclude. I think Commissioner Michael actually thinks we should go the
3 other way, which is we should make it broader if the Commission, if the Council thinks that these
4 restrictions is the right thing to do. And I think Commissioner Gardias is somewhat closer to that in that
5 he also thinks that 27 University and SOFA 1 should also be part of this. So I think if we were to take a
6 vote on the boundaries the majority would say that we should exclude the coordinated areas. So I think
7 is there any other discussion we want to have on boundaries? But I think we have a pretty clear view of
8 what the Commission thinks at this point on boundaries.
9

10 Ms. Gitelman: Chair Tanaka if I can just clarify one thing?

11
12 Chair Tanaka: Sure.

13
14 Ms. Gitelman: SOFA 1 does not permit office uses. So the project that Commissioner Gardias
15 (interrupted)

16
17 Chair Tanaka: Oh, doesn't even matter.

18
19 Ms. Gitelman: Was referring to was a conversion from office to residential. So we're really just talking
20 about SOFA 2 here.

21
22 Chair Tanaka: Ok, so SOFA 1 wouldn't even apply.

23
24 Ms. Gitelman: Thank you.

25
26 Chair Tanaka: Ok. Yeah, so in some ways we're not that far apart. Vice-Chair.

27
28 Vice-Chair Fine: So just one comment. I think there's kind of three ways of thinking of this. We could
29 stick with the boundary as proposed here, which may work. We could go to the other end, which is just
30 make this whole thing citywide or there's kind of a middle ground where you include a few more spot
31 parcels within such as 27 University and I believe two of us had mentioned those areas directly south of
32 El Camino by California Avenue. In my opinion I think those will get the most development pressure if
33 you implement this ordinance.
34

35 Chair Tanaka: Ok, so on the boundaries I think we all know where we stand and so if this came to a vote
36 I think we would know how it would go down. Now there are some other topics that we could talk about
37 although we're not directed by Council to do so. And one thing I want to just mention to the Commission
38 is it's 8:46 p.m. right now and this is the second item and we have two other items after this. We got a
39 late start today unintelligible 7:30, so the question is does it make sense for us at this point since I
40 think we know where we stand on the boundary issue I'm not sure we're going to get more clarity on
41 that to talk about some of these other items, which we were actually not directed to do. Right, we were
42 directed to do, directed to discuss boundary, which I think we've done. So Commissioner Alcheck had
43 three recommendations. We could comment on those perhaps or comment on others, but I guess I
44 given the assignment at hand we could consider ourselves, we could make the Motion and consider it
45 done or we could try to push this further, but it is at the expense of some of the other items that we
46 have on our docket tonight. So does anyone have any opinions about this? Commissioner Alcheck.
47

48 Commissioner Alcheck: I absolutely appreciate the interest in having a short meeting tonight. I don't
49 necessarily think we have to rehash this. My motivation for raising those again tonight and actually for
50 raising them the first time was I consistently sort of suggest that we look to our neighbors, we look to
51 our colleague cites to sort of take direction and understand. And this is a significant ordinance and some
52 of our neighbors do different things like San Francisco's rollover and then I think there was sort of a
53 question we did hear from a speaker last time who had an application and I think he made a really
54 compelling argument to a majority of us and I would be comfortable moving forward I just would like to
55 know if staff will be able to... I'd like to have Council sort of hear that there were these concerns from
56 their appointed but not necessarily I don't necessarily think we have to rehash everything.

1
2 But when I was preparing for tonight I was rereading again the dollar per square foot value per month
3 that sort of starts the ordinance that's the first page of the ordinance and I wondered if anybody had
4 considered potentially the long term economic implications of basically decreasing supply of extra office?
5 Obviously there's a lot of reasons for doing that. And I think Director Gitelman made a really good point
6 tonight, which is that this is a two year ordinance, interim ordinance and so they're not really focused on
7 long term impacts.

