



# Planning & Transportation Commission Action Agenda: June 10, 2020

Virtual Meeting  
6:00 PM

## Call to Order / Roll Call

Approximately 6:06 pm

Chair Templeton: Alright so to get started... before we get started I have some text to read here about the virtual meeting. So, let's start that and then we'll do the roll call and start the meeting.

Alright pursuant to the California Governor's Executive Order N-29-20, this meeting will be held by virtual teleconference only, with no physical location. Spoken comments via a computer will be accepted through the Zoom teleconference meeting. To address the Board, go to Zoom.us/join, Meeting ID is 950 2081 1983 and I'll read it again; 950 2081 1983. When you wish to speak on an agenda item click on the raised hand. The moderator will activate and unmute speakers in turn. If you're dialed in by phone... oh, when called by the moderator please limit your remarks to the time limit allotted.

Spoken public comments using a smartphone will also be accepted through the Zoom mobile application. To offer comments using a regular phone, call 1-669-900-6833 and enter Meeting

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  2. The Chair may limit Oral Communications to 30 minutes for all combined speakers.
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1 ID 950 2081 1983. When you wish to speak on an item on the agenda hit \*9 on phone so we  
2 know you wish to speak.

3

4 Alright, so we can call this meeting to order. It's 6:03 and Mr. Nguyen will you please take roll?

5

6 Mr. Vinhloc Nguyen, Admin Associate III: Yes. [calls roll] Alright, everyone is here, thank you.

7

8 Commissioner Riggs: You didn't call my name, sorry. Billy Riggs, here.

9

10 Mr. Nguyen: Oh, I'm sorry Commissioner Riggs. Thank you.

11

12 Chair Templeton: Alright thank you for speaking up Commissioner Riggs.

### 13 **Oral Communications**

14 The public may speak to any item not on the agenda. Three (3) minutes per speaker.<sup>1,2</sup>

15 Chair Templeton: Ok so now we should go to Oral Communications. The public may speak on

16 items, not on the agenda and each member of the public may address the Commission for up to

17 3-minutes per speaker. Do we have any speakers for Oral Communications?

18

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1 Mr. Vinhloc Nguyen, Admin Associate III: Yes, we do, we have one speaker for Oral  
2 Communications. It is Lynn [unintelligible – audio cut out] speak on this item please raise your  
3 hand now. Ok, Lynn, I'll go ahead and unmute you now.

4

5 Ms. Lynn Key-Apella [note – phonetics]: Hello?

6

7 Mr. Nguyen: Hi, yes, we can hear you.

8

9 Ms. Key-Apella [note – phonetics]: I'm Lynn Key-Apella [note -phonetics] and I find this very  
10 difficult to attend because there's so little I can see on the computer. However, what I want to  
11 address right now is the 2014 to 2019 past Capital Budget. And I only see one project that was  
12 actually completed. It says it was completed at Spike Pedestrian Pass, however, I know that  
13 they actually had to spend more money than is showing to removed traffic circles, repair  
14 damages for accidents to various parts of the street on Ross Road. And it concerns me that of  
15 the projects that were proposed for that period, all of them were over budget, and only one of  
16 them was actually completed on schedule, possibly on schedule, and many of them are still  
17 being pushed forward. And my problem is that as you think about adding new projects you  
18 haven't finished old projects. And I'd like you to seriously take a look at this act that you need  
19 to start finishing projects on time and there's always an excuse whether it's COVID-19 or  
20 whatever. And I'm very concerned about the amount of money that's always over.

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So, I've had a conversation with a contractor and a City employee and it appears as if they are always underbid because the City of Palo Alto authorizes so many Change Orders that that's where they make their money. That's what the contractor said. We underbid or we bid low because we know they're going to add Change Orders and we didn't tact them on and the charges just escalate from there. So, I'm very concerned about your approach to these capital projects and hope you will slow down a little bit and get something actually finished. Thank you.

Mr. Nguyen: Thank you Lynn for joining us tonight. Chair Templeton, that concludes comments for oral communications.

Chair Templeton: Alright thank you very much.

**Agenda Changes, Additions, and Deletions**

The Chair or Commission majority may modify the agenda order to improve meeting management.

Chair Templeton: Alright any agenda changes, additions, or deletions?

Ms. Rachael Tanner, Assistant Director: There are no changes or deletions Chair.

Chair Templeton: Great, thank you.

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1 **City Official Reports**

2 1. Directors Report, Meeting Schedule and Assignments

3 Chair Templeton: Let's go onto the City Official Report, Agenda Item Number One.

4

5 Ms. Rachael Tanner, Assistant Director: Great thank you, Chair Templeton, and good evening  
6 rest of the Commissioners. Glad to see you tonight even if it's virtually. Hopefully, you're all  
7 doing well and your families are safe and healthy.

8

9 I just want to give a few updates on things that are happening related to Planning and  
10 Development Services but also to the broader City and to the... just the update on things of our  
11 time of course. So really this week you may have listened to or heard about the City Council  
12 taking action or rather having a Study Session about items related to outdoor dining and retail.  
13 Last Friday an updated Shelter in Place Order from Santa Clara County went into effect and  
14 order allowed many different activities to take place. Some including summer camps, they gave  
15 guidance on summer camps and daycare, around car parades and you may have participated in  
16 the resulting graduation car parade that happened in Palo Alto and so it gave some specifics for  
17 things like that. I think you can go to the drive-in movie theater now too so some other things  
18 that we're allowed to do safety. And it gave guidance around how to have those activities be  
19 carried on not necessarily free from risk but they are lower risk activities and giving guidance to

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1 help to hopefully stop the spread or continue to slow the spread of COVID-19 through some of  
2 those guidelines.

3

4 And of great interest to our local retailers is the allowance of outdoor dining as well as some in-  
5 person retail. So, you can have one customer per 200-square feet of customer accessible retail  
6 space and I believe one worker for every 300-square feet. And so, with those guidelines we're  
7 seeing things open up more at the mall and other retailers in downtown and elsewhere in Palo  
8 Alto and really, throughout the entire county.

9

10 What we're working on right now and I'm tasked with leading a really multi-department effort  
11 to look at dining, to look at parklets and parking spaces, to look at street closures or as some  
12 might say streets closing to vehicles but opening to pedestrian and bicyclists more. So, it's kind  
13 of depends on your perspective on that. Particularly looking at University Ave and piloting  
14 tomorrow beginning at 10:00 am, closures of California Avenue from tomorrow through the  
15 July 4<sup>th</sup> weekend to July 5<sup>th</sup> with possible extension if that pilot is successful.

16

17 We're also looking at allowing some outdoor display of merchandise and retail sales and  
18 activities which is currently not allowed as well as amending the way that we look at ABCs. So  
19 those with valid ABC Licenses and CUPs to serve alcohol can expand their footprint in align with  
20 what ABC is currently allowing; some of their regulatory relief as well as looking at allowing the

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1 consumption of an alcoholic beverage with a meal in public places. So that as we do open our  
2 streets to dining and things, those who are having a beverage with their meal from a restaurant  
3 will not have to get an extra permit or something like that.

4

5 So, it's pretty fast of Palo Alto, we are trying something new, we are trying to be flexible and  
6 adapt. And I'm sorry we're not able to bring those items to you for discussion before we move  
7 forward but these are going to be in our Urgency Ordinances. And if some of these things we  
8 like, we want to come back to PTC as the year goes on to get your opinion and maybe go to  
9 Council if we say oh, this regulation we should keep and we should consider really formalizing  
10 it. All of these actions are seen as temporary. All of what we're calling Summer Street Permits  
11 would expire at the end of the year. Of course, Council may amend that and extent that if we  
12 need to depending on how the COVID-19 pandemic plays out and what we see as the needs in  
13 Palo Alto.

14

15 So, we're really hopeful, we're really working hard to work with businesses. If you have a  
16 business that has a need or if you know somebody who is in retail and they have questions,  
17 please have them reach out to me. We have two folks who are really working full time out of  
18 the City Manager Office on outreach. I mean they're out there talking to people, talking to  
19 businesses, really trying to make sure that this is as easy as possible but also as safely as  
20 possible so that our businesses can move forward.

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And while we're very hopeful, we are [unintelligible – audio cut out]

Mr. Vinhloc Nguyen, Admin Associate III: Rachael, you're muted.

Ms. Tanner: I guess somehow my mute came on. Thank you, Vinh. Some of the customers for these retailers, they come from outside Palo Alto. They come from our traditional daytime workforce and we don't know what all the places are for large companies are in terms of when they may or may not be bringing some of their workforces to Palo Alto in person. So, we're also doing some outreach with those companies to try to get a read of what they're thinking. Is there short and long terms plans for bringing or not bringing their workers back? So, to those of us who live in Palo Alto, who are in the Palo Alto area, as safe as you feel going out to dine or to support local businesses, that would be a great help to making sure that they can thrive and that we can have these vibrant business districts that we really want to have in our local community.

So that's a little bit about that. There of course is more ongoing activity in the Community Services Division in terms of parks and open spaces and pools opening. Pools were one of the activities that's allowed to open so you're seeing more recreation activities going... being able to open and people being able to take part in them. And we look forward to if we do continue

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1 to keep our curve in line with what Dr. Cody wants to see and some of the other criteria that  
2 the county has laid out. That possibly every 2-weeks we may be seeing new orders or rather  
3 updated orders that allow more and more activities to take place. So, as we keep meeting we'll  
4 probably keep having more and more updates about what is allowed and what's not allowed in  
5 Palo Alto.

6

7 So that's just a little bit update about those things and one item... one other item... let me just  
8 look at my notes here really quick. And then just my little public service announcement around  
9 COVID-19. As we do keep opening and as other states are opening, you may have family or  
10 friends elsewhere. It's really important that we still stay vigilant in terms of washing our hands,  
11 wearing face coverings, really taking mind that the virus is still spreading, and unfortunately, it's  
12 still killing about 800 to 1,000 Americans a day are still passing away from COVID-19. And so,  
13 while other events have certainly taken to the four including the unrest and the protests that  
14 we've been seeing around Black Lives Matter and other incidents. We have to remember that  
15 this is still there and while it could fade to the background because it's not maybe as exciting of  
16 a news story anymore, it still is a very real threat to many people. And so, I just encourage you  
17 and your families to... as you stretch your legs and get out there to do so as safely as you can.

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1 So that concludes my report, Chair Templeton and I'm looking... I don't see anyone here from  
2 transportation to provide an update but I'm happy to take questions back if we need too. Is  
3 Philip here?

4

5 Mr. Nguyen: It looks like we have Nate here. Let me put Nate to a panelist.

6

7 Ms. Tanner: Oh ok, he's in the participants. So, Nathan Baird, I don't know if you want to share  
8 any updates from transportation. I know you guys also have been busy during this time.

9

10 Mr. Nate Baird, Transportation Manager: Hello all, it's good to see you all again, and glad to be  
11 a panelist. It's good to see your faces. Yes, OT, we're trying to support as best we can the cross-  
12 departmental effort with the street closures and the investigation of parklets moving forward.  
13 We really do encourage people to walk and bike to these local areas. A large portion of our  
14 downtown and Cal Ave's previous business really came from the employees that were  
15 commuting to those areas. And while we are slowly opening back up many of those larger  
16 employee... employers are still not... are still going to have remote workforces. Same as City of  
17 Palo Alto currently so we really encourage the local folks to go visit those places by walking and  
18 biking. If you do drive, there's plenty of parking available at the garages and lots. I encourage  
19 any of you to... if you do go visit, take a look at the parking situation, let me know what you see,  
20 feel free to send me an email with your observations but we're not currently thinking about

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1 turning back on the enforcement any time soon. We're really trying to watch it and see what  
2 happens, but yeah, that's kind of the current messages that we really wanted to get out there.  
3 Please use the garages and lots if you do drive downtown. We're really wanting the businesses  
4 to have a lot of curb space available for drop off and pick up. And we're also just wanting to not  
5 have our residents inundated again with driving visits as many of those are going to be driving a  
6 lot more and not using transit as much.

7

8 So that's my little brief... Office of Transportation has been very busy but we're kind of keep it  
9 to parking this time but it was good to see you all.

10

11 Ms. Tanner: One last thing I'll add, just speaking of major employers, as some of you may have  
12 read or be aware that Stanford has issued guidance for what they're going to be doing in terms  
13 of bringing back at least of a portion of their undergraduate class beginning in mid-August. And  
14 then they'll end the school year but prior to Thanksgiving so that students aren't going home  
15 for Thanksgivings and then coming back to campus. And then I believe they'll bring a different  
16 set of their students back in the spring semester. I was talking with some folks from Stanford  
17 today, most of their graduate students because of the housing set up for those students have  
18 remained on campus and have been taking part in education for undergraduates, online  
19 learning, and things like that and so that was good news. It made me feel like ok, there is a  
20 portion of that population that's still here and they're also working on plans to renew some

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1 activities on their facilities as some of their facilities still have not been as active even if their  
2 workers, employees, or residents are still in the area. So that's something to note and we'll  
3 certainly be watching that as that unfolds and hopefully good luck Stanford on keeping the virus  
4 from spreading as they welcome all those young adults back to their campus.

5

6 And I will... myself and Nathan Baird are available for any questions if you have any about our  
7 comments that we've made.

8

9 Chair Templeton: Yes, so Commissioners please do raise your hands. I see Commissioner Riggs  
10 first. Commissioner Riggs.

11

12 Commissioner Riggs: So, thanks [unintelligible], it looks great. I'm actually interested if we can  
13 just potentially work with Staff over the next couple meetings to really ideate some longer-term  
14 land-use implications in terms of economic redevelopment and activation. Particularly in retail  
15 and commercial spaces given what we've heard from a lot of the employers; e.g Jack Dorsey  
16 saying you can work from home forever. So I think there's some really both single-family, multi-  
17 family as well as retail commercial issues to grapple with there. And I think that it would be  
18 appropriate for this Commission to take on some of those longer-range things. So, I have  
19 emailed this to you and a couple of the Council Members but I just want to put that out there. I  
20 think it could be something that would be wise to take on over the coming month.

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2 Ms. Tanner: Commissioner Riggs, I think that's a great idea and I think as much as you all have  
3 contacts either with folks who might make a good panel. I think it would be really interesting  
4 for the Commission perhaps and the community to consider hosting a couple different speakers  
5 maybe for a study session who may have different expertise in different areas as well as Staff  
6 looking into research regarding what's happening. Certainly, everything is still very new in  
7 terms of the data that we have but certainly expert to see what's happening in their field. We'd  
8 love to hear from them. Perhaps (interrupted)

9

10 Commissioner Riggs: I'll just add, I mean I have some of the only data out there on how travel  
11 behavior has changed since COVID-19. I think I've told you that as well as Commissioner  
12 Templeton that or Chair Templeton, excuse me, but I'd be happy to share that data with the  
13 Commission as well. So, it's just a fair well what you were just underscoring.

14

15 Ms. Tanner: Yeah, that'd be great.

16

17 Chair Templeton: Alright would anyone else like to speak? I just want to say how much I  
18 appreciate that we get updates from the OT as Mr. Baird called it. So, thank you for being here  
19 and updating us. And Ms. Tanner, it was exciting to see your presentation to Council and the Cal  
20 Ave Pilot is going to be interesting. I think it's exciting that that's starting soon. I was downtown

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1 last week and I saw that the little parklets were going in. So, it's really wonderful that you all  
2 are driving some of these pilots so that's wonderful. Alright anyone else wants to comment on  
3 those items in Agenda Item One, City Official Report? Ok. Alright, so we will move on. Whoops.

4

## 5 **Study Session**

6 Public Comment is Permitted. Five (5) minutes per speaker.1,3

## 7 **Action Items**

8 Public Comment is Permitted. Applicants/Appellant Teams: Fifteen (15) minutes, plus three (3) minutes rebuttal.  
9 All others: Five (5) minutes per speaker.1,3

10

11 2. Review and Recommendation to Finance Committee and the City Council on  
12 Comprehensive Plan Consistency for the proposed 2021-2025 Capital Improvement  
13 Plan.

14 Chair Templeton: We'll move onto Agenda Item Number Two, review and recommendation to  
15 Finance Committee and the City Council on Comprehensive Plan consistency for the proposed  
16 2021-2025 Capital Improvement Plan.

17

18 Ms. Rachael Tanner, Assistant Director: Great, thank you Chair. I would like to introduce Chitra  
19 Moitra who I think has been before you before. Maybe not all of you as some of you are new,  
20 Commissioner Hechtman. She is going to be presenting our Capital Improvement Annual Report  
21 really that's looking at the new CIPs that are coming on and conformance with the General  
22 Plan. And so Chitra has been with us for 13-years, Chitra? Is that right?

23

24 Ms. Chitra Moitra, Planner: 14-years.

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Ms. Tanner: 14-years. We stole her away from the City of San Francisco many many years ago and she's been with us since then. Was a Palo Alto resident and sent her kids through Palo Alto schools and she is in our Long Range Planning Division as a planner. So, I'm going to pass it over to Chitra to take it away.

Ms. Moitra: Good evening Commissioners. I have a small PowerPoint Presentation and I am sharing my screen with you right now. And ok, so can you see guys see my screen?

Ms. Tanner: We can.

Ms. Moitra: Ok, alrighty, so every year we come before the Commission for the review of the Capital Improvement Projects. This year also we are doing the same thing. Today we have with us, besides Planning Staff, we have with us Staff from different City Departments; Budget; Utilities; Public Works; Library; Police. And the Staff there is present there so that if you have any questions at the end of my presentation you can directly address them to the Staff. And saying that I start my presentation.

So, the Capital Improvement Budget as I said is reviewed by the PTC every year for Comprehensive Plan consistency and this time also Staff requests the PTC to review the new

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1 CIPs for Comp Plan consistency. So as a little bit of background about the budget process and  
2 how the CIPs are... how they are... the CIPs are decided every year by City Staff based on the  
3 City's existing City-wide infrastructure need and... for the next 5-years and what... and the City  
4 Council priorities mentioned for that year. So, and this... the CIPs are reviewed by the Finance  
5 Committee, the City Council, and by the PTC and PTC's role is mentioned in the Palo Alto  
6 Municipal Code Section 19.04.040. And it basically says that PTC can review... PTC should review  
7 the new CIP's for compliance, PTC can suggest any CIPs which they feel missing from this year's  
8 Capital Budget Book, and that can be... they can suggest that for the next following year and if  
9 they can identify any ways the efficiency can be increased. They can comment on that so that is  
10 their role.

