



CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Special Meeting
June 27, 2016

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:10 P.M.

Present: Berman, Burt, DuBois arrived at 5:13 P.M., Filseth, Holman, Kniss, Scharff, Schmid, Wolbach

Absent:

Agenda Changes, Additions and Deletions

Mayor Burt: Our first item is Agenda Changes, Additions or Deletions. We have none, except to make sure the public knows that Item Number 20 is continued to June 28, tomorrow evening.

City Manager Comments

Mayor Burt: Our next item is City Manager comments. Mr. Keene.

James Keene, City Manager: Thank you, Mr. Mayor. I just might add on the last point that you made that the Clerk's Office and the Staff worked pretty hard to get the word out to the public in advance of this meeting that Item 20 was scheduled for tomorrow night. Hopefully everybody who's interested in that item comes tomorrow night. Edgewood Plaza, I did want to let the Council know again that the City continues to collect the fine of \$1,000 per day due to the absence of a grocery store tenant at the Edgewood Plaza shopping center. As you know, a grocery store was required as a public benefit under the Planned Community Zoning Ordinance for the shopping center. The initial tenant, Fresh Market, closed in March of 2015. At the Staff level, we continue to talk to the developer, Sand Hill Properties. Talked to them last week about their obligation to fill the space with a new grocery tenant. We've also spoken to the lead person on the real estate side at Fresh Market who is seeking to assign their lease to a new operator. I did want to share that both parties are saying they are close to a deal with one new grocery tenant. That is Lucky's Supermarkets, who they are negotiating with and who is interested in the space. We'll keep the Council apprised as we learn more about the progress of negotiations and if we identify ways that the City might be able to help speed the process of

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getting a new grocery store in the space. Secondly, on June 8th, Caltrans notified the San Mateo County Transit District that it has been awarded approximately \$350,000 in Fiscal Year '16-'17 Caltrans Sustainable Transportation Planning Grant funds to advance the Grand Boulevard Initiative in Redwood City and Palo Alto. This project will facilitate concept planning for multimodal streetscape improvements along El Camino Real to create a roadway that is safe and accessible for all users and is integrated with proposed sustainable development and enhances modal choices by encouraging pedestrian and transit activity. The El Camino Real Corridor continues to be the location of a high proportion of collisions. In Santa Clara County, the roadway comprises about 1/2 percent of all streets, but it sees six percent of all bicycle and five percent of all pedestrian collisions within the county. Through a comprehensive engagement process, this project will focus on two case study locations with high opportunities for improved multimodal safety and connectivity. The case segments include Redwood City between Maple Street and State Route 84, Palo Alto between Cambridge Avenue and Lambert Avenue. A short section there. On the Consent Calendar tonight, Agenda Item Number 3, I did want to touch on this briefly. This deals with the approval of a successor solar net metering program. I understand that many Council Members may have received multiple emails raising concerns from folks saying this would hurt the solar industry. The email, to our knowledge, didn't come through our normal city.council mailbox, which may reflect the fact they're not from Palo Alto. In any case, many may not be familiar with our industry-leading sustainable programs and conservation-minded customer base. I want to take a moment to recap this issue. Tonight's recommendation establishes a successor program once the current Net Energy Metering Program cap is reached, which is expected later this year. The recommendation was considered and unanimously approved by both the Finance Committee and the Utilities Advisory Commission, and is cost-based consistent with Proposition 26 to fairly compensate solar customers without creating subsidies from non-solar customers. The proposed program continues to allow customers to net their solar generation against their onsite electric use, hour by hour, and compensates them fairly for surplus energy exported to the grid. Our Staff saw feedback from various stakeholders in developing this proposal. Only one member of the industry chose to provide formal testimony. Some of this concern, I think, comes from experience with other utilities who use different methodologies. It also comes from experiences with programs in investor-owned utilities like Pacific Gas and Electric (PG&E), who are not subject to the same regulatory constraints as publicly owned utilities. The proposal tonight is designed to avoid many of the issues the industry has been concerned about in these other electric service areas. With declining solar system costs and the extension of the Federal tax credit, the economics of solar will stay favorable. Staff believes the industry will

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continue to thrive in Palo Alto. At the same time, given the widespread conservation efforts that are characteristic of our community, the Utilities Advisory Commission (UAC) discussion noted it is particularly important that customers who are unable to install solar due to various reasons not be forced into a cross-subsidy. That's all I have there. Let's see. I did want to share that we have deployed a fire engine to the large wildland fire in Kern County. That was back on Friday. Engine 65 along with four other engines from Santa Clara County deployed to the Erskine fire. As of today, the fire had burned 45,000 acres and destroyed over 200 structures. Our strike team consists of Captain Bill Dale, Operator Mike Northup, and Firefighter Tom Yandell and Firefighter/Paramedic Tom Hamilton. Join Mayor Burt and the City's Office of Emergency Services and community emergency service volunteers this Wednesday, January 29th, from 7:00 P.M. to 9:00 P.M. in the Adobe Room of Mitchell Park Community Center for a crime safety and emergency preparedness forum. Topics will include neighborhood watch, crime prevention preparedness and steps to take before a disaster, and how to be prepared. The forum is free, but advance registration is encouraged at epvolunteers@panneighborhoods.org. Once again, there is recognition for the Magical Bridge Playground which, as you know, opened last year and has gained national attention for its innovative design, including from the White House and Michelle Obama's Let's Move campaign. It's now been recognized again in the *Best of San Francisco* magazine under the section called "South of the City," which highlights the playground's design to serve children with a range of physical and cognitive disabilities. Almost finally, I did want to share that a couple of weeks ago several of us were at the Alliance for Innovation conference in St. Paul, Minnesota, where the City was recognized for outstanding achievement in local government innovation for its Running Government IT Like a Startup, which recognizes the work the IT Department did to create the civic technology on the second floor of City Hall. Last but not least, if you get to a lull in the meeting tonight, I thought you might have fun with this View-Master. A friend of mine who is ...

Mayor Burt: 3-D?

Mr. Keene: Pardon me?

Mayor Burt: Is it 3-D?

Mr. Keene: It's hard for me to see with these glasses. Anyway, this is a retro take on a very innovative approach. A friend of mine who is the City Manager of West Hollywood is promoting the future of parking in West Hollywood. This is a fully automated garage at City Hall in West Hollywood. Be sure to start it. Look through this, and you can take a look at it. That's all I have to report.

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Mayor Burt: Thank you.

Oral Communication

Mayor Burt: Our next item is Oral Communications, and we have five speaker cards. If anyone else wishes to speak, please come forward at this time. We'll be closing off speaker cards shortly. Our first speaker is the Palo Alto Free Press. Welcome.

PaloAltoFreePress.com: I just wanted to speak with you just a little bit about the police auditor's report that was issued, I believe it was, a couple of months ago. There was a case in which a police officer was driving his vehicle at high speed without siren and without lights. If I were a FedEx driver or a UPS driver and if I was taking the same course of action here within the City of Palo Alto, I would be promptly arrested and thrown in jail, and most likely I would lose my job. That isn't the case that occurred here with the Palo Alto police officers, two. What is really interesting is that is a punishable fine. That's a misdemeanor. It's a \$1,000 fine. Michael Gennaco didn't talk about these issues. He has refused my phone calls, and he has refused my emails to discuss this subject, debate it. That's interesting. I don't know if you're aware of this or not, but California has on the books complete and total immunity of any officer here in the State of California. If he has a collision with your children, with your mom, with your dad, anybody, he has complete immunity from civil liability. It's shocking. California is the only state that has this law on the books. I just wanted you to be aware of that. I can share with you the actual citation here. It's California Vehicle Code 17004-7. In Part D, it says is immune from liability for civil damages for personal injury or for death of any person that is the result of a police officer engaged in reckless driving. I have examined all the court cases in respect to this. In each and every case, the policing agency has prevailed. It's quite interesting. It's an interesting law which needs to be changed. I just wanted you to be aware of that.

Mayor Burt: Thank you. Our next speaker is Jill Asher, to be followed by Jenny Gao.

Jill Asher: Hello. I'm Jill Asher. I'm one of the co-founders of Magical Bridge Foundation. I'm also part of the founding team of the Palo Alto Magical Bridge Playground. I'm here tonight with five of our interns, all from Palo Alto. We are here to announce a few things and to share some information about the playground. First, we want to let you know that Magical Bridge Playground is being visited by people from all over the world interested in replicating a Magical Bridge Playground in their community. Hopefully, by the end of the summer, we are going to be announcing some

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of our neighboring communities are going to be bringing a Magical Bridge to their community as well. We want to thank you for your continued support. We hope to share really great news with Palo Alto and beyond within the next month.

Jenny Gao: Hello. My name is Jenny Gao, and I am a rising junior who goes to Gunn High School currently. I am interning at the Magical Bridge Playground over the summer. Originally, the Magical Bridge Playground was just a dream of Jill and Olenka's. They wanted a space where people of all ages and abilities could play and enjoy themselves. This dream has not only been achieved and is currently thriving and benefiting people not only in our community but also communities across the Bay Area, as Jill said. Today, I'm here to proudly announce that the Playground has been awarded as the Best Playground in the Bay Area by the San Francisco Best magazine.

Kaitlin Chung: Hi. I'm Kaitlin. I'm also a rising junior at Gunn High School. I'm also interning for the Magical Bridge Foundation as with Jenny and my other peers here. I'm here to remind you all of the summer concert series that Magical Bridge Foundation is hosting every Friday evening from 6:30 P.M. to 8:00 P.M. It would really mean a lot if you could spread this to the community and your friends and family.

Ms. Asher: Just to let you know, this concert series is being co-sponsored by the City of Palo Alto. This is not just Magical Bridge putting this on. This is the City of Palo Alto and Magical Bridge. They're free, family-friendly concerts every single Friday through September 9th.

Mayor Burt: Thank you. More?

Victoria Helmer: Hi. My name is Victoria Helmer. I'm a rising senior at Gunn High School. I have attended schools in the Palo Alto Unified School District ever since first grade. Of the many things that I love about the Palo Alto Unified School District, my favorite thing is the diversity. I know that Buena Vista's presence in our community improves diversity. I think it's great that there is hope that they can continue to live in Palo Alto and improve diversity, whether it be socioeconomic or ethnic diversity in our community.

Ms. Asher: Thank you.

Mayor Burt: Thank you. Congratulations. Mr. City Manager, I assume that we are posting the Magical Bridge concerts on the homepage of our website.

James Keene, City Manager. I sure hope so. Looking to see where Claudia is. She will be down here shortly. We'll be sure that's the case.

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Mayor Burt: Thank you all. Congratulations. Our next speaker is Victoria Himmel. Is that right? I'm sorry. You were one of the speakers. Was Kaitlin Chung the other speaker? We got all that. Our final speaker is Sea Reddy.

Sea Reddy: Mr. Mayor and City Council and citizens of Palo Alto and neighborhoods. I just want to thank the community, the City government and the Police Department, having had a great experience having 60,000 people at the stadium. A seamless, just fun event over the weekend, on Saturday night. It was a game, one to one between LA and San Jose. It's not easy to manage those kind of events. As well as the Friday event with Mr. President coming to Stanford. We all had a good time, know where he is and what he spoke about. As well as Stanford holding the event on entrepreneurship. (inaudible) wish you all a great summer. Summer is already here. We are thankful for your service. We'll come back. Thank you. Bye.

Mayor Burt: Thank you. That concludes our Oral Communications.

Minutes Approval

1. Approval of Action Minutes for the June 13, 2016 Council Meeting.

Mayor Burt: The next item is Approval of Minutes from June 13, 2016. Do we have a Motion to approve?

Vice Mayor Scharff: Move approval.

Council Member Berman: Second.

MOTION: Vice Mayor Scharff moved, seconded by Council Member Berman to approve the Action Minutes for the June 13, 2016 Council Meeting.

Mayor Burt: Motion by Vice Mayor Scharff, second by Council Member Berman. Please vote on the board. That passes unanimously.

MOTION PASSED: 9-0

Consent Calendar

Mayor Burt: We now move on to the Consent Calendar. Council Member Berman.

Council Member Berman: I move that we remove Item 3 from the Consent Calendar.

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Vice Mayor Scharff: Second.

Council Member Kniss: Second.

MOTION: Council Member Berman moved, seconded by Vice Mayor Scharff, third by Council Member Kniss to pull Agenda Item Number 3 - Finance Committee Recommendation That Council Adopt a Resolution Adopting a Net Energy Metering ... to be continued to a date uncertain.

Mayor Burt: We have three Council Members, Berman, Scharff and Kniss, to remove Number 3. Council Member Holman.

Council Member Holman: I'd like to remove Item Number 15 please.