8
9 That said I don't think we need to spend a long time talking about it, but I do think that as a appointed
10 body if Planning staff when to the City Council meeting and said hypothetically your Planning Commission
11 reviewed it again and they are now supporting this ordinance, but that said they had real concerns about
12 applying it to projects that had already applied before this ordinance discussion had ever taken place.
13 They also had concerns about the competitive process that has been suggested because they are
14 concerned that the staff will be overwhelmed with a tremendous amount of work to deal with that
15 process and they don't want staff to have that sense of overwhelming. I'm just saying it would make me
16 very comfortable if I know that they communicated some of those concerns so that this ordinance is
17 improved upon. And that's the gist of this. If you feel comfortable with that, I'm comfortable with that
18 and I don't think we need to create some very complicated amended Motion that tries to amend what I
19 think is going to take place no matter what in the next couple of weeks.

20
21 Chair Tanaka: Vice-Chair.

22
23 Vice-Chair Fine: So I want to thank our Chair for having us focus on the issues that Council has asked us
24 to focus on. I think that he's important and for those of you who haven't viewed it you probably should
25 review the Monday night Council meeting where frankly we got kind of chewed out for going off on our
26 own track in terms of Planned Community (PC) zoning, which we debated back in February or March.

27
28 I think it is important for this Commission to follow the lead of Council, but I agree also with
29 Commissioner Alcheck that there are some issues with this ordinance that could be improved. I also
30 agree about the noncompetitive process and although I agree we don't have to hash it out tonight I
31 would encourage Council Members to either watch the video from our last meeting on this issue or
32 review the minutes to see that there really are there's some worry on this Commission about this
33 ordinance outside of the boundary issues. That being said I would be willing to support a Motion moving
34 forward with this as it is with just the boundary.

35
36 Chair Tanaka: Commissioner Downing.

37
38 Commissioner Downing: Yeah, I wonder if maybe a good approach would be for us to write a summary
39 like we've done in the past and perhaps the Chair and the Vice-Chair could do that with the members of
40 the Commission that were not present last time so that you make sure to also include their thoughts
41 since you already know everyone else's. And that way we could end this right now and still have a very
42 short coherent summary for the Council.

43
44 Chair Tanaka: Commissioner Michael.

45
46 Commissioner Michael: So if the [formula] of the Motion that we ultimately consider is to recommend
47 adoption of the interim ordinance my intention is to vote against that Motion. Not because of any
48 position one way or the other on growth, but because I'm convinced that however well-intentioned this
49 interim ordinance is it's the wrong approach to achieve the objectives of such, of such good intentions.
50 And I think that we had a lengthy and lively debate with four Commissioners last time. Council went for
51 over three hours themselves. And I think that this huge energy on addressing the concerns of the City
52 about the impacts of growth and how to manage it would be much better spent actually developing
53 coordinated area plans which are not being worked on, updating the Comprehensive Plan which may be
54 years in coming, updating the Zoning Map which would follow on that. And I think this is just a
55 distraction in doing something temporary or interim rather than something which is lasting and
56 permanent and would achieve the objectives of the residents.

1
2 Chair Tanaka: Ok, so I see no other lights for comments so I think we're at the time in the meeting to
3 make a Motion one way or another. I think that I agree with all the comments said earlier that this
4 ordinance is a bit flawed, but I don't think that was our assignment to judge it or to tinker much with it.
5 I think our assignment was the boundaries, which I think we have an idea of where we stand on that. I
6 think Commissioner Alcheck made a lot of good points of fairness and looking at best practice of other
7 cities and I think the idea of having a summary is actually not a bad idea so I don't know if the Vice-Chair
8 can help craft that so that we can capture some of it. This is a little bit kind of like extra credit work
9 because it wasn't the assignment from the City Council and if the City Council wants to entertain it they
10 can. And I agree with Commissioner Michael which is yes, getting a more permanent well thought out
11 ordinance or Comprehensive Plan is probably the right thing to do first, but that's not our assignment
12 right now. Our assignment is the boundary issue. Commissioner Alcheck.

