



CITY OF PALO ALTO CITY COUNCIL MINUTES

Special Meeting
August 27, 2018

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:09 P.M.

Present: DuBois, Filseth, Holman, Kniss; Kou arrived at 5:54 P.M., Scharff, Tanaka, Wolbach

Absent: Fine

Study Session

1. Palo Alto Safe Routes to School Partnership Annual Update.

Rosie Mesterhazy, Safe Routes to School Coordinator, reported Palo Alto Unified School District (PAUSD) was the first district in the nation to name a school after a former Council Member, Safe Routes to School transportation safety representative, and mother of the bike boulevard, namely Ellen Fletcher. [Safe Routes to School video shown.] Safe Routes to Schools' mission and goals helped reduce the risks to students biking to and from schools and encouraged families to choose healthy, active, and sustainable alternatives to driving. One of the partnership's goals was to increase community awareness of the many resources, educational programs, and encouragement opportunities. In April, stakeholders reviewed and updated the five-year plan. Revised objectives concerned policy, education programs, communications, encouragement programming, data gathering, engineering, increasing awareness of the program, and a commitment to equity. A key strategy for the coming year was to build on the work of PAUSD educators. Focusing on bicycle safety education would encourage older students to make safe choices when traveling independently. The partnership had broadened education and outreach tools in response to growing community concerns about student and adult transportation safety behaviors. Over the past year, Staff experimented with more hands-on education events, curriculum activities, and direct outreach to show students basic bicycle and pedestrian road rules. In response to parents' concerns, a green bike box was installed and education utilized to correct unsafe behaviors. Information regarding students' commute needs helped form the basis of City roadway projects. Staff hoped to develop an East Palo Alto Walk and Roll Map to help ensure safe passage of East Palo Alto students who chose to bike to school. City Staff hosted a table at the Chinese New Year Festival and partnered with Chinese speakers to disseminate Safe Routes to School materials. Costumes for Coney and Siggy were available for use for education and encouragement events.

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Staff was also working to produce more Safe Routes to School public service announcements that describe the rich history of the Palo Alto Safe Routes to School program as well as the role of the program in the region. Staff continued to produce other outreach tools such as posters and ads. Classroom tally data was gathered by teachers through a show of student hands, and the responses were entered online. With a 14-percent increase, the 2017-2018 data represented the partnership's pilot efforts to more accurately assess transportation mode. Bike counts were used to help verify the data. Active transportation mode was holding steady with a slight increase at all school levels compared with the prior year. The middle school active transportation numbers were high and continued to approach the numbers found in parts of the Netherlands. Staff looked forward to continued promotion of all active transportation modes to help reduce reliance on single-occupant vehicles and had developed new resources to help share information about available carpooling resources. Bike rack counts painted a similar portrait of the need to ensure that infrastructure not only increased the safety of those biking but opened up the opportunity to a wider audience. Improved infrastructure would help boost high school biking rates beyond the current 44 percent at each campus. Middle school bike counts were similar to high school counts. Safe Routes to School transportation safety representatives at the elementary schools offered robust education and encouragement programming that gave families the confidence to allow their children to independently commute to school. New directions for growth of the partnership included supporting new infrastructure projects, celebrating the naming of Ellen Fletcher Middle School, supporting PTA transportation safety representative recruitment, assisting with the PAUSD bike parking grant, increasing traffic enforcement, and completing site assessments. Strategies to be completed in the coming school year included exploring optional and compulsory Safe Routes to School high school education programs, developing a policy to sustain ongoing commitment from PAUSD, developing PAUSD parent and community surveys, determining effective social media outreach strategies, and completing site assessments with updated Walk and Roll maps for Palo Verde Elementary School and Gunn High School. A variety of factors contributed to the success of the partnership including PAUSD and Council support.

Council Member Wolbach was struck by the numbers, which had held steady over the past couple of years. The change in the culture had been dramatic. The work to change the culture and to provide the facilities and education was incredible. Thousands of daily car trips in Palo Alto had been eliminated. He inquired whether the number of crashes involving bicyclists had increased with the number of bike trips.

Sylvia Star-Lack, Transportation Manager, advised that good data was not available for crashes. Palo Alto could appear to have a high number of

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crashes, but in fact the number of bicyclists was considerably higher than in other communities. Data showed that the number of crashes decreased with high numbers of bicyclists.

Council Member Wolbach requested Staff obtain the data for future reports.

Josh Mello, Chief Transportation Official, indicated raw numbers were available. However, raw numbers without the number of cyclists on a particular road were not helpful. Communities struggled with obtaining the collision rate for bicyclists and pedestrians because bicyclists and pedestrians were not counted in the same way motor vehicles were counted.

Ms. Star-Lack added that every month the Police Department provided information for each collision involving a youth.

Council Member Wolbach asked if most bicycle crashes involving either youth or adults were reported.

Mr. Mello remarked that bike and pedestrian collisions were underreported. The rate of reporting was not known.

Council Member Wolbach requested Staff obtain data for bicycle and pedestrian collisions if possible. He inquired about the number of police officers on the traffic safety team.

Robert Jonsen, Police Chief, reported three officers were dedicated to the traffic enforcement detail. The patrol fleet was also present at schools in the mornings and afternoons. Officers were dedicated to specific schools during their patrols.

Council Member Wolbach believed the presence of motorcycle officers at schools was important because they could respond quickly to incidents.

Mr. Jonsen indicated one motorcycle officer was dedicated to the traffic enforcement detail, but two additional officers regularly patrolled via motorcycle.

Council Member Holman requested the status of the Churchill project.

Mr. Mello advised that the Churchill Avenue enhanced bikeway project had been in the planning and design stages since approximately 2014. Staff submitted a request for an easement to PAUSD but had not received a response. Some immediate safety improvements were underway in the interim.

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Council Member Holman understood the easement was complicated by the need for tree removal. She inquired about plans and programs for transporting students from East Palo Alto and Menlo Park.

Ms. Star-Lack reported Staff was developing a Walk and Roll Map for students from East Palo Alto. The new bridge over Highway 101 would provide students with an excellent connection to Palo Alto. A carpooling resource was placed on the City's website.

Mr. Mello did not have the number of students who traveled from East Palo Alto and Menlo Park.

Council Member DuBois inquired about the use of the video.

Ms. Mesterhazy advised that the video could be found on the Safe Routes to School website. Hopefully, it would be used as a recruitment tool at back to school nights, new family fairs, and other such events.

Council Member DuBois asked if the video had been shown at the schools.

Ms. Mesterhazy replied no.

Council Member DuBois hoped the walking and biking numbers continued to grow. He requested a definition of carpool for a school commute.

Ms. Mesterhazy explained that carpool was defined as a student arriving at school with someone other than a family member in the vehicle.

Council Member DuBois noted the number of students driving to school remained high. He suggested more carpooling programs to reduce the number of single student vehicles.

Vice Mayor Filseth requested context for biking rates showing a slight decline.

Ms. Mesterhazy explained that data collection for middle school and high school was in its second year. The slight increase suggested the number of students biking remained steady. When bike counts demonstrated a decrease, Staff worked with school staff to determine what was affecting the numbers. After determining that most students lived within a mile of Hoover Elementary School, Staff and school staff developed programs that resulted in the largest increase in walking and biking.

Council Member Tanaka suggested the data be adjusted for rainy days. He requested staff comment about the lack of secure storage for bikes, scooters, and skates at schools.

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Mr. Mello explained that the transportation industry was evolving around new modes of transportation.

Ms. Mesterhazy noted Stanford Middle School installed scooter racks. Parents and Staff were implementing Bike Index, a stolen bike and scooter registry.

Council Member Tanaka asked if the scooter racks had locks and power.

Ms. Mesterhazy advised that scooters could be locked to the racks, but the racks did not have power.

Council Member Scharff understood Palo Alto had the highest percentage of students walking or biking to school. He asked how the Council could assist with increasing the success of the Safe Routes to School program.

