



CITY COUNCIL SUMMARY MINUTES

Special Meeting
October 17, 2022

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 5:00 P.M.

Present In Person: Burt, DuBois, Filseth, Kou, Stone, Tanaka

Present Remotely: Cormack

Absent: None

Special Orders of the Day

1. Cybersecurity Awareness Month Proclamation

Information Technology Director Darren Numoto explained Cybersecurity Awareness Month. Tips included thinking before clicking links in emails and text messages, updating software, using strong passwords, enabling multifactor authentication, and not giving out personal information. Information is available at [CISA.gov](https://www.cisa.gov) and staysafeonline.org.

ACTION: Proclamation Issued

Study Session

2. 3400 El CAMINO REAL [22PLN-00227]: Request for Prescreening of the Applicant's Proposal to Rezone the Subject Site from Various Zoning Districts to Planned Housing Zone (PHZ) to Allow Construction of 382 Residential Rental Units (44 studios, 243 one-bedroom, 86 two-bedroom and 9 three-bedroom units) in two Buildings. Environmental Assessment: Not a Project. Zoning District: CS, CS(H), RM-20 (Service Commercial, Hotel, Multi-Family Residential).

Planning & Development Services Director Jonathan Lait stated there would be no formal action at the current meeting. The applicant will be given the opportunity to present to the Council and it will be determined whether or not they can proceed.

Planning & Development Services Planner Garrett Sauls presented a project overview. The project deviates from the code in terms of a height increase,

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increased floor area ratio (FAR), waiver from impact fees, and a request for a zero-foot build-to line on El Camino Real. The applicant proposes to proceed with Option 1 for meeting the 20-percent affordable unit ratio requirement, provide 382 rental units, retain 4000 ft² of retail space, and redesign the area where Matadero Creek is currently located to provide a meandering path for the public. If a formal application is filed, Staff would need to evaluate impact on the creek, impact of added vehicles on El Camino and Matadero Avenue, impact on the environment including California Environmental Quality Act (CEQA) analysis, architectural elements including massing and privacy of adjacent properties, and financial considerations related to loss of Transient Occupancy Tax (TOT) for retail space. Staff recommended conducting a study session on the prescreening application and providing comments to the applicant.

Staff answered questions from Mayor Patrick Burt. There are 136 hotel rooms at Creekside. The estimated TOT revenue loss would be \$300,000 to \$1.3M. Existing square footage of retail is 8,735 ft². For workforce housing, the area median income (AMI) for a 1-bedroom is 5 percent at every level: very low income, low income, moderate, and above moderate. For a 2-person household, the income is \$67,400 for very low income, \$105,400 for low income, and \$161,750 for moderate income.

Council Member Tom DuBois asked about the frequency of bus service in that area. Director Lait said bus service meets the 15-minute headway standard for morning and evening peak times.

Council Member Greer Stone asked what the setback is for creeks. Staff responded construction within 20 feet of the creek bank is prohibited. There can be an exception if geotechnical analysis determines stability of the slope without reinforcement.

Vice Mayor Lydia Kou asked if the applicant has indicated how many bedrooms are in each of the below market rate (BMR) units. Planner Sauls said the BMR program requires they be a representative mix of size and unit types. Retail space would be in Building A along El Camino Real.

Mayor Burt invited the applicant to speak.

The applicant stated items needing to be studied before moving the project forward in a formal application include public works, the creek, emergency response, transportation, utilities, GreenWaste, environmental studies, trees, and traffic and they would need to go through the Architectural Review Board. They need to determine building heights and setbacks and project feasibility.