Vice Mayor Scharff: Second.

Council Member DuBois: Third.

MOTION: Council Member Holman moved, seconded by Vice Mayor Scharff, third by Council Member DuBois to pull Agenda Item Number 15 - Approval of a Contract With West Coast Arborists ... to be heard on June 28, 2016.

Mayor Burt: Item 15 is requested to be removed by Council Members Holman, DuBois and Scharff. We will now—I have one speaker on Item Number 3, Amanda Myers.

James Keene, City Manager: Mr. Mayor, could I speak real quickly?

Mayor Burt: Sure.

Mr. Keene: Just real quick as to the schedule, just before the speaker comes. Item Number 3, we would recommend—it's not time sensitive—that it come back to the Council after your break at a date uncertain. Item Number 15, the contract, is time sensitive. I would recommend that we—actually, I think we have to carry it over to tomorrow night's agenda on the 28th.

Mayor Burt: Thank you. Amanda Myers, welcome.

Amanda Myers, speaking regarding Agenda Item Number 3: Hi. My name is Amanda Myers. I'm here to speak on behalf of Solar City. I'm also a resident of Palo Alto. I want to thank you for removing Item Number 3 from the Consent Calendar. Solar City and other solar companies believe that this item requires much more discussion between the City and the solar community. We really appreciate the Council's decision to remove this item

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at this time. We look forward to working with the City in the coming months on this important issue. Thanks.

Mayor Burt: Thank you. We'll be voting on Items Number 2-16, excluding Items Number 3 and 15. Please vote on the board.

Council Member Kniss: (inaudible) Motion.

Mayor Burt: We don't have a Motion to approve.

Council Member Kniss: So moved.

Council Member Berman: Second.

MOTION: Council Member Kniss moved, seconded by Council Member Berman to approve Agenda Item Numbers 2, 4-14, and 16, including changes to Agenda Item Number 10- Approval of the Purchase of All Rights... as outline in an At Place Memorandum.

2. Approval of a Contract Amendment With Cypress Security, Inc. (C16160138A) in the Amount of \$884,552 for a Total Not-to-Exceed Amount of \$1,323,992 and Extend the Term of the Agreement to December 31, 2016.
3. ~~Finance Committee Recommendation That Council Adopt a Resolution Adopting a Net Energy Metering Successor Rate E-EEC-1 (Export Electricity Compensation), Establishing the Net Energy Metering Transition Policy, and Amending Rule and Regulation 2 (Definitions and Abbreviations) and 29 (Net Energy Metering and Interconnection).~~
4. Approval of Budget Amendments in the General Fund's Transportation Contingency Fund and in the Capital Fund in the Amount of \$45,000 for Citywide Engineering and Traffic Speed Surveys.
5. Approval and Authorization for the City Manager to Execute a Purchase Order With CSC Integrations in an Amount Not-to-Exceed \$207,025 for an Intrusion Detection System (IDS) to Improve Safety Along the Caltrain Right of Way in the City of Palo Alto and Adoption of a Related Budget Amendment in Fiscal Year 2016 General Fund.
6. Resolution 9608 Entitled, "Resolution of the Council of the City of Palo Alto Amending Utilities Rate Schedule E-15 (Electric Service Connections) and Rules and Regulations 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 18, 20, 23, and 24 (Adoption of Rules, Definitions and Abbreviations, Description of Utility Services, Application of Service, Service Contracts, Establishment and Reestablishment of Credit,

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Deposits, Access to Premises, Discontinuance, Termination and Restoration of Service, Meter Reading, Billing, Adjustments, and Payment of Bills, Metering, Utility Service Connections and Facilities on Customers' Premises, Special Electric Utility Regulations, Special Wastewater Utility Regulations, and Special Refuse Service Regulations)."

7. Resolution 9609 Entitled, "Resolution of the Council of the City of Palo Alto Amending the Net Surplus Electricity Compensation Rate (E-NSE-1)."
8. Approval and Authorization for the City Manager or his Designee to Execute the Off-Taker Generation Percentage Protection Amendment to the City's Power Purchase Agreement (PPA) With Shiloh I Wind Project LLC (Shiloh PPA) and Delegation of Authority to the City Manager to Execute Documents Necessary to Administer the Shiloh PPA and the City's Five PPAs Associated With Landfill Gas to Energy Projects.
9. Approval of and Authorization for the City Manager to Execute a Master License Agreement for use of City-Controlled Space on Utility Poles and Streetlight Poles and in Conduits With GTE Mobilnet of California Limited Partnership, DBA Verizon Wireless for a Combined Initial and Potential Extension Term of 20 Years.
10. Approval of the Purchase of All Rights, Title, and Interest Held By Globe Wireless at Property Known as Baylands ITT Transmitter Site, Assessor Parcel Numbers: 008-05-001 And 008-05-004 From Globe Wireless Located at 2601 East Bayshore Road And Approve an Amendment to the Budget in the General Fund.
11. Resolution 9610 Entitled, "Resolution of the Council of the City of Palo Alto Determining the Proposed Calculation of the Appropriations Limit for Fiscal Year 2017."
12. Approval of a Construction Contract for the Lucie Stern Buildings Mechanical and Electrical Upgrades, Capital Improvements Program Project PE-14015, With Iron Construction, Inc. in the Amount of \$2,239,781 and Approval of Amendment Number 2 to Contract Number C13148737 With Advance Design Consultants Inc. in the Amount of \$349,512 for a Not-to-Exceed Amount of \$670,267 for Construction Phase Services.
13. Approval of Amendment Number 3 to Contract Number C14153012 With Metropolitan Planning Group to add \$440,000 for a Total Not-to-

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Exceed Amount of \$940,000 for Support of Planning Review of Architectural Review Applications.

14. Approval of Amendment Number 5 to Contract Number S13149754 to add \$85,000 for a Total Amount Not-to-Exceed \$421,000 and Amendment Number 3 to Contract Number S15155809 to add \$45,000 for a Total Amount Not-to-Exceed \$95,000 With Renne Sloan Holtzman Sakai LLP Public Law Group for Labor Negotiations Services and to Extend Both Contract Terms to June 30, 2017.
15. ~~Approval of a Contract With West Coast Arborists, Inc., in an Amount Not to Exceed \$3,680,960 for Three Years for Tree Pruning and Removal Services on a Ten Year Maintenance Cycle.~~
16. Resolution 9611 Entitled, "Resolution of the Council of the City of Palo Alto Adopting the 2017-2019 Management & Professional Compensation Plan."

Mayor Burt: Motion by Council Member Kniss, second by Council Member Berman. That passes unanimously.

MOTION PASSED: 9-0

Action Items

21. Review of Recommendations From the Storm Drain Blue Ribbon Committee Regarding Future Storm Water Management Funding and Request for Council Direction on Whether to Proceed With a Proposition 218 Hearing and Property Owner Ballot-by-Mail to Approve Future Storm Water Management Rates (Continued From June 6, 2016).

Mayor Burt: We will now move on to our next item which is our first Action Item of the evening. Consideration of the ad hoc committee report and recommendations, review of polling and discussion and direction on a potential 2016 business tax to fund transportation and parking improvements including alternative ...

Vice Mayor Scharff: (inaudible) doing.

Mayor Burt: I'm sorry.

Vice Mayor Scharff: I think you've got it wrong.

Mayor Burt: Do I have this wrong?

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James Keene, City Manager: Yes. We were going to do the storm drain item.

Mayor Burt: We revised it. I'm reading off the original. Starting over. Former Item 21 is now our next item. Review of recommendations from the Storm Drain Blue Ribbon Committee regarding future storm water management funding and request for Council direction on whether to proceed with a Proposition 218 hearing and property owner ballot by mail to approve future storm water management rates. This item was continued from June 16th of this year. Welcome, Mr. Bobel. Who's kicking it off?

Phil Bobel, Public Works Assistant Director: Thank you. Joe Teresi, our Senior Engineer for the storm drain program, will take the lead. He'll be helped by Claire Elliott, the Vice Chair. Joe will introduce her. She'll actually give part of the presentation. Peter Drekmeier could not make it; child duties prevented him tonight. He sends his regrets.

Joe Teresi, Public Works Senior Engineer: Good evening. I'm Joe Teresi, Senior Engineer Public Works. I'll be walking through the presentation with you. This is an outline of what we'll be talking about this evening. I'll give you some background. We'll talk about the specifics of the Blue Ribbon Committee's few recommendations as well as their other, related recommendations. We'll talk about the implementation schedule for moving forward with a ballot measure and the Staff recommendations for Council action. In terms of background, the storm drain fund was first created in 1989 as an independent Enterprise Fund. Prior to that time, very little was being done in the area of storm drainage. What was being done was funded in the General Fund. 1989 was around the same time where all the storm water regulations for storm water quality protection came into play. That was one of the big impetuses for creating the Enterprise Fund. Back then, the fee was \$4.25 per month for a typical single-family residential parcel. Up until 1996, the City Council had the unilateral ability to set rates for the storm drainage fund. However, in 1996 with the passage of Proposition 218 on the California ballot, that was changed, and the fee was only able to be changed with a property owner ballot measure. In 2005, we did take a measure forward to our residents with a ballot by mail to all property owners. It was successful. The fee at that time was initially increased to \$10 a month for a typical single-family parcel with the provision that the Council could elect to increase that rate on an annual basis based on the rate of local inflation with a maximum adjustment rate of six percent per year. The measure was set to fund a set of seven high-priority storm drain capital improvement projects that have been completed or are about to be completed. I talked about the inflationary increase. Since that time back in 2005, the fee that you just approved as part of the fiscal 2017 budget is now

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\$13.03 per month. Also, according to the provisions of the ballot measure, that rate is going to sunset on June 1st of next year. Unless a new fee structure is approved by property owners, the rate will revert back to that original \$4.25 per month. These are some examples of some of the projects that we've completed using the funding from the storm drainage fee. The upper left is our San Francisquito Creek storm water pump station which discharges the storm water from a large area of northeast Palo Alto. Upper right is an example of some of our pipeline work. This is excavation for a new box culvert that was installed on Channing Avenue. The lower two photos are taken from Southgate where we're showing some of the innovative measures that were put into that particular project, namely the crosswalks that were constructed with pervious pavers. On the left and on the right are one of the bioretention planters that receives and infiltrates and filters the runoff before it goes into the storm drain. In your packet, you have the report from the Blue Ribbon Committee. Their recommendations on fees are broken into two parts. The first part is what they call the base element. These are the things that are the more routine, ongoing things that need to continue on a permanent basis. They include maintenance of the system, storm water quality protection, compliance with regulatory requirements. The cost of funding those ongoing, permanent programs is set at \$6.62 per month. The Blue Ribbon Committee suggests that, as in the past, the Council have the ability to increase that rate on an annual basis at the rate of Consumer Price Index (CPI) or six percent, whichever is less. One important element of the base is that the Committee felt that since this is an ongoing, permanent program that needs permanent funding, they suggest that this portion of the fee not sunset and, therefore, be permanent. That's the \$6.62 component of the new fee as proposed. The second part is the project element, which has features in that that have a finite life, that would be undertaken over the 15 years of the new fee, if it were implemented. That would be to pay for the construction of 16 high-priority capital improvement projects. There's annual funding for what's called green storm water infrastructure, which I'll talk a little bit more about and Claire Elliott will also elaborate on in her slides. There's \$154,000 per year set aside for incentive projects, which is money that would be given out in the form of rebates to residents and commercial property owners to implement green measures on their own properties. It would help to fund that. We have \$1/2 million per year for storm drain repair and rehabilitation, and also recommended in the report is that we maintain a minimum reserve balance of \$1.5 million. This is one of the funds that there is no Council policy on reserves, so this is the recommendation of the Committee. This part of the package totals \$7.03 per month and would also have the annual escalator. This portion, since it's for a finite set of work, would have a sunset in 15 years, in fiscal 2032. You might ask why we need to do more projects. These photos that I'm showing here are examples of

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some of the street flooding issues that continue with our storm drain system. I don't want to confuse this with creek flooding which is much more severe and is being undertaken as a separate operation by our Joint Powers Authority (JPA). Even from our storm drain system, it's not adequate to convey the runoff from a 10-year storm. When we get those larger storms, we end up with this flooding locally at intersections and sections with streets, which causes nuisance, which causes traffic safety issues. It's something we would like to alleviate. These slides show some examples of what I'm talking about when I mentioned the term green storm water infrastructure. This is a new term that's come into vogue. Some also call it low-impact development. It's the whole new way of looking at storm water as more of an asset rather than something to get rid of. The basic concepts in green storm water infrastructure management are to infiltrate water and filter it as it once was done when our environment was in a natural state. These photos include a green roof. The one in the top center is a cistern where water is captured and stored and reused for irrigation. The one on the right is a recreational field that's been depressed to hold water temporarily during high-flow events. The bottom is another set of photos from the Southgate neighborhood where, again, instead of just shunting the water into a pipeline and getting it offsite as quickly as possible, we take advantage of it. We infiltrate it and use it as an asset. In total, the fee recommendation part of the Committee's recommendation would result in a fee for a typical single-family residence of \$13.65 per month, which is just slightly over what it is now. As I said earlier, in Fiscal '17 the rate is \$13.03. It's a nominal increase over what folks are paying now. That would generate \$6.9 million for the various program elements. At this point, I'm going to turn for a few slides over to Claire Elliott, who served as the Co-Chair of the Blue Ribbon Storm Drain Committee. Claire.