Mr. Mello suggested the Council assist with recruiting and maintaining volunteers for the program and recruiting Safe Routes to School Staff.

Mayor Kniss had noticed vehicles and bicycles occasionally slipping through stop signs.

Mr. Jonsen noted traffic laws applied to vehicles and bicycles. With the dedicated traffic team, enforcement would increase.

Arthur Keller noted anticipated cessation of bus service to schools, Gunn High School's subsidy for student bus passes, and rules for students carpooling.

Ann Crichton remarked on the success of Safe Routes to School because of the improved bike network and the participation of the City and PAUSD. Staff needed more support for marketing and communications around projects.

Liz Gardner believed the cost of housing in Palo Alto was related to the decrease in bike trips. Obtaining and maintaining bicycles was challenging for low-income students.

Kathy Durham commented on the need for all commuters to obey traffic laws. The number of injury accidents had not grown in proportion to the increase in the number of bicyclists.

Mayor Kniss thanked Safe Routes to Schools volunteers for serving the community.

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Agenda Changes, Additions and Deletions

James Keene, City Manager, reported Staff provided an at-places memo that contained additional recommendations for Item Number 6 on the Consent Calendar.

City Manager Comments

James Keene, City Manager, advised that Staff presented the owner of 1693 Mariposa Avenue with a contract and a demand for work to proceed and referred the matter to Code enforcement. A demolition permit for 429 University Avenue could not be issued until all required entitlements and conditions of approval had been met. A special Utilities Advisory Commission meeting and resiliency workshop was scheduled for the following night. The City hired Rachel Tanner as Assistant to the City Manager.

Rachel Tanner, Assistant to the City Manager, looked forward to working with the Council and was honored to be working for the City.

Mayor Kniss noted the extensive agenda and the number of residents present for the meeting.

Mr. Keene suggested Agenda Item Number 10 could be continued, if necessary. Members of the public should be allowed to speak during the current meeting or the future meeting.

Council Member Holman appreciated Staff's actions regarding 1693 Mariposa Avenue and encouraged members of the public to speak to the issues concerning the property.

Justine Burt, Boy Scout Troop 5, reported the scouts were present to fulfill requirements for a Citizenship in the Community Merit Badge.

Oral Communications

Mayor Kniss commented on the City's policies and procedures for Requests for Proposals (RFP). The City Council was not involved in the contract process with the *Daily Post* for publication of legal notices.

Michelle Kraus reported residents of the Hotel President received certified letters indicating the building would be converted to a hotel.

John Vermes requested the City assist Hotel President residents based on the unique circumstances of each resident.

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Papa Joe hoped to serve the community in the next few months with a new market at College Terrace.

Victor Ojakian suggested the Mayor form an ad hoc committee to review the budget increases between 2005 and 2019.

Rachel Croft related the history of the construction project at 1693 Mariposa Avenue beginning in 2006.

Tom Valsic calculated the fines for the project at 1693 Mariposa Avenue as approximately \$150,000 rather than the \$70,000 stated by the City Manager. Neighbors opposed granting any relief for the property owner.

Linda Schilling appreciated the City taking action with respect to the project at 1693 Mariposa Avenue.

Chuck Krause suggested the unfinished construction project at 1693 Mariposa Avenue affected the community because of its proximity to the park and the number of commuters traversing Mariposa Avenue.

Jim McFall commented on the unusual and complicated project at 1693 Mariposa Avenue and questioned whether the project could be completed as planned.

Gail Woolley expressed concern about the design of the project at 1693 Mariposa Avenue based on problems with a similar design at 628 Maybell.

Mayor Kniss inquired about the imposition of fines for the project at 628 Maybell.

James Keene, City Manager, advised that action would be taken against the project at 628 Maybell. He would update the Council about actions taken against both properties.

Bob Wenzlau shared the new logo for Neighbors Abroad. A delegation would be visiting Yangpu District in Shanghai, the City's latest Sister City.

Roxanne El-Hage spoke regarding invasion of privacy through the use of dash cameras and the need for regulation of dash cameras.

Hamilton Hitchings noted the lower circulation of the *Daily Post* compared to *Palo Alto Weekly* and suggested the City Clerk publish legal notices in both newspapers.

Jeff Hawthorne requested the City Council enforce penalties against the project at 1693 Mariposa Avenue.

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Herb Borock believed the Council should prohibit new applications for Planned Community (PC) Zones, retain appropriate regulations for existing PC Zones, and terminate PC Zones that did not utilize the use for a 12-month period.

Michael Harbour requested the Council agendaize a discussion of the project at 429 University Avenue as the applicant had not complied with the Council's conditions for the project.

Andrew Boone felt the Council should allow three minutes for public comment and publish legal notices in the *Palo Alto Weekly*. Funding for the two parking garages would be better spent on efforts reduce commute trips.

Rita Vrhel did not like the change in the City's website as agendas and minutes were difficult to locate. Code enforcement should investigate the concrete and artificial turf surrounding a tree at 801 Middlefield.

Alex Smaliy believed AJ Capital's eviction of Hotel President residents without first obtaining permits to convert the building would result in blighted building in the center of Downtown.

Roberta Ahlquist, Women's International League for Peace and Freedom, requested a moratorium on the demolition of existing rental housing, particularly low-income rental housing and apartments. Stanford University should construct low-income housing on its campus.

Arthur Keller suggested Hotel President residents should be allowed to remain until the owner provided a plan for the building. He looked forward to the City Auditor's audit of Code enforcement. The City should utilize email addresses of public speakers to notify them when items to which they spoke or related items are placed on the agenda.

Stephanie Munoz did not believe the eviction of Hotel President tenants was fair or reasonable

Mayor Kniss noted the guidelines for public comments were provided on each agenda. The former JJ&F Market would return to College Terrace. She inquired regarding a projected opening date.

Mr. Keene did not have a date.

Minutes Approval

2. Approval of Action Minutes for the August 13, 2018 Council Meeting.

MOTION: Vice Mayor Filseth moved, seconded by Council Member Scharff to approve the Action Minutes for the August 13, 2018 Council Meeting.

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MOTION PASSED: 8-0 Fine absent

Consent Calendar

Bob Wenzlau, speaking regarding Agenda Item Number 6, was pleased with Staff's efforts to address recyclable materials.

Council Holman registered a no vote on Agenda Item Number 3.

MOTION: Council Member Filseth moved, seconded by Council Member Scharff to approve Agenda Item Numbers 3-6.

3. Approval of: 1) Contract Number C19171727 With DeSilva Gates Construction, LP in the Amount of \$12,497,319; 2) Amendment Number 3 to Contract Number C15155208B With Mead & Hunt, Inc. in the Amount of \$1,345,644; and 3) Amendment Number 6 to Contract Number C15155208A With C&S Engineers, Inc. in the Amount of \$373,451 for Phase II of the Airport Apron Reconstruction Capital Improvements Program Project AP-16000; Adoption of a Resolution 9790 Entitled "Resolution of the Council of the City of Palo Alto Authorizing the City Manager to Execute Future Grant Agreements Offered by the California Department of Transportation for Airport Improvement Program Matching Grant Funds for Apron Reconstruction at the Palo Alto Airport, and Authorizing the City Manager to Execute Supporting Documents or Contracts Associated With the Application and Acceptance of Said Grant Funds;" Approval of a Budget Amendment in the Airport Enterprise Fund; and Approval of Findings That the Proposed Project is Exempt From Environmental Review Under California Environmental Quality Act (CEQA) Guidelines 15301 and 15302 and Federal Aviation Administration (FAA) Order 1050.1F.
4. THIS ITEM HAS BEEN REMOVED AND WILL BE HEARD AT A LATER DATE.
5. Vote to Endorse the Slate of Candidates for the Peninsula Division's Executive Committee for 2018-19 and Direct the City Clerk to Forward to Seth Miller, the Regional Public Affairs Manager for the Peninsula Division, League of California Cities the Completed Ballot for the City of Palo Alto.
6. Acceptance of the 2018 Zero Waste Plan; Direction to Staff to Develop a Proposed Contract Extension to the Current Refuse Hauling and Processing Contract With GreenWaste of Palo Alto to Implement the New Zero Waste Plan; and Direction to Staff to Prepare a Request for Proposal (RFP) for Related Refuse Services, to include the changes outlined in the at places memo.