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Public Comment

1. Winter Dellenbach spoke on behalf of Gerry Masteller, Mary Sylvester, Fred Balin, and Andie Reed. A housing proposal for the Creekside property is welcomed but the current proposal is not appropriate. She voiced safety concerns along the safe biking route along Matadero should the development be built. Either the proposed entrance on Matadero or the safe biking route should be removed. Parking on the streets would increase and residential preferential parking (RPP) would be needed in the Barron Park and Ventura neighborhoods. Developers should not gain parking fees when a 20-percent inclusionary set-aside is part of the swap to be granted a lucrative PHZ zone change. Ms. Dellenbach highlighted the incursions to the creek by the proposed development. A new tree ordinance may determine what trees could be removed and what they would be replaced with. The Driftwood Market move should be subsidized by the developer.
2. Stephen Levy said the Planned Housing Zone (PHZ) has succeeded in bringing forth 4 proposals that respond directly to HCD's request that sites have proof of interest. He asked the Council to give positive feedback to the prescreening. The project brings benefits in terms of number of units and location with access to jobs, shopping, services, amenities, and transit.
3. John King, president of the Barron Park Association, said the community supports and looks forward to the addition of new housing but the proposed project does not seem feasible. It is out of scale and would present density-related environmental and traffic problems. There are concerns about a 2-level parking structure being built next to Matadero creek. The EIR should look into transportation and sewer capacity analysis as well as arborist, wildlife, historic report, geotech, etc. Driftwood Market is important for the neighborhood and there is concern about its preservation. There are concerns about lost TOT, the Matadero safe route to school, parking along Matadero Avenue, and open spaces to play in the proposed complex.
4. Kelly Stafford, a 4th generation Palo Alto resident who resides 2 blocks down from Creekside Inn on Matadero, spoke on behalf of Rebecca Sanders, Leigh Cambra, and Stephanie Enos. She stated there is a need for 2 and 3-bedroom homes instead of studios and 1-bedroom units to attract families to stay in the community.

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Affordable housing is needed to keep people in the area where they work.

5. Arthur Liberman, Barron Park resident, welcomed housing along El Camino but said it must serve the needs of the City such as workforce housing and affordable housing. The Council should commission a coordinated area plan. Redevelopment is needed in the area. He said coherence, foresight, and planning are needed by the City.
6. Liz Gardner was thrilled for an initial plan for rental housing. She said the 20-percent BMR housing is doable but she would like to see sustainable integration like EV charging stations and solar. She asked why there were so few 3-bedroom units and so many 1-bedroom units. Interior amenities are lacking. The Driftwood Deli could be integrated into the overall design. She encouraged having an integrated community.
7. Bill Ross said the Driftwood Market is critical to the Council's evaluation of the project. He voiced concern over mitigation of the Stanford toxic plume. The evacuation routes under SB 99 need to be further delineated. There needs to be an undergrounding of utilities associated with the project. Policy implications of replacing existing profitable retail and the hotel with housing should be considered. The creek analysis will involve a stream alteration permit from the Department of Fish and Conservation and environmental analysis needs to be extensive.
8. Tanya Gupta voiced strong opposition to the prescreening request. The location is not suitable for a project of this magnitude and it would disrupt the character of the quiet community. She emphasized that the proposal has extensive opposition from the residents of Barron Park. Matadero Avenue needs to remain a safe route to school. The elimination of Driftwood and Creekside would be a true loss in an area lacking in retail. The proposed massive apartment complex would deteriorate the qualities that make Barron Park beloved.
9. Erica Valentine of Local 393 whose 3,100 members live in Santa Clara and San Benito Counties voiced excitement about the project but asked the developer to consider using a local skilled and trained workforce and ensure the construction project utilizes responsible construction methods.

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10. Amie Ashton spoke on behalf of Palo Alto Forward. The proposed site is already designated as a major site for housing within the Housing Element with proximity to jobs, retail, services, transit, and bike routes. The proposal exceeds the retail space requirement allowing for potential occupation by Driftwood Market or other retail uses. She urged the Council to provide feedback to the applicant and allow the project to proceed to the formal application stage.
11. Cedric Pitot de La Beaujardiere, resident of Barron Park, supported additional housing but said the project is too large for the site. He estimated the project would increase the population of Barron Park by 15 to 30 percent. Traffic would further back up at the stoplight at Matadero Avenue. He questioned how the developer would fit 260 trees on the site. The City should be clear on the requirements for planting trees. The upstream portions of Matadero Creek should be protected. Losing Driftwood Deli would be a big loss to the neighborhood.
12. Jonas Stafford, a long-time resident, said smaller projects are more in line with the community but are not moving forward. He suggested the Council revisit their decision from 2020 regarding planning and zoning for family neighborhoods and then turn down the current proposed project.
13. Christine Stafford grew up in Barron Park and still resides there. Home prices are out of reach for most people working in the area. Low-income housing is needed. Only one project has taken advantage of the Affordable Housing Zone approved in 2018. The project ignores the 20-foot setback from the street which the City enforced for her garage expansion.
14. Mircea of 572 Chimalus lives behind the fence of Creekside Inn. He voiced support for affordable housing but was strongly opposed to the project because of the size, height, and number of units. He said Building B should be a park, an open space. Fee reduction should not be allowed. A 1-acre park should be donated to the City.
15. Bob Moss did not object to housing along El Camino but stated the developer is ignoring existing zoning, neighborhood compatibility, traffic, and parking. He asked that the project not be approved. A 2-level underground garage is impractical for the 14 to 16-foot aquifer. The project violates the density, the 50-foot height limit, the 35-foot height limit along El Camino, FAR, and units per acre. A project is needed that complies with the Comprehensive Plan, the zoning, and