11

12 So, the way the consistency is... the Comp Plan... the Comprehensive Plan consistency is  
13 established is when we get... when Planning Staff gets the list of CIPs, they link the CIPs with the  
14 primary Comprehensive Plan Element, Goal, and Policy or a Program if it's applicable. Staff also  
15 identifies the types of Boards and Commission review required for the CIPs; like if a PTC review  
16 is required, if ARB is required, if the Utilities Commission review is required. Staff identifies  
17 those Boards and Commissions too. So, when... what Staff does is they link... after linking each  
18 CIP with the Comprehensive Plan Element, they try to do an analysis on the budget amount  
19 spent by Element and of course by Council priorities too.

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1 So, this year the CIP Capital Budget Book has 187 projects in them and of that, as I said before,  
2 five are new which is approximately 3 percent of the total number of CIPs. So, you are going to  
3 review those five tonight and the remainder 182 CIPs which are in the book, you guys... PTC has  
4 already reviewed it before in previous years.

5

6 So, this year we have this list of five new CIPs and these are as followed; the Library Automated  
7 Material Handling CIP, the Magical Bridge Playground Resurfacing CIP, the Foothills Rebuild, the  
8 Public Safety Records Management System Replacement, and the Schedule Vehicle Equipment  
9 Replacement. So, of these five CIPs, the first four of them have funding for this budget year but  
10 the last CIP has funding only for Fiscal Year 2025.

11

12 So, this year these five CIPs... of these five CIPs three of them have been found to be in  
13 compliance with the Community Services Element, one with the Comprehensive... the Natural  
14 Environment Element and one with the Safety Element. And the sections for the Community  
15 Service Element which are closely in alignment are the improving efficiency and service delivery  
16 and maintenance of City's infrastructure and facilities.

17

18 The next slide is what I talked about, is aligning the CIPs both new as well as [unintelligible] CIPs  
19 with the Fiscal Year 2021 Budget and of that we can see that about 40 percent of the Fiscal Year

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1 '21 Budget is allotted for... is aligned with Safety Element, 27 percent with the Natural  
2 Environment Element, and about 15 percent with the Community Services Element.

3  
4 So now we can see that all the five CIPs are in alignment with the adopted Comprehensive Plan.  
5 So now Staff recommends that the Commission also finds these five new CIPs which are listed  
6 in Attachment B, find them in compliance with the Comprehensive Plan, and forward the  
7 findings to the City Council. That's the Staff recommendation and I think with this I... my  
8 presentation ends. And we have Staff from different departments and if you have any questions  
9 you can ask them right now. Thank you.

10

11 Chair Templeton: Thank you for that presentation. Should we go to public comments?

12

13 Mr. Vinhloc Nguyen, Admin Associate III: We do have one member of the public who has their  
14 hand up.

15

16 Chair Templeton: Ok, let's do that.

17

18 Mr. Nguyen: Ok.

19

20 Chair Templeton: Please raise your hand if you want to speak if your hand is not already raised.

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1

2 Mr. Nguyen: Ok so our first and apparently only speaker will be Lynn.

3

4 Ms. Lynn Key-Apella [note – phonetics]: Hello, thank you. My concern on this new budget is

5 partially the same as on the previous one which is the cost overruns. I was just looking through

6 the previous one and I noticed there's a 33 percent over budget on Fire Station #4 for example.

7 And my problem is that when I look at the Public Safety, it's starting out at something like \$91

8 million and now it's \$150 million which is what, 27 percent over budget from when it was first

9 thought of. I harken back to the Mitchell Park Library which was 3-years late and way over cost.

10 So, I don't know what can be done but it seems to me that somehow when you approve these

11 there needs to be some comments to City Council that there should be pluses and minuses or

12 penalties and maybe a bonus of getting these things on time and in budget. So that would be

13 my first comment. I'm very concerned about the way the money goes out and how much is

14 being spent. And a new one I think is Newell Bridge which maybe is necessary but I don't think

15 it's crucial right now.

16

17 The second part is I'd like to make a comment on the underground districts through the

18 electric. I think you've... if you have scanned those you'll notice that there's more being rebuilt

19 than the new ones, that there's doesn't appear to be any long terms list of how to do the future

20 districts, and that it's constantly being reshuffled and there's no idea of when you will actually

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1 reach the end. So, I noticed that on the rebuilds it is 30-years and you have to rebuild them  
2 which really means you will never get to the last districts on your list at the rate we're going  
3 with more rebuild than new districts. I was in a district that was the last one of my area to be  
4 done. All the districts after me got canceled, moved, changed, and I don't know what the  
5 criteria is but when I've asked for the long-term list and the districts left to do I have been  
6 unable to find that. So, I would appreciate that list and have someone contact me where that it  
7 is [and] how I could access it? Thank you.

8  
9 Mr. Nguyen: Ok, thank you, Lynn. We do have one more raised hand from Rebecca. If there's  
10 anyone else who wishes to speak, please raise your hand now. There's a raise hand button at  
11 the bottom of your screen. This is the last call for any comment on this item. Ok Rebecca, if you  
12 can unmute yourself you may speak.

13  
14 Ms. Rebecca Eisenberg: Hi all, thanks so much. I have two quick comments. The first is that I  
15 think it should be noted that none of these Capital Improvements actually further the City's  
16 biggest priorities. Especially housing and as we know, housing is a much bigger safety priority  
17 these days due to the Corona Virus than it was previously because we need places to isolate  
18 and quarantine infected and exposed individuals.

19

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1 Second, I'd like to call attention to your... one of the projects you seek approval for because I'm  
2 very strongly opposed to it due to the way it's set up. And that is according to this document  
3 you request... the City request \$2 million to underground or I guess otherwise make safe  
4 electrical lines that are in Foothill Park. Although I fully support underground or otherwise  
5 rendering safe, it's pretty well known that when powerlines are unsafe it is the financial and  
6 legal, in addition to moral, obligation of the power company to actually render those safe. So, in  
7 other words, PG&E which as we all are aware has caused millions of dollars and countless...  
8 dozens of homes and thousands upon thousands of acres of destruction due to the fires that  
9 they caused due to their irresponsibility and due to conditions like these conditions in Foothill  
10 Park, it's PG&E that needs to fix this. So, I recommend that and I request that maybe the City  
11 can go back and look at its contract with PG&E, look at the court rulings against PG&E and  
12 figure out how to get PG&E to actually make safe the powerlines not just in Foothill Park but  
13 everywhere in Palo Alto on behalf of our residents. Thanks for the time.

14

15 Mr. Nguyen: Thank you, Rebecca. Chair Templeton, that concludes public comments for this  
16 item.

17

18 Chair Templeton: Excellent. Thank you very much to the members of the public.  
19 Commissioners, go ahead and raise your hand if you wanted to ask questions of our Staff  
20 members today. Commissioner Summa.

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Commissioner Summa: Thank you very much. I have a question if there's someone on Staff that can answer this about the last speaker, Rebecca, brought up the powerline issue. It's my understanding that since we have our own utilities it would be our responsibility except west of 280. I think that PG&E does share powerlines with City and so I think that's a good question maybe to have answered if they are sharing the cost of the improvements on the powerlines that they share with us. Is there anyone that (interrupted)

Ms. Tanner: Chitra, do we have anyone from Utilities participating today that might be able to address that?

Ms. Moitra: Yes, we do.

Mr. Tom Ting, Engineering Manager: This is Tom Ting, I'm the Utilities Electric Engineering Manager. The powerlines that go into the Foothills are actually owned by the City of Palo Alto Utilities Department. We do share some poles at the higher end but they're basically joint poles with PG&E. So, we may be abandoning those poles to PG&E depending on how we rebuild the system. We're looking at either possibly undergrounding the signs or rebuilding the overhead. The whole purpose of this is to prevent wildfires caused by our electric lines.

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1 Commissioner Summa: I appreciate that thank you, and I think it... I think that on the shared  
2 poles there could be some shared expense too.

3

4 Mr. Ting: Yes, we do have an agreement with PG&E for shared poles (interrupted)

5

6 Commissioner Summa: Ok, thank you very much.

7

8 Mr. Ting: But a majority of the poles are... up in the Foothills are solely owned by the City of  
9 Palo Alto Utilities.

10

11 Commissioner Summa: Ok thank you for clarifying that. I have a couple library questions also. I  
12 don't know if you want me (interrupted)

13

14 Ms. Moitra: Yes, we do have library Staff with us so.

15

16 Commissioner Summa: I had a couple question about the annual cost for the three small  
17 libraries that are slated to get this new equipment and whether it made sense to do that right  
18 now? I don't think it's inconsistent with the Comprehensive Plan but the libraries are currently  
19 closed and they're... my understanding is they're only going to reopen for 3-days. And the  
20 annual cost of this, if you kind of try to look between the lines, is pretty steep for the three little

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1 branches which have very small budgets. College Terrace has one full-time employee and the... I  
2 think the benefits in saved time 40-hours a week, I think that must be for the bigger libraries. I  
3 mean we won't even have people working 40-hours a week in the little ones when they do  
4 reopen. So, I'm just wondering if that CIP couldn't be put off for a while to save money basically  
5 and whether it would really function well? I mean College Terrace is really tiny, I don't even  
6 know if there's really room for that or the necessity and downtown the same? I don't know as  
7 much about the Children's Library personally so those were some of the questions.

8

9 Ms. Tanner: Great. Commissioner Summa, we have Gayathri Kanth.

10

11 Commissioner Summa: Thank you.

12

13 Ms. Gayathri Kanth, Library Director: Hi, this is Gayathri Kanth, and thank you very much for the  
14 questions and I can answer those questions. First, I want to address the libraries, yes, you're  
15 right, the libraries are small. However, they do have a fairly decent checkout. Children's Library  
16 for example has 115,000 items that are returned per year. And with the adjusted budget due to  
17 COVID-19 and the effect of it, there's been severe Staff cutting. So, in some ways, having Image  
18 will really enable us to check in materials faster. We have been using it at the Rinconada Library  
19 and the Mitchell Park Library. And it has really saved time and also enables Staff to do other,  
20 more relevant customer-focused services. The two other smaller libraries, those also have

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1 about... checkouts about 60,000 items so it is not a very small amount but I understand the  
2 concern.

3

4 The second thing I wanted to say is that there's an Impact Fee which is being used to fund this  
5 project and Impact Fee is used so that we can really have Staff work on other projects that are  
6 really more directly customer focused.

7

8 Commissioner Summa: And could you clarify the annual budget to each one of the libraries to  
9 maintain the equipment?

10

11 Ms. Kanth: I will have to provide you with that information.

12

13 Commissioner Summa: Ok. My concern... yeah, ok, and then what... did I read it correctly that  
14 it's supposed to save 40-hours a week at a library? The automated system.

15

16 Ms. Kanth: Yes, it depends on the checkouts. So, when we originally had this proposal the  
17 libraries were open much longer.

18

19 Commissioner Summa: Yes.

20

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1 Ms. Kanth: Now things have changed however, we still expect items to be checked out and  
2 checked in.

3  
4 Commissioner Summa: Yes, I understand but I mean College Terrace and the other two libraries  
5 aren't even going to be open 40-hours. So, it's such... it's kind of a disconnect for me in the  
6 amount of hours that the libraries are going to be open 3-days a week and that they would  
7 even have need of 40-hours of more efficient check-in when they don't even... aren't even  
8 going to be open that much. It just doesn't make sense to me. I can see it for the larger  
9 libraries.

10  
11 Ms. Kanth: Sure. This is a 3-year project so this year we're only going to be doing Children's  
12 Library. The other libraries will be in the following years and hopefully by that time the budget  
13 situation improves and we will be able to reopen the libraries more.

14  
15 Commissioner Summa: Ok, thank you for answering those questions.

16  
17 Chair Templeton: Any other question Commissioner Summa?

18  
19 Commissioner Summa: No, I was just interested in the annual budget of operations. I was  
20 concerned that is was... it... when I tried to spread that out of the information provided. That it

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1 would be about \$30k a year for each of the small libraries which seems like very much but I may  
2 have misunderstood that. So, if the library... if our representatives from the library don't know  
3 that I'll just have to get an answer later but I would appreciate on that.

4

5 Ms. Tanner: Sorry [unintelligible](interrupted)

6

7 Ms. Kanth: We would be happy to provide you with that information.

8

9 Ms. Tanner: That you understand the maintenance cost for maintaining the equipment or the  
10 cost per library per the whole capital project?

11

12 Commissioner Summa: Are you asking me?

13

14 Ms. Tanner: Yeah, I was just trying to understand what exactly is the... is it the annual  
15 maintenance cost of the systems that you're trying to understand?

16

17 Commissioner Summa: Yes, I was, yeah.

18

19 Ms. Tanner: Great and maybe we can look into that and provide that answer to you. Sorry, we  
20 don't have that right now.

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Commissioner Summa: Thank you.

Chair Templeton: Alright thank you, Commissioner Summa. Any other Commissioners want to discuss items in this presentation?

Ms. Moitra: I can... Paul Harper is here from Budget and I saw him raising his hand. So, do you want to speak to this Paul?

Mr. Paul Harper, Principle Management Analyst: I just wanted to speak to the maintenance amount. What we have stated in the budget document is that it's about \$10,000 to \$20,000 per machine per year. So, the cost would be approximately \$30,000 to \$60,000 in total once all three machines are installed and that's on Page 107 of the Capital Budget Document.

Chair Templeton: Thank you so much for looking that up in real-time. That's excellent.

Commissioner Summa: Thank you.

Chair Templeton: Alright Commissioner Hechtman.

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1 Commissioner Hechtman: Thank you Chair Templeton and thank you to Staff for presenting...  
2 for the presentation. If I could ask Ms. Moitra to pull up I think it's Slide 3 which is the local  
3 ordinance that we're working under tonight.

4

5 Ms. Moitra: Just give me a second. Yes.

6

7 Commissioner Hechtman: Thank you. So, the... our charge if you will on an annual basis of the  
8 PTC involves three potential tasks that are described in this ordinance. And I think the Staff  
9 Report is really focused on the first task which is we're going to look at new projects to  
10 determine if they are consistent with the CIP. I'm sorry consistent with the Comprehensive  
11 Plan. And that issue I think the Staff Report is very thorough as augmented by the presentation  
12 tonight and it's clear to me that all five of them are consistent with the Comp Plan. And so, I  
13 have no problem recommending to the City Council that they are consistent.

14

15 I really wanted to focus on the rest of this ordinance for just a couple minutes and I wanted to  
16 start with a question of Staff probably. So, we came into this cycle with 182 CIPs and we're  
17 adding five more to bring us to 187. Now can Staff tell me how many CIPs we were able to  
18 complete in the last year?

19

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1 Ms. Moitra: I would defer this question to Paul. Paul, can you answer this question? How many  
2 of the CIPs were completed? Hello?

3

4 Ms. Tanner: Paul you're on mute.

5

6 Mr. Harper: Sorry about that. Unfortunately, I don't have that number on hand. Capital projects  
7 span a number of years. We could look into that but I don't have that off the top of my head. I  
8 apologize.

9

10 Commissioner Hechtman: No apology necessary. I probably should have thought to send that  
11 question ahead and it's not critical that I know but let me tell you where I'm going with this.  
12 And really, it's again looking at the ordinance and looking at the Program as a whole. As you  
13 know this is my first time through this CIP cycle and when I saw that we have 187 separate CIP  
14 projects in a City of our size with a Staff of our size, it struck me as a very large number and  
15 that's true even though I do appreciate, as Paul says, that many if not most of these projects  
16 and programs are spread out over many years. So, the question I really had and incidentally, I  
17 did look at the... in the Staff Report, I did review the other 182 previously approved items, and  
18 clearly, they're all worthwhile projects but be that as it may the... what struck me is I don't  
19 know whether we, our Staff, is realistically spread too thin on these 187 projects. And I'm  
20 wanting to know how does having so many ongoing items effect our ability to complete any of

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1 them? And this isn't really... this is not something I'm asking for an answer tonight. In fact, what  
2 I'm thinking is that this really... what I'd really like is... because I recognize that not all of these  
3 projects are in planning domain or transportation. They're spread across all the departments of  
4 the City. And so, I'm hoping that there could be an interdepartmental discussion offline and at a  
5 future PTC meeting, the appropriate person could come back and tell us either we're not  
6 spread too thin, we're very comfortable with this or there are issues that maybe we need to  
7 look at and perhaps this is something... an issue we can tackle in the next annual cycle. As we  
8 move toward next June that we can be looking at prioritizing these or winnowing some out or  
9 not adding new ones until we knock some out or at least keeping the number less than 187 so  
10 we don't grow next year to 192. So anyway, those are my thoughts, and that's a suggestion for  
11 something that Staff could come back to us with at a future meeting. Thank you.

12

13 Chair Templeton: Thank you, Commissioner Hechtman. Did Staff want to respond to that or?

14

15 Ms. Tanner: I'd like to... thank you Chair. I'd like to thank Commissioner Hechtman for the  
16 suggestion and certainly, for the attention of just saying are we even spread too thin? It's a  
17 great question to ask of our organization and make sure we're focused on things. I don't know  
18 if Paul or our Chief Financial Officer Kiely Nose want to speak to how we are thinking about  
19 other Capital Improvement Projects overall as we do kind of... while we're heading into a very  
20 uncharted year this year and next fiscal year. But also, because we had established the

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1 Committee in the City that had looked at prioritizing a couple... I think there were 10 priority  
2 CIPs; the Public Safety Building and some others. So, it doesn't exactly speak directly to your  
3 question of should we have... get to 200 or 190, now where should we be going but they may  
4 want to offer some comments overall in our CIP Program.

5

6 Mr. Harper: Sure, I can start with that, and then if Kiely wants to jump in that would be great. I  
7 will say that as part of the planning when we're putting together the Capital Program every  
8 year we do take it into account workload capacity as one of the items when we are trying to  
9 prioritize projects and make sure that we have enough projects budgeted in a particular year or  
10 throughout the 5-year plan. That is the main focus in terms of how we are thinking about them  
11 along with other things like the safety needs and repair needs and things like that. So, I think  
12 departments themselves would need to speak more directly on how they're feeling in terms of  
13 being spread too thin, but we really do try to take that into account when we are planning for  
14 capital projects and looking forward in terms what we want to do this year and what we want  
15 to do 5-years from now. To make sure that we're keeping up everything in terms of  
16 maintenance as well as planning for new things that are necessary to keep the City growing.