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MOTION PASSED FOR AGENDA ITEM NUMBER 3: 7-1 Holman no, Fine absent

MOTION PASSED FOR AGENDA ITEM NUMBERS 4-6: 8-0 Fine absent

Council Member Holman explained that she voted no because the item had not been vetted. Approving contracts in large dollar amounts on the Consent Calendar was bad policy.

Action Items

7. Discussion and Direction on an Operating Agreement With Pets In Need and Interim Improvements for the Palo Alto Animal Shelter.

Rob de Geus, Deputy City Manager, requested the Council provide direction to continue contract negotiations with Pets in Need. Discussion of the Animal Shelter began in 2012 when Mountain View discontinued its contract with Palo Alto. The Council approved a letter of intent with Pets in Need to operate the Animal Shelter and build a new Animal Shelter. Terms of a contract would include expanded use of the site, an additional investment of approximately \$3.4 million, a no-kill operating model, and issues of liability and startup costs. Pets in Need was interested in utilizing an L-shaped parcel that was leased to Honda at a rate of approximately \$100,000. Improvements of remodeling and expanding the medical suite, adding a modular office, repairing and adding kennels, and removing hazardous materials were required for the existing Animal Shelter. Pets in Need provided an estimated cost of \$1.8 million for the improvements. City Staff estimated the cost at \$3.4 million. The Council approved \$831,000 for the improvements through the Capital Improvement Program (CIP) budget. Staff estimated an additional \$500,000 would be needed in the current fiscal year to complete renovation of the medical suite. An additional \$2.1 million would need to be found in the next three years to improve the capacity of the Animal Shelter. A feasibility study of capital improvements indicated the appetite for supporting a new Animal Shelter was between \$6 million and \$8.8 million, which was not sufficient to construct a new facility. Therefore, the existing Animal Shelter would be utilized for longer than initially expected. Staff compiled a capital plan to improve the medical suite and kennels and add the modular office in fiscal year 2019 at a cost of approximately \$1.3 million. Pets in Need would provide the same or better services as currently offered; however, Pets in Need would not euthanize pets at the owners' requests. Staff fulfilled the meet and confer requirements with Service Employees International Union (SEIU). Animal Shelter Staff could join Pets in Need. Oversight of the Animal Shelter would shift from the Police Department to Community Services, which would require a half-time Management Specialist in Community Services. Staff and Pets in

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Need tentatively agreed to an annual cost of \$650,000 for a management agreement, an annual Consumer Price Index (CPI) increase, an additional \$40,000 for operating contingency, and increased costs if animal intake was significantly greater than anticipated. As a small nonprofit, Pets in Need was not comfortable with its potential exposure to liability; therefore, Staff was discussing language for the City to share in liability. Some startup costs had not been defined and could be added to the contract. Provisions of a facility use agreement had not been finalized.

Al Mollica, Pets in Need Executive Director, advised that Pets in Need would continue to care for all animals brought to the Animal Shelter and provide education, community outreach, and volunteer programs while committing not to euthanize a healthy or treatable animal. Facility improvements were essential for the safe and efficient operation of the Animal Shelter. While Pets in Need intended to explore the possibility of launching a capital campaign for a new facility, the Bayshore Road facility would remain in use for many years.

Gali Hagel, Pets in Need Board Member, stated Pets in Need and City Staff had agreed to many terms contained in the operating agreement and were working to resolve outstanding issues. Pets in Need was looking forward to a successful partnership.

John Lockton, Pets in Need Board President, explained Pets in Need's commitment not to euthanize animals. Pets in Need saved thousands of pets each year. A good shelter was an important component of a good city.

Jeremy Robinson, Friends of the Palo Alto Animal Shelter President, urged the Council to proceed with the contract with Pets in Need. The Friends committed to working with the City and Pets in Need to support the Animal Shelter.

Council Member Holman hoped a contract with Pets in Need could be presented to the Council before the end of the year. She inquired whether vehicles located behind the Animal Shelter would be relocated to the Municipal Services Center (MSC).

Mr. de Geus reported Pets in Need wanted to utilize the area for additional kennels; however, the Office of Emergency Services (OES) utilized the area for storage. Staff requested Pets in Need consider utilizing the front area before displacing OES.

Council Member Holman asked whether OES had identified other locations for its vehicles.

Mr. de Geus advised that Staff had searched for but not found a suitable alternative location.

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Council Member Holman recalled the audit of the Animal Shelter stating that cities had to support animal shelters, whether the city or another entity operated the shelter.

James Keene, City Manager, reported the City would contribute significantly to the Animal Shelter from both the capital and operating sides.

Mr. de Geus understood the City was mandated to provide animal control, but not an animal shelter. Many cities contracted with the county or other cities to provide an animal shelter.

Council Member Scharff inquired about Staff's confidence in the \$3.4 million estimate.

Mr. de Geus explained that the Public Works Department developed the estimate with a consultant who had experience with animal shelters. Consequently, Staff was fairly confident in the estimated amount.

Council Member Scharff inquired about the amount of the \$3.4 million expenditure that could be recovered if a new Animal Shelter was constructed in five years.

Mr. de Geus answered that the amount was unknown as a design and a plan for a new shelter had not been developed.

Mr. Keene clarified that approximately \$2 million would be utilized for kennels and \$1.4 million for renovation of the interior space. The kennels could be reused in a new Animal Shelter. If the interior improvements could be utilized along with a new facility, then the cost could be recouped. The \$20 million estimate envisioned a new, state-of-the-art facility, in which case the interior improvements could not be reused.

Council Member Scharff did not believe a new facility would be constructed in the next ten years. He asked if Pets in Need was willing to operate in the existing facility for the next ten years.

Mr. de Geus suggested Pets in Need requested the improvements because it recognized the possibility of operating within the existing facility for quite some time.

Council Member Scharff asked if the contract would obligate the City to build a new facility.

Mr. de Geus responded no.

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Council Member Scharff asked if Pets in Need would continue taking animals from other shelters and bringing them to the Palo Alto Animal Shelter or take animals from only residents of Palo Alto and its partners in the Animal Shelter.

Mr. de Geus advised that the Animal Shelter would accept pets from residents only.

Council Member Scharff inquired whether pets other than cats and dogs would be accepted.

Mr. de Geus indicated all animals could be dropped off at the Animal Shelter. The appropriate wildlife officials would be called to pick up animals other than cats and dogs.

Council Member Scharff inquired about historical data for intake and adoption of pets.

Mr. de Geus reported an average of 600 cats and dogs had been dropped off over the past ten years. With a new provider, an estimate of the number of pets that would be dropped off was unknown.

Council Member Scharff requested the cost for exceeding the number of pets.

Mr. de Geus explained that Pets in Need prepared a budget based on 600 cats and dogs. The City would pay for a pet to remain at the Animal Shelter for one month, and Pets in Need would assume the cost beyond a month. After a month, Pets in Need could take pets to its facility in Redwood City or to adoption groups specializing in specific breeds of cats and dogs.

Council Member Scharff asked if the concern was exceeding the stated 600 pets or exceeding the Animal Shelter's capacity.

Mr. de Geus noted Pets in Need wanted to include a contract provision to reopen negotiation of annual compensation within the five-year period should the number of animals significantly exceed 600. Staff wished to limit the possible compensation.

Council Member DuBois requested Pets in Need explain the difference in the cost estimates and confirm its agreement with the higher amount.