13
14 Commissioner Alcheck: Do you anticipate that when this goes before Council that they're going to want
15 to hear from a representative and I ask that question because I think that the summary that Vice-Chair
16 Fine prepares will be a useful tool when that happens and I would encourage you to consider having the
17 author also show up that night and be available to sort of just discuss some of those concerns. I think
18 that would be sufficient for me to support a Motion or to make a Motion that would be a lot more
19 concise.

20
21 Chair Tanaka: Yeah, I think in general we should always attend items before Council that we had to
22 make a recommendation on so we can give them context and we can answer questions. So I think in
23 general we want to do that and I think especially for this one. So with that said does any Commissioner
24 want to make a Motion? If so, hit your lights.

25
26 MOTION #1

27
28 Commissioner Alcheck: I'll make a Motion that we recommend adoption of the recommendation to adopt
29 the ordinance and that our and that that ordinance exclude the coordinated area plans. And that's it.

30
31 MOTION #1 FAILED

32
33 Chair Tanaka: Does anyone want to second it? Commissioner Gardias.

34
35 MOTION #2

36
37 Commissioner Gardias: I would like to make a Substitute Motion that's going to be pretty much the
38 Motion that my colleague raised, it's identical Motion, but with the inclusion of 27 University.

39
40 Chair Tanaka: Ok, so we have a little procedural issue. So we had a Motion. I think nobody has
41 seconded it. We have a Substitute Motion. Does anyone want to second that?

42
43 Jonathan Lait, Assistant Director: So just for clarification, the first Motion failed. So it's you can, it's just a
44 Motion.

45
46 Chair Tanaka: [Unintelligible].

47
48 SECOND

49
50 Commissioner Alcheck: I'll second that Motion.

51
52 Chair Tanaka: Ok. Vice-Chair.

53
54 Vice-Chair Fine: Just a question to my colleagues here, why just 27 University? If the impetus there is
55 that the development pressure will go across the train tracks right there should we not include other
56 areas like those I mentioned a few times just across from California Avenue?

1
2 Ms. Gitelman: Chair Tanaka if I can just weigh in for a second? Just as a point of information the City
3 Council heard from a lot of stakeholders and interested parties as they were discussing this ordinance.
4 Among them was a Stanford University and businesses that are located in the Research Park and I would
5 just note that that area that you're referring to across El Camino Real from the California Avenue Area is
6 within the Research Park or at least some of it is I think. And that's part of the reason why it wasn't
7 (interrupted)
8
9 Vice-Chair Fine: So I'm actually specifically referring to those parcels not in the Research Park. There's
10 just a few of them.
11
12 Ms. Gitelman: Ok.
13
14 Vice-Chair Fine: I don't know the exact it's like by Ramos just below Yale. It doesn't? I was just
15 checking out the zoning on the map. They're not manufacturing, but is it Stanford's?
16
17 Ms. Gitelman: You know what I'm going to have to research that. I really thought that all of those areas
18 if you look on the large format map we provided (interrupted)
19
20 Vice-Chair Fine: All of it.
21
22 Ms. Gitelman: I thought that all of those areas were within the Research Park, but (interrupted)
23
24 Vice-Chair Fine: Ok. Just [unintelligible].
25
26 Chair Tanaka: Commissioner Alcheck.
27
28 Commissioner Alcheck: The reason I'm supporting the Motion is because I believe that the writing is on
29 the wall here. And I don't think it's particularly useful if the takeaway tonight is that we didn't support
30 any even temporary limit on office development in our City. I think that would be a mistake. I think it
31 would be a much better result if the takeaway tonight was Commission supports temporary office cap
32 development, but recommends the following elements be addressed by City Council so that the office cap
33 is implemented in a way that doesn't cause havoc. And I know that sounds tremendously political, but I
34 just want to see us be effective and so I'm willing to create any consensus here that's necessary to us
35 having opportunity to sort of move this off our desk and make a make the debate that will take place at
36 City Council as informed as possible.
37
38 Chair Tanaka: Ok, so appreciate your comments. So let me give you, give some of my comments. So I
39 think first of all as a Commission it's our job to do the right thing, what we believe is the right thing. And
40 I think that's why we just try to make considered decisions, try to be informative, and try to make useful
41 recommendations. So I don't think necessarily politically decisions we should try to make the right
42 decision.
43
44 With that said I actually I don't support the Motion on the floor right now, which is to include 27
45 University mainly because I think there's also some other implications of that which it's kind of a different
46 topic, but I think right now we have just based on the informal discussion we've had so far on the
47 boundaries I think we have a consensus around excluding the coordinated area plans. We do not have a
48 consensus around, well not I guess we don't have a consensus, but we have a majority, a strong majority
49 for excluding that area, but I don't think we have a strong majority for 27 University. And so I don't
50 support that Motion. I support actually more the Motion that Commissioner Alcheck made before. So
51 (interrupted)
52
53 Commissioner Alcheck: [Unintelligible- off mike]. Sorry, that being the case I'm just trying to get clarity
54 why when we were looking for a second you remained silent.
55