17

18 Ms. Kiely Nose, Chief Financial Officer: Good evening PTC, I'm Kiely Nose the Chief Financial  
19 Officer, and really, I think Paul is spot on in the review that we usually do. Just a reminder in  
20 terms of the quantity and frankly pace that we work at. The... I think the question is frankly one

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1 that we ask ourselves almost every day and usually, our eyes are bigger than our stomachs as  
2 we're developing this across the organization. And that's an echo of the drive of Staff and the  
3 community that we're serving to try and meet those goals and expectations. I will say a big  
4 component of the CIP is really annual maintenance. We do have a larger CIP than most  
5 organizations because of our utilities, so we are constantly working on the maintenance and  
6 upkeep of all of the utility's infrastructure. And so that regular cadence of whether it be  
7 undergrounding or the lines or our vehicle replacements or those kinds of aspects are really  
8 unique for an organization of our size and is a whole other arm that utilities has a team working  
9 on. And I think right now especially in the advent of COVID, Staff is really trying to balance  
10 having project ready... I'm sorry shovel ready projects to potentially take advantage of any cost  
11 savings that we might be able to achieve. So, we're not... we're finding that balance I'll say right  
12 now especially as we try and maximize our resources, but as you can see in the proposed often  
13 times we do carry money forward from year to year as projects extend beyond the plan. So  
14 just... it's a valid question I think and it's something that we're constantly evaluating and trying  
15 to manage.

16

17 Chair Templeton: Alright thank you, thank you, Staff. We have heard from Planning, Libraries,  
18 Utilities, and Finance today. It's quite an exciting meeting. Commissioner Hechtman, were there  
19 any more questions that you had, or are you done? You're done, ok. Commissioner Riggs.

20

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1 Commissioner Riggs: Oh well it's funny I... sorry should I lower my hand while I'm talking? So, I  
2 was... I think that's a great observation Commissioner Hechtman. And the funny part is perhaps  
3 I'm advantaged or maybe its disadvantaged by the fact that I actually teach the Municipal  
4 Finance Class and I've taught it at multiple institutions. It's probably a handicap in the sense of  
5 the word but I... my vantage point was a little different. And I thought the scope was pretty  
6 reasonable and I think just to echo what was just said. I think there are three reasons that I  
7 wanted to reiterate that I thought this was reasonable and I thought looked good was the... we  
8 had... the project size and type looked appropriate for a City of our scale. I think we have  
9 projects with varying duration and I think that's reflected in the maintenance comment that  
10 was just made but also some long-term aspirational things that are... that we know will take 3  
11 to 5-years to implement. So, they will be carried over year to year in these [unintelligible]  
12 documents, but also, I think that just emphasizing the fact that this is a constant process of  
13 budget evaluation is important to emphasize. After your comment Bart [note – Commissioner  
14 Hechtman] we have these two professionals here that are constantly evaluating. Not only  
15 evaluating individual projects but actually trying to phase that money and steward it as best as  
16 possible. So, in my mind... and I'm looking at this also from having sat on City of San Luis Obispo  
17 Planning Commission and they actually have many more. And they're a City that's smaller and I  
18 think deals with some or sorry, the same size and I think deals with probably less complex  
19 issues given their situation in their own smaller region. So, I think it fits within the... it passes  
20 the sniff test in my mind so if that elevates some of your concerns, Bart [note – Commissioner

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1 Hechtman]? I know... I think it is astute what you kind of reminded us all to be cognizant of  
2 these changes but it really felt right to me. That's all.

3

4 Chair Templeton: Thank you, Commissioner Riggs. Commissioner Lauing.

5

6 Commissioner Lauing: Excuse me. I appreciate the comments, Commissioner Hechtman. I do  
7 think that what we're actually doing tonight is the first part of those three and I think we should  
8 frame it that way in terms of the recommendation. But I will say from my experience on the  
9 Commission that's typical so I think that fits with the expectations of Council. I have no problem  
10 going beyond that getting going. When I was in Parks [note – Parks and Recreation Commission]  
11 and I see Daren Anderson is on if he wants to chime in here but we had an Ad-Hoc Committee  
12 of Staff and Commissions Members that I was on for a number of years and the process of  
13 going through these is fascinating. As you would expect there's a lot of prioritization and then  
14 there's a lot of arm wrestling between departments because it has to all be done finally at the  
15 top with somebody making the decision with the news coming back to Commissioner Members  
16 as to what happened and what didn't. But I think it's a fair process, rigorous process, great  
17 effort on the part of Staff everywhere to get to where we are. 187, I don't think is too many and  
18 I guess Commissioner Riggs kind of reinforced that because they're pieces of projects unless  
19 that gets your nervous. And it's really five times 187 because it's pieces of projects but some  
20 years it's one person uses 5 percent of their time to work on the plans for a situation. And I'd

- 
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1 also like to underscore that yes, for example in Parks [note – Parks and Recreation  
2 Commission], a lot of times there's 7-year cycles on parks and the maintenance is not cutting  
3 the grass. The maintenance is actually replacing the equipment because it wears out, it loses its  
4 rigor in terms of safety. So that has to be done for safety purposes and that... so what I'm trying  
5 to say is that's part of the normal process. That's not new, unusual, revolutionary, moving  
6 forward kind of new capital stuff. That's kind of the bottom line on the job.

7

8 While I have the floor I just had two quick questions. One is I worked with this Foothills rebuild  
9 on fire mitigation. It's extraordinarily important for safety and if Daren or somebody is on the  
10 line I'm just interested in what allows you expense wise and otherwise to put these babies  
11 underground instead of above ground and particular with respect to the expense? As I recall it's  
12 like 3x the expense or 5x the expense of leaving those wires hanging there.

13

14 Ms. Tanner: Great. Does Daren or Tom want to take that question regarding how we are able to  
15 afford the undergrounding?

16

17 Mr. Ting: This is Tom Ting, Utilities Engineer Manager. What we will be doing... the task is to  
18 rebuild the overhead line system. At the same time, we will be looking at the feasibility of  
19 undergrounding sections where it would work. There are some advantages up there because  
20 it's not developed, its easier to trench and install conduits and as you're going through dirt

- 
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1 you're not having to restore any kind of pavement. The disadvantage of it is the terrain, so we  
2 have to... we're working with... we're going to hire a consultant to work with us on looking at  
3 the designs, compare the cost of doing the overhead versus the cost of undergrounding it and  
4 we will present those options to Council for their approval before we move forward.

5

6 Commissioner Lauing: Ok. The other thing I want to make is a comment, it's kind of a  
7 [unintelligible] comment but this one about the Magical Bridge playground rubber wearing out.  
8 That's a big success story because it's gotten such phenomenal use since the... day one; literally  
9 day one. I was at the grand opening. And so, this is ahead of when we need to do it but it's a  
10 great tribute to the fundraising they did to get that going and how it's getting used by all kinds  
11 of kids. So, another great thing that our City is doing so that's it. Thank you.

12

13 Chair Templeton: Thank you Commissioner Lauing. Any other comments from Commissioners?  
14 I... by the way I really appreciate the comment about the park getting so much use that it's  
15 getting worn out early. That is quite remarkable.

16

17 About the PG&E portion, Mr. Ting can you speak a little bit more about what is the scope of  
18 their responsibility and are they on it? You know if you're going to be working on improvements  
19 on the Palo Alto side, you said you already have an agreement with PG&E to make sure they do

- 
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1 their maintenance. Can you give us an update just to help the members of the public feel a bit  
2 more secure about the fire season?

3

4 Mr. Ting: Sure. We do have a joint... what's called a joint pole agreement with PG&E. It involves  
5 sharing costs of any pole replacements or maintenance that we do on the poles. The thing is we  
6 don't share that many poles with PG&E up in the Foothills which is the whole area west of  
7 Highway 280. The majority of those poles are owned by the City of Palo Alto. So, when one of  
8 the callers commented about the financial responsibility of a wildfire. It's going to fall on the  
9 City, so that's our concern. And that's why... excuse me... that's why we're looking at rebuilding  
10 that whole line, making sure that we have adequate clearance from our trees, things like that.  
11 That everything is built and strong enough to handle any kind of situation up there. At the same  
12 time, we're going to look at areas that we can underground. So, the actual share of PG&E's  
13 work is going to be minor of the poles going up in the Foothills. We may have 100 poles, they  
14 may only be on about 10 of those poles. So, they may share in the cost of replacing 10 of those  
15 poles, a majority is going to fall onto the City of Palo Alto.

16

17 Chair Templeton: Ok but they're not going to leave their portion undone? They're on board  
18 with the whole idea of the project?

19

- 
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1 Mr. Ting: If we're looking at the poles they... we will present to them our idea of  
2 undergrounding certain sections. If they want to participate they can. If they want to keep it on  
3 their poles, it's going to be their responsibility. They do have the same kind of responsibilities  
4 up there in terms of this is a high fire-threat area. It's categorized as Tier Two area which is  
5 extreme... sorry elevated threat area. So, they are aware of that so we will coordinate our work  
6 with them as we do this.

7

8 Chair Templeton: That's great. Thank you for sharing that. Oh, I see Vice-Chair Roohparvar has  
9 raised her hand. Over to you.

10

11 Vice-Chair Roohparvar: Yeah, a follow up to Chair Templeton's question. In those instances  
12 where we have a joint pole... expense agreement with PG&E, do we handle the maintenance  
13 ourselves and then just split the cost with PG&E, or are we relying on PG&E to handle the  
14 maintenance and then thereafter split the cost? And the reason I ask is just personally my  
15 preference would be to the extent that we can handle any sort of maintenance within our City  
16 and be on top of it. I would prefer that and then just make sure that they pay. Could you speak  
17 to that Mr. Ting?

18

19 Mr. Ting: Yes, so far, the way we've handled it, not just with PG&E but also with AT&T, is that  
20 we will handle the maintenance, we will have our inspectors, we will contract out for pole

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1 testing to make sure the poles are adequately sized and the strength of it and not deterrent it.  
2 We will go through the process of that, we will go through the process of doing the  
3 replacements and then we will bill AT&T or PG&E for their share of the cost. So, the City is  
4 taking on that role (interrupted)

5

6 Vice-Chair Roohparvar: That's fantastic.

7

8 Mr. Ting: Of that maintenance.

9

10 Vice-Chair Roohparvar: Yeah, well thank you. That's very reassuring to hear.

11

12 Chair Templeton: Alright, thank you. Commissioner Hechtman.

13

14 Commissioner Hechtman: A follow up question and I'm a bit confused here. My impression is  
15 that when we're talking about a shared pole, we're talking about the wood structure that sticks  
16 out of the ground. And the reason it's shared is because the City of Palo Alto has its powerline  
17 using that pole and PG&E has separate powerlines using the pole. And so what Staff just  
18 described was the maintenance for the piece of wood sticking out of the ground. When it  
19 becomes weak it needs to be replaced. But my understanding of the CIP Program that's before  
20 us right now is one that would take the City of Palo Alto lines off of those poles and put them

- 
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1 underground and to the extent that those poles then only had a PG&E line, then that line is  
2 PG&E's responsibility and the pole becomes PG&E's responsibility because Palo Alto no longer  
3 has a line on it. Did I... was I misunderstanding that?

4

5 Mr. Ting: No that is correct.

6

7 Commissioner Hechtman: Thank you. I'm prepared to make a motion.

8

9 Chair Templeton: Alright you can do it in just a second. Let me ask one more follow up  
10 question. So, will they be at... will PG&E be invited to use our infrastructure? The underground  
11 part so that they could easily get off the pole.

12

13 Mr. Ting: We will present to them what our plans are. If we're going to underground they won't  
14 necessarily use our infrastructure. What we would do if they decide to go underground then we  
15 would share the trench.

16

17 Chair Templeton: Awe, ok.

18

- 
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1 Mr. Ting: And they would... we would put in conduits as [unintelligible] using our contractor  
2 install conduit for them for their use, they would pay us a share of that cost of the trench, plus  
3 the cost of the conduits.

4

5 Chair Templeton: That makes sense. I think that helps us pull the picture together so thank you  
6 very much. Alright back to Commissioner Hechtman.

7

8 Commissioner Hechtman: Are we ready for a motion?

9

10 Chair Templeton: Yes.

11

12 MOTION

13

14 Commissioner Hechtman: I move Staff recommendation to find all five of the new CIPs  
15 consistent with the Comprehensive Plan.

16

17 SECOND

18

19 Commissioner Riggs: I second. I second.

20

- 
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1 Chair Templeton: Alright, thank you. Any... do you want to speak to that motion Commissioner  
2 Hechtman?

3  
4 Commissioner Hechtman: Yes, just very briefly. To clarify and I'm sorry if I didn't say it clearly  
5 before. I wasn't looking to bring this issue of are we spread too thin up to the Council level as  
6 part of this motion. I was hoping that that would be taken offline, discussed with us later at a  
7 PTC meeting if necessary, and if at that point we decide that this is worthy of carrying forward  
8 then we'd bring it... we'd have Staff bring to Council's attention. So, I've got a very limited  
9 motion that I'm making right now. Thanks.

10  
11 Chair Templeton: Alright thank you. Commissioner Riggs, did you want to speak to your  
12 second?

13  
14 Commissioner Riggs: No, I'm good with the motion as made.

15  
16 Chair Templeton: Alright please raise your hand if you have any comments before we vote.  
17 Seeing none, Mr. Nguyen... oh, Commissioner Summa has a comment.

18  
19 Commissioner Summa: Just very briefly I'm going to support this motion with the caveat that I  
20 do have reservations about the utility of those automated systems in the smaller libraries. And

- 
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1 that they... maybe they should reevaluate after they install the one in the Children's Library  
2 whether they need it downtown and College Terrace.

3

4 VOTE

5

6 Chair Templeton: Alright thank you. I see no other hands for comments so Mr. Nguyen, can you  
7 please conduct a voice vote?

8

9 Mr. Nguyen: Yeah, sure, so we have a Commissioner... we have a motion from Commissioner  
10 Hechtman, seconded by Commissioner Riggs and I will take a roll call vote. Commissioner  
11 Alcheck?

12

13 Commissioner Alcheck: Yah.

14

15 Mr. Nguyen: Commissioner Hechtman?

16

17 Commissioner Hechtman: Aye.

18

19 Mr. Nguyen: Commissioner Lauing?

20

- 
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1 Commissioner Lauing: Yes.

2

3 Mr. Nguyen: Commissioner Riggs? Commissioner Roohparvar... I mean Vice-Chair Roohparvar?

4

5 Vice-Chair Roohparvar: Yes.

6

7 Mr. Nguyen: Commissioner Summa?

8

9 Commissioner Summa: Yes.

10

11 Mr. Nguyen: Chair Templeton?

12

13 Chair Templeton: Yes.

14

15 Mr. Nguyen: Ok the motion carries 7-0. Thank you.

16

17 MOTION PASSED 7(Alcheck, Lauing, Hechtman, Riggs, Roohparvar, Templeton, Summa) -0

18

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1 Chair Templeton: Alright thank you all and thank you so much Ms. Moitra for having everybody  
2 on hand for this discussion. I think it was incredibly useful and insightful and helped us get  
3 through and get to the result that Staff needed so thank you very much. Great job.

4

5 Ms. Moitra: You're welcome.

6

7 Chair Templeton: Alright let me close that presentation out and get back to our agenda for Item  
8 Number Three.

9

10 **Commission Action:** Motion by Hechtman, Seconded by Riggs. Pass unanimously.

11 3. Discussion of and Recommendation Regarding an Economic Analysis of Potential  
12 Changes to the City's Inclusionary Below Market Rate Program

13 Chair Templeton: We'll move to Item Number Three, that's discussion of and recommendation  
14 regarding the Economic Analysis of potential changes to the City's Inclusionary Below Market  
15 Rate Program.

16

17 Ms. Rachael Tanner, Assistant Director: Thank you, Commissioners. I have our wonderful  
18 consultant from Strategic Economics who will be presenting the bulk of tonight's presentation  
19 but I'll do a short introduction before introducing Sujata.

20

- 
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1 So, this... and I have...I'll just let you know I had a little... I don't want to say PTSD but Monday  
2 my Council... during the Council meeting, my computer was not sharing my screen so Vinh is  
3 running my presentation just to avoid any technical difficulties. And as you can see his  
4 computer is not giving him any issues so I'll be having him advance the slides for me.

5

6 If you can advance the next slide, Vinh. So really tonight we want to focus on discussing and  
7 providing feedback from the PTC about the draft analysis of the City's Below Market Rate  
8 Housing Program. And that feedback might include commenting on Staff's suggestions to bring  
9 back adjustments to Parking and/or Retail Development Standards. We would bring those  
10 changes to Parking or Retail Development Standards back to the PTC before those would go to  
11 the City Council. We are hoping though that there'd be a motion tonight from the PTC to  
12 forward the recommendation to City Council to keep the Inclusionary Housing Requirements at  
13 15 percent for ownership housing units and retain the current Housing Impact Fee for rental  
14 housing projects. And so, we'll get into the details of why Staff have that position and we hope  
15 that the PTC will concur with that position. That would then bring these... the report... the draft  
16 report that you see to City Council for their opinion and their consideration before choosing to  
17 either keep that or to change the Inclusionary Housing Program. Next slide please Vinh.

18

19 So, part of this project is really to... kind of goes back several years to 2017, a Colleague's  
20 Memorandum which led to the Housing Work Plan in 2018. In 2019 there was another

- 
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1 Colleague's Memorandum at the City Council level that asked to prioritize a study of the Below  
2 Market Rate Program and really look at the feasibility of increasing the Inclusionary  
3 Requirement. It's kind of hard to think that just a few months ago we were still in this great run  
4 of a market and thinking about how can... we're wondering how it would last but looking at that  
5 wondering can we do more to provide more affordable housing for more people? And in  
6 February 2020 the Housing Work Plan was updated, at that time we're well underway with the  
7 study that we're bringing forward before you tonight and just to kind of highlight what was in  
8 the work plan. It asked us to explore increasing Below Market Rate Percentage Requirements in  
9 market-rate development up to 20 percent and implementing Inclusionary Housing  
10 Requirements for rental housing. So that was the lens we applied to the study and the study  
11 helps to satisfy that direction.

12  
13 One thing that we should note and that Sujata will speak to during her presentation is it  
14 clearly... COVID-19 has happened and so when we look at the study it really is looking at a pre-  
15 COVID market and pre-COVID development conditions but Sujata will speak to those conditions  
16 and kind of what... as we look to future what can she see and what can she not see. Next slide,  
17 please.

18

- 
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1 So, the overall format for the discussion will be myself providing the overview of analysis,  
2 Sujata providing her overview, we'll probably have the Chair go to public comment and then  
3 discussion and look for any recommendations and motions from the PTC. Next slide, please.