Claire Elliott, Storm Drain Blue Ribbon Committee Vice Chair: Thank you, Joe. My name's Claire Elliott. I've enjoyed being part of the Committee. I'm a Ventura neighborhood resident and also senior ecologist with Acterra Stewardship, soon to be renamed Grassroots Ecology. Keep an eye out for that. I want to thank the Staff, Phil Bobel and Joe Teresi and all the other Staff members, that did a really wonderful job of getting us up to speed, so that we understood what we were discussing. Part of the process of getting up to speed was a field trip. You've already heard Joe talk about at least a couple of the projects. The top left was when we went to see the San Francisquito pump station that lifts the water that would otherwise be below the grade of the creek into the creek, so that it doesn't backup. The Southgate, which is a really impressive project, has got some of the neighbors taking on some of the—incorporating some ideas of green infrastructure into their own front yards, which is really one of the things I'd love to see happen more. The Mitchell Park Library project, we went to see

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that. That's Peter Drekmeier taking a picture from the other direction. I went back the next night and it was, in fact, collecting water like it was supposed to be doing and infiltrating into the groundwater. The Committee worked well together. I felt like it was a good team. We had two members from the previous 2002 Committee and five members from the Storm Drain Oversight Committee. We came up with a series of recommendations beyond what you've already heard about from Joe. The timing we talked about includes hopefully having the ballot measure in the mail in early 2017. That gives us a little bit more time to do some education of the public about why this money is needed. Also hopefully we'll have some rain, so that storm water will be fresh in people's minds at the time. Another recommendation is that we change the fee from storm drainage to storm water management. That's really important, I think, because storm drainage implies it's something we're trying to dispose of and get rid of; whereas, storm management takes into consideration that this might be a resource as well. It can be a resource both in the form of recharging groundwater that you can then pump it back out of or storing it directly in cisterns and rain barrels, that kind of thing. We also would love to see an integrated water plan. There's a lot of water plans out there. This wouldn't be anything that would reinvent the wheel, but it would incorporate all the other plans and make sure that we recognize the interconnectedness of them and that storm water can be a major piece of water supply. The major focus on green water infrastructure. As somebody once said about gravity, green infrastructure is not only a good idea, it's also the law at this point. The State's municipal permit continues to have 15 requirements that have been going on for a long time, but has a new requirement that a green storm water infrastructure plan get developed. We have a few years to do that, but that doesn't mean we can't take the initiative and get some of these things going sooner. In fact, Acterra or soon Grassroots Ecology will be working with the City. We have a grant from the Santa Clara Valley Water District to do some of the more low tech green infrastructure projects on some City property. I look forward to getting that going. There's a lot of ways that green infrastructure can be incorporated. We're hoping that every time the City does a capital improvement project of some sort, that they look for opportunities to incorporate it, so that it's part of the thought process with everything that we're doing wherever possible. Again, the second to last bullet, forming a new storm water oversight committee, there's the existing one, but we'll have a new set of fees. There will be a new committee that we're recommending to make sure that hopefully the representatives of the community feel that the money is being spent in important ways. There's a possibility of adding some money to that pocket by charging some fees for point sources to storm drains. For example, groundwater pumping into the storm drains has not been charged in the past. There's some ways that we can incorporate a fee that would hopefully

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pay for things like reusing some of the water. I think some of that's already going on, which is great. We're also recommending changing the name of our innovative projects. The innovative project fund was started with the last Storm Drain Committee. Trish Mulvey, who I've admired for many years and her ability to get a lot done in the water management world, encouraged the City to have an innovative project fund. We want that to continue, but we're proposing that the name is changed to incentive projects, because we'd like the project—it's not only private land that innovative projects can happen on. We want the innovative projects also to be taking place on City land. Instead of innovative projects, incentive projects are projects that take place on private property. Some examples there include rain barrels and permeable paving. That's my driveway there with the Prius in it with a rain barrel. We broke up our driveway and put gravel in between, so we get almost 100 percent retention of water that hits that driveway. Susan Rosenberg from the Committee had these modular units installed in her yard for a cistern underground, that stored quite a bit of water. I just wanted to share that Seattle is going a long way towards these types of projects. They have something called the 700 million gallon project. It's worth googling it and checking it out. That's just a small piece of the map that shows all the different locations where they've got green storm water infrastructure already in place in the city. I think that's something that we ought to think about for Palo Alto. That's the extent of my comments. I will turn it back to Joe for going over the schedule and next steps. Thank you.

Mr. Teresi: Thank you, Claire. Up on the slide now, we're showing the implementation schedule that we foresee. We would be coming back to you, after your break, hopefully adopting a resolution that would allow us to move forward with having a protest hearing, which would happen in October. After the first of the year, we would mail the ballots to property owners. They'd be due back in February. We'd be able to certify in March in time to have the fee take effect on June 1st when the existing fee sunsets. In terms of the recommendations, the first one is to accept the Storm Drain Blue Ribbon Committee report with appreciation. I would like to real quickly read the names of those who served on our Committee. Norm Beamer, David Bower, Nancy Clark, Peter Drekeimer, Susan Rosenberg, Bob Wenzlau, Claire Elliott, Stepheny McGraw, Hal Mickelson and Richard Whaley. Secondly, we'd like direction from Council to proceed with a Prop 218 ballot by mail process to gain property owner approval of the fees as recommended in Recommendations 1 and 2 of the Committee's report, as well to direct Staff to implement the other recommendations that were contained in the Blue Ribbon Committee's report. With that, we're here to answer questions and take it from here.

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Mayor Burt: Thank you. Do we have any technical questions or should we proceed to three members of the public who have comments? I'll go ahead. Our first speaker is Keith Barrett to be followed by Esther Nigenda. Welcome.

Keith Bennett: There's a presentation. Thank you very much for taking the time to hear our comments. I'm going to comment primarily on the point source discharge fee. I'll provide you with some information. Let's see. You're very familiar with the storm drain fund. The only point I want to emphasize in this slide is that there are no fees for point discharges now, and that these point discharges are extremely significant. Some of you have seen a slide like this before. This is estimated calendar year 2015 data. The blue on the far left is the estimated amount of water that went into the storm drains from all streets for the entire year. It's approximately 20 million cubic feet. The center one, which is kind of orange is the total from R-1 residences. That's based on 16,408 residences at 1 Emergency Response Unit (ERU). All of these numbers are based on the actual measured rainfall at the Rinconada weather station for calendar year 2015, which was 7.77 inches. One ERU is 2,500 square feet per definition. If you multiply that by 16,408, you get that number. The City street number, there's roughly 200 miles of City streets, and most of them are about 30 feet wide gutter to gutter. The final one on the right is the estimated amount of point discharge from basement dewatering alone. The estimates from the City last year was that dewatering was 8-10 million gallons per basement; there were 14 basements. You do the arithmetic. Using 9 million gallons, that's the number you get, which is also just slightly under 20 million. It's like 19 million cubic feet. Now, we have some actual measurements on basement dewatering this year from the first site that the City measures the water that was pumped from the ground per the new regulations. That site is 736 Garland. They started pumping April 1st; I believe that they will stop pumping tomorrow, is the information that I have. When I made this slide, I knew that they had pumped 30 million gallons. The actual number, I believe, is 30,900,000 gallons as of sometime this afternoon. That's roughly 4 million cubic feet. 4 million cubic feet is 20 percent of all storm water from all of the streets for the entire year of 2015. It is a very large amount of water. It's also 15 percent of the storm water estimated from all residences for the entire year of 2015. It undoes a lot of green infrastructure recharge in my humble opinion. Let's look at the actual amounts. For that one lot, that one basement, it was 1,600 times the average amount of water that comes from an R-1 lot in a year. That's based on 12 inches of runoff per year. I'll let you ...

Mayor Burt: You have a tag team?

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Mr. Bennett: Yep, we have a tag team.

Mayor Burt: Our next speaker is Esther Nigenda. Welcome.

Esther Nigenda: I want to thank the Storm Drain Committee for all the work they've done and the City Staff also. Based on Keith's presentation, you notice that the point discharge are very large. It's already been—the numbers he mentioned. What we're asking is that we have a meaningful volume-based fee for point discharges into the storm drain, which is the Item 14 from the recommendations from the Blue Ribbon Committee, of \$33.74 per 1,000 cubic feet. This is approximately equivalent to the proposed amount paid by residences above the basic fee. There are some other recommendations that we have for the City, but that's our main one. I want to point out how we came out to that number. Here it is. We have proposed—the Blue Ribbon Committee proposes \$7 for the volume-based part of the fee that we're going to pay if the recommendations and you approve them go through in the next ballot measure. Those \$7 amount comes out to \$84.36 per year. The City says that we have approximately for a standard lot 2,500 square feet of impervious area. We are assuming an average rainfall in the City of Palo Alto of 12 inches per year. The total runoff per impermeable surface per lot for any property owner is approximated to be 2,500 cubic feet. We divide the total fee that we pay per year by the 2,500 cubic feet, and we get the \$33.74 that we are recommending. That's basically how we arrived at that figure. We hope that you take this into consideration and that you implement something similar to that. Including the above items in the Blue Ribbon's proposal would reduce our public storm drain costs. It will encourage compliance with the Water Board discharge permit. It will provide funding for the green storm water infrastructure, which we all love. We think it's a great idea. It will provide incentives for best building practices that minimize discharges. We hope that this fee will let builders know that it is not proper to dump so much water. It will more fairly align payers and users. We think it will increase the support of property owners. Thank you.

Mayor Burt: Thank you. Our final speaker is Daniel Sakols. Welcome.

Daniel Sakols: Hi. My name is Daniel Sakols. I grew up on Webster Street in Palo Alto and today manage my mother's house as a rental property. I've been observing the practice of water table pumping in underground construction projects. I see a lot of valuable resource, precious water, being dumped down the drain. Not only is it a waste of a resource, but I'm hearing from friends and neighbors around the neighborhood causing problems on their property as it creates unusual shifts in the land and settling. Doors are no longer closing properly. Houses are settling in an

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improper manner. I was astonished to learn that the point sources who are voluntarily conducting this pumping are exempt from any fees that the rest of us bear. That's frankly very unfair. I hope to see that change. Not only does it send the wrong message, if they're exempt from fees, it encourages the practice of just pumping down the water table in the region and continuing with this problem. These individual point sources should be paying their fair share to use the storm drain utility just like the rest of us. The argument that this is an unused utility and in the summer time, I feel it's hogwash. It's like any other utility; you pay your share. With global warming, the argument that it's unused in the summer time may also be changing. We have data that supports that as well as we start seeing more rainfall in the summer time and in other places. That's all. Thank you.

Mayor Burt: Thank you. That concludes our public comments. Returning to the Council, I just want to remind us that Staff's asked to do two things here, to review and accept the report from the Storm Drain Blue Ribbon Committee and, second, to provide guidance to Staff on whether to proceed with a Proposition (Prop) 218 protest hearing and property owner ballot by mail to approve future storm water management rates. I think really what the review and accept means that we can have discussions, but ultimately we'll be accepting the report. Then, we can give whatever guidance we wish around the 218 on both whether to proceed and—would this also be guidance on any elements of the components that are still open for discussion?

Mr. Bobel: Maybe you're thinking of the third item. Actually, I'd say there's three items, Mayor Burt. The third is to direct the other recommendations in the report be implemented to the extent they're qualified in the report. Some of them say consider a given item. We'd consider that.

Mayor Burt: Thank you. Council Member Kniss.

Council Member Kniss: Mayor Burt, are you looking for a Motion to simply accept the report at this time?

Mayor Burt: We can get a Motion on the table, but we're also going to want to have whatever questions and comments to Staff as well.

Council Member Kniss: I'd be glad to put the accepting the Storm Drain Blue Committee with much appreciation. I would agree with that. Then, proceed with Prop 218 ballot by mail process to gain property owner approval of the proposed fee, which is Recommendation 1 and 2. The others are "consider." Do you want those included at this time? That's Number 3.