Mr. Mollica explained that a professional cost estimator prepared the estimate for the modular unit, medical suite, and the kennels. The Public Works estimate included soft and contingency costs. He assumed the Public Works estimate was accurate.

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Council Member DuBois asked if there was a similar difference in the estimate to build a new facility.

Brad Eggleston, Public Works Acting Director, advised that Public Works' estimate was based on Pets in Needs' estimate for construction costs only. Soft costs, including design fees, permitting and inspection fees, and construction management fees, for City projects were significant. The Pets in Need estimate contained a cost escalator that was valid through the summer of 2018; therefore, Staff included a longer timeframe for cost escalation. In addition, Staff also added a 10-percent construction contingency and some additional contingency for the increase in recent bids.

Council Member DuBois asked if Pets in Need could own part of the cost, such as design.

Mr. Keene reported Pets in Need was not responsible for any of the capital cost.

Mayor Kniss requested the average daily and yearly number of pets at the Pets in Need facility.

Mr. Mollica explained that the Redwood City facility could house 120 animals. He anticipated placing approximately 850 animals during 2018.

Mayor Kniss inquired regarding Pets in Need's policy for animals with medical issues that could not be treated.

Mr. Mollica advised that the animal would be euthanized. Ending an animal's suffering was a moral obligation.

Mayor Kniss clarified that Pets in Need would rehabilitate an animal if at all possible but would euthanize an animal as a last resort.

Council Member Tanaka asked if Staff had identified a source to fill the funding gap.

Mr. de Geus replied no. The CIP budget contained funding gaps for a number of projects. If the Council directed Staff to proceed with negotiations, then Staff would identify a funding source or a tradeoff of funds.

Mr. Keene suggested funding for the \$3.4 million could span two or three fiscal years. Staff needed to find \$500,000 in the current fiscal year.

Council Member Tanaka inquired about the possibility of the City matching donations rather than funding the entire amount.

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Mr. de Geus agreed that Pets in Need had successfully raised funds in the past. Staff could discuss fundraising for the improvements with Pets in Need.

Council Member Tanaka inquired whether a private entity rather than the City managing construction would decrease the cost and be more efficient.

Mr. de Geus noted construction of the Junior Museum and Zoo employed that type of model, but the agreement was more complicated. In evaluating the possibility with the City Attorney's Office and Pets in Need, Staff determined the model would not be efficient or cost effective.

Council Member Tanaka expressed concern that the plan was only aspirational without identified funding. Creativity was needed to make the project happen.

Mr. Keene reiterated that Pets in Need stated the improvements were needed. The City would not spend \$3.4 million if the cost was less than \$3.4 million. Improvements could be done in phases over two or three fiscal years. Staff's analysis indicated funding the improvements would be more cost effective than the City continuing to operate the Animal Shelter.

Mr. de Geus reported Staff would pursue a fundraising concept with Pets in Need.

Council Member Kou requested clarification of Pets in Need's use of the parcel.

Mr. de Geus indicated the driveway entrance to the Animal Shelter would remain. Pets in Need would use the parking area towards Bayshore Road for an exercise area and a modular office. Pets in Need would not utilize the space at the rear where OES stored vehicles.

Council Member Kou asked if Pets in Need would use the rear area if the OES vehicles were stored elsewhere.

Mr. de Geus answered possibly. Animal Control would remain in the rear area.

Mr. Keene clarified that the new kennels would be located on the site but outside the footprint of the existing building. Optimally, the vehicles would be moved to another storage site, and Pets in Need would utilize the rear area.

Council Member Kou wanted to ensure the animals would have space to run and exercise. She asked if Staff had an estimated date for Pets in Need to begin operating the Animal Shelter.

Mr. de Geus hoped Pets in Need's operations could begin by the end of the calendar year. If the Council provided direction to Staff, then they could utilize the direction in a meeting with Pets in Need later in the week.

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Mr. Keene remarked that progress on the contract would be determined by the Council's action during the meeting.

Council Member Wolbach requested an alternative motion as mentioned in the Staff Report.

Mr. de Geus recommended continuing negotiations with Pets in Need if the Council wished to provide an outstanding Animal Shelter within the City. Alternatively, the Council could choose to continue operating the Animal Shelter with City Staff. If the City continued to operate the Animal Shelter, then it would need to perform significant capital work and add Staff, which would be significantly more costly than a contract with Pets in Need. Another alternative is a partnership with another organization to provide services outside the City.

Mr. Keene stated an alternative motion would be a direction for Staff to discontinue negotiations with Pets in Need and to return with a capital and staffing plan for the City to reinvest in the Animal Shelter. This alternative would cost \$500,000 more annually than a contract with Pets in Need.

Council Member Wolbach requested the cause of the degradation in Animal Shelter services.

Mr. de Geus believed the cause was a lack of a plan to operate and invest in the Animal Shelter.

Council Member Wolbach requested the cost for the Downtown parking garage.

Mr. Keene responded \$28 million.

William Warrior recalled early plans for use of the land around the Animal Shelter and encouraged Pets in Need to ensure additional land was not utilized for other purposes.

Mary Sylvester commended Animal Shelter Staff for their interactions with the public. Funding the contract was within the City's means.

Pam Decharo believed spaying and neutering pets and quality animal care would reduce the need to euthanize animals. The Animal Shelter Staff had done a wonderful job, and many had worked for the community for a very long time.

Jeannette Washington advised that the facility was the only facility on the Peninsula that had not been remodeled. The Animal Shelter followed the same philosophy of no-kill shelters. She questioned whether Pets in Need would

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accept guinea pigs, rats, roosters, chickens, rabbits, or returned animals. A policy not to euthanize animals at the owners' requests would result in people taking their pets to other shelters or vets.

Stephanie Munoz suggested senior housing be built over the Animal Shelter as a means to fund the Animal Shelter.

Ann Pianetta supported retaining the Animal Shelter in Palo Alto with Pets in Need operating it.

Rita Vrhel felt the community would financially support construction of a state-of-the-art Animal Shelter. The cost should not prevent a contract with Pets in Need.

Andrew Boone remarked that the Animal Shelter benefited the community as well as pets. The Palo Alto Animal Shelter was more convenient for East Palo Alto residents; however, the City of East Palo Alto could not afford a contract with the City of Palo Alto.

Winter Dellenbach supported retaining the Animal Shelter in Palo Alto and urged the Council to proceed with a contract with Pets in Need.

Council Member Holman reflected on the importance of pets to their owners. Pets in Need would be the best operator for the Animal Shelter.

MOTION: Council Member Holman moved, seconded by Vice Mayor Filseth to direct staff to continue negotiations with Pets in Need to operate the City's Animal Shelter understanding the terms will include:

- A. Expanded site use;
- B. \$3.4M facility capital improvements;
- C. Operation changes – Implications of a No Kill Operating Model;
- D. Resolution of open items – liability, startup costs and facility use terms; and
- E. Direct Staff to return to City Council with a transition plan as soon as possible.

Council Member Holman clarified that expanded site use included the Honda dealership site and areas behind the facility currently occupied by OES vehicles.

Vice Mayor Filseth requested Staff comment on the Motion.

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Mr. de Geus noted the Motion was essentially the same as the Staff recommendation, except for Item A. The parcel leased by Honda contained 13,500 square feet.

Mr. Keene reported Item A acknowledged the need to expand the site. The other components of the Motion forced Staff to provide space and an effective solution.

Ed Shikada, Assistant City Manager, noted the plan for use of the site was in progress. Flexibility with respect to use of the site would be better given the many unknown factors.

Council Member Holman proposed the language in an effort to prevent disagreement between Staff and Pets in Need as to what the site should be.

Mr. Keene remarked that the values of the Council would direct Staff to make the best accommodation.

Council Member Holman noted prior uses of the site leased to Honda and did not believe the City needed the site.

Vice Mayor Filseth understood Council Member Holman's reasoning; however, he wished to provide Staff with flexibility.

Council Member Holman agreed to utilize language from the Staff recommendation for Item A.