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the El Camino design guidelines. This project is ½ mile away from El Camino and Page Mill, the most congested intersection in Palo Alto. This project should be scaled back and meet the comprehensive plan of the zoning ordinance.

Mayor Burt invited the applicant to respond.

The applicant stated this is a process where the constructive ideation and criticism is used to make the proposal better and they look forward to the Council's questions and answers.

Mayor Burt said there would be no motions. Council members were invited to share their thoughts and ask questions.

Vice Mayor Kou asked for a definition of workforce. Director Lait said workforce housing is defined in the Workforce Housing Overlay as being at 140 and up to 150 percent of the AMI. Workforce is also mentioned in the guiding document for Planned Home Zoning and defined as above. Vice Mayor Kou asked for a definition of the income level for the 140 to 150 percent AMI. Director Lait said approximately \$188,720 is 140 percent AMI for a household of 2. Vice Mayor Kou said this is not reachable for janitors, electricians, gardeners, and some teachers. Vice Mayor Kou would not compare the development to Wilton Court. For the developer to ask for waivers is unconscionable. Driftwood Market and Cibo are longtime businesses in Barron Park and good neighbors. There was very little regard for youth in land use and planning. She suggested insisting on more park and open space. Parking along both sides of Matadero would cause congestion as the road is so narrow. She agreed with the public comment about SB 99 being important for emergency vehicle access.

Mayor Burt would not consider waiving impact fees for a market rate housing project or commercial project as these fees are necessary to invest in infrastructure of parks and public facilities necessary to support increases in population. Resources are not available to lose the hotel tax as well as subsidize market-rate developers. Mayor Burt voiced concerned over significant increases in the FAR and not considering increased creek setbacks.

Council Member Stone asked Staff about the impact of tree removal with the project. Staff replied the impact is unknown at this time. Council Member Stone asked about a construction timeline and its impact to Driftwood having to vacate. Planner Sauls said larger projects take at least 2 years. Council Member Stone said it was unrealistic Driftwood Deli would survive a 2-year hiatus and it would be a big loss to the community. Council Member Stone asked the anticipated cost of the market rate units. Staff replied they

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did not have that yet. Council Member Stone asked if an RPP could be done that excluded particular projects. City Attorney Molly Stump replied former Attorney General Harris issued an opinion that it was not appropriate for multi-family housing developments to be excluded from an RPP available to single-family homes. There is broad discretion for local councils to decide where to draw the lines of an RPP which would determine who is eligible to receiving parking permits. Council Member Stone asked if there were other amenities besides the swimming pool. Staff said a gym was proposed.

Council Member Cormack said the suggestions in Gail Price's email were reasonable and there was space for something to work in the location. This project represents a new community, not just a new building and amenities are a good consideration. She would like to know the dwelling units per acre in the buildable area. Council Member Cormack asked the applicant if retaining park impact fees would prevent the project from moving forward. The applicant replied that is a large line item that must be considered with moving the project forward. Council Member Cormack said the public should know how park impact fees would be used. Staff said park impact fees for the project are \$21,370,435.32.

Council Member Greg Tanaka liked that the project is studio-heavy versus 3 bedrooms because smaller units are more affordable. Having retail along all of El Camino on the first floor would be beneficial. He asked if it the El Camino entrance could be the only entrance to the property. Staff said a transportation impact study would be needed.

Council Member Eric Filseth said the project does not meet code and the height exceeds surroundings structures. The project is a 15-percent BMR project as opposed to 20 percent. He agreed with prior comments regarding issues along Matadero Avenue. Matadero Creek preservation would be a challenge. Eliminating Driftwood and Cibo along with hotel taxes do not benefit the community. Council should not waive the tree protection ordinance. RPP would cost nearby residents \$50 a permit, which is not a community benefit. The project is 85 percent market rate with 75 percent studios and 1-bedroom units renting for \$3000 to \$4000 a month and target single professionals. Council Member Filseth perceived this as Silicon Valley workforce housing. Actual affordable housing for people who work jobs in Palo Alto would be ideal. He said the project would make sense in a different area. The current location is ideal for a teacher housing project or another Wilton Court.