Mayor Burt: Yeah. If you want to include the ...

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Council Member Kniss: That's direct Staff to implement the other report recommendations consistent with stated qualifiers, that is "consider." That's Recommendations 3-5.

Vice Mayor Scharff: Second.

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

- A. Accept the Storm Drain Blue Ribbon Committee Report; and
- B. Direct Staff to proceed with a Proposition 218 ballot-by-mail process to gain property owner approval of the proposed Fee (Recommendation Numbers 1 and 2); and
- C. Direct Staff to implement the other Report recommendations, consistent with stated qualifiers (e.g. "consider") (Recommendation Numbers 3-15).

Mayor Burt: Would you like to speak further to your Motion?

Council Member Kniss: I'd simply say at this point that the Blue Ribbon Committee certainly did an excellent job. I know that we will move forward expediently on this. I know there are other aspects of this to be considered; however, I think that we should pass this at this point and go on to any of the other considerations.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Just briefly. I also wanted to thank the Committee. I think they did a great job on this. I think it's really important that we are actually having a flat fee. I thought the structure of the—a partial flat fee. I thought the structure of it was excellent, that we have the flat fee for the basic maintenance and operation of the storm drain. For the projects, we have the rest of it. That way we have a sustainable and clear process to fund things going on in the future. I thought that was a really good job and thoughtful. I also thought the recommendations were good. I really didn't have any problems with any of them. Thank you.

Mayor Burt: Council Member Holman.

Council Member Holman: A question. The point of impact, if you will, the discharge point of impact, why is that being suggested to Council that that's a "consider it" as opposed to "implement it"? What would a timeline be looking like if we did say consider it? When would it be coming back to

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Council for a—two questions. Why "consider"? If we do consider as opposed to act to implement it, what would the timeline be for it coming back?

Mr. Bobel: Thank you. Phil Bobel, Public Works. Actually, the word "consider" in that slide was just an example. The one you're asking about is Number 14. What it actually says is the City should evaluate the implementation of a user fee for the point source discharges. The action item for us, if you direct so, would be to evaluate. There's a number of aspects of that. The City Attorney can amplify on that. There's a number of things that need to be evaluated. First of all, we have to come up with a fee that's based on our costs. That's kind of a standard step. Then, we'd have to evaluate whether Prop 218 applies. Even if it doesn't, we'd want the fee to be related to our cost. There's work to be done either way. You might recall that, as part of the groundwater action that the Council took earlier this year, you directed us to come back in the fall with a series of measures that we needed to evaluate. One of them was this fee. We're already slated to come back to you in the fall on this issue of a fee. That would be the timeframe we'd suggest here. Without putting too fine a point on it, it would be this fall to come back with you with more information about the fee, possibly telling you that we would need longer to fully evaluate it. Quite possibly telling you that because it is a complex issue. There are several possible bases for the fee. One is the fact that the storm drain is being utilized. Another possible basis that was mentioned earlier is that the groundwater is being used. That would be a different basis for the fee. We'd have to look into that as well. I doubt if we could look into all the aspects of that by the fall, so we'd probably be coming back to you with more information and a description of what we'd have to do to have a full evaluation of this fee should you further direct us to do that

Council Member Holman: Thank you for all those details. A follow-up to that. I know this was—not the fee itself but perhaps the fee too went to Policy and Services last year. There were a couple if not three conversations about it there, also about impacts. Not financial necessarily in nature, but also the impacts on neighboring properties, on trees, da, da, da, da. Are you thinking of bringing that back in the fall as well in companion with the possible fee structure?

Mr. Bobel: We're not necessarily thinking it would be at the exact same time. The impact is a slightly different situation. Let me remind you that we have moved forward in requiring the applicant to do a certain amount of analysis for groundwater pumping. As far as impacts on neighboring property and neighboring trees, there's a requirement that on a pilot basis we're imposing right now. There is an impact evaluation that's going on. It's a pilot, and we've said that long term, if we're going to keep that, then it

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should be an ordinance revision. We'll be coming back after a pilot period; we're thinking that would be a full year. We'd come back to you not necessarily on the same timeframe in the fall with a probable ordinance revision that you could adopt. I think that will be later. That will be in '17 before we'll have a proposed ordinance based on our pilot year.

Council Member Holman: I think the Staff at the table know I have great regard for each one of you. At the same time, I find the timeline for this is more than frustrating. This has been a years-long issue with members of the community who have spoken up about this. It came to Planning Commission where there wasn't that much concern, but some serious concern about it too. I don't know what we can do to try to better prioritize this. We did have our Committee of the Whole meeting. This is a major consideration. It's very frustrating that it's creeping along as opposed to flowing, if you'll pardon any references there.

Mr. Bobel: If I could defend us a little bit there. With respect to ...

Council Member Holman: I'm not trying to attack anybody. You understand my frustration there.

Mr. Bobel: With respect to the impact analysis, let me emphasize that we are implementing that. Folks proposing basements have to analyze the impacts of their actions. Although it's a pilot, we are implementing it. We're not losing ground by putting the ordinance revision off until '17. We're just saying an ordinance revision is a longer process, we actually need time to analyze what occurred in the first year. We're not taking it off the books during that period of time. The impact analysis, that was one of the measures you did adopt, we're implementing now. The thing that isn't implemented now is the fee structure. That's an issue complicated by the fact that we have to investigate what type of fee—what the basis of that fee would be. Would it be based on the use of the groundwater or would it be based on the use of the storm drain system? If either one of those two or something else, how do we cost it out? There's a lot to look into there.

Council Member Holman: I know there is a lot. Just one last thing and I'll pass it along here. I appreciate what you are doing in the localized and single property evaluation. No surprise to any of you probably sitting at the table, maybe more Joe than anybody, I'm always more comfortable when the City is doing the analysis than when an applicant—that the City is hiring the consultant who is doing the analysis as opposed to the applicant hiring the consultant. I look forward to a next step, and hoping that this will come back in the fall with some considerations in front of us. It's an ongoing issue. I'm sorry. There is one last question. In the meantime, are we going

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to be giving basement dewatering construction permits this summer and in the fall to be utilized thereafter? Are those amendable based on any findings that we come up with or charges that we come up with? Is that a Council discretionary action that applicants should be aware of?

Mr. Bobel: With respect to the impacts, we're requiring those now prior to permit issuance, and we'll continue to do that. With respect to the fee, if we implement a fee program, then that would be applicable on whatever effective date you establish

Council Member Holman: Thank you.

Mayor Burt: Council Member DuBois.

Council Member DuBois: Thanks again for the report as well as a great list of recommendations. I had a couple of questions. We're splitting this fee into essentially two fees. Would the mail-in ballot measure need to have those separate? Will they be separate fees on the ballot?

Mr. Teresi: I might defer to the City Attorney, but I don't think they would be separate fees. I think it would need to be made clear that a portion of the fee would sunset and a portion would not. I don't know that it would need to be cited as two separate fees.

Molly Stump, City Attorney: I agree with that. We'll have to look at the exact format of the ballot. I agree with Mr. Teresi that we just need to make clear to property owners that one is an ongoing fee and the other will sunset.

Council Member DuBois: I don't think we want to be in a situation where one passed and one didn't. Are we able to highlight on the ballot that it's essentially a 60 cent increase overall? Again, you split it, so it may look a little large as a separate fee, but it's not that big of a change from where we are today.

Ms. Stump: I think that the timeframe that the Staff went over will allow us to come back to Council with some more specifics as to what the ballot would actually look like. We haven't quite gotten that far. The Staff's working with the Blue Ribbon Committee in putting together the various projects and coming with this set of substantive recommendations. I think that is our next item to work on.

Mr. Teresi: If you wanted to see that ballot that was used in 2005, it's in your Packet. It's relatively short and concise.

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Council Member DuBois: It's just a concern—it sounds like it's premature—that we present it in a way that looks reasonable. I also wanted to comment on the point source discharge fee. Separate from the impacts of pumping and, I guess, this idea of paying for the use of the storm drains themselves, the data seemed pretty compelling. Do you guys have any comments in terms of the amount of usage of the storm drain versus a typical home?

Mr. Bobel: We do a similar thing for the wastewater charges now. There is logic to charging for the use of infrastructure like that. We do that with wastewater. Staff is not opposed to this. We think it does deserve a full evaluation, and that's what we'll do.

Council Member DuBois: I think there was a letter from the public; maybe you partially answered it in your answer to Council Member Holman. Would it make sense to add language today that would enable us to add the point source fee to the 218 ballot if the evaluation came back and it was supported? Is there any way we can match the timeline?

Ms. Stump: Maybe I'll jump in here. This is an important and significant issue. We're just learning about it. We've had some very valuable information from the public as a starting place. We're not at a point where we have the data developed to a cost of service level that will really allow us to put that question before the voters. We are exploring different types of fees that could be used to address this somewhat significant activity. We'll continue to do that and report back in August when we come back.

Council Member DuBois: I'm asking is it possible to keep it open as an option or are you guys basically saying we don't have enough time, that it wouldn't happen?

Mr. Bobel: I would say it still is an option. When we come back to you the next time, we may have some more information on this. We may not have conclusive information on that, but I think we will be able to describe to you some of the options that we're looking at that wouldn't require this voter approval. I think there's a certain feeling developing that, if we miss this opportunity, we've missed a major opportunity. Staff is going to try to look at it from the perspective of what other opportunities are there, what other ways could this fee be imposed that wouldn't require voter approval. We'll be looking at that as well.

Council Member DuBois: I think that's exactly it. If it is an opportunity, is it worth trying to hit or not basically?

Ms. Stump: One of the challenges that we face is that there is a timeframe to re-up the storm water management fee. There's some tension between a

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totally innovative program where we really have not worked out the—have consultants come on to look at the comparative cost analysis the way—you're quite used to seeing those for our electric and gas utility. That's a fairly complex undertaking. There's some tension between that and the timeframe for the storm drain fee. Thank you.

Council Member DuBois: Thank you, guys. I appreciate those answers.

Mayor Burt: Council Member Schmid.

Council Member Schmid: Thanks to the Committee and to Staff and the work that's been done over the last years in finishing up everything we've accomplished. I have two questions about timing. One is the point source. The numbers we saw tonight were frankly astounding, surprising. That has impacts on the storm drain, storm drain fees, but also our use of water. I think saying we'll assess and come back in a year is not sufficient. I would think it might be appropriate to come back in three months with just some data rather than just one house, if we have a number of them. Is this an isolated incident or is it a common incident, and what can we anticipate from allowing it? To have a broader discussion about the consequences of our water use and management practices. I guess I would like to ask an amendment to just say "return in three months with point data source."

Vice Mayor Scharff: What was the Amendment?

Council Member Schmid: An update of the use of water in the dewatering that was shown to us tonight.

Vice Mayor Scharff: We have a referral to Policy and Services on this issue, to go through this stuff. I assume Staff's already working on that. When they come to Policy and Services, we'll talk about this stuff. I'm not sure. Are you thinking about an informational item are you are thinking about ...

Council Member Schmid: Yes. I think ...

Vice Mayor Scharff: Nothing goes to Council; it's just an informational item that does what?

Council Member Schmid: The numbers tonight, that came to us, were so surprising from one resident. When we have 6 or 10 or 15, I would like to see similar numbers of the total volume in the storm drains and what it might mean for nearby residences. I'm asking for a return in three months with data.

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Vice Mayor Scharff: Not to Council, as an informational item that would go in a packet, is that what you're asking for? Are you asking for a little data set that says how much water has been—I'm just unclear what you want.

Council Member Schmid: I guess I would like—the numbers that were shown to us tonight said 16 homes last year generated as much storm drain water as all residences in the City.

Mayor Burt: Council Member Schmid, I think the maker of the Motion or the seconder is asking what form you want this. As an informational item?

Council Member Schmid: It would be with an informational item that the Council can respond to.

Mayor Burt: Let me ask another question. If we did have that, wouldn't it be more appropriate to have it at the end of the storm water pumping season, whatever lag time Staff needs after that, rather than midpoint in that season?

Mr. Bobel: Exactly. That's what I would suggest. We're more than happy to come back. Remember we didn't have meters on the year that Mr. Bennett is talking about, the previous year. He's made some estimates based on numbers that we've discussed with him. We don't have any better estimates. The scale is right. It is a large number. The scale for that previous year is—that data you saw, the scale is correct, the order of magnitude is correct. All the time in the world wouldn't let us better estimate that past year. The current year, we're going to have better data—the current water year or pumping year, dry season. The current dry season will end in October. A couple of months after that ...

Council Member Schmid: Maybe.

Mr. Bobel: ... we'd be able to sum it up and give you an update on that year that has just ended.