4

5 So, with that, I want to introduce our consultant Sujata Srivastava. I hope I said your last name  
6 right Sujata, I only ever have to type it so you can correct me when you get the mic. She's a  
7 principal at Strategic Economics and she has over 20-years of experience working with Cities on  
8 market and economic studies. She specializes in affordable housing and economic development  
9 strategies and prior to joining Strategic Economics, she was principal at Economic Research  
10 Associates and also AECOM. She's a Master's Degree in City and regional planning from  
11 University of California at Berkeley and she received her BA from Mount Holyoke College. She  
12 also is fluent in Spanish and then also proficient in Hindi and Portuguese so she speaks in  
13 additions to economics, lots of other languages, and really is a fabulous person. And  
14 Commissioner Summa may remember her because she's also serving as a sub-consultant on our  
15 NVCAP program. So, she's really got quite a bit of experience here in Palo Alto and really  
16 throughout the South Bay area. So, we're very very fortunate to have her and her team working  
17 with us. With that, I will hand it over to Sujata.

18

19 Ms. Sujata Srivastava: Thank you. What a nice introduction. Good evening Commissioners. I'm  
20 going to... I have about a 10-minute presentation and I'm going to try to stay at a fairly high

- 
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1 level but I know that there might be a lot more detailed questions. So, I have some reference  
2 materials that we can use if we do want to get into some of the specifics. Next slide. I think you  
3 can skip this one.

4  
5 Ok, so the key questions that we were asked to answer with our study was what the likelihood  
6 of development would be if the Inclusionary BMR Requirement was increased on ownership  
7 housing? So right now, it's 15 percent so the question was would 20 percent have an impact on  
8 whether development could occur, and then right now the City has a Housing Impact Fee on  
9 rental development. So, there was a question of whether imposing a 15 percent Inclusionary  
10 Requirement instead of the fee would impact development potential. And then finally we were  
11 asked if there were certain land use or zoning strategies that could help to increase the number  
12 of units that were built on-site. And some examples of that were increasing densities or  
13 reducing the amount of Ground Floor Retail Requirement and reducing Parking Standards. Next  
14 slide.

15  
16 So, our approach to this analysis is to use something called the Pro Forma model to assess the  
17 overall feasibility of development. This is a commonly used tool for these types of projects to  
18 look at what the impact of inclusionary housing is on the likelihood of development. And  
19 basically, what it is, is it's an Excel model that analyses development costs and compares them  
20 to revenues. And then looks at what the returns are that are generated by the development

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1 and whether they meet what the current market expectations are for profit. The data sources  
2 that we used were a combination of a published commercial real estate data, some of it is  
3 subscription data, and we also did some qualitative research interviewing developers and  
4 brokers. We also reviewed some performance from other nearby Cities to look at some of the  
5 current cost of development for these kinds of projects. And all of the analysis that we did is at  
6 this prototype level so we're basically modeling likely development projects, not any specific  
7 development projects. So, it's important to note that an individual development project might  
8 perform a little bit differently depending on perhaps a lot of different factors that come into  
9 play for the development. Next slide.

10

11 So, the first step, as I said, is we generate our assumptions about the prototypes, what kind of  
12 building type it is, what the parking is, what the FAR are, where the... what the zoning district is,  
13 etc. And then we provide some estimates of development costs and that includes the cost of  
14 land, the cost of construction, soft costs which includes City fees in financing terms, and then  
15 we look at current market values for both the sales price and for the rents on the rental side.  
16 Next one.

17

18 And then the next step is to calculate based on the net value, so this is the value minus costs,  
19 what the rate of return is. And the metric we used for ownership housing is called return on  
20 cost where you take the net value and you divide it by development costs and you get a

- 
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1 percentage. And for rental, we used something called yield on cost and that's because rental  
2 development projects are really assessed more on an annual basis because developers hold  
3 onto that. They're not building and selling the units, right? So, they're looking that their annual  
4 return so that's a yield on cost metric that's based on the net operating income. So that's all  
5 your revenues minus operating expenses divided by development cost to get something called  
6 yield on cost. And we looked at feasibility as really kind of a gradient so where the market  
7 expectations for ownership housing at the time that we conducted the analysis was a return of  
8 18 percent or higher for condos and townhomes. That was something that we deemed highly  
9 likely. If it was over 15 percent but below 18 percent we called that somewhat likely. If the net  
10 revenues were positive but the return on cost was below that 15 percent we called it less likely  
11 and then when net revenues were negative it's highly unlikely. So that's the gradient for the  
12 ownership and for rental we have different metrics. It's 5 percent yield on cost is highly likely  
13 and 4.75 percent is sort of in that range of maybe this could be possible and then anything  
14 below 4.75 percent less likely. And then again if your net revenues are negative we called that  
15 unlikely. Next slide.

16

17 So, going through the results... next slide... first for ownership and what we did here was we  
18 look at three different zoning districts. The SOFA II District, the CD(C) Downtown District with  
19 Housing Incentive Program, and the CS District with the Housing Incentive Program. And for  
20 each of these, I'll get into what the prototype assumptions were but what we found was that

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1 under current zoning regulations for those districts the new ownership development projects  
2 were not likely to support an increase to 20 percent BMR requirement. Next slide. But if you  
3 were able to lower Parking and Ground Floor Retail Requirements it made a big difference in  
4 the results and made it much more likely that most development projects could support that  
5 higher Inclusionary Requirement. Now the Parking Standards that we tested were one space  
6 per unit and the Retail... Ground Floor Retail Requirement was 1,500-square feet on the ground  
7 floor. Next slide.

8

9 For the rental, this is a little bit more challenging. So downtown rental projects are somewhat  
10 likely to support a 15 percent or even a 20 percent Inclusionary BMR Requirement under the  
11 current zoning regulations. And that's partly because downtown development has much higher  
12 FAR, much higher density enabled in that project, so you can really create more value on those  
13 sites. So, it's more likely to be able to support that but in the lower density CS Zones and this  
14 mostly corridors, lower-density development, is enabled in those areas. The rental apartments  
15 had a lower likelihood of being able to do that. Next slide. But if the Parking and Retail  
16 Requirements were lowered, then you could make it much more likely that rental projects of  
17 both types could deliver 15 percent BMR units on-site and maybe even 20 percent in the case  
18 of downtown. Next slide.

19

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1 So, all of these results that I've described are based on market conditions in 2019. So, the  
2 results really are dependent on all the assumptions that I've eluded to around construction  
3 costs and land prices and what the rents and sales prices would be for new product. So  
4 obviously changes in those key assumptions would create different results. And at the moment,  
5 unfortunately, there's not enough data to know exactly what the cost and revenue implications  
6 are for development projects. We have some idea that the rents may be lower currently. That  
7 they can see rates may be rising right now because of the relief packages, many people have  
8 been able to hold onto their homes and keep paying their rents. Unclear how long that's going  
9 to be able to hold and then there's a question of whether construction and land use will  
10 continue to rise. They have been rising steadily in the Bay Area and especially in the South Bay  
11 and Peninsula for a long time. Construction costs were rising by 5 percent or more each year  
12 and a lot of that was related to the availability of labor or lack of available labor. With  
13 unemployment rates going up perhaps construction costs would decrease. It's unclear right  
14 now what's going to happen with that as well. So, for those reasons, it's not possible for us to  
15 predict with a lot of accuracies what we think the results will be, but we do know that lowering  
16 construction costs, lowering development costs through those strategies around zoning can  
17 have a big impact on potential feasibility.

18

19 So, the next slide is really just a little bit more detail on each of our prototypes. So just if you  
20 wanted to reference in your handouts as well. Prototype 1 is a townhouse prototype, it's in the

- 
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1 SOFA II RT 35 District, there are 16 units at a... there are about 32-units per acre density and in  
2 Prototype 1a, we have 3,000-square feet of ground-floor retail and Prototype 1b we lower that  
3 to 1,500-square feet. All the parking is provided on podium and you can see the number of  
4 parking spaces changes dramatically because you're both reducing the number... the amount of  
5 parking that's required for the retail component but also the amount of parking that's required  
6 for the residential. For the downtown condos, that's a much higher FAR, much higher densities,  
7 unit sizes are slightly larger than in the SOFA II because SOFA II has a constraint on unit sizes  
8 that aren't... don't exist in other places. Again, the same idea of 2b having lower retail and  
9 ground floor requirements and then Prototype 4a is condos in the CS with HIP. For all of these  
10 we maintained the current height and FAR restrictions and what we really played with was the  
11 Retail and Parking Standards. Next slide.

12  
13 For the rental prototypes, these are much higher density, the unit sizes are significantly smaller  
14 ranging from about 600 to 650-square feet. We're thinking these are likely to be studio and  
15 one-bedroom units. And again, for 3a we're looking at downtown apartments this time instead  
16 of condos and 3b is the same prototype with the reduced retail and parking and 5a is the CS  
17 Zone. Again, very similar to the condo but this is for apartments so smaller units and 5b has that  
18 reduction in the retail and parking. So, in some cases where you're able to reduce the parking,  
19 you also see some different kinds of parking. So instead of having to go underground, you then

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1 are able to maybe do a combination of surface and underground... sorry podium and that  
2 reduces costs as well if you don't have to build underground parking. Next slide.

3

4 Oh, that's it, I guess I'm done. These are just reference materials if we want to get more into  
5 details about the methodology or any of the other assumptions.

6

7 Ms. Tanner: Thank you. Can you advance to I think two slides, Vinh? One more and then one  
8 more. So just putting back the recommended action for tonight. The first one is chatting about  
9 this some more. I'm sure you guys have lots of questions that you'd like to ask and just want to  
10 remind of in terms of number one, again Staff asked Strategic Economics to look at the Parking  
11 and Retail Development Standards there. You may note that there are also other standards that  
12 we could look at adjusting as well such as FAR and height or overall density. You know what can  
13 the building envelope really sustains on different parcels. You know may know or not know that  
14 sometimes buildings in Palo Alto can't reach their maximum height because the FAR will not  
15 allow them to build sufficiently to meet that height. And so really, we could even just align  
16 those ratios so the FAR does allow buildings to get to the current maximum height and that  
17 wouldn't even change the allowable height on those parcels. That's one thing we didn't have  
18 Strategic Economics study. I don't know... I'd have to look at our budget to see if we had any  
19 more budget to add things to the report but something we could also think about tinkering with

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1 as we look to ways that we can make housing development more likely; COVID-19  
2 notwithstanding.

3

4 One note on COVID-19 and why we both wanted to bring this report to PTC and to Council and  
5 why we still are recommending that we move forward Parking or Retail Development  
6 Standards. While we don't know what's going to happen to many of the variables impacting  
7 development, we do know that the parking... the cost of building underground parking for  
8 example is a cost and that if we can decrease that cost we can decrease the cost of  
9 development. We also know that having that retail space, part of what it does is even building  
10 the retail boxes maybe not that expensive but one is just looking at the future of retail. We can  
11 probably guess that the amount of retail space we need may be less than what we currently  
12 have and so we do want to do some more research on that. The 1,500-square feet still allows  
13 for neighborhood amenities without having a big box that may be empty which would be a  
14 distraction instead of an amenity. And likewise, what it does is it will let that building envelope  
15 change a little bit so that perhaps can be more efficient, the units can change, the parking  
16 where it's constructed, how it's constructed can change and again having space that is used. So  
17 those we do feel like these things can move forward right now.

18

19 What we still don't recommend and why we still want to recommend keeping the Inclusionary  
20 Rate at 15 for ownership and really the Impact Fee for rental housing is because of the

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1 uncertainty around COVID-19. So, it's possible that we could in a year or two revise the study  
2 and at that time see if we can increase the ownership inclusionary increase or if really even  
3 have any required-on site rental which I think would be very beneficial. But I don't know if we  
4 would want to make that recommend right now, but perhaps in a year or two to again  
5 hopefully maybe next year we'll have a vaccine and we'll be on our way to recovery. and we can  
6 really think about this some more, but we kind of want to keep things as they are based on  
7 what Ms. Srivastava showed us and shared with us this evening. But with that, I will stop my  
8 comments and turn it back over to the Chair so she can continue to moderate this conversation.

9

10 Chair Templeton: Great, thank you very much for the... this presentation. Let's go to public  
11 comments now and then we'll have the discussion with the Commissioners. So, if you are  
12 planning to make a public comment, please raise your hand using the app feature that you can  
13 find under participants that says raise hand or if you're dialed in \*9. Mr. Nguyen?

14

15 Mr. Vinhloc Nguyen, Admin Associate III: Chair Templeton, we have no raised hands so we don't  
16 have any public speakers for this item.

17

18 Chair Templeton: Alright, I'll give you more chance just in case and we will move on. Alright,  
19 thank you very much, so Commissioners please raise your hands if you would like to speak.

- 
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1 Wow, the perfect presentation. Awe, there we go. Alright, I saw Commissioner Summa first and  
2 followed by Commissioner Alcheck, Roohparvar, and Hechtman.

3

4 Commissioner Summa: Thank you very much for the presentation and I don't... so at a high  
5 level, this is kind of disappointing to me because we're saying let's keep things status quo. And  
6 which hasn't been working that well and maybe just look at diminishing Development  
7 Standards; which is actually in some ways up-zoning the land and would likely result in an  
8 increase in land value and I remember when Director Gitelman was here, she explained this.

9

10 So, and I also feel like that the cost of property is kind of a funny thing to include as that's a  
11 private negotiation what people... and it may be that people want to redevelop properties  
12 they've owned for generations or inherited. And I know there's still a value of that property but  
13 the cost... adding the cost in that is kind of a strange notion to me. I mean I think the... that  
14 private developers and property owners make deals that are their private business and not  
15 really the job of government to expedite.

16

17 I'm concerned about making the land more valuable which makes it harder for below-market-  
18 rate developers to compete for by making it more... by diminishing the Building Regulations.  
19 And I'm also concerned that diminishing some of those regulations will hurt the people that are  
20 going to live in these buildings in the future and is inconsistent also... not using the Palmer Fix is

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1 inconsistent. And maybe now isn't the right time but I'm not sure why any changes would be  
2 right now in terms of the virus, but it was a... in the new Comp Plan, it was a goal that we had to  
3 increase below... affordability of housing in both rental and for sale. So that's... those are my  
4 high-level thoughts.

5

6 Chair Templeton: Great thank you, Commissioner Summa. Staff, did you want to respond to any  
7 of her comments?

8

9 Ms. Tanner: Sure, I'll respond to a few and then I'll ask if Ms. Srivastava wants to respond to the  
10 land value question and kind of just that part of the analysis that you performed. I certainly  
11 share Commissioner Summa's regret that we're not able to make the Palmer Fix. I think that is  
12 more a function... at least as much a function as time as much as with the evidence was  
13 suggesting about the likelihood of development... of developing those rental units' affordability  
14 with our current Development Standards. And so, we want to make sure that as we implement  
15 standards that they are achievable or that they have some feasibility. That kind of helps to  
16 make sure that it's not just paper that we're asking for, the affordable units, but that they could  
17 come to reality. So, I do hope sincerely when I say we should look at it in a year or two. I really  
18 think we must look at that so that we can move that forward.

19

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1 I think one positive note though is that any of those fees do go to support 100 percent  
2 affordable housing which can reach deeper than some of our BMR units in terms of the  
3 affordability level that are able to offer. And so, Wilton Court for example is where some of  
4 those fees have gone to help support that 100 percent affordable housing project and will serve  
5 some people far below what our City's Inclusionary Program can. So, I think that's really  
6 important to keep us moving towards the Palmer Fix, but also know that even without it those  
7 funds are going to be used in our City.

8

9 And I think that the consultant can probably speak better to the discussion of land values and  
10 how that plays into both the analysis and how we might think about policy.

11

12 Ms. Srivastava: Sure. Yes, Commissioner Summa, you're absolutely right that there is a  
13 relationship between the zoning and land values. And so, in fact, in our Pro Forma, we have a  
14 higher land value assumption for the downtown prototypes than we do for the other zoning  
15 districts in recognition of the fact that the land values are more expensive downtown because  
16 you can build more on those sites. And so, when we did our A and B alternatives when we  
17 looked at reductions, we didn't actually look at an increase in DU per acre or increases in FAR.  
18 In fact, what we did was we tried to keep the same building envelop and just reduce the  
19 amount of parking that's associated. So technically speaking it's not really an increase in zoning,  
20 it's really just trying to reduce or trying to kind of design a building that's more efficient. And

- 
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1 that can have lower costs for the developer and provide the same number of units if not more  
2 in certain cases. So that was the approach that we took in order to be able to try to reflect what  
3 the tools and levers are that the City has at its disposal to try to incentivize development.

4

5 Commissioner Summa: I appreciate that; however, we don't have any studies that shows car  
6 ownership or necessity of car ownership. Especially in a time when public transportation is...  
7 was already... the use of public transportation was already diminishing annually and maybe  
8 even less likely to be used in... because of the COVID virus. So, I don't know where... I  
9 understand that you think the developer will make more money if they have to build less  
10 parking but I don't understand where the cars will go. And I don't understand how we are going  
11 to promote safety, especially for women and people with young children who may be out at  
12 night or work late getting back to their homes and getting safely back or the convenience and  
13 the safety it seems to be diminished. And we really don't have studies that show that people  
14 are using cars less. That being said we have no idea how much empty parking there might be in  
15 any given area because of new shifts in employment and how people might be telecommuting  
16 and that kind of thing. So, I think it's really hard right now to make any recommendations  
17 because there's so many unknowns but I will stop there and leave it to my colleagues.

18

19 Chair Templeton: Thank you, Commissioner Summa. Just to follow up on a question that you  
20 brought up. Can Staff tell us why you're bringing up the... just to clarify why you're talking about

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1 the profit margin? Is that for benefit of the developer or were you thinking that it would be an  
2 incentive? A way to incentivize development or where you coming from with that?