Vice Mayor Filseth believed a shelter should be located in the mid-Peninsula area. Pets in Need could reduce costs and improve services.

Council Member Scharff requested Staff's interpretation of Item E.

Mr. de Geus reported Item E meant Staff would search for \$500,000 to fund additional improvements needed in the current fiscal year and return to Council with recommendations or tradeoffs for funding in the out years.

Council Member Scharff inquired whether the \$500,000 was in addition to the budgeted \$800,000.

Mr. de Geus answered yes.

Council Member Scharff asked if Staff would spend \$1.3 million in the current fiscal year.

Mr. de Geus responded yes.

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Council Member Scharff requested Staff's anticipated timeframe for finalizing the contract with Pets in Need.

Mr. de Geus hoped to present a contract to the Council in the fall so that Pets in Need could begin operations in January 2019. Construction of improvements funded by the \$1.4 million would occur within the current fiscal year. Additional details would be provided to the Council with the contract.

Mr. Keene clarified that the first phase had been identified from a planning perspective.

Mr. de Geus suggested installation of a modular trailer and repair of the kennels could occur fairly quickly.

Council Member Scharff asked Pets in Need to list its requirements to begin operations.

Mr. Mollica advised that Pets in Need needed the Council's approval to fund the renovations and completion of the contract. Staff had been hired, and kennel repairs had been identified. Pets in Need was willing to operate the Animal Shelter as renovations were being completed.

Council Member Scharff requested the remaining issues to be negotiated.

Mr. Mollica replied liability, insurance, and synchronizing the language of the operating agreement with the lease agreement.

Mr. de Geus felt the main issue was a limitation on liability.

Council Member Scharff expressed some concern about the City accepting liability when Pets in Need was the operator.

Mr. Shikada reported Staff was awaiting a proposal from Pets in Need regarding liability.

Council Member Scharff inquired about the term of the lease with Honda.

Mr. de Geus indicated the City could end the contract. Staff was searching for an alternate site for Honda's use.

Council Member Scharff suggested Staff be sensitive to Honda's needs as it provided a significant amount of sales tax revenue.

Council Member Kou preferred the original language for Item A.

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Mr. Shikada clarified that the Honda site was a part of the Staff recommendation. The layout of the future facility had not been determined. Flexibility would be needed in the rear area to accommodate Animal Control, which would remain a City function.

Council Member Kou wanted to ensure that Pets in Need had the ability to grow and expand on the site.

Mr. Keene added that the Council would have an opportunity to review the agreement with Pets in Need. Improvements would be made in two phases. The first phase pertained to the \$3.4 million improvements. The second phase would be construction of a new facility if funds could be raised. In both phases, plans and designs would be prepared and shared with the Council.

Council Member DuBois asked if the Council could do anything to speed the process.

Mr. de Geus indicated only negotiations needed to be completed.

Mr. Keene stated strong Council support would be helpful in completing the negotiations.

Council Member Tanaka reiterated the need to maintain good relations with Honda. He asked if Pets in Need could raise the needed funds.

Mr. Mollica answered no. If the City gave the facility to Pets in Need, then Pets in Need would raise the money for its facility. Fundraising for capital improvements to a City facility would be virtually impossible.

Council Member Tanaka asked if Pets in Need would raise funds for the improvements and take a percentage ownership in an amount equivalent to the percentage of funds raised.

Mr. Mollica was unsure how a percentage ownership in an animal shelter would work.

Council Member Tanaka suggested Pets in Need could take a percentage ownership in the value added to the facility.

Mr. Mollica needed a better understanding of the proposal before he could present it to his Board. Under the agreement, Pets in Need would have to raise approximately \$650,000 each year to fund its operation of the Animal Shelter.

Council Member Tanaka requested an explanation of the cost effectiveness of the contract with Pets in Need versus City operation of the Animal Shelter.

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Mr. Keene explained that the quality of services offered by Pets in Need would be better than those offered by the current Animal Shelter. If the City continued operating the facility, it would have to invest approximately \$2 million in capital improvements, increase staffing, and fund ongoing operations. The City's cost under the Pets in Need contract would be \$500,000 less than the City's cost of operating the facility. The difference between the \$2 million capital investment and the \$3.4 million capital investment with Pets in Need could be recouped in three years through the \$500,000 cost of operating the facility. After three years, the \$500,000 would be a cost savings for the City. Staff proposed a partnership with a nonprofit because nonprofits were more successful in fundraising.

Council Member Tanaka inquired whether the City's continued operation of the Animal Shelter was contained in the capital budget and operating budget.

Mr. Keene answered no. The cost of continued operation would be an additional cost.

Council Member Tanaka did not want to spend money the City did not have. He requested Staff comment on his idea of Pets in Need taking an ownership interest in exchange for funding improvements.

Mr. de Geus reminded the Council that Pets in Need agreed to fund up to 50 percent of a new shelter in the letter of intent. Negotiating with Pets in Need to invest in a City facility would be difficult.

AMENDMENT: Council Member Tanaka moved, seconded by Council Member XXX to amend the Motion, Part B to state, "Direct staff to work with Pets in Need to come up with a joint ownership model that will allow the City to figure out how to close the gap on the funding."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Tanaka requested the Motion be bifurcated into Items A, C-E and Item B.

Mayor Kniss denied the request.

Council Member Tanaka requested the City Attorney's opinion on bifurcating the Motion.

Molly Stump, City Attorney, reported the two parts would need to stand independently. Given statements from the City Manager's Officer, Item B would not stand independently.

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Council Member Wolbach believed the Animal Shelter was a critically important facility and service for the community. Maintaining the highest level of services at the Animal Shelter was the highest priority. Animal Shelter Staff provided excellent service despite the lack of resources. He inquired about the number of current Staff who could work with Pets in Need and their potential compensation.

Mr. Mollica reported Pets in Need had made conditional employment offers to three Staff members. Pets in Need would be amenable to hiring additional Staff members.

Mr. Keene reiterated that Animal Control would continue to be a City function.

Council Member Wolbach expressed concern about outsourcing City jobs because of the loss of institutional memory. He questioned whether Pets in Need would continue the policy of accepting all types of animals.

Mr. de Geus indicated they would.

Council Member Wolbach preferred funding the Animal Shelter over a parking garage. He hoped Pets in Need would join the City in fundraising efforts.

Mayor Kniss announced the Council would take up Agenda Item Numbers 8 and 11, take public comments for Agenda Item Number 9, and continue Agenda Item Number 10.

MOTION PASSED: 8-0 Fine absent

Council took a break at 9:34 P.M. and returned at 9:42 P.M.

At this time, the City Council discussed Agenda Item Number 9.

9. Recommendations From the Human Relations Commission in Response to Council Resolution Number 9653 Reaffirming Palo Alto's Commitment to a Diverse, Supportive, Inclusive, and Protective Community.

Steven Lee remarked that a gender analysis of City operations would help determine the problem and guide efforts to address it. With a small investment from the City, significant community resources could be leveraged to perform the work. He asked the Council to authorize a task force to do the work.

Helen Young urged the City to comply with the principles of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

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Shelly Kosak strongly urged the Council to follow Mr. Lee's suggestions by authorizing a task force for one year, providing the task force with access to data and information, and authorizing ten hours of Staff time per month for the task force.

Adrienne Murphy concurred with the Council forming a task force to analyze the issue.

Cherill Spencer supported Mr. Lee's plan to develop an Ordinance based on CEDAW. Santa Clara County ranked 50th in the state with regard to the wage gap between men and women.

Terry McCaffrey remarked that Amnesty International would identify volunteer opportunities in which the community could participate with immigrants.

Roberta Ahlquist supported Mr. Lee's and Ms. Kosak's comments and suggestions.

Stephanie Munoz felt an Ordinance should mimic what Federal law should be. Equality for women could lead to a brighter future for the country.

Leah Russin hoped the Council would support Mr. Lee's proposal and encouraged the Council to take action.