Mayor Burt: Do you think by year end?

Mr. Bobel: Yeah.

Mayor Burt: In December?

Mr. Bobel: Yeah.

Mayor Burt: Council Member Schmid, are you okay with revising the timeframe?

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Council Member Schmid: You said, Phil, that were going to have to go through a process of analysis once you have the data, thinking through fees and rules and Codes. I guess having it in three months rather than six months allows Council to respond to the data.

Mayor Burt: He just said he wouldn't have the data. It would be mid-season in the pumping in three months. The season of pumping wouldn't be closed.

Council Member Schmid: Right, but we saw some data tonight, and we'd have more in three months. The numbers were so astounding.

Mayor Burt: I guess the maker is sticking with the three months. Is that acceptable?

Vice Mayor Scharff: No, it's not. I would suggest we do it in December, and I would be fine if return an informational in December ...

AMENDMENT: Council Member Schmid moved, seconded by Council Member XX to add to the Motion, "return in three (3) months with an Informational Report on point source data."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Mayor Burt: I will make that Motion.

Council Member Kniss: As the actual maker of the Motion, I would support 6 months.

Mayor Burt: I will offer that as a Motion. What's on the screen with the change that it would be within six months.

Vice Mayor Scharff: That's accepted. I accept it.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "return within six (6) months with an Informational Report on point source data." (New Part D)

Mayor Burt: Council Member Berman. Sorry.

Council Member Schmid: I had a second time issue. We are completing the 2005 storm drain. You mention that one of the items is still under way. As I recall, there were three main projects that were part of that, the San Francisquito pump station, the Lincoln-Channing pipeline, and the Matadero pump station. The Lincoln-Channing and the San Francisquito were more complicated than we first thought. The overages on that were substantial.

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It came to 25 percent of the total capital spending. The Matadero will be done in 2017, part of it in 2018. Has the contract for the Matadero pump station been awarded?

Mr. Teresi: I'll answer that in two parts. First of all, there were actually seven projects that were included in the 2005 ballot measure. The Matadero pump station project is the final one. The project is almost completely designed, so all the funding for the design has been in place. The actual design, we're at the 90 percent level. I would anticipate coming back to Council in September for an award of the construction contract. The work will take about a year. The work on the project will be completed by October of 2017 and in place for the following rainy season.

Council Member Schmid: We don't have the bids in yet. My question is, is there enough funding to complete the project under the ...

Mr. Teresi: I believe so, but until we get the bids I can't answer that with 100 percent certainty. I believe so, yes.

Council Member Schmid: As I look through the spending on the new storm drain fees, it does not have any flexibility for finishing projects. Will we be going out with the ballot in January before we know whether we have enough money to complete the old storm drain projects?

Mr. Teresi: Yes. We'll have that information because we'll be awarding a contract in September of this year for that work. I would also say that the estimate for that project has already been escalated. I think in the original 2005 estimate it was about \$3 million. It's now been adjusted to \$6 million. A large amount of money has already been added to that project to ensure that we'll be able to complete it.

Council Member Schmid: Under the old funding, we do have enough if the cost does come out at \$6 million. We will have those numbers available by January.

Mayor Burt: He said that.

Council Member Schmid: Thank you.

Mayor Burt: Council Member Berman.

Council Member Berman: I'll just briefly say thank you to the Storm Drain Blue Ribbon Committee. I think this is actually coming up at a fortuitous time as the thought towards storm water and the value of it is kind of shifting. I think the change to the storm water management fee also makes

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a lot of sense. Rainwater recapture and storm water management, using more onsite, is going to be a critical piece of our drought tolerance and the future of California. This is good timing. I'm excited to see it happening. I'm happy to support it. Given that we have an item coming up that, I think, a couple of people here in the room are here to hear, I'll stop there even though this is a really important issue.

Mayor Burt: I just want to add that in addition to the comments of my colleagues, I actually think this is even more transformative that we've been talking about. The historic approach was put in a bunch of storm drains, get a big storm, have a whole bunch of water pass down and go to the Bay at the same time that our creeks are approaching flood stage. Mr. Teresi said this is a separate system from our flood water control system. The problem is they converge just downstream of 101. Under our current structure where we added the whole storm water gates there, in the event of a major storm when we have too much water flowing to the creek at the same time we have too much water flowing out our storm drains, our system shuts off those gates from the storm drains, and it backs up. There's no solution to that other than having less storm water go into the storm system during a major rain storm. We're moving from the old system of just hardscape, everything runs off in an urban environment and flows down in pipes to returning to essentially more of a natural environment, where that water is being absorbed into the ground. It's a really big transformation here. This is not just about our storm water system; it is about how it complements our creek flood control project and how it basically adds to really a sustainable approach. We recently adopted our plan on sea level rise. This is a component of that adaptation, because you just can't keep having all that water flow down concrete at the same time that we have a big run off from our storm. I think it's great to do this. The advisory committee and the Staff both deserve a lot of credit. It really complements what we recently moved in the direction of, as a Council, on our landscape guidelines, where we're moving away from landscaping that really doesn't belong in our climate setting to what does. It's kind of rethinking how we go about having a built environment. I just want to commend everyone.

Mr. Bobel: Thank you for that great summary. I'd just like to commend our storm drain group. They probably spent 50 percent of their meeting time talking about the fact that we were at a turning point, and we have to do things differently and discussing this whole green infrastructure concept. Claire and the other members, I think, have done a great job in moving the City forward. My hat's off to them.

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

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- A. Accept the Storm Drain Blue Ribbon Committee Report; and
- B. Direct Staff to proceed with a Proposition 218 ballot-by-mail process to gain property owner approval of the proposed Fee (Recommendation Numbers 1 and 2); and
- C. Direct Staff to implement the other Report recommendations, consistent with stated qualifiers (e.g. "consider") (Recommendation Numbers 3-15); and
- D. Return within six (6) months with an Informational Report on point source data.

Mayor Burt: We have a Motion before us. Please vote on the board. That passes unanimously. Thank you to everyone.

MOTION AS AMENDED PASSED: 9-0

- 18. Approval of Memorandum of Understanding (MOU) Between the Santa Clara County Housing Authority, the County of Santa Clara and the City of Palo Alto to Provide up to \$14.5 Million in City Affordable Housing Funds in Support of the Housing Authority's Potential Acquisition of the Buena Vista Mobile Home Park for Deed Restricted Affordable Housing, From June 28, 2016 Through June 28, 2018; Authorize the City Manager to Implement MOU Subject to Council Conditions and Reporting.

Mayor Burt: Excuse me. We now get to move on to Item 18. I don't know if anybody's here for this. This item is approval of a Memorandum of Understanding, an MOU, between the Santa Clara County Housing Authority, the County of Santa Clara, and the City of Palo Alto to provide up to \$14.5 million in City affordable housing funds in support of the Housing Authority's potential acquisition of Buena Vista Mobile Home Park for deed restricted affordable housing. Who will launch this from the City side?

Molly Stump, City Attorney: Thank you, Mayor Burt. City Attorney Molly Stump. I'll be very brief. You have many honored guests here, who I know want to speak to the item, residents of the Buena Vista Park and elected officials and other governmental representatives who will want to speak with you as well. Before you tonight is an MOU that's been negotiated at the Staff level and approved by the County. It is before the Housing Authority, I believe, tomorrow night for their consideration. It relates to funding for acquisition of the Buena Vista site. These are affordable housing funds dedicated for only that purpose, that the Council has previously set aside to assist in the acquisition of the site. This is a more specific funding

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memorandum that's coming before you tonight. I just want to provide one update. Since the Staff Report was published on Thursday, the Federal District Court Judge did dismiss the Federal lawsuit that had been filed against the City. This afternoon, we did receive a notice that the petitioner in that matter, the owner of the site, will be appealing that to the Ninth Circuit. That litigation is ongoing, but it has been resolved at the trial court level. Thank you. We're here to answer your questions.

Mayor Burt: Thank you. We have no other Staff Report?

James Keene, City Manager: No, Mr. Mayor. To be just a little less technical than the City Attorney, I'm just personally excited to be on the Staff today as we discuss this matter with the Council.

Mayor Burt: Just so everybody understands, we have two recommendations before us. One is approval of the MOU. The second is to authorize the City Manager or his designee to implement and administer the MOU subject to conditions described in this attached report that we received tonight, and as determined by the City Council tonight. We'd be authorizing the City Manager to basically proceed on our behalf with the final negotiations on the MOU. Shall we go ahead and hear from members of the public and then return to the Council? It would be great if we can have any members of the public who wish to speak to fill out a speaker card and bring it forward at this time. Our first speaker is Erika Escalante. Welcome.

Erika Escalante: Good evening, Mayor, Council Members. Erika Escalante, President of Buena Vista Mobile Home Park Residents Association here. We've been here many times before to ask for your support. You know our story. You've heard from the residents, our children and from our supporters. In the last four years, almost four years, it's been very difficult for all of us emotionally. It's been quite the journey to simply remain in our homes. I'm sure it's been difficult for you too as decision makers. Buena Vista has presented you with a challenge greater than saving 400 residents from displacement, but addressing the issue of the lack of much needed affordable housing. I'd also like to thank you for your continued support from day one. I'm here to ask you to please vote yes on the new plan as it stands, to save Buena Vista and preserve 117 units of affordable housing. If I can have all the residents of Buena Vista and supporters please stand up. Thank you, you may sit down. [Spanish language spoken] Thank you.

Mayor Burt: Our next speaker is Bruce Ives, to be followed by Winter Dellenbach.

Bruce Ives: Mayor Burt, members of the Council, good evening. My name is Bruce Ives. I'm the Chief Executive Officer (CEO) of LifeMoves, formerly

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known as InnVision Shelter Network. We operate 17 facilities across Santa Clara and San Mateo Counties, working to return homeless families and individuals to stable housing and self-sufficiency. We proudly claim the drop-in center at the Opportunity Services Center in Palo Alto among them and the Hotel de Zink, which is a rotating faith-based shelter that rotates through churches in the Palo Alto area. Nine of our facilities are large shelters, six of those serve homeless families. We know a little bit about serving homeless families. We know it only works well when there's a true collaboration between our clients, our staff and our community partners. We also know that the best way to solve homelessness in our community is to prevent homelessness in our community. The best way to prevent family homelessness in our community is to preserve affordable family housing. That takes collaboration too, which is why it is so inspiring to see the proposal that is before you tonight. It's a true collaboration by public-sector leaders to preserve desperately needed affordable family housing in our area. What we can't afford is to have any more homeless families in our community. We are grateful for the time and the effort and the resources that you have committed to preserving affordable family housing. We're also grateful for your leadership and your collaboration in support of families who we hope never to see on the streets or on our wait lists or in our shelters. Thank you very much.

Winter Dellenbach: Greetings, Mayor ...

Mayor Burt: I'm sorry. If I might, Winter, before you begin. I certainly appreciate, and we all do, the support that everyone has here. We try to encourage members of the audience to neither applaud nor boo so that everybody feels a safe environment. We certainly respect the support that's here tonight. Winter Dellenbach.

Ms. Dellenbach: Greetings, Mayor Burt and Council Members. Tonight I'm representing Friends of Buena Vista. In the days since the plan before you was first announced, more Palo Alto and Stanford residents have asked to join Friends of Buena Vista than in any comparable period of time in the nearly four year history of Friends. To me, this indicates support in our community is growing even stronger than it was before. Goodness knows it was strong enough. We have people in all neighborhoods of Palo Alto and at Stanford that have joined Friends of Buena Vista in the last four years. Their support along with residents of Buena Vista has been steadfast every step of the way. It's deep, it's strong, it's committed, and it is absolutely determined. We are relying on each of you, each of you—I am looking you right in the eye as I go down this bench tonight—to take this next step. I am here tonight to aid you in that resolve. We're here to help. We're here with you. That's what support means. You are not alone. We feel we have

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got your back. I have here in my hand a petition. Please accept this petition signed as of today by 2,009 people in the community urging your approval of the partnership between the County of Santa Clara, your City, and the County Housing Authority that will lead to saving Buena Vista. You have received an e-copy of this as of today. I'm going to provide a hard copy to the Clerk. We are very serious. We know the gravity of today. We look forward to you approving this measure. Thank you very much.

Mayor Burt: Thank you. Our next speaker is Francesca Segre, to be followed by Keri Wagner.