Council Member DuBois said a building with this height needs a setback. He agreed with Mayor Burt about the concern for losing hotel tax revenue. He voiced concerned about open space and did not consider the creek open

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space. Keeping curb cuts on El Camino would address concerns about Matadero. He agreed with not waiving fees for a market rate project. There may be privacy concerns with rooftop terraces. The City should consider including a RPP as part of the project. The Council may want to consider removing the PHZ zone. The project is asking for too much all at once. A smaller project might be feasible. He envisioned a project with a height of 50 feet or less, curb cuts only on El Camino, and massing pushed toward El Camino and away from residential neighborhoods while looking at R-1 zone setbacks with more distance from the creek and preserving mature trees.

Council Member Stone said the PHZ tool allows the Council to negotiate for more public benefit from a project, but it was not meant to allow massive departures from the zoning code. He voiced concerned about the Matadero Avenue safe route to school and the size of the units. The smaller units are not necessarily affordable. The Creekside Inn and Driftwood Deli provide tax revenues and valuable local services. The only way to reach Regional Housing Needs Allocation (RHNA) requirement of 3000 affordable housing units is through government subsidies that would require funding from the City raised through impact fees or through partnerships with nonprofit housing providers or grants from the state. If the applicant is requesting such large variances from the zoning code, it would be fair they pay the impact fees.

Council Member Cormack said something should be done with the Driftwood Deli if the project moves forward. She agreed with sole ingress and egress at El Camino. A proactive RPP makes sense. The Council should think how to evaluate future proposals in light of potential revenue loss, property tax increases, and sales tax.

Vice Mayor Kou cautioned about the need for hotels. Resident needs should be considered in project locations. Current retail at the project location would be reduced from 8,735 ft² to 4,000 ft². The Matadero Avenue safe route to school should be kept safe. Vice Mayor Kou thanked Planner Sauls for the presentation to the neighborhoods.

Mayor Burt spoke about affordable housing categories within PHZ. The formula needs to be reexamined. Calculated rental prices for different AMIs have historically been based on people having parking. Adding parking drives up price of residency. Decoupling parking undermines the subsidy for the different affordable housing types. Mayor Burt was receptive to adding housing while retaining the hotel.

ACTION: None taken

Mayor Burt announced a meeting break.

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Agenda Changes, Additions and Deletions

None.

Public Comment

1. Sherry Gu, 10-year resident of Ramona Street, spoke of a renting situation at 3185 Ramona and its impact on the neighborhood. There is high resident turnover and loud talking outdoors at night. The homeowner and primary renter were contacted with no response. Neither live on site. Speaking with the residents did not solve the problem. Night noise is an ongoing problem. A single-family house can rent 14 sleeping pods which explains the spillover to the outdoors at night. Street parking is an issue. She requested the City limit how many residents can live in a house. The primary renter rents the house for his business, Brownstone Shared Housing. The yard is not maintained. Ms. Gu requested banning Brownstone from renting single-family houses in Palo Alto because the business negatively impacts neighborhoods.
2. Bob Moss said no parks have been added in the City in decades. He suggested that when a project comes in, the Council consider having a portion of the site set aside as a public park.
3. Aram James thanked Council Member Tanaka for providing a platform for so many different topics such as weaponized police canines, tasers, open hiring processes, and reparations. He suggested Council Member Tanaka be the next vice mayor. He suggested shelving tasers and limiting the canine unit to search and rescue and drug searches while reducing that budget. The ACLU should be invited to a study session to gain insight on the privacy issue and retention of license plate video feeds.
4. Jerry Santarpia attempted to speak but had connection issues.

Consent Calendar

There were no comments. Mayor Burt asked for a motion to approve.

MOTION: Council Member DuBois moved, seconded by Vice Mayor Kou to approve Agenda Item Numbers 3-5.