Bethany Winans strongly supported Mr. Lee's proposal. Palo Alto should make every effort to become a CEDAW City.

Gabriela Deeds supported Mr. Lee's proposal and Palo Alto becoming a CEDAW City.

Andrew Boone stated the City should aspire to eliminating gender discrimination with respect to pay.

Mary Jane Marcus supported Mr. Lee's proposal and encouraged the Council to support CEDAW.

Mary Sylvester supported Mr. Lee's proposal.

Mayor Kniss reported the item was continued to a date uncertain.

Council Member Wolbach requested the item be continued to a date certain.

Mr. Keene could provide a date by the end of the week.

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

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MOTION PASSED: 7-1 Wolbach no, Fine absent

8. Consideration and Adoption of an Emergency Ordinance 5447 Entitled "Emergency Ordinance of the Council of the City of Palo Alto Amending the Municipal Code to Require Relocation Assistance/Mitigation for No Fault Evictions From Multi-family Housing Developments."

Molly Stump, City Attorney, reported the item was presented to the Council based on a Colleagues' Memo, Council Members' oral requests, and a Staff initiative. The Colleagues' Memo could be an opportunity for the Council to discuss broader tenant issues. Ordinances A and A-1 required relocation assistance be provided to tenants for no-fault evictions, which included an owner demolishing a building, withdrawing rental units from the market, moving himself or his family into the rental unit, substantially renovating rental units such that they were uninhabitable, and evicting a tenant without providing a reason. Ordinances B and B-1 required a landlord/owner to state a fault reason or a State-mandated reason for eviction. If the Council could make the findings for an emergency Ordinance, it could adopt one of the Ordinances, and the Ordinance would become effective upon adoption. Ordinances A-1 and B-1 were identical companion Ordinances that could be adopted under the regular Ordinance procedure. If someone challenged the findings for an emergency Ordinance, then the regular Ordinance would be in place to continue the intent of the emergency Ordinance. For a regular Ordinance, five Council Members must vote to adopt the Ordinance, and a second reading must follow a first reading by 11 or more days. For an emergency Ordinance, four-fifths of the Council Members present must vote to adopt the emergency Ordinance. The environmental review section of the Staff Report omitted the words "significant effect on the environment." Staff believed the environmental review exception was appropriate because the Ordinance added tenant protection measures to existing residential units, which was an administrative process that did not result in physical changes to the environment. Many jurisdictions had similar Ordinances, and there was no evidence that the Ordinances had contributed to blight or impacted the physical environment. If the Council proposed major changes to the proposed Ordinances, then Staff would discuss a schedule for returning with revised Ordinances. The Council could refer the matter to a Committee for further study and consultation with stakeholders. The Council could set the topic aside.

Michelle Kraus advised that the Associate Dean of Stanford Law School supported Ordinance B with a lower number of units and Ellis Act protections. The issues were more protections, longer time periods, and more appropriate settlements. Figures in the Staff Report were 20-30 percent below the existing market rates.

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Mary Sylvester advocated for implementation of reasonable renter protections.

Andrew Boone assumed renter protections would apply to all large apartment buildings in the City.

Roberta Ahlquist proposed 20 units rather than 50 units. Just evictions and rent control were needed. The City should investigate the legality of the owner not providing one-year leases to residents of the Hotel President.

Bob Smith did not believe the complex issue should be handled so quickly. A temporary Ordinance would be more appropriate to assist residents of the Hotel President. Rent protections would drive away builders who could provide much needed housing.

Jennifer Liu opposed adoption of renter protections and just-cause evictions.

Stephanie Munoz stated a well-run city should consider tenant rights. The owner should provide other housing for the evicted tenants.

Linda Xu opposed just-cause eviction and any form of rent control. One special case should not affect all rental housing.

Maria Martinez, Buena Vista Mobile Home Park Residents Association President, supported the residents of the Hotel President. The Council should approve relocation compensation for Hotel President residents. She asked the Council to save the Hotel President as affordable housing.

Ms. Stump advised that the Ellis Act was a State law that gave owners of residential rental property the right to go out of business as a landlord, to remove the units from the market, or to cease renting units. Cities could not adopt Ordinances that conflicted with the Ellis Act. California courts had rejected a requirement for permits to be in place prior to eviction of tenants as preempted by the Ellis Act. The Ellis Act allowed the imposition of longer relocation periods in cases where cities had price controls in place. Palo Alto did not have rent control.

Vice Mayor Filseth inquired whether a local version of the Ellis Act would allow evictions to be delayed.

Ms. Stump responded no.

Kathy Edholm opposed just-cause eviction and renter assistance. The City needed to provide more housing supply.

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Joyce Liu opposed just-cause eviction and relocation assistance. Just-cause evictions made it difficult for landlords to evict tenants. Rent control did not improve the housing market.

Mathew Reed, Silicon Valley @Home, supported the Staff recommendation. Conversion of the Hotel President would cause major hardships for the tenants. The Council should consider expanding the applicability of the Ordinance to residential developments of ten units or more and adopting a comprehensive conversion Ordinance.

Tom Scott felt a just-cause eviction Ordinance was too broad, and a relocation Ordinance would be more appropriate.

Todd Lewis believed any form of rent control would deteriorate housing stock. He asked the Council to act cautiously on any form of rent control.

Diane Sun questioned whether Council action would help the people in trouble.

Zhen Shen Li remarked that renter protections would not help the housing shortage in Palo Alto. Controlling rent without controlling City fees and construction costs was not fair to landlords.

Mona He opposed adoption of an emergency Ordinance. This issue was more appropriate for the City's mediation program.

Lucy Wu commented regarding the unfairness of rent control for landlords. She opposed an Ordinance for just-cause evictions.

Matthew Warren, Law Foundation of Silicon Valley, stated no one should face eviction without the landlord stating a clear, justifiable reason for the eviction. He encouraged the Council to adopt Ordinance 1B with a revision for it to apply to all multifamily housing units. Landlords had great power to evict tenants under just cause.

Jimmy Lin, Housing Trust Silicon Valley, advocated for an Ordinance that would retain housing in Palo Alto.

John Hyjer asked the Council to reconsider its approach by not adopting just-cause eviction. The Council should focus its efforts on projects with a true change of use, a redevelopment, or demolition of an asset.

Sal Giovannato was saddened by the City Council considering an Ordinance that did not apply to the majority of landlords. He opposed adoption of an Ordinance.

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Jackie Saffier asked the Council not to adopt an overly broad, long-term solution. A relocation Ordinance would be better than the proposed Ordinances.

Carol Li opposed just-cause eviction and rent control.

Nadia Aliz, Law Foundation of Silicon Valley, believed the Council should take bold action to keep Palo Alto residents in Palo Alto. She urged the Council to adopt Ordinance 1B.

Owen Lewis remarked that a just-cause eviction Ordinance would punish the landlords who acted in good faith. The Ordinance should focus on assisting tenants who had been displaced because of a change in use.

Dennis Backlund supported the Ordinances at least with respect to residents of the Hotel President.

Chris Kellogg requested the Council require permits to be in place prior to tenant eviction. Residents of the Hotel President needed more time to find equivalent housing.

Igbal Serang believed the City Council was in a unique position to adopt an Ordinance to save the Hotel President.

Diane Boxill remarked that residents of the Hotel President would suffer if the City did not protect them. She asked the Council to adopt the Ordinance.

Steve Rudinsky supported adoption of an emergency Ordinance for just-cause eviction.

Katja Preiss commented regarding the effects of eviction on the tenants of the Hotel President. She supported adoption of an emergency Ordinance for the Hotel President.

Leannah Hunt opposed the proposed Ordinance. The Ordinance had received no public discussion prior to the Council meeting. The Council should take time to discuss a policy.

Tucker Berckmann supported Ordinance 1B. The Ordinance should provide more support for the elderly and infirm and a right for residents to return to their homes if evicted on the basis of change of use.