1 Chair Tanaka: Oh, the reason why is because I actually wasn't here for the first meeting. And so I felt
2 that it would be better for someone who was actually here for both meetings to do that. I was hoping
3 someone else would do that, but nobody else did.
4

5 Commissioner Alcheck: If it's, I'm very willing to make my Motion again if you feel like this is an
6 opportunity to...
7

8 Chair Tanaka: I think maybe the one point of contention is 27 University, right? I personally don't think
9 that's the right thing to include at this point, but maybe we could talk about that topic in particular since
10 Commissioner Gardias brought that up and we can see where people actually stand on it. So I know
11 Commissioner Gardias' point of view. Maybe we can hear from other members in terms of should 27
12 University be included or not included?
13

14 Commissioner Alcheck: I guess before you do that my comment really is is that if the only reason why
15 you didn't second that Motion was because you wanted to see if someone else would and nobody else
16 would and that demonstrates a lack of support of Motions [unintelligible] in general then I think we're
17 just headed towards essentially a dead heat here and it may be the I think it might be a good idea to
18 maybe ask the fellow Commissioners to just comment on where they stand on both including or
19 excluding 27 University and the Motion in general because I just want to eliminate some lack of clarity.
20

21 Chair Tanaka: I agree. So I think we should do that. We should comment on what Commissioner
22 Alcheck recommended in terms of should 27 University be in there or not and also the various Motions
23 that have been made so far. Commissioner Michael.
24

25 Commissioner Michael: Yeah, I think our procedure is breaking down here. So if you've got a Motion
26 that's seconded there can be a Substitute Motion proposed, you can have a Friendly Amendment
27 proposed, you can have an Unfriendly Amendment proposed, or you can vote on the Motion. Or the
28 (interrupted)
29

30 Chair Tanaka: Or you could deliberate too.
31

32 Commissioner Michael: Or the Motion can be withdrawn. So if the maker of the Motion wants to
33 withdraw the Motion then we can maybe consider a different Motion, but I think you're, you ought to
34 follow the procedural rules and so.
35

36 Chair Tanaka: So what we're doing right now is we're deliberating. So as it stands I would not support
37 inclusion of 27 University. So I stated my opinion. I'm not changing the Motion. I'm just stating my
38 opinion. So and I was listening to other people's opinion for the Motion on the floor, which is the Motion
39 that Commissioner Gardias made.
40