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3. Approve Minutes from the September 29, 2022, and October 3, 2022, City Council Meetings
4. Approval of Construction Contract Number C23183908 With GSW Construction, Inc., in the Amount of \$995,556 for the Two Turnouts Upgrade Project (WS-07000) on California Avenue and Page Mill Road; Authorization for the City Manager to Negotiate and Execute Related Change Orders Not-to-Exceed \$99,556; and Approval of Budget Amendment in the Water Fund
5. Approval of Implementation of the U.S. Environmental Protection Agency-Funded (U.S. EPA) Greening Parking Facilities for a Sustainable Community Project and Approval of Agreement Between City of Palo Alto and City of Santa Clara to Partner on Project, and Approval of a Budget Amendment in the Stormwater Management Fund

MOTION PASSED: 7-0

City Manager Comments

City Manager Ed Shikada presented an update on COVID-19 information. The CDC booster tool can be found at bit.ly/CDCBoosterTool.

He thanked those involved in the Making Better Choices in Your Home workshop regarding electrification. More information is available at www.cityofpaloalto.org/GoElectric. Information on the heat pump water heater program can be found at www.cityofpaloalto.org/UpgradeYourWaterHeater.

The United Nations Association Film Festival begins on October 20.

The Great Shake-Out is on October 20. The City Council will have its own Shake-Out on October 24 at the beginning of the Council meeting.

Veterans Week events will begin November 7 at MacArthur Park.

City Manager Shikada outlined the upcoming Council items.

Action Items

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6. TEFRA Hearing Regarding Conduit Financing for the Kehillah Jewish High School's for the Partial or Full Refinancing of the 2014 Loan and Financing the Development, Construction, Renovation, Improvement and Equipping of the Corporation's Campus at 3900 Fabian Way, Palo Alto; and Approving the issuance of a Tax-exempt Loan by the California Municipal Finance Authority for this Purpose and Other Matters Relating Thereto

Administrative Services Director Kiely Nose explained the loans being discussed are to be issued by the California Municipal Finance Authority (CMFA) and are the sole responsibility of the borrower. The City will have no financial or legal liability, obligation, or responsibility for the project, repayment of the loans, or financing. For a loan to qualify as a tax-exempt loan, a public hearing must be conducted. Members of the community can speak in favor of or against use of tax-exempt loan proceeds for the financing of the project. Advance notice was provided to the community. Following closure of the TEFRA hearing, an elected representative of the governmental unit hosting the project will provide its approval of the issuance of the loans. Council is being asked to conduct a TEFRA hearing and adopt a resolution (Attachment A) that approves the issuance of the loans by the CMFA for the benefit of the borrower, Kehillah High School. Kehillah High School is asking for one or more 501(c)(3) tax-exempt loans not to exceed \$10.5M for the purposes described above.

Mayor Burt invited the public to comment. No one stepped forward.

Mayor Burt invited the Council members to comment.

Council Member Tanaka asked why cities may say no to such requests. Director Nose responded administrative burden is a reason. Council Member Tanaka asked why this is not a matter for the school board. Director Nose responded it needed to be a public body with established procedures and the City commonly hosts these hearings.

MOTION: Vice Mayor Kou moved, seconded by Mayor Burt to adopt Resolution 10079 approving the issuance of the loan by the California Municipal finance Authority for the benefit of the Kehillah High School.

MOTION PASSED: 7-0

7. PUBLIC HEARING: Adoption of Ten Ordinances That Repeal, and Adopt Various Sections of the Palo Alto Municipal Code (PAMC) Related to the 2022 CA Building Codes (CA Code of Regulations Title 24) Update and Proposed Local Amendments

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- (1) Chapter 15.04 Incorporating the 2022 CA Fire Code With Local Amendments;
- (2) Chapter 16.04 Incorporating the 2022 CA Building Code With Local Amendments;
- (3) Chapter 16.05 Incorporating the 2022 CA Mechanical Code With Local Amendments;
- (4) Chapter 16.06 Incorporating the 2022 CA Residential Code With Local Amendments and Amending Chapter 16.52 to Align Federal, State, and Local Flood Hazard Regulations;
- (5) Chapter 16.08 Incorporating the 2022 CA Plumbing Code With Local Amendments;
- (6) Chapter 16.16 Incorporating the 2022 CA Electrical Code With Local Amendments;
- (7) Chapter 16.18 Incorporating the 2021 International Swimming Pool and Spa Code With Local Amendments;
- (8) Chapter 16.14 Incorporating the 2022 CA Green Building Standards Code with Local Amendments;
- (9) Chapter 16.17 Incorporating the 2022 CA Energy Code Without Local Amendments.
- (10) Chapter 16.19 Incorporating the 2022 CA Energy Code With Local Amendments.