Mary Riordan shared her personal situation with being evicted from the Hotel President.

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Jeffrey Jones commented on the importance of affordable housing such as the President Hotel.

Tim Franzen, AJ Capital, reported AJ Capital had special expertise in the renovation, restoration, and preservation of historic assets, which drew AJ Capital to the Hotel President. AJ Capital would make needed upgrades that would be prohibited by the Ordinance under discussion. AJ Capital provided five-months' notice to tenants, would provide financial assistance, and had hired a relocation expert to assist tenants.

Dave Lanferman, AJ Capital Attorney, concurred with the City Attorney's comments regarding laws that constrain the actions a local government could take. He had serious policy and legal concerns about the proposed Ordinances. The proposed Ordinances would not be applicable to the Hotel President.

Michael Pierce urged the Council not to adopt any of the Ordinances as they created barriers for housing operators and did not address the issue at hand.

Rhov Lyn Antonio, California Apartment Association, opposed the emergency Ordinances as written. The proposed Ordinances were drafted without public or stakeholder input and did not present any Citywide data in support of adopting the Ordinances. The Council should focus on redevelopment and change of use.

Ryan Carrigan, Silicon Valley Association of Realtors, expressed concern about the lack of public feedback and the perceived need to address a single issue with an Ordinance. Adoption of an Ordinance would undermine a policy discussion.

William Choutka remarked that an unintended consequence of adopting an Ordinance would be encouragement of tenant bad behavior. He asked the Council to oppose the just-cause eviction clause.

Arthur Keller felt it was important to protect current residents while contemplating support for future residents. The Ordinance did not punish all landlords. There was no evidence that just-cause evictions caused crime. The Council had created Ordinances based on single examples.

Simone Boswell advised that Hotel President residents were offered \$3,000, which was taxable and available only after the tenant moved out of the unit. Residents asked for more time and more compensation.

John Vermes encouraged the Council to delay displacement of Hotel President residents.

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Winter Dellenbach suggested the Council review the Law Foundation letter and the Ellis Act.

Jeff Levinsky supported the more expansive Ordinance with just cause protection and application to buildings of less than 50 units.

Jeff Brown commented regarding the new owner's harassment of Hotel President residents.

Council Member Scharff believed it was important to protect the vulnerable in the community without compromising the rental market. The Council should adopt emergency Ordinance 1A; however, it was not targeted to the most vulnerable in the community.

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

- A. Adopt Emergency Ordinance 1A. Amending Chapter 9.68 (Rental Housing Stabilization) of the Palo Alto Municipal Code to Require Relocation Assistance Payments for No-fault Evictions for Multifamily Housing Developments Containing 50 or More Rental Units, and to incorporate the following language: "To be eligible for relocation assistance, a displaced residential household must have an annual household income that does not exceed eighty (80) percent of the area median household income for Santa Clara County as adjusted for household size according to the United States Department of Housing and Urban Development, as may be adjusted from time to time, and whose rental payments to the landlord remain current through the date of displacement;" and
- B. Adopt a substantively identical (non-emergency) Ordinance on first reading, which will be effective on the 31st day following its second reading.

Council Member Scharff suggested the Council needed to craft a Citywide Ordinance that protected the most vulnerable in the community.

Mayor Kniss indicated the Motion spoke to the issue of tenants being evicted through no fault of their own. The Motion provided more time and compensation for the tenants.

Council Member DuBois requested the rationale for stating a fixed amount rather than a percentage of the rent amount.

Ms. Stump disclosed that Staff reviewed a number of different municipal Ordinances. A set amount was clear and consistent. The recommended

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amounts were based on three times the average or median rent for the type of unit described. The amount represented the first and last months' rent and a security deposit of one month's rent.

Council Member DuBois noted the adjustment was based on the Consumer Price Index (CPI) for housing and questioned whether the amount would match actual housing prices.

Ms. Stump explained that an automatic adjustment to reflect the general movement of housing costs would be appropriate to keep the amount relatively current.

Council Member DuBois asked if Staff considered a change to the required length of notice.

Ms. Stump stated the length of time was set by State law except in cities with rent control, in which case the city could require a longer notice. The City of Palo Alto could not require a longer notice period for an Ellis Act eviction. Staff could explore extending the notice requirement for other types of evictions.

Council Member DuBois inquired about enforcement of the Ordinance.

Ms. Stump reported that courts would enforce the Ordinance.

Council Member DuBois asked if tenants would have to file a lawsuit if they did not receive the relocation amount.

Ms. Stump clarified that the Ordinance was not drafted for the City to enforce it.

Council Member DuBois asked how and when an Emergency Ordinance would take effect.

Ms. Stump indicated an Emergency Ordinance would become effective immediately.

Council Member DuBois inquired whether the Ordinance would apply to evictions already in process.

Ms. Stump did not have time to research the issue. Staff took the position that the City had the ability to take legislative action, and that action was effective on any eviction that had not been finalized.

Council Member DuBois requested the rationale for limiting the Ordinance to 50 units or more.

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Ms. Stump explained that Staff reviewed the number of multifamily dwellings in Palo Alto and their sizes. There appeared to be a natural break in that area. Applying the Ordinance to large developments that had the ability to impact a large number of people seemed to be logical. The Council could change the number.

Council Member DuBois commented that a housing emergency, a 13-percent increase in homelessness, and the high cost of housing warranted an emergency Ordinance. The Ordinance referred to an additional payment for low-income tenants. He did not support the requirement for 80 percent of area median income (AMI).

AMENDMENT: Council Member DuBois moved, seconded by Council Member Holman to amend the Motion, Part A to state, "... that does not exceed one hundred and twenty (120) percent of the area median household income ..."

Council Member DuBois felt a requirement for 80 percent AMI was arbitrary. A requirement for 120 percent would align with the City's affordable housing overlay. A relocation fee should apply to tenants above 80 percent.

Council Member Holman noted that people with incomes greater than 80 percent of AMI were struggling to find housing. Affordable housing developers built housing for people with incomes at 60-80 percent AMI. The amount should be 120 percent to have any meaningful impact on the tenants.

Vice Mayor Filseth asked if a tenant with income at 75 percent AMI would receive a relocation package while a tenant with income at 85 percent would receive nothing under the Motion.

Council Member Scharff answered yes.

Vice Mayor Filseth calculated 80 percent AMI in Santa Clara County as approximately \$75,000 a year.

Council Member Wolbach did not support Measure 1B, which was not contained in either the Motion or the Amendment. The Council was not ready to adopt just-cause eviction. If means testing was used, then the threshold should be 120 percent AMI. He would support the Staff recommendation of Measure 1A, which did not include means testing. The Colleagues' Memo would allow a more substantial conversation of renter protections. He supported the Amendment.

Council Member Scharff was amenable to a threshold of 100 percent AMI so that half of tenants would be above the threshold and half below the threshold.

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Council Member DuBois could agree to 100 percent of AMI in Palo Alto.

Council Member Scharff did not believe there was an AMI for Palo Alto.

Council Member DuBois could support removing the means test. Calculating the relocation fee as a percentage of the rent amount was another option.

Council Member Holman felt the threshold should be 120 percent based on the affordable housing overlay or there should not be a threshold.

AMENDMENT FAILED: 5-3 Kniss, Scharff, Tanaka no, Fine absent

City Attorney Molly Stump reminded the City Council that this vote fails because an Emergency Ordinance requires at least 7 affirmative votes to pass.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDED to change the language in the Motion, Part A to state, "...annual household income that does not exceed one hundred (100) percent of the area median household income..."

AMENDMENT: Council Member Kou moved, seconded by Council Member XX to amend the Motion, Part A to state, "...Multifamily Housing Developments Containing 20 or More Rental Units..."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Holman expressed interest in considering a limit of 20 units in a broader follow-up discussion.