3

4 Ms. Tanner: So, what we want to look at is really... ok again the initial question was could we  
5 raise the Inclusionary Rate from 15 percent to something higher for ownership and to 20  
6 percent and could we even begin to require on-site for rental? We don't... right now there's the  
7 fee program for that and so really, it's looking at saying most housing is privately developed and  
8 privately owned. And so, if the private market is going continue to provide the housing then we  
9 need to understand what is going to incentivize or create the conditions under which that  
10 private market will build that housing. Including the inclusionary housing or the fees for the  
11 affordable housing and so we need to understand what are those things that make folks to get  
12 into it? And that's where Sujata looked at ok, what is the return on cost and the yield on cost  
13 based on data and also based on qualitative conversation with developers who actually build in  
14 our region; that they are looking for in order to go and raise the funds to make housing come to  
15 fruition. And so that's the I think roughly 18 percent and 4 ½ percent for ownership and rental.  
16 That is what she's seeing in her research to say that's when people will build the housing. So,  
17 then you see the highly likely, somewhat likely, less likely, and not feasible when they're not  
18 making any money, the negative. Unlikely someone is going to invest in housing at that point  
19 and then the middle ranges, which are the yellow, it's less likely than when you're at that 18  
20 percent. And so, you may have folks who say ok, I'm ok with the 5 percent return or I'm ok with

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1 10 but that's not what the research yielded as the most likely scenario for the private markets  
2 to build that housing.

3

4 Chair Templeton: Thank you, that's very clarifying, and thank you for the question,  
5 Commissioner Summa. Commissioner Roohparvar [**note – Vice-Chair Roohparvar**] did you have  
6 your hand up earlier? Did you want to speak?

7

8 Vice-Chair Roohparvar: Yeah, I did.

9

10 Chair Templeton: Great.

11

12 Vice-Chair Roohparvar: I'll speak briefly because I made a lot of comments to Staff yesterday,  
13 but so here's the thing, we are in a housing crisis, we want to increase affordable housing in our  
14 City. So, if we are going to do that we need to really commit to it because these developers,  
15 they're not running a charity and we're not attracting the developers that we want and we're  
16 not getting developments that we want built. So, something has to give. We can't ask for 25  
17 percent affordable housing and not be willing to give on parking or FAR or height. We need too  
18 if we're serious about it because if... honestly, if I sit here and take the stance well I want 25  
19 percent affordable BMR housing but I'm not willing to give on 50 million things. That seems  
20 very false to me because I know it's never going to happen. So, I would further encourage the

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1 City if it has the budget by suggesting yesterday to look at the other levers and increase FAR,  
2 increase height requirements. Just see what it all looks like when we tweak those sorts of things  
3 so maybe then we get the full picture. So ok, we don't want to mess with parking but what is it  
4 going to look like if we increase FAR? What are... are we going to get the type of private funding  
5 that we want developers to come in and build the housing that we want? So that's about it.  
6 Those are my comments. Thanks.

7

8 Chair Templeton: Thank you Vice-Chair. We are going to go next to Commissioner Alcheck  
9 followed by Hechtman and Riggs.

10

11 Commissioner Alcheck: Yeah thank you. So, what a... it's a very interesting and complex topic to  
12 have discussion tonight on and I wanted to start with just a few questions for the presenter.  
13 And then maybe come back and comment after that, if that's alright Chair?

14

15 So, the first question I had was... I guess while you were working on this analysis did you have  
16 an opportunity to become familiar with the parcel sizes of the areas you focused on within Palo  
17 Alto?

18

19 Ms. Srivastava: Yes, we actually created our prototypes... it didn't really focus on that but we  
20 created our prototypes with typical parcel sizes in those different zoning districts. So, for

- 
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1 example, the downtown is a quarter-acre site, kind of in recognition of the fact that there are  
2 not a lot of large sites in downtown.

3

4 Commissioner Alcheck: Right so would you... I guess one of my questions is from your  
5 perspective would you characterize the parcel size or the typical parcel size in downtown Palo  
6 Alto as being a hurdle, a significant hurdle or not hurdle at all for even market-rate housing  
7 development?

8

9 Ms. Srivastava: I think whenever you have small sites and a scarcity of sites and high land costs  
10 it's always a challenge to get to attract development. However, when we talked to developers  
11 there was a lot of interest in doing projects because of the market conditions as they were in  
12 2019 and high demand. So, I think as long as you're able to put the pieces together and secure  
13 the site, make sure that you can really make sure the numbers work, we didn't hear anybody  
14 say it's impossible. I think in an ideal scenario you could be able to assemble sites and do a  
15 larger project but we have seen development proposals in the past that have been on small  
16 sites like this.

17

18 Commissioner Alcheck: What would... just... so I'm curious what... when you say small site how  
19 many square feet are you thinking in your head?

20

- 
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1 Ms. Srivastava: So, for the downtown prototype I believe we were looking at 1,500-square feet  
2 so quite small.

3

4 Commissioner Alcheck: I would be really interested in the second version of this discussion or  
5 the... at the follow up with... I don't know if there's a follow-up. I guess I would be very  
6 interested in a list of projects that are under 2,500-square feet that provide affordable housing  
7 in the State of California in the last 3-years as in an effort to appreciate just the spectrum of  
8 that sort of development because I think there's a threshold. And that it would be interesting to  
9 see ok, well how many affordable housing developments that meet even a 15 percent or even a  
10 10 percent standard in California in the last 5-years have been developed between 2,500 and  
11 7,500-square feet. And then how many have been developed that are in excessive 7,500-square  
12 feet and I mention that because I think the 50,000-square feet threshold is a significant barrier  
13 to entry. So, there're some... I think there is an effort that any developer in this environment  
14 has to go through that... and there's some threshold and I worry that our parcel sizes are such a  
15 significantly limiting factor in when you consider our current zoning. That it's almost sort of  
16 unrealistic to imagine a scenario where someone develops a 1,500-square foot project with... I  
17 don't even know what that looks like... 10 units or less. I mean I guess if we're talking some sort  
18 of microunit, maybe 1,000 units, maybe 15 units. I don't know. And then if it's in downtown  
19 does it have to have ground-floor retail with I think if it's fully 100 percent affordable it  
20 wouldn't necessarily need to have but if it's not... if it doesn't meet that margin then it would

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1 need to have. And then the question is within the remaining floors inside of our envelope could  
2 you reasonably develop a project? And I think one of the things... and this might... and I think  
3 this is a [unintelligible] of my perspective and the work experience... the relevant industry  
4 experience that I have. I think that's a huge stumbling block and it's easy to imagine a project  
5 but it's harder to imagine it if you're familiar... if you actually choosing a site. And I know that  
6 that exercise is not easy to do because we can't choose a site and assume... and make a ton of  
7 assumptions, but I think it would be helpful if we could have... if we identified for example a  
8 project in a similar City or in... even a dissimilar City but of the size that you would imagine  
9 could succeed in some of the parcel sizes that are present in our downtown. And then to say  
10 ok, this is the sort of project I'm thinking about when I say if you relax these conditions or if you  
11 don't relax these conditions this is what's feasible, more feasible, less feasible. I think once we  
12 get that visual as a community we may have a more honest discussion of what it means to want  
13 more housing and what are we standing in the way of? If we don't reduce the Parking  
14 Standards this is what the project looks like. If you do reduce the Parking Standards based on  
15 our typical parcel sizes, this is what the project would look like. And I think you could do the  
16 same thing for height but again I think we're... the visual... the... it's very difficult to agree as a  
17 community on what's realistic and I think an analysis that would provide a little bit of that  
18 would help.

19

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1 Ok, another question I had, I don't know that if it's even feasible to answer tonight, is I  
2 appreciate that COVID has made... has a significant impact on this study and it's... and how to  
3 move forward. I think it would be a mistake to assume that we need to incorporate the current  
4 situation into our analysis. I think it would be more intelligent... I think it would be more  
5 intelligent of us to assume COVID will resolve itself at some time in the near term. And so, then  
6 the real question becomes do... did COVID... did this pandemic alter any of the attributes that  
7 make Palo Alto the desirable place to build, to live or work in? And those questions there might  
8 be long term impacts and I think it would be prudent not necessarily to go well, how is the  
9 building... how has labor costs changed during COVID? Frankly, I think in this area labor costs  
10 are highly attributable to housing costs and the local housing cost is likely to fluctuate  
11 significantly because the local resident isn't... is not as affected by the unemployment impacts  
12 as maybe residents in California as a whole. So, I agree with you that or I don't know if this is  
13 your opinion but I think I agree with you that focusing too much on this present impacts and  
14 trying to figure out whether costs are going up or down might be to some extent a fool's  
15 errand. But I do think it would be prudent to begin the process of trying to understand to what  
16 extent is the population of people who use to work in downtown Palo Alto likely to remote... to  
17 work remotely and does that alter the desirability of Palo Alto as a place to live in; the  
18 downtown? I'll mention as an example, downtown Mountain View, which I assume you're  
19 probably familiar with, has a very different resident profile than downtown Palo Alto.  
20 Downtown Mountain View's retail has very different hours of operation than downtown Palo

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1 Alto. Downtown Mountain View is asleep once Google is... once the majority of tech businesses  
2 depart. It's a big lunch scene but the evening scene is very different and that's changing and has  
3 changed over time. But I'm... it is curious to wonder what would happen if our downtown had  
4 to rely entirely on its local resident population as opposed to that larger... I feel like the statistic  
5 is somewhere in excess of 100,000 people who come to work in Palo Alto every day. What  
6 happens when that changes and to what extent will that change linger? So, I think an analysis  
7 that does that might help.

8  
9 I have some thoughts that I'd like to ask or to go into but I'd rather take a break, hear what  
10 other people do, and if it's ok Commissioner or Chair Templeton if you could come back that  
11 would be my preference?

12  
13 Chair Templeton: Ok so Staff did you want to respond to his comments so far?

14  
15 Ms. Tanner: Sure, I think I want to thank Commissioner Alcheck for the comments around the  
16 size of the building and that we do have... we did look at... as [unintelligible] the typical site here  
17 in Palo Alto in these different areas. It's agreed that there is a typical and you can see that some  
18 of those resulting unit sizes or the amount of units in the different developments are fairly a  
19 medium-size maybe you might say, 16, 26, 20 units. They're not maybe large complexes that  
20 we may see in other Cities like I think Redwood City the complexes that are going up there but

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1 the largest being downtown with the rental at 50 and 54 units. So those are larger  
2 developments but I think your point is a good one and maybe as conversation continues  
3 perhaps we will be able to add some massing models to this. I don't know that we can do that  
4 right now under this scope of this current project but certainly, something that will help the  
5 layperson certainly to understand what are we really talking about. Not just numbers kind of in  
6 a chart so that point is well taken and kind of understanding our local development scene like  
7 what will we... may see.

8  
9 I don't know Sujata if in your conversations with the developers or what you've looked at in  
10 other Cities if you are seeing that really site assembly is what is happening to facilitate larger  
11 projects or if our developers whose sweet spot is a 15, 20-unit building? And so yeah, it's not  
12 maybe as flashy as a big development but it's happens kind of steadily still because there's folks  
13 who have that niche for their portfolio.

14  
15 Ms. Srivastava: I think that it does vary and there're certain markets that are... I worked, when I  
16 use to go to the office, in Berkeley and certainly in downtown and along the University Corridor  
17 there are a lot of these very very small sites that have seen some rental development. And the  
18 configuration is a little bit awkward, it's a little bit harder to make it work, but they've been  
19 able to create projects and these are not the biggest developers. So, it's not like the Avalon's  
20 but they are usually local or regional developers. But there are some examples definitely in San

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1 Francisco and maybe in places where you are a little bit more site constrained and land  
2 constrained. So, we could help Staff identify some projects that might be good analogies to look  
3 at but I think there's always a trickiness to that because the places and context are so unique.  
4 So, we want to make sure that we're picking communities that still represent the character of  
5 Palo Alto.

6  
7 Ms. Tanner: Thank you very much and I think in terms of the long term, impacts of COVID I  
8 think that's a great thing and certainly something that my other hat as a Deputy of the  
9 Recovery Branch. So, we're watching very closely and trying to figure out who's coming back to  
10 work in Palo Alto because that is a big part of our customer base for our retailers. And certainly,  
11 to your point maybe housing will become more desirable to build. That's kind of one thing  
12 we're hoping that folks... it is a very desirable community to live in for reasons besides working  
13 here. And so, if we can have more housing, municipal districts, reputation, it's just a beautiful  
14 City and so some of those attributes that will not go away due to COVID and may make Palo  
15 Alto still a great place where people want to move, have their family and to live. And so, we  
16 may see that swing but we certainly will need to watch that as those long-term demographic  
17 impacts of where do people choose to make their homes but thank you for your comments.

18  
19 Chair Templeton: Alright Commissioner Alcheck, did you want to come back online now or after  
20 the other comments have been made?

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Commissioner Alcheck: I... my preference I don't want to go... I think it would be better if you let a few other people speak and that way if some of the things that I was going to say get said then I don't have to say them. But I do have a few more comments to make but I'd rather wait till a few other people spoke.

Chair Templeton: Alright sounds good so we'll go to Commissioner Hechtman followed by Riggs followed by Alcheck.

Commissioner Hechtman: Thank you Chair and thank you to Staff for a really interesting and complex model report. I do want to provide feedback on the analysis but before I do I'd like to focus on number two and just help me understand the recommendation that Staff is looking for because the way it's phrased here it's a little odd. It's... we're to recommend that Staff keep a law that's already on the books and so I think what is meant by this recommendation is we now have this analysis and what this analysis shows is that at our current levels of Inclusionary Housing Requirements both for ownership and rental we're at the point where developers are incentivized to provide the inclusionary housing, but if we include... increase the requirements in either ownership or rental without doing more that will not create an additional incentive. And in fact, to get that additional incentive we would have to change some of our requirements to create further incentive. So, am I understanding Rachael the intent of the recommendation?

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Ms. Tanner: Yes, Commissioner Hechtman that is accurate.

Commissioner Hechtman: Ok alright then I am supportive of the recommendation because I think that today we're not prepared to forward to the Council a comprehensive proposal that would support increasing these Inclusionary Housing Requirements in a way that would incentivize the development market. So, I see this is a two-step process that's based... what we have now is a great beginning, let's keep the rules that we have right now, which provide appropriate incentives. And from my perspective, I would like the next step to be looking at ways to increase the requirements by increasing the incentives because I support increasing inclusionary housing in Palo Alto.

So now I want to... in looking at the draft analysis and I have to confess by the time I got to the prototypes at the back of the report, my eyes started to glaze over the same way they do after 2-hours at an art museum. And I say that as a lover of numbers and a lover of art, but I don't think that what is needed from the Commissioners is to pick apart the numbers in the analysis but rather to understand the macro; the big picture of what these numbers are telling us. And what those numbers... what the numbers told me dramatically is that, as I mentioned before, at 15 percent for ownership and the Housing Impact Fee for rental, development is appropriately incentivized. And if we want to drop, just as a hypothetical example, our Parking Requirement

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1 to one to one and our Retail Requirement to 1,500-square feet on a typical parcel for its area in  
2 Palo Alto, we can incentivize development across nearly every category and that I think is  
3 shown in Figure Two of the analysis report. So, to me, that's the great baseline to know that we  
4 could do that. The reality is I think that we don't want perhaps to reduce our Parking  
5 Requirement to one space per unit and we don't want to limit our retail necessarily to 1,500-  
6 square feet. But what I think we want is to find the sweet spot where by adjusting parking  
7 somewhat and adjusting retail square footage requirements somewhat and by adjusting the  
8 other levers as Vice-Chair Rookparvar called them, we can maintain enough of those other  
9 things while increasing... while allowing us to increase the Affordable Inclusionary Housing  
10 Requirements in a way that will incentivize the market players, the developers, to go do it. So,  
11 we don't have to drop to one parking space or 1,500. There's some other... there's an  
12 intermediate step where we get the right balance and what I'm wondering is how do we take  
13 the next step in that direction? How do we build on this excellent initial analysis? Those are my  
14 comments.

15

16 Chair Templeton: Great thank you. Staff, did you want to respond?

17

18 Ms. Tanner: Sure, I think those are great comments and I think definitely thank you for  
19 interpreting the recommendation. I guess I would ask Sujata how you and your firm to some  
20 degree are approaching the near term of analyses? If we were to build on let's say

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1 Commissioner Alcheck's comments and say well, let's assume that there is an impact to the  
2 economy certainly right now and I will just say the next 2-years. I'll be optimistic. And so, we  
3 could still use our 2019 analysis figure inputs kind of saying hey, the economy might get roaring  
4 back in a few years. And so, use that as our bases for analyzing adjusting the different levers,  
5 and what is that sweet spot? We could even perhaps have a time limit so that our new  
6 Inclusionary Rates, let's say if we found a sweet spot where we get to I'll just say 20 percent  
7 and maybe even just 10 percent on-site rental. Just making things up here. We could say it will  
8 go into effect in 2-years, 3-years, 5-years, or even could as some Cities do scale up. Every 2-  
9 years it goes up until it reaches a certain point with perhaps some safety valves right if the  
10 economy does this or this happens then we would reassess it. Obviously, it gets more complex  
11 but that's a way to even maybe encourage some people to get their housing in now. Build  
12 under the 15 percent before it increases to 20. So those are some things we can think about but  
13 I would wonder Sujata about the analysis how we might approach that? If we would use the  
14 current... the most recent 2019 numbers or... and that would be our best guess at what might  
15 happen or if there's some other metric that you could see coming in the next let's say 6-months  
16 or year that would better inform us than if we were to continue just going on with our 2019  
17 numbers?

18

19 Ms. Srivastava: There are these construction cost indexes that are published and we could look  
20 at that and to try to understand how construction costs are changing. On the revenue side and

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1 on the rents and sale prices, I think after a couple months we'll probably have a little bit more  
2 information. For another client, we looked at what the effect was of the past... of the last  
3 recession and the dot com bust to kind of see when a major... when there's a major economic  
4 event how do sales prices and rents respond to that? So, there might be ways that we can try to  
5 approximate but of course, it would still be definitely an estimate to the best of our ability.

6  
7 Ms. Tanner: Yeah certainly thank you for that. And I think just to underscore something you  
8 said Commissioner Hechtman which is if this had not been... if COVID had not happened, what  
9 we might be coming forward with you is to say we see in these numbers that if we do lower the  
10 retail and parking standards. We believe that we can support 20 percent but if we raise to 20  
11 percent without those adjustments it's indicating that development is less likely, in some cases  
12 significantly less likely. Which puts the City in a not great position in terms of defending its  
13 numbers if someone were to say hey, your analysis said this is unlikely to happen or low  
14 likelihood. You are making it infeasible for development to happen and we certainly wouldn't  
15 want to be open to any of those accusations. Thank you.

16  
17 Chair Templeton: Thank you. Commissioner Hechtman, do you have any follow-up questions or  
18 are you (interrupted)

19  
20 Commissioner Hechtman: No, I'm satisfied. Thank you.

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Chair Templeton: You're satisfied, alright, excellent. So, we'll go Commissioner Riggs, did you still have questions?