Francesca Segre: Hi. Good evening, Council Members, Mayor. I'm Francesca Segre here on behalf of Assembly Member Rich Gordon. I am joined by Lisa Chung from Senator Jerry Hill's Office this evening. What I'm going to do is read to you a letter that has been signed both by Assembly Member Gordon, Senator Jerry Hill and then also Anna Eshoo, the member of Congress. Ladies and Gentlemen, we write to congratulate you on the emergence of a potential solution that prevents the eviction of 117 families at the Buena Vista Mobile Home Park in Palo Alto. We also applaud the willingness of the Housing Authority to consider partnering with the City and the County to acquire and improve the park. As your effort continues, we look forward to working with the Housing Authority and the park's nonprofit operator to see if we can identify State or Federal funds to assist with your efforts. We are pleased that you are proceeding down a path that permits 400 residents to stay in their homes, preserves and improves 117 units of affordable housing for the community, and ensures that the current property owners receive full and fair market value for the property. Thank you on behalf of Anna Eshoo, Jerry Hill and Richard Gordon. Thank you.

Mayor Burt: Thank you. Our next speaker is Keri Wagner, to be followed by Erwin Morton.

Keri Wagner: Hi. I'm Keri Wagner, Vice President (VP) Leadership for the Palo Alto Council of Parent-Teacher Associations (PTAs). Our President, Susan Usman, couldn't be here tonight. The PTA Council is the umbrella organization for all 17 school PTAs in the Palo Alto Unified School District. We voted in January 2013 to support the residents of Buena Vista. I'd like to thank School Board Members Heidi Emberling and Terry Godfrey for coming tonight to support Buena Vista. I'd like to read a letter from our President, Susan Usman, which was published in the *San Jose Mercury* last week. PTA, California's largest and oldest all-volunteer advocacy organization for children is proud to support the new plan to preserve, acquire and improve the Buena Vista Mobile Home Park in Palo Alto. More than 100 very low income Palo Alto students and their families in the park

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have lived, worked and gone to school under threat of eviction since 2012. These students enrich the education of every student in Palo Alto schools. 100 percent of the Buena Vista students graduate high school compared to the Silicon Valley 70 percent rate for similarly situated low income Hispanic families. The Buena Vista families enrich our community. They are our neighbors and our friends, and they perform valuable work in our homes, our schools, our restaurants, our offices, all over the City. We urge our community to come together to support this plan. Signed by Susan Usman, President of the Palo Alto Council of PTAs. Thank you.

Mayor Burt: Thank you. Our next speaker is Erwin Morton.

Erwin Morton: Mr. Mayor, members of the Council, my name's Erwin Morton. I've been a resident of Palo Alto for about 35 years. I used to serve on the Palo Alto PTA Council Board; I was on there for about 20 years. I'm not there now, but I'm here today as a Vice President of the Sixth District PTA, which is the umbrella PTA organization that serves and supports Palo Alto Council, seven other councils, 220 schools in four counties. Like the Palo Alto PTA Council, we voted sometime ago to support the efforts to keep the residents in Palo Alto and in their community. You all know that PTA is not about housing or land use. Some of you may know that we're not about schools either. We're actually about kids. Not just your kids and my kids, but our 9.2 million kids. That's what brings us here today. More than 100 of our kids are in danger of losing their homes, their community, their friends and their schools. Again, these are our kids and a special community that takes extraordinary care of them. We thank you deeply for your ongoing efforts to keep our kids in their homes and their community, in our community, and we encourage you to support the two motions on the table. Thank you very much.

Mayor Burt: Thank you. Our next speaker is Cybele LoVuolo-Brushman. Welcome.

Cybele LoVuolo-Bhushan: That's Bhushan. Congratulations on the successful resolution of the lawsuit. I just want to thank you all for your participation as well as County Supervisor Joe Simitian and the Board of Supervisors and Winter Dellenbach and residents, Erika Escalante, everybody who's worked so hard here. It's astounding. It's a wonderful, wonderful day. The only thing I'd like further to say—without my glasses, I can't read my writing—is that this vote is, I think, amazing. I think it is—we're turning a corner in our culture to where we're going to human values. Thank you and I'm pretty sure you're going to all vote the right way. Thank you very much.

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Mayor Burt: Thank you. Our next speaker is Litsie Indergand.

Litsie Indergand: You didn't tell me I was going to speak a little while ago. My name is Litsie Indergand. I've been a resident of Palo Alto for about 35 years. I am one of the few people who thought about and started the Opportunity Center of the Midpeninsula. I don't think anybody I have ever met thinks that that was a bad idea and that, oh my God, we used a little public money for that, wasn't that awful. I think now there are quite a few people, not just the 100 or so people who live there, but people who use these facilities and people who know that a lot of the people you see in the Opportunity Center would be sleeping on the street if it were not there. I think Buena Vista is almost as important as the Opportunity Center. I would hate to see all the people who live in Buena Vista be homeless. If they were going to find a different place, you tell me where they would find similar living for similar prices where their children could go to the same kind of schools they get in Palo Alto. I don't care how many people object to public money being used to save these 100-and-some families' homes. I think that's far more important than anything else I can think of. Please vote to keep Buena Vista where it is and keep all these people having their homes. Thank you.

Mayor Burt: Thank you. Our next speaker is Pilar Lorenzana-Camp. Welcome.

Pilar Lorenzana-Campo: Thank you. Good evening, Mayor Burt, Vice Mayor Scharff, members of the City Council. My name is Pilar Lorenzana-Campo, and I'm the Policy Director for Silicon Valley at Home, SV at Home for short. SV at Home is a nonprofit advocacy organization and capacity-building organization that's working to increase the stock of affordable housing throughout Silicon Valley communities. During Affordable Housing Week last month, two of the events that we hosted during the month was a premiere of the Elizabeth Lo film on the Buena Vista Mobile Home Park. At the premiere, we had a chance to meet many of the people that call Buena Vista home. We heard their fears about the closure of the park and their strong hope that they could stay in a community, which is a really wonderful place. It's located in a place where we have very few affordable housing options. On behalf of all of our members, I'm here today to strongly voice our support for the MOU and the action that's before you today. We really applaud the City and we commend the City for partnering with the Housing Authority as well as the County and for being willing to invest public funds to allow these families to remain in Palo Alto. This collaborative effort that you're undertaking is a solution that isn't just for Palo Alto, but it will actually mitigate the housing crisis that we're experiencing as a county and across the region. On behalf of all our members, I'd also like to say that we

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look forward to continuing to work with all of you to ensure that we have housing for all in Palo Alto. Thank you for your leadership and thank you for the opportunity to speak before you today.

Mayor Burt: Thank you. Our next speaker is Lisa Chung from Senator Hill's Office.

Lisa Chung, Senator Jerry Hill's Office: I should have come after Litsie, then the mic would be at the right place. Mayor Burt and Vice Mayor Scharff, members of the City Council, thank you for giving me the opportunity to speak today. I'll be very brief. My boss would not send me here if he didn't think it was very important and that you have something very special to do, innovative and collaborative. I urge you to vote in support of Item 18. Thank you.

Mayor Burt: Thank you. Our next speaker is Herb Borock.

Herb Borock: Mayor Burt and Council Members, you have at places a letter from me that expresses a concern that I have previously expressed of fees collected from commercial and industrial development being used for a part of the \$14.5 million. The nexus study for those fees documented and quantified the housing needs for the new working population in those nonresidential structures. The fee was set on the basis of their housing needs rather than addressing existing housing problems or needs. My concern is that, since I believe that use of the fees is not possible based upon the nexus study, the use of those fees would then be subject to a challenge from some developer of nonresidential property and say we shouldn't be collecting those fees anymore, because they're not being used in the proper way. Passing a resolution or a new nexus study after the fact does not justify the use of those fees that were collected under a different nexus study. The reason why the City has the ability to spend \$14.5 million is that fees were collected from projects throughout the City. You waited for an opportunity to pool that money for this particular project. That's why I was surprised when you were discussing the 567 Maybell project that speakers were asked their opinion of whether the in-lieu housing fees from that development should be targeted in their neighborhood. I think the procedure we've had up to date is the proper one, that you pool the fees and not target them from a specific development for a specific project. Thank you.

Mayor Burt: Thank you. Our next speaker is Sea Reddy.

Sea Reddy: Thank you for the opportunity. I will be very short. We all know about when we were going to school, there's a Maslow's theory of a pyramid. The basic part of it is biological and physical needs. It says it's

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basic life needs, air, food, drink, shelter and warm. I think we—I've thought a lot about, and I've talked to my friends, we need to put shelter ahead of food. If we have shelter for everybody, I think we need to guarantee that in America. Mighty America has a lot of land, a lot of places, a lot of empty houses. I think this is the beginning. If we can do this in Palo Alto, we can extend this to the state, county, nation, for everyone to have a place to sleep. Food is cheaper once you have a place to sleep. Thank you.

Mayor Burt: Thank you. Our next speaker is Stephanie Munoz.

Stephanie Munoz: Good evening, Mayor Burt and Council Members. I'm really proud of Palo Alto. This story with the mobile home park is happening all over the country. It's very unfair. Palo Alto and Santa Clara County are taking a stand, and it's the right stand. You get a little bonus. All these people out here, they're not just poor souls; they are entrepreneurs. They are showing you that there is a way that everybody can have a house. It's by splitting up the land and sharing it out in small pieces, which they have done and they are willing to do and were willing to do. It's not so much that they got some kind of a bargain. How many acres for over 100 people? That's like 25 to an acre. Any land in Los Altos Hills or Beverly Hills or wherever, if you can put 25 houses on it, it will be worth a lot more than having only one mansion on it. I think that there's a movement on—the Council is going to study it—about encouraging small houses. They didn't want to do that back in the '50s and the '40s or when they put up Palo Alto. They wanted Palo Alto to look like a really prepossessing town like the one in the cathedral basic readers. That's a nice idea. When we got industrialized, when we accepted all that industry, then we had a need for workers. Workers are never going to make as much as managers, never. They've shown us a way that people can have a decent place to live just by sharing the land. You have to permit it. You have to be willing to let them have little pieces of land to put their little houses on. I hope you do. Thank you very, very much.

Mayor Burt: Our final speaker is Vicki Veenker.

Vicki Veenker: Good evening, Mayor Burt, Vice Mayor Scharff, and members of the City Council. For 13 years, I've been very proud to be on the Board of the Law Foundation of Silicon Valley and the Fair Housing Law Project. The residents of the Buena Vista Mobile Home Park have given me 400 reasons to be even prouder of it. I'm not speaking tonight on their behalf. I'm speaking on my own behalf as a resident of the City of Palo Alto. I want to thank Supervisor Simitian, Mayor Burt, Mayor Holman and others who have worked to bring this potential partnership to us. I strongly urge you to support it. It's something very important to me personally as a resident,

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that we maintain this source of affordable housing in our communities and that we be good neighbors and that we have the good neighbors in the Buena Vista Mobile Home Park stay in our community and continue to be in our schools and continue to be in our workforce right here in our midst. I think it's an important asset to this community. I hope you'll vote for this. Thank you.

Mayor Burt: Thank you. That concludes our public comments. We'll now return to the Council for discussion and action. Council Member Holman.

Council Member Holman: Are you perchance ready for a Motion as well?

Mayor Burt: Sure.

Council Member Holman: I think tonight is an example of what hope, intention and action can create. That's what's brought us to this point. With that—I'll have a couple of comments afterwards—I'd like to move the Staff recommendation which is, one, approve the attached Memorandum of Understanding with the Housing Authority of the County of Santa Clara and the County of Santa Clara relating to providing funding for the Housing Authority's potential acquisition of the Buena Vista Mobile Home Park in an amount not to exceed \$14.5 million for a period June 28, 2016 through June 28, 2018 for the purpose of affordable housing.

Council Member Kniss: I second it.

Council Member Holman: Two ...

Council Member Kniss: Sorry.

Council Member Holman: Two, to authorize the City Manager or his designee to implement and administer the Memorandum of Understanding subject to conditions described in this report and as determined—unless the City Attorney and Mr. Mayor say that this is not allowable and anticipating what the support is going to be, I don't know that this has ever been done before and I don't know if we can. Is it possible to make a—what would you call it? I lost the words here. Have us all at once make the same Motion, a unanimous Motion or a simultaneous Motion at the same time, can we do that?

Mayor Burt: Let's just keep it in spirit.

Council Member Holman: Sorry for stumbling over the words. We have a second.

Council Member Wolbach: Second.

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Council Member Kniss: Yes.

Mayor Burt: I think Council Member Kniss had already done so. Did you want to speak further to your Motion?

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

- A. Approve a Memorandum of Understanding (MOU) with the Housing Authority of the County of Santa Clara and the County of Santa Clara relating to providing funding for the Housing Authority's potential acquisition of the Buena Vista Mobile Home Park in an amount not to exceed \$14,500,000 for period June 28, 2016 through June 28, 2018, for the purpose of affordable housing; and
- B. Authorize the City Manager or his designee to implement and administer the MOU, subject to conditions described in this report.