Chief Building Official George Hoyt described the California Building Standards Code. The current code expires on December 31. The City can accept the state mandates or develop local amendments. Proposed amendments and Staff recommendations were explained.

The all-electric building code applies to both residential and commercial buildings. The effective date would be January 1, 2023. The requirement of heat pump water heaters would become effective January 1, 2023.

Council Member Tanaka asked if the City requires gluing vent pipes for hot water heaters. Chief Building Official Hoyt said the City requires plastic piping to be glued and not screwed because a screwed pipe can loosen over time and produce exhaust leaks. Council Member Tanaka asked about using heat from a home A/C unit to preheat household water. Chief Building Official Hoyt said the industry is moving in that direction and they will have to see how it progresses. Council Member Tanaka asked about streamlining building permits and inspections regarding solar power and battery walls. Chief Building Official Hoyt said a streamlined checklist for residential solar is available online. They are piloting SolarAPP+ to permit roof-mounted standalone PV systems. Permits for solar panels can be issued in 10 minutes using SolarAPP+. Traditional review process takes 2 to 5 days.

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Council Member Cormack referenced the dwelling unit and congregate housing occupancy section and an associated public comment. Chief Building Official Hoyt explained the details including rooms used for sleeping purposes shall not be less than 70 ft² and when more than 2 persons occupy a room used for sleeping purposes, the required area shall be increased at a ratio of 50 ft² for each occupant. Children under 6 are not counted when determining compliance with the code. This provision was created in response to pod housing. This was not anticipated to affect senior living residences.

Council Member Cormack asked for additional information on the freeboard requirement. Chief Building Official Hoyt explained the California Building Code requires 1 additional foot of floor elevation to build a structure in a flood plain. Design flood elevation is based on the highest outside adjacent grade. If no elevation is set by FEMA, the highest adjacent grade is used.

Council Member DuBois asked for clarification around commercial building electrification and space type and cooling capacity and if this applied to all commercial buildings. Chief Building Official Hoyt said this requirement is for all commercial buildings including tenant improvements. There are no proposed exceptions. Council Member DuBois asked if an existing building would be required to put in additional sprinklers. Interim Fire Marshal Scott Woodfin said the increased sprinkler requirement is only for certain types of occupancies and in certain locations. If someone was changing an occupancy from one classification to another, they might be required to add sprinklers depending on the fire load. Being in the instances would also trigger compliance. There is no requirement to upgrade in an existing multifamily structure.

Council Member Stone asked how the City informs homeowners of historic buildings of the State historic building code. Chief Building Official Hoyt stated there was no active notification process. Guidance can be provided when requested at the Development Center. If the application came through the individual review or the planning process, guidance would be provided. The Planning office connects with Building to share information. Director Lait said they could investigate that.

Council Member Stone questioned portable propane tanks being used as a substitute. Chief Building Official Hoyt clarified small portable propane tanks are a good alternative for barbecues. Senior Resource Planner Christine Tam stated propane has a lower global warming potential than CO₂ and methane, which is in natural gas. Director Lait said usage of portable propane tanks cannot be monitored as no permit is required.

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New pools and outdoor spas will require vapor-retardant covers. Council Member Stone asked if this would be required for replacement covers for existing pools. Chief Building Official Hoyt said there was no way to monitor that as no permit is required.

Vice Mayor Kou asked about the wording in 320.3.13, Safety Certification. Interim Fire Marshal Woodfin said they followed the Santa Clara County Fire Marshal recommendations.

Vice Mayor Kou referenced 16.04.450, Section 1803.2, Investigations Required, regarding geotechnical investigations being waived. She asked how satisfactory data is determined. Interim Fire Marshal Woodfin said he would research that. They follow State Water Board recommendations regarding groundwater. Chief Building Official Hoyt said engineers doing the geotechnical review determine if the data is acceptable for the exception.

Vice Mayor Kou asked if the City was exceeding State requirements for electrification rehabilitation. Chief Building Official Hoyt said the proposal is exceeding State requirements. Other cities use a minimum building square footage as the qualifier for the substantial remodel definition. Staff proposed a combination of square footage, wall height, and roof area.

Mayor Burt invited the public to comment.