AMENDMENT: Council Member Holman moved, seconded by Council Member Kou to amend the Motion, Part A to return to the Staff recommendation to state:

- A. Adopt Emergency Ordinance 1A. Amending Chapter 9.68 (Rental Housing Stabilization) of the Palo Alto Municipal Code to Require Relocation Assistance Payments for No-Fault Evictions for Multifamily Housing Developments Containing 50 or More Rental Units.

Council Member Holman noted the majority of Council Members supported a threshold of 120 percent AMI, but 120 percent AMI was not adequate to address the needs of people being displaced. Finding replacement housing in a short period of time was stressful regardless of one's income.

Council Member Wolbach reiterated that the Ordinance would apply throughout the City. He would support the Amendment.

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Council Member Holman related a property manager's comments advocating adoption of an Ordinance.

Council Member DuBois supported the Amendment. He wanted to understand the need for means testing when the eviction was no fault.

AMENDMENT FAILED: 5-3 Kniss, Scharff, Tanaka no, Fine absent

SUBSTITUTE MOTION: Council Member Holman moved, seconded by Council Member DuBois to:

- A. Adopt Emergency Ordinance 1A. Amending Chapter 9.68 (Rental Housing Stabilization) of the Palo Alto Municipal Code to Require Relocation Assistance Payments for No-Fault Evictions for Multifamily Housing Developments Containing 50 or More Rental Units, and to incorporate the following language: "To be eligible for relocation assistance, a displaced residential household must have an annual household income that does not exceed one hundred (100) percent of the area median household income for Santa Clara County as adjusted for household size according to the United States Department of Housing and Urban Development, as may be adjusted from time to time, and whose rental payments to the landlord remain current through the date of displacement;" and
- B. Adopt a non-emergency ordinance on first reading, which will have no means testing and which will be effective on the 31st day following its second reading.

Council Member Holman remarked that the Substitute Motion was a compromise between the Motion and prior Amendments.

Council Member DuBois felt the Substitute Motion was a good compromise.

Council Member Scharff would not support the Substitute Motion.

Council Member Holman clarified that the non-emergency Ordinance would not contain a means test under the Substitute Motion. She inquired whether the Council could vote on Parts A and B separately.

Ms. Stump indicated the Mayor could split the Substitute Motion.

Council Member Wolbach asked if there was any concern with Part B being different from Part A.

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Ms. Stump advised that it was lawful, assuming the requisite number of votes for both was obtained. There could be a problem with the timing of the various requirements taking effect.

Council Member Wolbach would support the Substitute Motion and hoped it passed.

Council Member Scharff reported that adoption of Part B only would leave the Council with a non-emergency Ordinance only.

Council Member Wolbach suggested the Maker and Seconder of the Substitute Motion reconsider the Substitute Motion because of the potential outcome.

Council Member Holman urged the Maker and Seconder of the Motion to support the Substitute Motion.

Vice Mayor Filseth clarified that failure of both Parts A and B of the Substitute Motion would result in a return to the Motion. Failure of Part A and adoption of Part B would result in a non-emergency Ordinance with no emergency Ordinance.

Mayor Kniss understood the Council's goal was an emergency Ordinance.

Council Member Tanaka questioned whether the Council should take more time to consider the ramifications of an Ordinance. He requested the definition of an emergency.

Ms. Stump stated the required findings for an emergency Ordinance were contained in the Ordinance.

Council Member Tanaka shared a definition of emergency as an unexpected and often dangerous situation requiring immediate action. A key word was unexpected. If the Ordinance was intended to aid residents of the Hotel President, then an emergency Ordinance was appropriate. The main issue was housing supply, but the Ordinance would de-incentivize housing and diversity.

Ms. Stump reported any ordinance declared by Council to be necessary as an emergency measure for preserving the public peace, health, or safety and containing a statement of the reasons for its urgency could be introduced and adopted at one and the same meeting if passed by a vote of four-fifths of the Council Members present.

Council Member Tanaka could not claim that the housing shortage was unexpected. The only reason for adopting an Emergency Ordinance was to assist the residents of the Hotel President. An Emergency Ordinance could

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also result in an expensive lawsuit. He suggested the Council continue the item to the next meeting.

SUBSTITUTE MOTION WITHDRAWN.

Council Member Holman was disappointed by the Council's failure to reach a compromise.

Council Member Scharff would have preferred a relocation Ordinance only, but Staff did not provide one. He would have supported continuing the item in order to craft a relocation ordinance.

Council Member Tanaka moved to continue the item.

Mayor Kniss advised that she would accept a Motion to continue if the Motion did not pass.

MOTION AS AMENDED RESTATED: Council Member Scharff moved, seconded by Mayor Kniss to:

- A. Adopt Emergency Ordinance 1A. Amending Chapter 9.68 (Rental Housing Stabilization) of the Palo Alto Municipal Code to Require Relocation Assistance Payments for No-Fault Evictions for Multifamily Housing Developments Containing 50 or More Rental Units, and to incorporate the following language: "To be eligible for relocation assistance, a displaced residential household must have an annual household income that does not exceed one hundred (100) percent of the area median household income for Santa Clara County as adjusted for household size according to the United States Department of Housing and Urban Development, as may be adjusted from time to time, and whose rental payments to the landlord remain current through the date of displacement;" and
- B. Adopt a substantively identical (non-emergency) ordinance on first reading, which will be effective on the 31st day following its second reading.

MOTION AS AMENDED PASSED: 7-1 Tanaka no, Fine absent

10. ~~PUBLIC HEARING: Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Section 18.42.040 Related to Accessory and Junior Accessory Dwelling Units (ADU/JADU) to Clarify or Modify Various Provisions Including Setback Requirements for Detached ADU Basements, Allowance for Setback and Daylight Plane Encroachments for Detached ADUs, Bonus Lot Coverage and Floor Area Eligibility, Bonus~~

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~~Floor Area Amount to Match Minimum Unit Size as Established by Building Code, Reduced Height Limit for Detached ADUs Located Within Identified Eichler Tracts, Replacement Parking Provisions as Applicable to JADUs, Allowance for Replacement Parking to be Located Within Driveways Located in Street-side Setbacks, Allowance for Existing Driveways to be Expanded to Accommodate Replacement Parking, Allowance for Noncomplying Structures to be Rebuilt as Part of Conversion to ADU, and Applicable Zoning Districts That Allow ADU Development; Finding the Ordinance Exempt From Review Under the California Environmental Quality Act (CEQA) Pursuant to CEQA Guidelines Section 15061(b)(3); and Discussion of Other Potential ADU-related Regulations. The Planning & Transportation Commission Recommended Adoption of the Ordinance.~~

State/Federal Legislation Update/Action

11. Appointment of Cory Wolbach as Alternate Board Member to the Santa Clara Valley Transportation Authority Board of Directors.

Andrew Boone indicated Measure B should be amended to eliminate Valley Transportation Authority (VTA) bus service.

MOTION: Mayor Kniss moved, seconded by Council Member Scharff to appoint Council Member Cory Wolbach as alternate Board Member to the Santa Clara Valley Transportation Authority Board of Directors.

MOTION PASSED: 8-0 Fine absent

James Keene, City Manager, requested the Mayor take public comment for Agenda Item Number 10.

Molly Stump, City Attorney, indicated the Council should continue Agenda Item Number 10 to a date uncertain.

Council Member Questions, Comments and Announcements

Council Member Holman shared Martin Bernstein's comments regarding the tile on the building adjacent to Nobu Restaurant. The item was discussed in the prior week's Council meeting.

Beth Minor, City Clerk, reported the letter was placed into the public record and forwarded to Jonathan Lait, Acting Planning Director.

Council Member Wolbach requested the meeting be adjourned in memory of Phyllis Cassel.

MINUTES

Council Member Kou requested the meeting be adjourned in memory of Senator McCain.

Council Member Tanaka had attended the Smart China Expo where participants shared best practices.

Adjournment: The meeting was adjourned in honor of United States Senator John McCain and Phyllis Cassel at 12:27 A.M.