41 Commissioner Michael: Ok, so in terms of the deliberations on the Motion on the floor I would support
42 including 27 University. The reason I would support even notwithstanding the fact that the interested
43 parties appeared at the Council meeting and had apparently very weighty comments that Council took
44 into consideration those comments really haven't been articulated here. And I know that in the work
45 done in the looking at the Comprehensive Plan update we had extensive discussion at numerous
46 meetings on how the development cap was operating and the question of whether or not 27 University
47 was in or out of the Downtown Cap and throughout all those discussions I felt I came to the belief that
48 27 University is logically within the Downtown area with respect to any and all of its potential impacts
49 positive, negative, or what have you. So if you're concerned about development, you're concerned about
50 managing development, if the Downtown area is in I think the 27 University is very much the question
51 and it should be in.
52

53 Commissioner Alcheck: Do you mind if I ask a quick question?
54

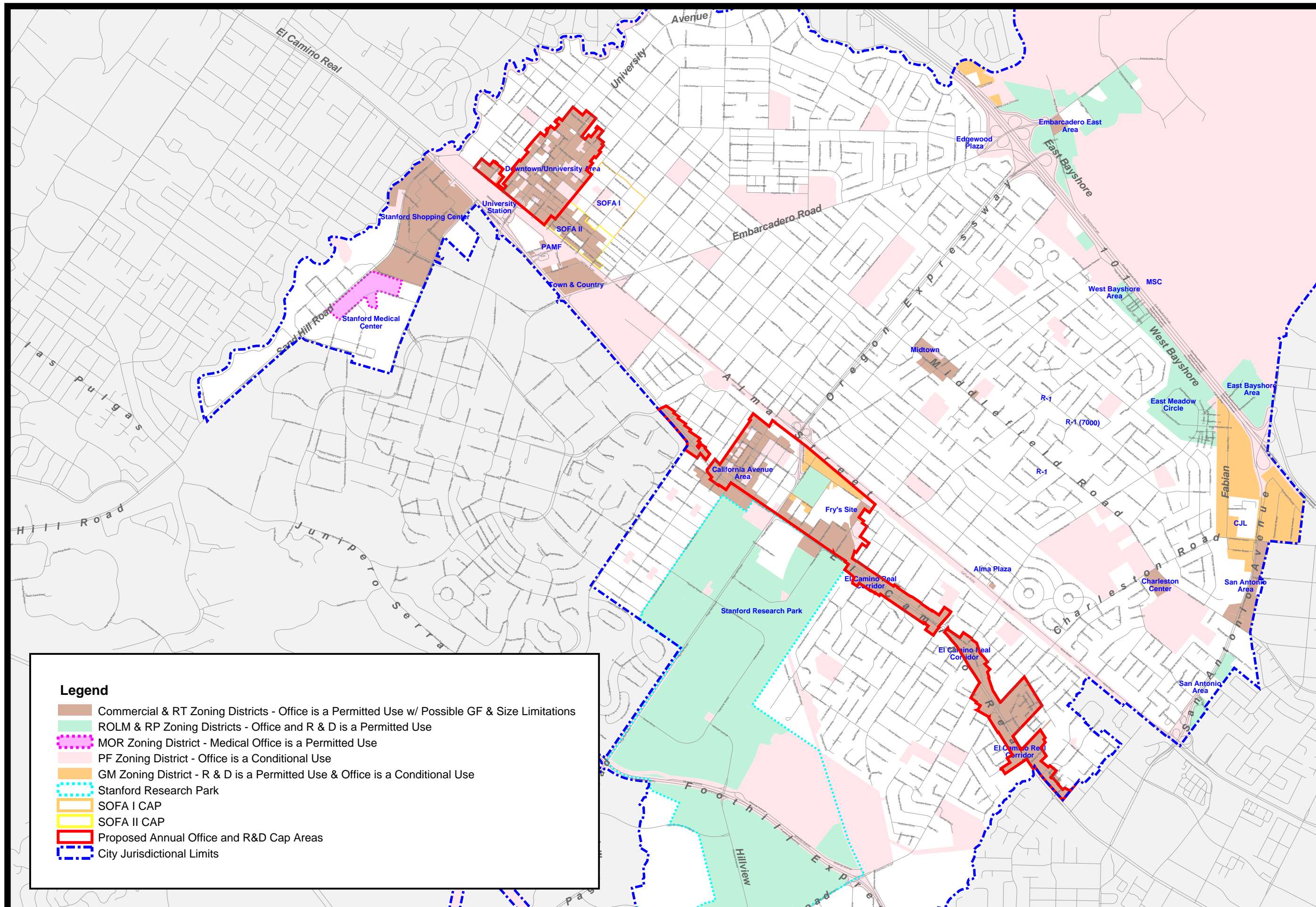
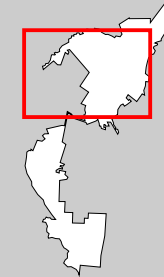
55 Chair Tanaka: Well actually, hold on.
56