Commissioner Riggs: Yeah, I think I may have fallen off the list because I (interrupted)

Chair Templeton: That's alright, I wrote it down, that's fine.

Commissioner Riggs: My computer crashed or my... I used... with the Bluetooth it actually... Zoom doesn't agree with it for some reason.

Chair Templeton: Awe, ok, and then Lauing and Alcheck after you.

Commissioner Riggs: So, I guess my comments nest really nicely with Commissioner Hechtman's in that I... for the temporal basis or the time that we're in I think this is great. It's fantastic. I'll support it because I think that's the right thing to do and I'm happy to make a motion to support the Staff's recommendations, but I think also I'll contextualize. And this again kind of I think nests very well with Rachael's response is that I think this is safe and it doesn't get us where we need to go. I think it... if to... in the vernacular nibbles around the edges.

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1 I... as a person who gets to philosophies or in my academic role about this a little bit I feel like  
2 the... we have a social and moral responsibility to produce at this point and produce housing  
3 across the spectrum. So, this is clearly talking... trying to target a certain part of the housing  
4 spectrum and I think this just makes marginal gains. And I guess I would just put out there that  
5 I've been contemplating the idea of breakthrough goals recently. The idea of breaking through  
6 this 750,000-unit deficit that we have in the region and I guess I would put out there that my  
7 belief is this... this doesn't get us there. And I think we need a breakthrough goal of production  
8 in our City so we can contribute to part of this ecosystem and a study that starts to enable that.  
9 I mean I... so I was doing research today there's \$17 billion in Environmental Sustainability  
10 funding right now, ESG Funding, out there looking for investment. There's no reason why some  
11 of that couldn't go to climate-related finance for housing.

12  
13 And so, part of this is just I want to pose some questions in terms of... and we think about the  
14 next steps. I feel like there's a lot of opportunity that we should be thinking about in terms of  
15 production and production across the spectrum that could break us through to achieving some  
16 of these bigger picture goals.

17  
18 So, to reiterate I think circling back to my first comments, I'm happy to support this, happy to  
19 put a motion forward, but this is just the first step, and maybe even the second or third step  
20 because we've taken lots of these steps but it's just a safe step.

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Chair Templeton: Thank you, Commissioner Riggs. I would... would you mind waiting for the motion until everyone has had a chance to speak (interrupted)

Commissioner Riggs: I don't even have to make a motion.

Chair Templeton: Or do you (interrupted)

Commissioner Riggs: I'm just happy to be a conduit if that's required.

Chair Templeton: Excellent. So, I'll circle back to you in a minute. Staff, did you want to respond about the level risk in the Staff recommendation that Commissioner Riggs brought up?

Commissioner Riggs: I don't... I'm not saying that challenge Staff. I'm saying that to challenge... so I think Staff... I'm supportive of Staff here Chair Templeton. I don't... I'm not expecting a response unless they would really like too.

Chair Templeton: Alright thanks for the clarification. I thought it was an interesting point, it was an interesting point and maybe want to respond but so I'll give them a chance.

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1 Commissioner Riggs: Unless they would like too? Yeah, I'm not expecting one.

2

3 Chair Templeton: Ok.

4

5 Ms. Tanner: I will only say that I am... sometimes a risk giver, sometimes I want to take a risk. I  
6 think that we are taking a somewhat risk reverse step here to kind of keep the ship steady but I  
7 don't think that is our desire. It really is our... as I said we were very hopeful when we saw some  
8 of the results of what do we do if we change parking or retail? I honestly didn't know if it was  
9 going to make that big of a difference. Would those things have enough impact and so to me  
10 that was a hopeful sign that there are things that we can do that can tilt the numbers and make  
11 the development feasible and finding that sweet spot. I don't think we're quite there yet with  
12 that sweet spot and we've got more work to do on what exactly is that parking ratio? Is it one  
13 to one? It is 1.25? I mean there's something below what we have that could get us closer to it.  
14 So, I don't take the risk of reversely as a negative but I do agree in that we do want to really  
15 keep at this. We have to keep at it because we're not right now where I think we want to be as  
16 a City.

17

18 Commissioner Riggs: And Chair Templeton, if I could just echo this. Having trained a lot of...  
19 even our City Staff, I... a couple of our new hires are former students of mine and City Planners  
20 are not... it's not... they're not incentivized to take risks. And I think that to a certain degree it's

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1 the job... it's our job to kind of enable them to take risks. And so that's... I mean I don't expect a  
2 presentation but I do... I mean to a certain degree I want to enable the risk-taking. And that's  
3 where... that's why... I don't... Rachael's... I think Staff's doing the right thing in this case and yet  
4 I want to enable them to take risks on this. My opinion is they should be enabled to take risk in  
5 this place.

6  
7 Chair Templeton: I think it's really helpful for you to share that perspective and to set a target  
8 for when this can come back to us that we would hope we'd be ready for more. So that's good  
9 direction that you've or advice that you've shared with Staff so I think that's great. Alright, let's  
10 move onto Commissioner Lauing and Commissioner Alcheck.

11  
12 Commissioner Lauing: Appreciate that you, in the Staff Report and emphasized tonight, that  
13 this is all pre-COVID. What was actually the date that you did the meetings with folks and ran  
14 the numbers?

15  
16 Ms. Srivastava: So most... the numbers are actually mostly through July of 2019 because we've  
17 gone through a couple of different administrative drafts.

18  
19 Commissioner Lauing: Ok, I've got that down and you talked to developers, I don't want to go  
20 into a lot of this and I'm sorry if it's on Page 110. I didn't get that far because I had a lot of

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1 finances to go through there, but could you briefly give us a feel of how many developers,  
2 where were they? I also had the same question of did they go over any sample projects with  
3 you? Can you give us a feel of that? In other words, in the breadth of your research is kind of  
4 the question.

5

6 Ms. Srivastava: Sure, well I think we probably spoke with about five or six developers. I can go  
7 back through my notes and figure out exactly how many. And then we also spoke with folks  
8 where... who had active projects in Palo Alto but also folks who have projects in the South Bay  
9 and Peninsula generally because there are not a lot of new development projects in Palo Alto  
10 that are of this type. So, we spoke to some of the local developers in the area. We spoke to  
11 developers like Sand Hill and Subrata and then I think there were some other smaller  
12 developers as well. I just... I don't have that in front of me right now.

13

14 Commissioner Lauing: But a total of about six?

15

16 Ms. Srivastava: That's my estimate but I can definitely get back to you on the exact number.  
17 And then for performance, we've been doing a lot of work in Santa Clara County and in San  
18 Mateo County. So, we have some development projects that we've been working on and  
19 advising on. Sometimes for public sector clients and some times for private sector clients. So,  
20 we referenced those materials to understand, but on the cost side for different kinds of

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1 building types and looking at what construction bids were coming at for different kinds  
2 (interrupted)

3

4 Commissioner Lauing: So, to Commissioner Alcheck's question, do you have Pro Formas for  
5 existing buildings and the footprint and all that? So that we can see exactly what is getting built.

6

7 Ms. Srivastava: We have... I don't know if much of that information is fully public, but we do  
8 have... I'd have to go back and see what we can actually share. Some of that is not (interrupted)

9

10 Commissioner Lauing: Yeah, I mean I think what you're hearing from a couple of us is that real-  
11 life what happened at other places is a nice place to start. And then you looked at the parking  
12 variable with the two numbers that you gave us. Did you try to do any weighting of those? Go  
13 up or down on parking or up and down... up or down on retail or did you just keep those two  
14 fixed? So, in other words, if we said we don't want to touch parking but do whatever you have  
15 to do with retail, did you test that kind of trade-off?

16

17 Ms. Srivastava: Well what we did with the retail was we reduced it to 1,500-square feet  
18 because I think if I remember correctly that at 1,500-square feet there's no parking  
19 requirement associated with that. So, we wanted to kind of get it to the... a number that would  
20 enable us to reduce costs as much as we could and so that's basically the approach that we

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1 took. And then the one space per unit was just a flat assumption just to be able to kind of  
2 demonstrate whether those levers had an impact but we weren't trying to achieve a perfect  
3 balance. That wasn't really the approach that we took. I think the approach that we were taking  
4 is what is the sensitivity for the results to these types of policy decisions.

5

6 Commissioner Lauing: That was exactly what I was asking on sensitivity there and then in the  
7 Pro Formas, it's kind of the same question. I don't know if you came up with some summary of  
8 well, the ones that were probably won't get built, what the incremental delta was for a per unit  
9 of the place or for door; however, you want to say that. And I'm... I was struck by it's hard to do  
10 here because I don't know if you can put Staff Reports up on the screen but over on Page 5  
11 there was [unintelligible] Three where you showed a certain Scenario Three that didn't quite  
12 work at 4.62 percent because it was under five but... under 4.77 but that's so close, you know? I  
13 mean numbers say that it doesn't work but it's so doggone close you'd think if you could put it  
14 in cheaper doors you could probably get close to that. So, I think we can't just look at those  
15 numbers and I'd like to know what the fudge factors are and how much more it would take  
16 because I think we're not being creative enough about this. I think as Commissioner Riggs said  
17 we're not thinking big enough about this and particularly with respect to what else can be  
18 done? We have this reaction that it's always parking or retail or density or height and there're  
19 other things that are out there; for example, other funds. Are they City funds, are they funds  
20 like Commissioner Riggs just referenced? On Page... Packet Page 12 where you show a financial

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1 feasibility model, I think about line 3, I've got notes, not the sheet, it's kind of puts in the land  
2 use there and all these other factors. So, my question is if the City had the capability, which  
3 they don't today, to invest in one of these things. Where would we be most effective in helping  
4 that Pro Forma and I just think a number of \$2 million, if we helped buy the land that I think  
5 you had six, what does that do? And I think it changes things radically, but I didn't run a  
6 spreadsheet on it. I was doing this manually in there and honestly, \$2 million is not a very big  
7 number. We just renewed our street repaving with one contract at Council meeting for \$2  
8 million. So, if \$2 million could put this thing on the map, that starts to get interesting. So, what I  
9 would like to see is some analysis of just that. What's it going to take to have to inch this thing  
10 up to the areas that you're defining as the right ROC or YOC because we may not be as far off as  
11 we think on some of those projects?

12  
13 So, if I were Dr. Riggs going to my class after this case study got turned into my... for my MBA  
14 students. I'd say this is really interesting not here's next week's assignment. Next week's  
15 assignment is that you have to tell me what variables are going to give me 20 percent. That's  
16 what we need to do next. We need to see what variables and they can't be just those four that  
17 we usually look at. It needs to be things like private financing and accessing sustainability funds  
18 for whatever it is because I don't think we're as far away as we think on the math to get up to  
19 the 20 percent. So that's the kind of on-going next step kind of analysis that I think we need.

20

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1 I think this is absolutely from a priority perspective, a values perspective, affordable BMR  
2 housing is, in my personal view, just the top priority for housing. And Council has made very  
3 clear with their unanimous Colleague's Memo in September of the same thing. I don't... running  
4 current events today to show off, I read the paper this morning, and there're all kinds of stuff in  
5 here. Ken Rows and UC Berkeley said there's going to be very few market rates being done. I  
6 understand this might only be for the next 3 to 5-years. Co-Director Council Community  
7 Housing Organization says not in the recession market-rate housing disappears and affordable  
8 housing industry is more stable. So, I think there probably are going to be some opportunities  
9 coming up to find some developers that will push it a little bit in the short term at least. And so,  
10 I think we should keep very much in our sights that we need to get to 20 percent. I don't think  
11 we can capitulate on this 15 or again, as Commissioner Riggs's we're not going to dent it, and I  
12 think we have to be looking at big projects, not 1,500-square feet.

13

14 So, getting back to your recommendation here, I'm still not clear as to why we need to make  
15 any recommendation. Isn't this just that we've had a first reading, a first look at this, we've  
16 given feedback to the consultant, and we need a bit more analysis before we can go forward? It  
17 doesn't seem to me that we need a motion on this.

18

19 I just want to... sorry, I meant to ask one other question. Do we have any data on what how  
20 much In-Lieu Fees have been paid out in the last 10-years and for what because I think there's a

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1 perception in the community that In-Lieu Fee go into a black hole and they don't really create  
2 parking?

3

4 Ms. Tanner: Right, well just to clear these are housing In-Lieu Fees and so they do not create  
5 parking. I think the Parking In-Lieu Fee conversation is a distinct one. I believe there was a  
6 discussion last night at the (interrupted)

7

8 Commissioner Lauing: Yeah, no I misspoke. I was talking strictly to housing so I just want to  
9 know how those have been used? What housing projects are they being applied too?

10

11 Ms. Tanner: I would have to look back for the last 10-years to know more about what happens  
12 in the last decade. I do know the City's invested about \$20 million in the Wilton Court project  
13 which is currently under development by Palo Alto Housing and hopefully will be... I think they  
14 were on target to do some groundbreaking this fall. At least in those pre-COVID so hopefully  
15 they are on target to still have this fall that gets started with construction.

16

17 Commissioner Riggs: And it's Alta, it's Alta Housing.

18

19 Ms. Tanner: Alta Housing, yes now the new name, you're right.

20

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1 Commissioner Lauing: If you just want to quantify it if that's all In-Lieu Fees or whatever it's  
2 from just so we have a better picture of where they're being spent.

3

4 Ms. Tanner: Yeah, I think some of it is from In-Lieu Fees but I can check to just make sure there  
5 may be some other sources that went into the Housing Trust Fund. We want to be sure about  
6 that. I'm just going to write this down real quick.

7

8 Commissioner Lauing: Ok so another way, stay with my Chapter Riggs class for next week, if we  
9 have to make a motion I'd say that we're committed to getting the 20 percent and we're going  
10 to work the variables to get there.

11

12 Ms. Tanner: Yeah, I mean I think that would be something... as far as from Staff perspective in  
13 terms of why we'd want to have a motion from the PTC to Council is just the duration of this  
14 item. As you saw on the timeline, it's their to-do list for some time (interrupted)

15

16 Commissioner Lauing: It has.

17

18 Ms. Tanner: And so, we just want to get the report to them to say here's what the report is  
19 saying and what we think we should do right now. And the motion could include directing Staff  
20 to look at parking, retail, height, FAR, and as your point other levers that could be adjusted to

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1 get to 20 percent. So that could be part of what the PTC is recommending and that Staff  
2 certainly support for looking at this.

3

4 Commissioner Lauing: And to be honest just to underscore my main point is that I think that  
5 these other levers are more important because it doesn't seem like we've looked at them  
6 recently and to find out if there's extra funding to do this, or how... again, if it's a couple million  
7 dollars for a whole project. Somebody's who's having lunch from Facebook in our City probably  
8 has that in their pocket. I mean those are really small numbers so if we could get that think  
9 quantified, we'd know what we're facing and see if that's really realistic or crazy. But

10 (interrupted)

11

12 Ms. Tanner: Yeah, you might phrase it as how much would land cost need to be reduced by in  
13 order to facilitate something. So, if someone did make a \$2 million-dollar investment, whether  
14 it's the City or a donor, in a project does that bring the cost down such that now consisting 20  
15 percent.

16

17 And I think the point about the cycle where we are, it would be great to make a lot of  
18 workforces and below-market-rate housing investments now while we're in an off-cycle before  
19 the prices could potentially go up or even maybe they'll be in a... maybe a downturn in terms of  
20 the cost. And so, unfortunately, some of those sources of funding are public sources which also

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1 take a dip during the cycle downturn and so we see the deficits at the state level and at the  
2 local level. The good news at the state level though, commitment to housing, at least for now, is  
3 being maintained as the top priority in the budget and so we want to be well-positioned as a  
4 City to take action on those funds. [unintelligible] the City needs to take action or Alta Housing  
5 or other partners. And so, I think that point is very well taken at the timing is really of the  
6 essence for both the if we want to get to 20 percent and also if we want to be ready to receive  
7 or be competitive for some funding.

8  
9 Commissioner Lauing: Absolutely, and the state is pushing, pushing, pushing on housing and so  
10 we're all kind of committed to the same thing in the state. Let's get it done.

11  
12 Ms. Tanner: Yeah, agree, very much agree.

13  
14 Chair Templeton: Alright thank you (interrupted)

15  
16 Commissioner Lauing: Well thanks.

17  
18 Chair Templeton: Commissioner Lauing. Just to clarify, when is this going in front of City Council  
19 and what's the... is there a specifically urgent thing or just we want to get it as soon as possible  
20 in front of them?

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Ms. Tanner: I would say it is a top priority for them to get it this year and so we'd like [unintelligible] forward in August. Additionally, as we're talking about doing extra work with Strategic Economics, we want to make sure that given our really tight budget constraints that even if we're going to spend a few more pennies on consulting work. That it's something that we have the buy in of the leadership to go forward and do and we're just being very conservative in that regard. And so, want to get this into that public forum for the public conversation with Council and go forward and hopefully do some more work. So, if we got this to them in August, August 3<sup>rd</sup> would be their first meeting, we could turn it around for then. Then we could really hopefully do some good work this fall and bring this back to PTC before the year is out.

Chair Templeton: Great, ok thank you for clarifying. Next up is Commissioner Alcheck followed by Commissioner Summa.

Commissioner Alcheck: Ok I was wondering if I could ask one more question before I make my comment which is to our presenter and maybe to Staff. Can you guys help explain how the Affordable Housing Tax Credit Program facilitates development in the Bay Area?

Ms. Tanner: The Low-Income Housing Tax Credit? LIHTC, is that what you were thinking about?

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1 Commissioner Alcheck: I mean they changed the rules a little bit in 2018 so it's... I'm talking  
2 about LIHTC but I'm also talking about the federal programs that in place and whether or not it  
3 even works in California? I just want to get a sense from your perspective how that has played a  
4 role in development of affordable housing over the last several years in the Bay Area.

5  
6 Ms. Tanner: You know I know (interrupted)

7  
8 Commissioner Alcheck: Do you see it as a component of the development that you've seen? Is  
9 it a significant component?

10  
11 Ms. Tanner: Absolutely, LIHTC is probably... the Low-Income Housing Tax Credit Program is  
12 probably one of the single most important federal programs to support the development of  
13 affordable housing that exists. Hands down and it's still very competitive, there's not enough of  
14 it, we could go on and on about the things that could be improved with it but I think it's  
15 probably critical to any below-market-rate housing. Sujata would you agree with that?