Public Comment

1. Jared Johnson, Acterra Policy and External Relations Senior Manager, urged the Council to consider more emission reduction actions for existing buildings in the Reach Code cycle. He supported a requirement for 2-way heat pump systems in cases where existing buildings are replacing gas heating systems and when new central A/C systems are installed.
2. Cedric Pitot de La Beaujardiere said the 50-50 rule is not sufficient in determining if a remodel is required to electrify. The addition of a financial threshold would ensure homes are getting electrified. He supported requiring heat pump HVAC systems in new residential building or remodels replacing their HVAC or when an A/C system is installed. The City should have incentives for ground source heat pumps. He urged the Council to use caution in communications regarding EV chargers as level 2 chargers in homes cause a need to replace transformers.

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3. Steve Rosenblum suggested the Council look at microgrids for neighborhood solar power and storage so when there are problems in the area-wide grid, local grids can kick in to smooth the loads. Regarding the EV presentation, there was no discussion of EV-to-grid power. If interfaced to the grid, EVs could be charged and discharged as needed. He endorsed heat pumps for home heating and cooling.
4. Hilary Glann of the 350 Palo Alto climate team advocated amending the proposed Reach Codes to require both water heaters and furnaces to be subject to upgrades during major remodels. She encouraged the City to develop voluntary programs in the near term for residents to replace gas furnaces. She voiced concern about contractors charging high prices to upgrade home electrical service and the cost of unnecessary City grid upgrades.
5. Andrea Gara of the 350 Palo Alto climate team urged Council to commit to quarterly check-ins regarding the heat pump water heater program and home electrification resulting from the Reach Codes. If goals are not being met, a tiered response is needed as with drought water-saving measures. Additional incentives and mandatory options should be ready if targets are missed.
6. David Coale voiced support for replacing gas furnaces with heat pump technology during large remodels.
7. Matt Passell urged mandatory programs for transitioning to electric appliances. He wanted to hear more about a grid modernization program.
8. Bruce Hodge of Carbon Free Palo Alto voiced support for extension of electrical for all new building types including ADUs and substantial remodels. Carbon Free Palo Alto recommends requiring 2-way heat pump systems in existing residential buildings when a gas ducted heating system is replaced during additions or alterations or when a new central A/C system is installed.
9. Bret Andersen agreed with prior comments. Extending requirements to existing buildings will increase awareness of electrification.
10. Sven Thesen lauded City Council actions taken in 2013 regarding requiring access to EV charging for new apartment units. He described safety and practical reasons for transitioning from gas to electric. He urged the Council to create a sundown date for

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neighborhoods with natural gas at which point the gas supply would be terminated.

11. Sophie Thesen, age 16, voiced support of the proposed changes.
12. Julia Zeitlin of the Palo Alto Student Climate Coalition (PASCC) voiced support of the Council's climate neutrality goal, the S/CAP goals and key action approval, and approval of the heat pump water heater program. She voiced support of the current and extended building Reach Codes, particularly the requirement of green building requirements for new construction projects. She urged the Council to expand the code that requires heat pump water heaters when replacing water heaters during residential additions or alterations by requiring heat pump HVAC systems as well. Commercial buildings should be held to similar standards regarding electrification.
13. Amanda Rudin, senior at Gunn High School and member of PASCC, echoed Ms. Zeitlin's comments. She stated natural gas is the second-highest cause of greenhouse gas emissions in Palo Alto. Electrification will reduce emissions from homes and benefit the health of the local ecosystem and the community.
14. Crystal Hernandez, resident of San Mateo and Acterra student ambassador program manager, voiced support of building electrification and Reach Code updates. She voiced support of recommendations made by the San Mateo Climate Action Team and seconded their comments.

Mayor Burt asked Staff if there was reconsideration of the 3-year update cycle regarding green building codes. Chief Building Official Hoyt said this was not being considered.

Mayor Burt asked about the pros and cons of adopting the requirement of 2-way heat pump heating and cooling systems in additions or alterations of existing buildings when a gas ducted heating system is replaced and when a new central A/C system is installed. Utilities Assistant Director Jonathan Abendschein stated requirements as laid out reflect the desired long-term direction. The concern in the short term is engineering and operation staff time in the Utilities Department. Half the engineering positions are currently vacant. The Engineering Department is full engaged. A small volume of higher impact appliances could have a significant impact on the engineering team. The focus on water heaters was due to the relatively flat loads they have over the course of a year with less impact than other electrification measures. Space heating peaks in winter at the same time the residential

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load peaks. It takes over a year to get new transformers due to supply chain issues. Mayor Burt proposed they identify the necessary steps to address capacity issues and allow for an update to the program within one year upon addressing those issues.