1 Commissioner Alcheck: I just want to ask him a question about what he just said.
2
3 Chair Tanaka: Sure.
4
5 Commissioner Alcheck: Just to be clear you would support inclusion of 27 University, but you won't
6 actually vote to support either ordinance or either, I mean either Motion. Because if at the end what I'm
7 trying to understand is that if for example we built consensus on this Motion that's on the table would
8 you... you support its inclusion, but you would ultimately vote no? Is that?
9
10 Commissioner Michael: Well, so perhaps we had straw votes or just discrete Motions. If we had a Motion
11 with respect to the boundaries I would vote in favor of including 27 University and actually Vice-Chair
12 Fine has some commercial lots adjacent to California Avenue I would also support including those if that
13 were part of the Motion. But if we were just to have an overall vote on adoption of the entire ordinance
14 not with any of you relative to managing growth or not I think that this approach is the wrong
15 mechanism for managing growth.
16
17 Chair Tanaka: Ok, let's see, Commissioner Downing.
18
19 Commissioner Downing: I agree with what the Commissioner just said. I'm not going to be voting to
20 support the ordinance tonight.
21
22 Chair Tanaka: Vice-Chair.
23
24 FRIENDLY AMENDMENT
25
26 Vice-Chair Fine: So I would be willing to support it as the Motion stands excluding the cap, including 27
27 University. I guess I'm going to make a Friendly Motion **[Note-Amendment]** to include a couple of those
28 parcels I've been hammering on right just south of El Camino and California.
29
30 Ms. Gitelman: Yeah, I think you can make that Motion **[Note-Amendment]**. If I'm looking at the map you
31 showed me and the map that we have here I think the only parcels that are excluded are those PC
32 parcels on this map, but it doesn't hurt to tell us to include the south side of El Camino between Stanford
33 Avenue and the Research Park.
34
35 FRIENDLY AMENDMENT ACCEPTED **[Note-what about seconder?]**
36
37 Commissioner Gardias: Yes, I accept this addition.
38
39 Vice-Chair Fine: Ok.
40
41 Chair Tanaka: Commissioner Alcheck.
42
43 Commissioner Alcheck: I just want to, he's not here anymore, but I want to personally thank Lee Lippert
44 for showing up. We don't often hear from citizen experts and I think that's because it's hard to sort of
45 stick your neck out on very political divisive issues. He made some really excellent points about what I'll
46 call redevelopment and I hope and encourage him to attend the City Council hearing to make those
47 points as a citizen expert because there's some serious value there. Thank you.
48
49 VOTE
50
51 Chair Tanaka: Ok, so I think everyone's stated their mind. So I'll state mine on this one, which is for the
52 Motion on the floor including 27 University I do not support that so I will not be voting for it. With that
53 said we can take a vote. So all in favor of the Motion on the floor, which is essentially the approval of
54 this including excluding the coordinated area plans and including 27 University, raise your hand. Oh, and
55 El Camino, sorry. So we have three Commissioners in favor. Those not in favor, raise your hand. Ok, so
56 we have a 3-3 tie here.