16  
17 Ms. Srivastava: Yes, absolutely, and especially for the 100 percent affordable housing projects  
18 like Wilton Court that really rely on tax credits as well as other sources of subsidies. So,  
19 Measure A in Santa Clara County has been a very important local funding source for extremely  
20 low-income housing and supportive housing. So, there are... but yeah, whenever we look at

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1 funding stacks for 100 percent affordable housing, LIHTC or Low-Income Housing Tax Credits  
2 are the number one.

3

4 Commissioner Alcheck: Would you agree that in an economic recession tax credits are  
5 significantly less appealing because of the reduced need among those who typically participate  
6 to offset annual profits?

7

8 Ms. Tanner: Well I think that the CRA investors have some minimums but I'm not sure. I can't  
9 remember [unintelligible] what it's tied too. So, it may be tied to some of their... how well  
10 they're doing but I don't know if they have a choice to just not participate in the CRA Program.

11

12 Ms. Srivastava: Right I think the typically what happens is the value of the tax credit get's a  
13 little bit devalued so... because of what you just said. And also, as you know, the jobs in.... the  
14 Trump tax cut, I forget what it's called, also had implications because tax liabilities were lower.  
15 So there have been a couple different things that have created a little down (interrupted)

16

17 Commissioner Alcheck: It's like blow, blow, blow.

18

19 Ms. Srivastava: But that doesn't mean that there wouldn't be other funding sources that could  
20 also be implemented at the state level and at the county level.

- 
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2 Commissioner Alcheck: Yeah, I mean look, I don't disagree with you but I also think that the  
3 budget crisis you're experiencing locally is going to impact the state. And it would, in my  
4 opinion, be... I think it would be inaccurate to assume that the funding for affordable housing is  
5 to be... is going to be as strong as it was in the last couple of years in the next couple of years. I  
6 think what you're going to see is a major cut. If we're cutting our libraries we're going to be  
7 cutting our affordable housing commitments from a state-wide perspective and I also think the  
8 tax credit program is as fundamental as it is to 100 percent affordable projects. It's probably  
9 going to... there's going to be a little disruption.

10

11 Ok, I'll just into my comment real quick. Interestingly, I came to a very different conclusion than  
12 Commissioner Hechtman, and before I share that conclusion I want to provide a couple points  
13 of context. The first, I approach my fondness for what we do for local action from that  
14 [unintelligible] corner of the ring; which is to say that our local government's greatest  
15 strength... and I should probably repeat this more but our local government's greatest strength  
16 is its ability to act quickly. Now I'm not sure Palo Alto has ever really flexed that muscle but it's  
17 there. We operate exceptionally slowly which is unfortunate because local municipalities like  
18 ours, our greatest advantage is that we can address things quickly and then if that doesn't work  
19 we can change and we can change and we can change and we can alter. And we don't have to  
20 wait for Washington to figure it out and for 50 states to figure out. We just need to get

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1 consensus here which I know sounds like an insurmountable task but it should be easier than  
2 getting consensus at the federal level and the state level. And so, if there's any place where we  
3 should be optimistic about working quickly, it should be locally. And I don't know that our  
4 approach has been one that valued the speed at which we react enough. We have approached I  
5 think a lot of decision making a little too slowly.

6  
7 Ok, the second piece of context I want you to have before I share my conclusion is that while I  
8 think that development projects have broke ground in the last 12-months are likely to see  
9 significant cost overruns. And I would imagine that some developers will leave their shirts as a  
10 result. Anybody that took a loan out in January and broke ground in February or the previous  
11 12-months, but that said developments that will break ground 3 to 6-years from now are going  
12 to be identified in the next 12 to 24-months. The teams that will be building in the next 3 to 6-  
13 years are going to identify those properties in the next 12 to 24-months. That's how long it will  
14 take to put financing together, that's how long it will take to identify the changes in the market.  
15 It could be 24-months before those teams say ok, we're ready to pull the trigger but they're  
16 going to start working on it now based on what we have in place as a City now. And I would  
17 suggest to you that if you keep that in mind, maintaining the status quo is not likely to generate  
18 more affordable housing units than the status quo generated in the last several years in Palo  
19 Alto which is an abysmally low number.

20

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1 And so, what am I suggesting? I'm suggesting to you that in the near term I would reduce the  
2 requirements if... and before I'm accused of not supporting affordable housing which is bound  
3 to happen. I want to make sure that it's really clear that without amending our Zoning Code to  
4 allow for increased heights, increased FAR, reduced Parking Standards, flexibility from the  
5 Ground Floor Retail Requirement, etc. etc. I could go on and on. Demanding the same or a  
6 greater percentage of affordable housing developments is both unlikely to accomplish your goal  
7 and insincere. It's insincere. Any individual who suggests that we have to raise these standards  
8 without making significant changes to our Zoning Code while also holding the flag up that says I  
9 am a supporter of affordable housing is either doesn't get it or lying. That's how... that's  
10 honestly how I... that's how honestly, I feel and if it sounds like I'm frustrated, I've been here in  
11 this seat for 9-years and we haven't built the projects. The status quo requirement isn't working  
12 in the best of times. It is certainly not going to work in the next 12 to 24-months at attracting a  
13 single development. And I know... any... my request earlier about you showing us projects was,  
14 in my opinion, we have to see the projects so that it be can be so easily clear that that projects  
15 is infeasible in Palo Alto under the current conditions. If I had a project that you could show me  
16 in a City, whether it's doesn't have the same character as Palo Alto wouldn't make a difference  
17 because we could ask for the numbers and I could show you it's not going to happen in Palo  
18 Alto. And I think everybody on this Commission is a supporter of affordable housing, I really do.  
19 I just don't think that it's feasible to suggest that we can continue to do the same thing and  
20 increase the requirement of a developer.

- 
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2 And I want to add one more point and this never goes over well, but I want to add one more  
3 point. I was once in a... I once attended a debate where this developer and this affordable  
4 housing advocate were sort of debating the whole idea of private developers being required to  
5 provide a portion of their developments in municipalities like ours as affordable. If you build in  
6 Palo Alto, 10 percent of your units, 15 percent of your units. At San Francisco, it's more and the  
7 developer made this interesting argument that there isn't an aisle at your local grocer where  
8 the same box of cereal is 25 percent cheaper and the only people who can enter that aisle are  
9 individuals on a specific list. There's only one private industry in our environment that we're  
10 taxing... we're asking to bear the burden of providing affordable housing and we're doing it  
11 exclusively to developers. We're saying yes, our supermarkets will take food stamps which are  
12 subsidized by the federal government but the grocer isn't subsidizing the cost of their food and  
13 their work; but when it comes to housing we are going to have that private actor designate a  
14 portion of his units as affordable as subsidized because that's the... what do you call it? That's  
15 the... you want to play the game, those are the rules and that's... I'm not suggesting that we  
16 alter that framework. That... we're already there, we already require it. The question is are we  
17 collectively assuming the responsibility that we need to begin to assume? I'm fine requiring  
18 developers to contribute a portion of their developments as subsidized developments if you will  
19 as subsidized housing. You want to build in this City you got to build a certain number of units  
20 affordable. I am comfortable with that. I am also comfortable sacrificing some portion of my

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1 standard of living if that's how you see it in living in next to buildings that are taller, denser, and  
2 less capable of parking all of the vehicles that are utilized by their occupants. And that's the  
3 commitment, that's the sacrifice I'm willing to make and I feel like it's only fair if we're going to  
4 ask these private actors to solely subsidize this crisis. That we start to put our own efforts into  
5 the goal of creating affordable housing and effort, sacrifice, however, you want to describe it.

6  
7 And so, I would suggest to you that I would... if Council... my recommendation would be if  
8 Council is unwilling to consider changes to the Zoning Code to encourage developers in the near  
9 term to identify Palo Alto as a place where they can develop affordable housing projects that  
10 include more affordable housing. If we're unwilling to do that immediately then over the next 3  
11 to 6-years we should consider relaxing our Affordable Housing Requirements because to not do  
12 so would be an insincere effort. We are just speaking to affordable housing, we are not actually  
13 doing anything for affordable housing. Thank you.

14

15 Chair Templeton: Alright thank you Commissioner Alcheck. Commissioner Summa.

16

17 Commissioner Summa: Thank you. I agree with a lot of my colleagues that we're not doing very  
18 much by keeping the status quo which is what we complain has not been adequate to provide  
19 enough affordable housing. We're doing fine with market-rate housing.

20

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1 And I want to remind people and this came up at the NVCAP. I'm sure it was Sujata's work that  
2 even affordable housing is not without value to ownership. Especially... obviously, at the higher  
3 levels of AMI, it's more but it's nearly... at the highest level of AMI that we allow affordable  
4 housing for it's nearly as valuable to the property owner as market rate.

5

6 And I want to remind people also that market-rate housing sells for almost a 1,000-square  
7 feet... a \$1,000 a square foot in Palo Alto. So, there is value in housing and as some of you have  
8 mentioned there are trends... a lot of experts think that housing get emphasized after a  
9 recession. Building... that's when housing gets built.

10

11 The other thing that I wanted to say is if we're serious about building housing and incentivizing  
12 housing. We should be talking about not allowing any new office in mixed-use buildings. And I  
13 don't think... I agree... I think if we don't do that we're not being serious about housing.

14

15 And I also think that the In-Lieu Fees give... don't pay for the units that we're giving up. So, we  
16 either need to make the In-Lieu Fees for housing much larger or enough that we... it's a  
17 tradeoff. You may not want so-called affordable housing in your building but you should be  
18 paying for not having it there. Otherwise, I don't think we're very serious.

19

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1 So, and I would like to say also with regards to my colleague's comments just now that some  
2 people's lifestyles and neighborhoods would be much more affected by drastic changes in the  
3 Zoning Code. People that live adjacent or in mixed-use zones... then other places in the City. So,  
4 we have to keep that in mind when we talk about massive relaxation of things like height and  
5 whatnot and parking. That we're affecting somebody else whereas we... we may ourselves may  
6 not live in a neighborhood where that becomes an issue.

7

8 So, I really think we have to start talking about getting rid of new mix-use that includes office  
9 and especially why not do that right now to encourage housing for people who have the money  
10 and the wherewithal to develop. And also, we just don't know what the demand is going to be  
11 when we come out of this in 6-months, 18-months, a year. We don't even know when we're  
12 coming out of it but we don't know what the demand is going to be with regards to our housing  
13 stock or our office stock so those are my comments.

14

15 As is I don't really... I cannot really appreciate as a motion the recommendation by Staff for  
16 many of the reasons stated by my other colleagues. That it doesn't do enough and it needs  
17 more work.

18

19 Chair Templeton: Thank you, Commissioner Summa. Commissioner Riggs, did you want or  
20 we're returning you. You said earlier you wanted to make a motion.

- 
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MOTION

Commissioner Riggs: Can't unmute myself, it's getting dark here. Yeah, I'd make a motion to approve the Staff recommended action as it is.

Chair Templeton: Alright is there any second?

SECOND

Vice-Chair Roohparvar: I'll second.

Chair Templeton: Thank you Vice-Chair Roohparvar. Alright Commissioner Riggs do you want to speak to your motion?

Commissioner Riggs: I think I spoke to it in my prior comments, but I'll reiterate that I think it's satisfactory, it's safe, but I think our City can do more.

Chair Templeton: Great, thank you. Vice-Chair Roohparvar?

- 
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1 Vice-Chair Roohparvar: Agreed, same thing. It's a first step.

2

3 Chair Templeton: Alright, anyone who wants to speak to that please raise your hand.

4 Commissioner Lauing followed by Commissioner Hechtman.

5

6 FRIENDLY AMENDMENT

7

8 Commissioner Lauing: I think it would clarify our intent as least I've understood frankly most of  
9 the comments if we added to the second point that... this isn't the wording but that the plan is  
10 for Staff/consultants to do more analysis to see what variables would need to shift in order for  
11 the PTC to recommend 20 percent or more because that was the original request from the  
12 Council. And we're not giving up on that as I hear my colleagues talk so let's put that in there so  
13 that they're getting that message.

14

15 So, if the maker would be willing to take that amendment in much better wording, I think that I  
16 could get behind it.

17

18 Chair Templeton: Commissioner Riggs?

19

20 Commissioner Riggs: Yeah no, I (interrupted)

- 
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1

2 Chair Templeton: So, to include a follow-up comment.

3

4 FRIENDLY AMENDMENT DECLINED

5

6 Commissioner Riggs: I appreciate the sentiment. I just... I think my recommendation on this  
7 motion is just to leave the recommendation clean as is. My... I think there's a lot of good  
8 feedback in the minutes and I think what I would... and just I think there's enough for Council to  
9 gnaw on in our dialog here without conflating or confusing the motion. I think it's straight  
10 forward enough as is so I'd prefer to just keep it as is.

11

12 Commissioner Lauing: I think it's clean. I just don't think it's even accurate. That's all I'm saying.

13

14 Commissioner Riggs: Yeah, yeah, I understand what you're trying to say and I just think I'd just  
15 like to keep it consistent with what Staff had proposed. I don't see any glaring deficiencies.

16

17 Chair Templeton: Alright so anything to add? It looks like that amendment was declined.  
18 Anything to add Commissioner Lauing?

19

20 Commissioner Lauing: Nope.

- 
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Chair Templeton: Ok. Commissioner Hechtman.

Commissioner Hechtman: I suppose my concern with the motion is similar to Commissioner Lauing's. I would like the Council to know that I would like this analysis to be extended to make in particular a more focused inquiry into how to again, find this sweet spot specifically so that we can increase our Ownership Housing Requirement to 20 percent and replace our Rental Housing Impact Fee with an identical 20 percent. And to me, I think the form that takes in addition to making the recommendation that Staff supports is to ask the Council to authorize the extension of that analysis and that's really where I'd hope that the direction that our motion ultimately go. And I'm not necessarily (interrupted)

Commissioner Riggs: So, yeah, yeah, I'm... go ahead, sorry Bart... sorry, Commissioner Hechtman.

Commissioner Hechtman: I'm not necessarily asking you to amend your motion. I understand and appreciate the purity of it, but my concern is it doesn't tell enough.

Commissioner Riggs: Why don't from a parliamentary standpoint and I'll let Chair Templeton figure this out but why don't we have a second motion that suggests that to Council. So, we

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1 keep them... we keep Staff's recommendation whole and there's a supplemental  
2 recommendation that combines what you can Commissioner Lauing were saying. I think that's  
3 just a little more clean in terms of advancing Staff's recommendation but also expanding upon  
4 it. If that's possible of... possible to you?

5

6 Chair Templeton: Commissioner Hechtman, would that be... do you have a comment on that  
7 approach?

8

9 Commissioner Hechtman: No, if our counsel tells us we can forward two recommendations to  
10 the Council then I'm fine with that.

11

12 Ms. Tanner: I don't know if you can see me nodding and depending on your view but I am  
13 nodding over here and unless Albert says otherwise I think we can have two motions. One is  
14 this recommendation, the other would be a recommendation that Council consider extending  
15 the analyses to add additional variables. Is that ok Albert?

16

17 Mr. Albert Yang, Assistant City Attorney: Yeah, there's no problem with that.

18

- 
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1 Chair Templeton: Ok so the maker has declined the amendment, we will circle back to the other  
2 Commissioners after this has been resolved. Commissioner Roohparvar [**note – Vice-Chair**  
3 **Roohparvar**].

4  
5 Vice-Chair Roohparvar: I was just going to say it seems like it's been resolved now but I was on  
6 board with what Commissioner Lauing and Hechtman were recommending. That I do think we  
7 need to go further and clearly express what we all think. We can't just expect that they're going  
8 to read the minutes and really understand what we want.

9  
10 Chair Templeton: Alright.

11  
12 Commissioner Riggs: Can I respond to that, Commissioner Templeton [**note – Chair**  
13 **Templeton**]?

14  
15 Chair Templeton: Yes.

16  
17 Commissioner Riggs: So, I have to say I use to feel like that. When I was on the... my second or  
18 third year on San Luis Obispo Planning Commission I was like I've got to make it in the motion  
19 because Council is never going to read the minutes. But I actually do... they pay attention to  
20 what we say and they do read our minutes and it's their job to understand. To think... so I

- 
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1 think... I'm fine supporting a second motion, but I don't think you can... don't feel like this dialog  
2 and this tension that we have been talking about is not apart of what they think about.

3

4 Vice-Chair Roohparvar: Right but it creates fair emphasis when you put it in a motion.

5

6 VOTE

7

8 Chair Templeton: Alright so let's... it looks like there's... discussion is complete on this motion so  
9 let's take a voice vote.

10

11 Mr. Nguyen: Sure, so we have a motion from Commissioner Riggs, seconded by Commissioner...  
12 Vice-Chair Roohparvar and I'll go down the list to taking a voice vote. Commissioner Alcheck?

13

14 Commissioner Alcheck: Nay.

15

16 Mr. Nguyen: Commissioner Hechtman?

17

18 Commissioner Hechtman: Aye.

19

20 Mr. Nguyen: Commissioner Lauing?

- 
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2 Commissioner Lauing: No.

3

4 Mr. Nguyen: Commissioner Riggs?

5

6 Commissioner Riggs: Yes.

7

8 Mr. Nguyen: Vice-Chair Roohparvar?

9

10 Vice-Chair Roohparvar: Yes.

11

12 Mr. Nguyen: Commissioner Summa?

13

14 Commissioner Summa: No.

15

16 Mr. Nguyen: Chair Templeton?

17

18 Chair Templeton: Yes.

19

20 Mr. Nguyen: Ok this motion passes 4-3.

- 
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MOTION PASSED 4(Templeton, Roothparvar, Riggs, Hechtman) -3(Alcheck, Summa, Lauing)

Chair Templeton: Would any of the no's like to speak to their vote?

Commissioner Alcheck: Yeah, I'll speak quickly. In the last 18-months, we saw a lot of individuals stand up and say that the residential Presidential Hotel was an asset to our community as a residential property. I don't think there was a single City Council Member who didn't suggest that wasn't a tremendous asset we should be fighting for as a residential property. It is, in my opinion, hypocritical to stand in the way of allowing a second Presidential Hotel residential property to be built in the City on the same block or on the same street or blocks away. And so, Commissioner Lauing suggested that this is what the City Council asked us to look at 20 percent. I am suggesting that in my very professional opinion that is an insincere request. The request to consider increasing the minimum requirement for affordable housing in the vacuum of any other change is just... it's like political fodder. It is just campaign fodder in my opinion. If we don't actually have a conversation about how our zoning stands in the way of actual development, market or affordable, and just to... we're really clear when I say change the zoning I mean exclusively for residential. I would not increase height or FAR for a commercial property, for a mixed-use property, for a retail property. I would exclusively suggest that we consider amending the Zoning Code in places like downtown and California Avenue to allow for

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1 the very sort of building that I think so many people in this community were ready to fight for  
2 which was the President's Hotel as a residential building. It... I can't... it's was... it's astonishing  
3 how many people suggested that it was such a wonderful place to live and at the same time if a  
4 project like that came forward it would be considered the most absurd, insane, and  
5 objectionable property project in Palo Alto history. Those two things can't be... I can't keep  
6 both those things in my head at the same time. There's a... there's incompatible and so I think...  
7 I love the idea of having every project that's built in this City have more affordable housing than  
8 any other community in the Bay Area. The question is are we actually suggesting that we can do  
9 that by simply increasing that requirement or do we need to do more?