Council Member Cormack asked why electric kitchens are not required during a remodel. Chief Building Official Hoyt said it could be taken into consideration next year. Council Member Cormack asked why they are not requiring EV equipment to be installed in single and multifamily buildings. Senior Resource Planner Tam replied technology is rapidly changing and it is better to wait until it is needed.

Council Member Cormack stated Palo Alto residents used an average of 66 gallons of water per customer per day in 2020/2021, but the use in surrounding cities is much less. She stressed improvements in water usage is necessary.

Mayor Burt said until the City upgrades the residential transformer infrastructure, they may not want residents to install higher amperage EV level 2 chargers, so staying with the EV-ready program is appropriate. Council Member Filseth voiced agreement.

MOTION: Mayor Burt moved, seconded by Council Member Filseth to adopt the proposed ordinances that repeal and adopt various sections of the Palo Alto Municipal Code (PAMC) related to the 2022 California Building Codes (Cal. Code of Regulations Title 24) and proposed local amendments:

- (1) Ordinance 5563 repealing PAMC Chapter 15.04 and adopting a new Chapter 15.04 incorporating the 2022 Cal. Fire Code with local amendments;
- (2) Ordinance 5564 repealing PAMC Chapter 16.04 and adopting a new Chapter 16.04 incorporating the 2022 Cal. Building Codes and local amendments and a new Chapter 16.19 incorporating the 2022 Cal. Historical Building Code and Existing Building Code with local amendments;
- (3) Ordinance 5565 repealing PAMC Chapter 16.05 and adopting a new Chapter 16.05 incorporating the 2022 Cal. Mechanical Code with local amendments;
- (4) Ordinance 5566 repealing PAMC Chapter 16.06 and adopting a new Chapter 16.06 incorporating the 2022 Cal. Residential Code with local amendments and amending PAMC Chapter 16.52 to align federal, state, and local regulations regarding flood hazards;

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- (5) Ordinance 5567 repealing PAMC Chapter 16.08 and adopting a new Chapter 16.08 incorporating the 2022 Cal. Plumbing Code with local amendments;
- (6) Ordinance 5568 repealing PAMC Chapter 16.16 and adopting a new Chapter 16.16 incorporating the 2022 Cal. Electrical Code with local amendments;
- (7) Ordinance 5568 repealing PAMC Chapter 16.18 and adopting a new Chapter 16.18 incorporating the 2021 International Swimming Pool and Spa Code with local amendments;
- (8) Ordinance 5570 repealing PAMC Chapter 16.14 and adopting a new Chapter 16.14 incorporating the 2022 Cal. Green Building Standards Code with local amendments;
- (9) Ordinance 5571 repealing PAMC Chapter 16.17 and adopting a new Chapter 16.17 incorporating the 2022 Cal. Energy Code without local amendments;

MOTION PASSED: 7-0

MOTION: Mayor Burt moved, seconded by Council Member Stone to direct staff return to the Council as soon as feasible with recommendations on strategies to increase our electrification workforce to be able to ensure electric reliability and expand electrification programs in the next year that would incorporate two-way, heat pump, HVAC systems upon replacement upon existing gas systems when a new system is installed in residential and commercial (roof pack) systems.

MOTION FAILED: 3-4, Tanaka, Cormack Filseth, DuBois voting no

Council Member Questions, Comments and Announcements

Council Member Cormack was pleased to attend the Fire Department's promotion ceremony. She informed the Council of a potential trip for Council members to Washington, D.C. next year aligned with the National League of Cities.

Mayor Burt said a good town hall meeting was had with Barron Park, Green Acres, and Palo Alto Orchards neighborhoods. The City received notice that a proposal was being brought forward to create a joint power authority for the Santa Clara County Cities Association. Questions were raised by board members and city managers, and they are pulling back on a vote. A deeper discussion will be had at the November meeting.

There will be a Climate Collaboration Summit on November 12 at Gunn High School. Mayor Burt will request authorization of a maximum of \$5000 from the Council Contingency Fund.

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Adjournment: The meeting was adjourned at 10:45 P.M.