Council Member Holman: Please. As I said, what intentions can accomplish and hope. The community is grateful, I believe. Speaking for myself, I'm very grateful to the actions of Supervisor Simitian for picking up the banner and working on this on behalf of the Buena Vista Mobile Home residents and for the Friends, and Winter Dellenbach for all your efforts. Mostly I have to say that I am very indebted and admiring of the residents of Buena Vista Mobile Home Park, Erika Escalante perhaps chief among them, because during this whole period of four years of great stress, of great anticipation and anxiety, you have conducted yourselves with the most gracious behavior. You've been most gracious and most courageous in the face of a very, very trying time. My ongoing gratitude and admiration to you all. You set a great example for the rest of us in this community. Thank you all.

Mayor Burt: Council Member Kniss.

Council Member Kniss: I certainly agree with Karen. Could I do a little show and tell? If you are the parent or an aunt or whatever of a child who is going to school in Palo Alto and you're here, would you stand up? Are you all standing? Truly stand, come on. Would you now take a look around? These people are your neighbors. They are supporting each other tonight. They've turned up with these wonderful yellow stickers. I'm incredibly impressed, and I hope you'll give yourselves an enormous round of applause. Terrific. I think what you're hearing tonight is it really is a thrill for us to be able to vote for this Motion and to go forth with this incredible kind of process that has taken place. I want to particularly thank Pat and Karen as well, who have been very involved with this. Winter's around here somewhere, extremely involved. More than that, if you don't mind, I'd like

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to call out my former colleague who has been like a dog with a bone for a couple of years. Joe, maybe you should take a special bow, if you don't mind tonight. I've worked with Joe for—I hesitate, yes—a number of years. I think that this has taken the kind of perseverance that probably has had his staff working day and night. I know that other people on the staff at County have to said me, "Are you aware of what Joe Simitian is doing?" I've said, "Probably not as aware as you are." The results that we see tonight indicate hours and hours of determination and dedication. Joe, I know this does embarrass you, believe it or not. I understand that. I think we're unusually fortunate tonight to have this kind of process and this kind of outcome take place in our community. Thank you all.

Mayor Burt: Thank you. Council Member Wolbach.

Council Member Wolbach: We're going to be taking an important action tonight. I want to encourage a bit of sober reality as we move forward. Let us not assume, despite the joy I'm reading from the audience and many on the dais tonight, let us not assume that the future of Buena Vista nor the futures of the Buena Vista families are fully resolved. We're not completely out of the woods yet. Keep our hopes up and keep working, but we're not done. Further, let us not fool ourselves and let us not deceive each other by presuming anything done at Buena Vista will be anything close to a systematic, structural solution to the problems of affordable housing, displacement, overcrowding and homelessness in Palo Alto or in our area. Many Palo Alto residents outside of Buena Vista have already been priced out of our community, some to neighboring cities and some much further away. Many others from our community are on the verge of being priced out still. The housing crisis, which is destroying our community and our region and harming our national economy, is bigger than this. We cannot take this action and consider our work complete. This is but a small step towards addressing one of our most existential crises. If we stop here, we will indeed have endeavored to help an important part of our community. If we stop here, we will have failed to address the deeper issues of inadequate and overpriced housing in Palo Alto and the region. As with Buena Vista and so with the rest of the City, let us remember what makes a community. People are primary. Buildings are secondary. We know improvements are needed at Buena Vista. The buildings, which provide homes for so many important members of our community at Buena Vista, may change. The primary objective is keeping the people here and keeping our community together.

Mayor Burt: Thank you. Council Member Berman.

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Council Member Berman: This has been quite the process. It's almost like a mystery novel with lots of different twists and turns. I'd be lying if I said that I was expecting this solution to almost come out of thin air when I heard about it a couple of weeks ago. It just goes to show that if you fight and if you stay optimistic and if you keep trying, you never know what solutions will turn up. I'm pretty sure soon after I got elected in November of 2012, the first meeting I had was with Winter Dellenbach and Don Barr at Printers Café on Cal. Ave. to tell me about this situation that was happening at the Buena Vista Mobile Home Park. I remember that because it was right before, I think, the last vacation I took. Winter gave me tips on Thailand. It's been so much hard work and heartache at times for the community. I'm excited that there's a potential solution. This isn't a done deal, but it's an incredibly promising turn of events. I do want to emphasize kind of the comments that my colleague, Cory Wolbach, made. We did a show of hands earlier. Let me get a show of hands. How many of you know a friend or a neighbor or a family member that's been priced out of Palo Alto in the past couple of years? That's, I'd say, 80 percent of the folks in the audience. I want to issue a challenge to everybody here today. Don't stop being an activist. Don't stop coming to Council meetings. Don't stop supporting affordable housing. Don't stop supporting housing. It's going to take housing of all costs to help us to maintain the amazing community that we have and the amazing region that we have in the Bay Area. We have a housing crisis. I'll be honest; Palo Alto historically has been good at affordable housing, but we haven't been good recently. I'm the liaison to the Palo Alto Housing Corporation, now Palo Alto Housing. I've asked the City Manager to plan a Study Session with them in the second half of the year. Palo Alto Housing has started building affordable housing in Mountain View and in other communities. They're not currently looking in Palo Alto. We're here today because of a creative solution and open minds and open hearts to how we can house people in our own community. I want to challenge everybody here to maintain that creative spirit and that openness and that positivity towards affordable housing. We need to continue to support folks that are being priced out of our community, which we all know. Thank you, thank you to Joe, thank you to everybody else who continues to advocate and come and email us and invite us to Posadas and everything else. This is just hopefully the closing chapter of this effort, but there are a lot of efforts in the future that we need to stay diligent about.

Mayor Burt: Council Member DuBois.

Council Member DuBois: I just wanted to say it's my sincere hope that the Santa Clara Housing Authority can reach a deal with the Jisser family. I think there's really an opportunity here for a win-win-win. Clearly a win for a lot of you in the audience in that the residents can stay and the property

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will be preserved as affordable housing. I want to point out that it's a win for the City and the County. We're able to make significant investment, but at the same time with this MOU we are limiting our legal liability and capping that investment. It has some certainty for the City. The money that we're using is committed to affordable housing. I saw some comments online and, I think it's important to make that clear. This is not General Fund money. Being able to preserve 117 homes for 400 people is a great use of those funds. Finally, I believe this is really a win for the Jisser family. Full market value without paying relocation costs, and those relocation costs were the point of a lawsuit. I just want to say I've never met Joe Jisser; I didn't realize he was here during the hearings earlier on. If he's listening, I'd ask him to be open to a full market offer and the resolution of this process. I fully support the MOU between the City, the County and the Housing Authority.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Thank you. I want to thank all of you for really hanging in there. It's been a long four years. I saw you come to so many meetings and so much heartbreak at times as things looked down and things looked up and things looked down. I know it must have been really an emotional rollercoaster that was really tough on your families and tough on your lives and very concerning in this environment of high rents and all of that. I've just been really impressed every time I've met people from Buena Vista that there's always been a feeling of optimism and good spirits and good cheer. I've really admired that. I've really admired the perseverance. It's really nice to see a happy ending to this. I would also say Joe Simitian really deserves a lot of the credit for this. This is really an amazing thing to pull off. It really makes me feel good about our community, that we could come together and achieve something like this. It really warms my heart, so to speak. I look forward to having the people of Buena Vista in our community for as long as I'm in this community or forever. I just wanted to thank Joe and thank all of you for really your hard work on this. I know so many people worked so hard on this. Thank you.

Mayor Burt: I want to echo my colleagues' comments. I also want to say that, in addition to the leadership that we've had from County Supervisor Simitian, we've really had a collaborative effort by the staffs of the City of Palo Alto, the Housing Authority and the Santa Clara County. The support from our State elected officials, as we heard tonight, this has been a broad support. Ultimately, it's a support around our values. These are values that Palo Alto holds, and ultimately they're American values. We believe as you do, that equal opportunities for our children to have the best chance in life to fulfill their potential through our education system and our community are

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really values that we hold together as a community. I want to say that you help us live up to our values, and we hope that we will help you live up to yours. On that note, are we ready to vote? Please vote on the board.

MOTION PASSED: 9-0

Mayor Burt: Council can take a five minute break. Job well done.

Council took a break from 7:16 P.M. to 7:30 P.M.

19. CONTINUED PUBLIC HEARING: to Hear Objections to the Levy of Proposed Assessments on the Palo Alto Downtown Business Improvement District; Resolution 9612 Entitled, "Resolution of the Council of the City of Palo Alto Confirming the Report of the Advisory Board and Levying Assessment for Fiscal Year 2017 on the Downtown Palo Alto Business Improvement District; and Possible Council Direction on Next Steps (Continued From June 6, 2016)."

Mayor Burt: Return to our next Council item which is a continuation of the Public hearing to hear objections to the levy of proposed assessments on the Palo Alto Downtown Business Improvement District and adoption of a resolution confirming the report of the advisory board and levying assessment for Fiscal Year 2017 on the Downtown Palo Alto Business Improvement District and possible Council direction on next steps. Do we have some follow-up Staff Reporting since our last meeting?

Molly Stump, City Attorney: Thank you, Mr. Mayor. City Attorney Molly Stump reporting for myself and for the City Manager's Office just to follow-up. Subsequent to the Council's direction, the City Manager's Office and myself met with the Downtown Business Improvement District twice. The Business improvement District worked to schedule the second very quick meeting, not on their regular schedule. Did discuss the issues and the Council's concerns. What we bring before you this evening is a proposal by the District that the Staff recommends we take at this time, which is to confirm that the District will prioritize direct services and tangible assets in the coming year, and that that commitment will be placed in the annual report that you will confirm this evening together with a commitment to establish a task force of Association members, City Staff—the Association has asked also that a Council Member directly participate—to look at the broader issues and work through some of the complexities about how the Council's concerns would be addressed in a productive way that everybody understands and can implement. Those recommendations would then come back to you for the following year. Happy to answer any questions. I believe the Professional Association is here as well to chat with you.

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Mayor Burt: Thank you. When we do go forward, do we need to incorporate any of those aspects that you just described into our action?

Ms. Stump: The Business Association District had voted, their Board voted to add this language into their report, so it is now a revised report that is before you. You would close the Public Hearing, adopt the report, and make the levy. Those things are contained in the recommendation on your Staff Report for today.

Mayor Burt: We can now close the Public Hearing that was continued from our last meeting and return to the Council. We can, if Council Members like, come forward with a Motion at this time or have discussion first. Who would like to proceed? Vice Mayor Scharff.

Public Hearing continued from June 6, 2016.

Public Hearing closed at 7:33 P.M.

Vice Mayor Scharff: I appreciate all the hard work that I know the City Attorney and Staff did with the Business Improvement District (BID) in coming to this. I appreciate the BID incorporating this language into their report. I think this is a good first step. I'll move the Staff recommendation.

Council Member DuBois: Second.

MOTION: Vice Mayor Scharff moved, seconded by Council Member DuBois to adopt a Resolution confirming the report of the Advisory Board and levying an assessment for Fiscal Year 2017 on the Downtown Palo Alto Business Improvement District.

Mayor Burt: Motion by Vice Mayor Scharff, second by Council Member DuBois. Would you like to speak more to your Motion?

Vice Mayor Scharff: No.

Mayor Burt: Council Member DuBois.

Council Member DuBois: I'll just say that I think we raised a number of concerns at the last meeting. Appreciate the discussion and the incorporation in the Report. I think it's reasonable to take the year to look at those issues and come back a year from now with some ideas around those things. Thank you.

Mayor Burt: I don't see any more lights. If that's the case, we can vote on the board. That passes on an 8-0 vote with Council Member Berman not in the room. That concludes this item. Thank you all.

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MOTION PASSED: 8-0 Berman not participating

17. Consideration of Ad Hoc Committee Report and Recommendations, Review of Polling, and Discussion and Direction on Potential 2016 Business Tax to Fund Transportation and Parking Improvements, Including Alternative Timing Options, Elements of Measure, Preliminary Revenue Estimates, and Potential Projects and Impacts.

Mayor Burt: We now move to former Item Number 17 which is consideration of an Ad Hoc Committee report and recommendations and a review of polling and discussion and direction on potential 2016 business tax to fund transportation and parking improvements including alternative timing options, elements of measure, preliminary revenue estimates, and potential projects and impacts. Mr. Keene, did you want to proceed there?

James Keene, City Manager: Yes, Mr. Mayor. I'm going to ask Claudia to assist here also, as I was not the person at the last Committee meeting. I do know that we've got 50 percent of our consultant team here right now. I think Dave Metz is—is he on his way? Probably just stuck in traffic. Fitting. Claudia, did you want to take the lead? Then, I'll pitch in with you.