10

11 And so, I will support the second motion should it be made because that's... that is the only  
12 motion really that I think deserves our support.

13

14 Chair Templeton: Alright thank you. Anyone else? Alright, Commissioner Lauing or  
15 Commissioner Hechtman, do either of you want to make another motion?

16

17 Commissioner Lauing: Go ahead, sorry. Go ahead if you'd like Bart.

18

19 MOTION #2

20

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1 Commissioner Hechtman: Thank you. I will move that the PTC recommend to the City Council  
2 that it authorize an extension of the current analysis that would analyze specific adjustments  
3 across the spectrum of zoning and financial factors to make it the most likely category that  
4 developers would proceed with an ownership housing project requiring 20 percent inclusionary  
5 housing and a rental housing project that includes a 20 percent Inclusionary Housing  
6 Requirement.

7

8 Commissioner Riggs: And (interrupted)

9

10 SECOND

11

12 Commissioner Lauing: Second.

13

14 Commissioner Riggs: Assuming... well, can I be the one the seconds given that I suggested the  
15 parliamentary procedure? Just... I want for the record, I want to make sure that I support this as  
16 well as being... is that ok Commissioner Lauing? It doesn't matter to me but I... if that's ok with  
17 you I'll second?

18

19 Commissioner Lauing: Yep.

20

- 
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1 Commissioner Riggs: Thank you.

2

3 Chair Templeton: Alright, Commissioner Hechtman do you have any more to add to or it sounds  
4 like you already spoke to it?

5

6 Commissioner Hechtman: Well just to clarify so that Staff and Sujata understand kind of what  
7 I'm looking for. This first round was just a baseline. It's not that Staff or the economist was  
8 recommending that we drop our parking to one space. What I would hope in the next analysis  
9 is we actually get a recommendation that we're going to drop parking to 1.37 spaces, we're  
10 going to adjust FAR by this percentage, we're going to do this with retail. In other words, take  
11 the spectrum things and give us a menu that best balances all of these competing interests we  
12 have and still delivers a likely to build at 20 percent. That's the product that I'm... that my  
13 motion is trying to be directed toward.

14

15 Chair Templeton: Thank you. Commissioner Riggs, do you want to speak to your second?

16

17 Commissioner Riggs: No, I fully support that perspective and that's why I suggested this to deal  
18 with the status quo right now and to have a tiered approach that allows us to step beyond this.

19

20 Chair Templeton: Great, thank you. Commissioner Lauing followed by Commissioner Summa.

- 
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Commissioner Lauing: Yes, I think this exactly what we should do and it's not a promise to Council or anybody else that we can get there. It's a commitment to work the variables and see what they're going to take. And then make an informed recommendation to Council on some real number. So, I concur entirely with that and it had all the things that Commissioner Alcheck just mentioned in his last descent including other changes to zoning and it also includes new ideas that aren't even zoning related. They're fundraising related, so I agree with word menu. I understand that that's complex because you can't bring us 72 variables but I think it's clear as to what we're looking for from Staff.

Chair Templeton: Thank you Commissioner Lauing. Commissioner Summa.

Commissioner Summa: Oh, thank you. I just... for some reason Commissioner Hechtman, your voice alone is very soft for me so I was having trouble hearing it but your... the way it was worded it's broad enough to consider any zoning changes, right?

Commissioner Hechtman: Yes, even the ones that you mentioned are not off the table.

Commissioner Summa: Ok I just wanted to double-check. Thank you.

- 
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1 VOTE

2

3 Chair Templeton: Alright, I'm also supportive of this motion. I think that it encourages the kind  
4 of creativity that will be needed to solve the issue. To guide us and approaching it in a different  
5 way. So, I appreciate that we were able to get the immediate question in front of Council with  
6 the Staff recommendation, but I also think following it up with the next steps is the right thing  
7 to do. So, thank you all for that. I don't see any other hands up for discussion. Should we take  
8 the voice vote?

9

10 Mr. Nguyen: Yes, so we have a motion from Commissioner Hechtman, seconded by  
11 Commissioner Riggs and I'll go down the list for voice votes. Commissioner Alcheck?

12

13 Commissioner Alcheck: Aye.

14

15 Mr. Nguyen: Commissioner Hechtman?

16

17 Commissioner Hechtman: Aye.

18

19 Mr. Nguyen: Commissioner Lauing?

20

- 
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1 Commissioner Lauing: Yes.

2

3 Mr. Nguyen: Commissioner Riggs?

4

5 Commissioner Riggs: Aye.

6

7 Mr. Nguyen: Vice-Chair Roohparvar?

8

9 Vice-Chair Roohparvar: Yes.

10

11 Mr. Nguyen: Commissioner Summa?

12

13 Commissioner Summa: Yes.

14

15 Mr. Nguyen: Chair Templeton?

16

17 Chair Templeton: Yes.

18

19 Mr. Nguyen: Ok this motion carries 7-0.

20

- 
1. Spokespersons that are representing a group of five or more people who are identified as present at the meeting at the time of the spokesperson's presentation will be allowed up to fifteen (15) minutes at the discretion of the Chair, provided that the non-speaking members agree not to speak individually.
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1 MOTION PASSED 7(Alcheck, Hechtman, Lauing, Riggs, Roohparvar, Summa, Templeton)-0

2

3 Chair Templeton: Excellent and thank you so much Ms. Srivastava for the presentation. In our  
4 pre-meeting, I told you everyone was going to be very excited to jump in and discuss your  
5 numbers with you. So, it was absolutely wonderful that you provided so much information and  
6 hopefully, we'll get to see you again and to go into the next level of detail. So, thank you very  
7 much.

8

9 Ms. Srivastava: Thank you, have a good evening.

10

11 Chair Templeton: Good night. Alright, that closes Item Three on the agenda.

12

13 **Commission Action:** Motion by Riggs, Seconded by Roohparvar. Passes 4-3 (Alcheck, Lauing,  
14 Summa Against)

15

16 **Commission Action:** Motion by Hechtman, Seconded by Riggs. Passes unanimously.

17

## 18 **Approval of Minutes**

19 Public Comment is Permitted. Five (5) minutes per speaker.<sup>1,3</sup>

20 4. May 13, 2020 Draft PTC Meeting Minutes

21 Chair Templeton: And we now move to approval of the minutes and did I see revised minutes  
22 go out again Mr. Nguyen? I think I did.

23

- 
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1 Vice-Chair Roohparvar: Yeah, I did, sorry.

2

3 Mr. Vinhloc Nguyen, Admin Associate III: Yeah, we had a [unintelligible] of changes but they  
4 were all pretty much grammar changes that didn't really change the overall meaning of the  
5 text.

6

7 Commissioner Alcheck: I actually sent my changes to Commissioner Hechtman.

8

9 Mr. Nguyen: Oh, you did?

10

11 Commissioner Alcheck: No, I'm kidding.

12

13 Chair Templeton: Oh, it's that point of the evening. Alright well, thank you. Would anyone like  
14 to move that we approve the minutes?

15

16 MOTION

17

18 Commissioner Summa: I'll move it.

19

20 Chair Templeton: Alright thank you, Commissioner Summa.

- 
1. Spokespersons that are representing a group of five or more people who are identified as present at the meeting at the time of the spokesperson's presentation will be allowed up to fifteen (15) minutes at the discretion of the Chair, provided that the non-speaking members agree not to speak individually.
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1

2 SECOND

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4 Vice-Chair Roohparvar: I'll second.

5

6 VOTE

7

8 Chair Templeton: Thank you Vice-Chair Roohparvar. Any discussion? Let's vote.

9

10 Mr. Nguyen: Ok, Commissioner Alcheck?

11

12 Commissioner Alcheck: Aye.

13

14 Mr. Nguyen: Commissioner Hechtman?

15

16 Commissioner Hechtman: Aye.

17

18 Mr. Nguyen: Commissioner Lauing?

19

20 Commissioner Lauing: Yes.

- 
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1

2 Mr. Nguyen: Commissioner Riggs?

3

4 Commissioner Riggs: Yes.

5

6 Mr. Nguyen: Vice-Chair Roohparvar?

7

8 Vice-Chair Roohparvar: Yes.

9

10 Mr. Nguyen: Commissioner Summa?

11

12 Commissioner Summa: Yes.

13

14 Mr. Nguyen: Chair Templeton?

15

16 Chair Templeton: Yes.

17

18 Mr. Nguyen: Ok the motion carries 7-0. Thank you.

19

20 MOTION PASSED 7(Alcheck, Hechtman, Lauing, Riggs, Roohparvar, Summa, Templeton)-0

- 
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Chair Templeton: Excellent thank you so much.

**Commission Action**: Motion by Summa, Seconded by Roohparvar. Pass unanimously.

**Committee Items**

Chair Templeton: Committee items is next, any updates from Committees?

Commissioner Summa: Well I can give a little bit update, maybe supplemented by Rachael Tanner. The NVCAP is going to do a little bit of a different thing. We're dividing up into two groups I believe, although maybe Rachael can confirm this. Some people from the... that I've talked to from the working group thought it was three groups. To try to get a little discussion about the actual alternative which there are many right now. There're the three original ones from the consultants and then like seven or eight maybe additional ones from working group members. So that is kind of the next step in the NVCAP and maybe Rachael would like... I think it's... personally, I understand why that was a suggestion from Staff. I'm not very comfortable with it because I think as a whole, the entire working group, we really haven't discussed the options and impacts. We've had very little time to do that because the meetings are so packed. So, but this is the next step that Staff has decided that we're going to take and I believe we have meetings with these smaller groups June 23<sup>rd</sup> or 26<sup>th</sup>. I don't think they've decided yet.

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1 Ms. Rachael Tanner, Assistant Director: Yeah, that's accurate Commissioner Summa. I think  
2 we'll have at least... our goal is to do two groups but depending on scheduling we also want to  
3 try to be flexible for people. So, we're hoping we can do two and Council added an additional  
4 meeting date which is the 23<sup>rd</sup> of June now. So, we're looking at I believe it's the 25<sup>th</sup> of June  
5 and then the 29<sup>th</sup> and 30<sup>th</sup> and so we'll send out a message to try to get folks to choose the  
6 dates that work best for them. So, it's trying to triangulate preferences, but availability and I  
7 think our meetings have been packed. Even when we've had a really good discussion it's just...  
8 it's hard with our large group to sometimes get to the depth we want. So, we're trying to see if  
9 the smaller group helps facilitate that. It may not but at least we can try and see where that  
10 gets us. And so that will be coming up at the end of this month and hopefully, we'll be able to  
11 keep meeting in July as vacation schedules may not be what they use to be last summer.

12

13 Commissioner Summa: I... oh I'm sorry to interrupt.

14

15 Ms. Tanner: Go ahead.

16

17 Commissioner Summa: Oh, I personally have a preference for you assigning random groups. I  
18 think it's better than breaking up over... I think if we break it into people who want to save this  
19 historic resource and people who don't, we'll end up just coming back without having got very  
20 far. I think it would be good to have people who represent all the points of view. I have a

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1 preference for randomized groups rather than self-selecting groups because I just don't want to  
2 talk to all the people I agree with and I don't think it will advance us as far in the process.

3

4 Ms. Tanner: I think that's a good point and we may ask people both do you have a preference  
5 for topic but just date. That maybe people's preferences just whatever group, I don't care, I just  
6 want to do it on Monday or Tuesday. And so, we'll try to triangulate it and that's a good point  
7 and we have a lot of other topics besides the building to talk about too. And I think no matter  
8 what group you're in you could have that conversation, so biking, where should parking go,  
9 offices, etc. can happen in any group.

10

11 Chair Templeton: Alright and when's your next meeting?

12

13 Ms. Tanner: Definitely... well [unintelligible] highly likely on June 24<sup>th</sup> or no, yeah 24<sup>th</sup> and then  
14 possibly the following Monday or Tuesday.

15

16 Chair Templeton: Ok. Alright, excellent, thank you for the update both of you. We also had an  
17 XCAP meeting last week where we listened to an expert on noise and vibration. You think we  
18 like details here, that was quite an in-depth discussion, and then the XCAP update was  
19 delivered to City Council on Monday. If you want to see it, it's the first public agenda item. So

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1 yeah, we have a meeting next Wednesday as well if you'd like to join in. Great, ok, so

2 (interrupted)

3

4 Ms. Tanner: Do you want to raise the idea of the Objective Standards Joint... I forgot what it's  
5 called... a joint meeting with the (interrupted)

6

7 Chair Templeton: With ARB?

8

9 Ms. Tanner: I'm not sure if we should raise it here or try to schedule via... take a poll via email  
10 of folk's availability?

11

12 Chair Templeton: Let's give folks a head up here and then do the poll... the actual polling over  
13 email. So, if you can remind me what the dates suggested were but while we look that up I  
14 think it was August. A few weeks back we had a meeting with some content that was related to  
15 the ARB, that we want to consult with them, and was talked about whether we wanted to do a  
16 separate subcommittee or something like that, but the idea was could we do a joint session. So,  
17 we're trying to schedule that with Vinh and the ARB. Vinh, can you tell us a date?

18

19 Mr. Vinhloc Nguyen, Admin Associate III: Yes, so it looks like we are looking at August 20<sup>th</sup> at  
20 8:30 or 9 or even 9:30 am.

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1

2 Chair Templeton: Alright so we're going to send out a poll and see if that works. We don't want  
3 the situation with school will be. If you have children in school in Palo Alto they may be back by  
4 then. So, we're just asking you to check if that timing works given that we may have also  
5 additional obligations. It won't be like it is right now so, alright, so please look out for that and  
6 we'll send that out sometime in the next week, Vinh?

7

8 Mr. Nguyen: I can send out the polling tomorrow morning.

9

10 Chair Templeton: Ok, that'd be great. Ok and any other (interrupted)

11

12 Commissioner Riggs: [unintelligible] note that I just said it will generally probably work for me.

13

14 Chair Templeton: Yep that's sort of what I said to Vinh as well. I was like well there's some  
15 chance so ok.

16

## 17 **Commissioner Questions, Comments or Announcements**

18 Chair Templeton: Great so we're onto Commissioner questions, comments, announcements,  
19 and future agenda items so thank you Ms. Tanner for that. Any other items to add? Any  
20 planned absences that aren't on the calendar?

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1

2 Commissioner Riggs: No, I just... can... I'm sorry Chair Templeton. I just want to say thanks for  
3 people's patience in the last couple months. It's been a really challenging... a big challenging  
4 time for my family with a couple folks having COVID-19. And also childcare issues and some  
5 times when I've been single parenting. So, I really appreciate your patients, I've had to opt out a  
6 couple times at the last minute due to personal issues. So, I... thanks for being so gracious and  
7 proceeding without me. I appreciate that.

8

9 Chair Templeton: Thank you, Commissioner Riggs. Looking ahead to future agenda items, it  
10 looks like we only have a tentative item on the 24<sup>th</sup>. What, Ms. Tanner, are we thinking at this  
11 point?

12

13 Ms. Rachael Tanner, Assistant Director: Yeah so what we're looking at for the 24<sup>th</sup> is to bring a  
14 study session around the next changes in how we're looking at LOS or Level of Service in CEQA.  
15 Changing to Vehicle Mile Travel which will be timely because we do have plans to bring before  
16 you Castilleja at the end of July and that will have some barring on that. So, it will be good for  
17 you to have that background and then also for projects going forward that would come before  
18 you just to understand that transition. I don't even understand all of it, it's very complex. Our  
19 Office of Transportation has been leading that work with a consulting team. They're going to be  
20 going before Council with that on the 22<sup>nd</sup> I believe but again it's really something that you guys

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1 as experts and kind of in your position really need to understand in order to be able to take  
2 action on items. Again, this is a transition that's going on all over the State of California that the  
3 jurisdictions are making as well and so we want to get those folks here.

4

5 And then in July, we'd like to bring forward-looking at Plan Bay Area and the Regional Housing  
6 Needs Allocation as well as other state housing laws that have gone into effect. Really following  
7 up on our Objective Standards, wanting to beef up our strength and our muscles on housing as  
8 we head into both the end of this year's legislative session and other laws coming on board.  
9 New RHNA perhaps is slated to be coming out this fall, although I... we'll see if the schedule  
10 stays and new a new Housing Element that we were just not putting in a grant application for to  
11 get funds to support that and getting that started up in this fall. So, a lot of housing  
12 [unintelligible] in the horizon. [unintelligible] use this maybe not downtime as total downtime  
13 but to kind of have those discussions. And then as maybe we talked about at the beginning  
14 trying to think about what the future looks like post- COVID and so that may not be in July but  
15 certainly, we want to have some of those conversations going into August. Maybe get a panel  
16 discussion or something slated for the PTC.

17

18 Chair Templeton: Awesome. Thanks for those updates and if that is all... oh, I see Rachael and  
19 Ed [note – Commissioner Lauing]. Rachael are you (interrupted)

20

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1 Ms. Tanner: [unintelligible -bad audio] I'm done.

2

3 Chair Templeton: Ok thank you for the update and Commissioner Lauing.

4

5 Commissioner Lauing: The Council sent back to us the other In-Lieu Fees, the actual parking  
6 ones as opposed to the housing ones. So, do we know when that's coming back to us?

7

8 Ms. Tanner: That's a good question. Let me look if their motion had a timeline but that's  
9 something that we do have flexibility to take up sooner rather than later. So, we can definitely  
10 agendize that.

11

12 Commissioner Lauing: Yeah and I think it's ready. There's not a lot of prep for Staff to get it  
13 ready.

14

15 Ms. Tanner: Ok, let me check with Staff with that and maybe that can come back in July as well.

16

17 Chair Templeton: Alright, thank you very much and this meeting is adjourned. Take care  
18 everyone, appreciate it.

19

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1 **Adjournment**

2 9:10 pm

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