1
2 MOTION #2 FAILED (3-3-0-1, Commissioner Rosenblum recused)
3
4 Chair Tanaka: Does anyone else want to make a Motion? Vice-Chair.
5
6 MOTION #3
7
8 Vice-Chair Fine: Alright, maybe we should just stick to the issue. I'd like to make a Motion that we adopt
9 the ordinance and exclude the coordinated area plans.
10
11 SECOND
12
13 Chair Tanaka: So we have Vice-Chair has made a Motion and then it was seconded by who?
14 Commissioner Alcheck. Does the maker want to make a statement?
15
16 Vice-Chair Fine: So we've been back and forth on this a whole number of times. I don't really want to
17 hold this up anymore in terms of getting to the other issues or in terms of holding the City and Council up
18 in dealing with this. They've asked for the issue for us to look into the boundary issue. I think we have
19 some agreement on that and I think it will be clear to them that 27 University, a couple of these parcels
20 south of El Camino may be important, that some of the Commission feels that this entire ordinance is not
21 the right way to go, but I think we should move it forward at least with a discussion or some decision on
22 the coordinated area plans, which I believe we have consensus on.
23
24 Chair Tanaka: Does the seconder of the Motion want to make a statement.
25
26 Commissioner Alcheck: I'll just say one other thing, ok? I'm a strong believe in de Tocqueville approach
27 to local politics, which is to say that the reason why some of the most relevant decisions are made locally
28 is because we have local control and we can change and we can adapt and we can be flexible for the
29 results of those decisions. And while I think I don't want for one minute anyone to walk away from
30 tonight thinking that we supported something simply because the City Council has basically yelled at us
31 and said we need to do that. I think and what I tried to convey last week which is that there's a
32 significant population in our community that feels that even one extra square foot of office is too much
33 and we can create goodwill and potentially attempt to demonstrate one solution and it's temporary and if
34 it works it works and if it doesn't and creates all sorts of havoc then we'll we have another opportunity in
35 two very short years, actually less than two years if it goes into effect as of March. And I would
36 encourage us to not look at this as simply getting it off our plate, but we're giving a one solution a
37 chance and if it doesn't work we can always adapt. And I think that that's sort of the beauty of the local
38 process. And that's it.
39
40 Chair Tanaka: Does anyone else want to deliberate this Motion? Ok. So then we'll take a vote then. All
41 in favor of the Motion on the floor raise your hand. All not in favor raise your hand. So we have I think
42 was that four? Ok, four in favor, two not in favor. So the Motion passes.
43
44 MOTION #3 PASSED (4-2-0-1, Commissioners Michael and Downing opposed, Commissioner Rosenblum
45 recused)
46
47 Chair Tanaka: Ok, this item's closed and let's take a quick five minute [unintelligible] break. So 9:17.
48
49 Ms. Gitelman: Thank you, Commissioners.
50
51 **Commission Action**: Vice-chair Fine moved to adopt the staff recommendation, but exclude the
52 coordinated area plans. Commissioner Alcheck seconded the Motion. Vote was 4 – 2, Commissioners
53 Fine, Alcheck, Gardias and Tanaka for and Commissioners Downing and Michael against. Commissioner
54 Rosenblum recused himself from this item.



The City of Palo Alto



Legend

- Commercial & RT Zoning Districts - Office is a Permitted Use w/ Possible GF & Size Limitations
- ROLM & RP Zoning Districts - Office and R & D is a Permitted Use
- MOR Zoning District - Medical Office is a Permitted Use
- PF Zoning District - Office is a Conditional Use
- GM Zoning District - R & D is a Permitted Use & Office is a Conditional Use
- Stanford Research Park
- SOFA I CAP
- SOFA II CAP
- Proposed Annual Office and R&D Cap Areas
- City Jurisdictional Limits

Office and R&D Zoning Districts with Proposed Office and R&D Cap excluding Coordinated Area Plans

This map is a product of the City of Palo Alto GIS