Claudia Keith, Public Information Manager: Sure. We have Charles Heath of our outreach firm, TBWB, who attended all the Ad Hoc Committee meetings. Dave Metz, from our pollster firm FM3, went through the second round of polling. The Council heard the first conceptual poll in mid-April and directed Staff and the consultants to work with the Ad Hoc Committee on both outreach and potential second round of polling. Charles Heath can just talk a little bit about some of the outreach that we've done in a very, very compressed timeframe. We did some in-person meetings, which he'll outline. Also, we did an online survey to both small businesses and the medium and large businesses that are registered in the Business Registry, with some questions to inform the ad hoc committee's deliberation and process and to get some feedback from a broader spectrum than we could really do in a compressed timeframe. That's part of the Staff Report as well as the results from the second poll. I think Charles could perhaps, maybe talk about just in summary what we learned from our outreach efforts.

Mayor Burt: Before Charles begins, if I can just share how the Committee had taken its responsibility which was, at the direction of the Council, to fully explore the option of a local transportation tax for this Fall's ballot and to the extent possible flesh out context, the alternatives and bring them to the Council for consideration. Other than a couple of places where we had strong consensus by the Committee, we didn't attempt to take majority and minority votes on items. If we didn't have consensus, we said that we

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should defer to the Council as a whole. What we wanted to do was to be able to frame a set of alternatives and pros and cons for the Council to consider. I think that's most of all what we're going to be going through tonight. Charles—Mr. Keene.

Mr. Keene: May I just add to that, Mr. Mayor? I think it's good to do this a little bit in advance of—we can sort of sandwich around what Charles is saying. We got an update that Dave is just across the street. Obviously one key factor for you this evening will be for the full Council to discuss the polling results from the second poll. The Committee did ask us to also identify a number of other issues or factors that would ultimately be involved in the actual structuring of a ballot measure: formation of an oversight committee, whether it sunsets or not, the structure and form of the tax, potential projects that could be funded by tax proceeds, and a number of other items. I think admittedly we've done the best that we could in a short period of time to respond to those directives. You have that information in your packet. We would say that this was rushed. Some of the information we've had from the past, some of it from other work that we're doing on our transportation plan. By no means do we expect that this is perfect. We did note in the report itself that, I think, all of the results would point to the fact that certainly a general tax measure could be successful. There is this ancillary issue of the timing. We did point out that if we were to be in a position to be directed to come back for a November '16 ballot measure, we'd have a lot of scurrying to do. Of course, we would need to schedule, we thought, Molly, up to two special meetings of the Council before August 12th, which would be the deadline date for that decision. With that, I think we've sort of captured what we've been directed to do. We'll turn it over to you guys. Dave, good to see you here too.

Ms. Keith: Dave, welcome. Dave Metz, FM3, will go through the second polling results.

Dave Metz, Fairbank, Maslin, Mauldin, Metz & Associates (FM3): Thank you all very much for the opportunity to be back here tonight. I'm going to walk through some of the key findings from our follow-up survey that was conducted over the course of the second week of June. Unlike our first survey, this one was designed to dig a little bit more deeply into some of the specific direction that we got from the Council after presenting the results of the first poll. We tested draft ballot language and a much more specific policy concept in this poll, matched it up with a set of pro and con arguments including some suggested by members of the Council, and determined what the outcome was after voters heard some of that back and forth. In addition, we also tested the VTA ballot measure, both at the beginning and at the end of the poll so that we could have a more precise

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estimate of how a Palo Alto-based campaign might impact levels of support for the countywide measure as well. The methodology of the survey is identical to that of the first survey that we conducted. We did 400 interviews with likely voters in Palo Alto who are considered likely to vote in November based on their past voting behavior, on both landlines and cell phones. We opened the poll with one sort of opening question just to get the pulse of the community, that we didn't ask in the prior survey, which was a standard right direction/wrong track question. You'll see that the numbers show a relatively happy electorate here in Palo Alto. It certainly was reflected in some of the questions in the prior polling as well. More than three in five local voters believe that the City is headed in the right direction; only about one in four say that it's on the wrong track. With that preamble, we went directly to an exploration of the potential ballot measure concepts. As before, we started by giving people a little bit of language about the VTA measure. We'll get into that a little bit later. Because that measure is a County measure and would appear first on the ballot, we wanted to make sure that all voters who were responding to a Palo Alto-specific measure were doing so with an awareness of the VTA measure's scope. Here's the language we then presented for a Palo Alto-specific measure. We described some of the key transportation purposes to which the money might be put, noted that it would be a \$50-\$100 per employee business tax with exemptions for businesses with up to 10 employees, generating up to \$5 million annually. Working with your City Attorney, we designed the language to meet the legal standards for a general tax. As you'll see, the results were quite positive. Sixty-five percent indicated they would vote yes; 28 percent indicated that they would vote no. This level of support is roughly the same as we saw for some of the more conceptual testing we did in the initial poll. It is short of the two-thirds supermajority that will be required for approval of a specific tax, but well in excess of the simple majority that would be required for approval of a general tax. We then gave people a follow-up question which provided a little bit more detail about how such a measure could potentially be structured. In particular, the way that the funding mechanism might be designed, noting that businesses with more than 50 employees would pay \$100 per employee and those that had between 11 and 50 employees would pay \$50 a piece. That essentially led the support that we saw based on the first ballot question to hold stable. We had 67 percent telling us they would vote yes, 29 percent telling us that they would vote no. As we shifted to talk a little bit more about the ways that money could be used, we offered voters one fundamental choice and asked them which they would prefer: to focus on funding alternatives designed to reduce the number of cars on the street or to focus on improving traffic flow by expanding road and parking structures in the City to accommodate more cars. There was no clear majority preference in this question; although, a sizable plurality, 48 percent, indicated that they

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thought the measure should focus on alternative transportation compared to 30 percent who thought that it should focus on accommodating more cars. There was a relatively sizable subgroup who declined to make a choice there. 12 percent told us they thought that both should be a focus of funding from the measure. After gauging this initial support, we then dug in a little bit more to see how voters would react to pro and con arguments and how that initial nearly two-thirds support we saw might change with more information. 65 percent initially told us they would vote yes. After we went through a series of arguments in favor of the measure, that proportion went up to 72 percent. After we went through opposition messages, it declined again to 66 percent, but ended up in roughly the same place as it started with 66 percent saying they would vote yes, 30 percent saying that they would vote no. Here's a little more detail on the nature of the messages that we tested on each side of the debate. This first slide highlights some of the key messages in favor of the measure that were tested. These are presented in the order in which the respondents ranked them in terms of how convincing they were as a reason to vote yes. You'll see at the top of the list a message which talks about having businesses pay their fair share to improve transportation services and noting that Palo Alto is one of the few cities that does not charge a business tax, talking about keeping streets safe by taking traffic flow out of the neighborhoods, and also helping to retain shoppers in the City by providing transportation infrastructure that will make it possible for them to shop more easily, a parallel argument about making it convenient for employees to work at local businesses as well. As we move down the list, you'll see a range of messages that smaller numbers of voters rated as being highly convincing. Many of these that you see toward the bottom of the list are ones that are focused on the mechanics or the process involved in how the measure fits in with the City's transportation planning and the Santa Clara Valley Transportation Authority (VTA) measure. Those overall were notably less compelling reasons to vote yes, not things that voters necessarily objected to. They just didn't seem them as strong reasons to motivate a yes vote. Here you'll see the ranking of those messages in terms of the proportion that rated them either very or somewhat convincing. The dark green bars are the very convincing. The top testing message on the list here, as you'll see, is the only one that exceeds 40 percent, which is the threshold that we usually look to for messages that we consider to be highly effective arguments in favor of a measure. That's the one that talks about the lack of a business tax and the notion that this would be a mechanism for having businesses pay into improvements to transportation infrastructure. There's a suite of messages, most of them from that first slide, that dealt with some of the specific ways that the measure would benefit local businesses and neighborhoods, that all came close to that 40 percent threshold but were just short of it. As I noted at the bottom of the slide, some of those more process-oriented arguments

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fell below 30 percent in terms of the proportion rating them very convincing. On the opposition side, we also tested a range of messages. You'll see them listed here, again ranked in the order of how convincing voters saw them, this time, as reasons to vote no on a measure. The top testing messages were ones saying that taxes are too high, we shouldn't vote for anything that's going to further increase our taxes; saying that we can't trust the City to spend the money appropriately, noting that money because it's a general tax could be used at the Council's discretion, that there's no legal requirement that would limit it to spending it for transportation purposes; and then arguing that the plan is rushed and hasn't been adequately thought through. Here you'll see the reactions to those messages. None of them quite reach that 40 percent threshold that we talked about as the hallmark for a highly effective argument. If you look at the aggregate totals that rate them at least somewhat convincing, there is four messages that a majority of local voters see as at least a somewhat convincing reason to vote no. Coming out of the survey, there's also some other options that we wanted to present for consideration, some of them based on poll questions and some of them based on some additional analysis of poll questions. I should note, as we look at the overall arc of support that we see in the poll, what we modeled here as an initial way of assessing the strength of pro and con messages was a scenario in which there is a broad consensus in favor of the measure, there's an effective yes campaign that is presenting its messages first, and that the opposition messages are no more than equal in volume and are coming secondarily to the arguments in favor. Obviously if the dynamics of a campaign in the community were different than that, if there were a higher volume of opposition messaging or if it came earlier than the arguments in favor, the way that the levels of support could play out post-campaign could be somewhat different than what we model in the poll. That's something that's important to keep in mind as you consider your options here. We also looked at some alternatives, both in terms of election timing and funding mechanisms. We asked people about a range of different ways that the funding mechanism could be structured for the measure and had them indicate for us if they thought they would vote yes or no on each one. I should note that this range of options we tested came at the end of the poll. It's not sort of a clean test of each of these options co-equal to the way we were testing the head tax as our base case scenario. Yet, you do see there some pretty strong feelings here on a number of them. There's broad opposition to three of the ideas that we tested, an increase in the local sales tax, a parcel tax or an increase in the utility users tax. The one item that we saw majority support for, a very narrow majority support, was a business tax not based on the number of employees but on gross receipts or total revenue generated. We also took a look at how voters might react in a different election than what we're seeing coming up this November. Obviously the November 2016 election is one that, all else

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equal, is a very advantageous environment for tax measures. Because it's a presidential election, you're going to have a very high turnout over all. That's going to generally mean more democrats, more younger voters, more renters, more communities of color, all constituencies that tend to be supportive of increasing the revenue available to finance public services. That said, the level of support for the measure was high enough, coming in at 65 percent initially, and the variations in turnout from election to election here in Palo Alto, where you have a highly engaged electorate, are small enough that we wanted to see how likely 2018 voters might view the same measures. As you can see here, support is only four points lower, 61 to 32, still basically 2:1, again well short of a two-thirds supermajority but solidly over the majority that would be required for approval as a general tax. It certainly appears that the 2018 election is equally viable compared to the 2016 election as a potential date for the measure to move forward. Finally, we also took a look, as I mentioned before, at the potential impact on the VTA tax. We tested the same language that we used in the initial survey, which was provided to us by some of the folks involved with that campaign, to summarize what it would fund. As you can see, the support is very, very high, 75 percent indicating they would vote yes, 21 percent indicating they would vote no. Again, the reactions I just showed you to a Palo Alto-specific measure came in the context of voters already having been informed that this countywide tax would be on the ballot. After we went through all the back and forth and pro and con on the City measure, we then came back and re-asked that same question about the VTA tax at the end of the poll. As you'll see, we still had a two-thirds majority that indicated they would vote yes, but it did reduce the overall support for the VTA measure by six points, from 75 percent down to 69. I would also note that all of that decline essentially came from the proportion who told us they would definitely vote yes, which dropped from 43 down to 37 while the definite no increased by almost the same proportion, four points. Obviously nothing that changes the broad support that voters in the community have for that tax, but it does suggest that the debate about a local measure would shave some votes away from the VTA tax. That takes us to the conclusions that we present here, which shows that there certainly is strong and broad support for the concept as presented in the poll. We've got almost two-thirds of voters in favor, about half of those are definite. The other remaining half are somewhat tentative, saying they would probably vote yes or lean in that direction. Again, clearly over the simple majority threshold that would be required for approval. The numbers do go down over the course of the poll as voters get more information both for the VTA tax and for the Palo Alto tax. Again, both remain well over a simple majority. The strongest and most popular uses of the money were tested in our previous poll, and we didn't repeat those in detail here. We did see when given two choices between funding alternatives to driving or trying to accommodate

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cars, there was a preference by a clear plurality in favor of funding those alternatives. Finally, once more just looking at those alternative funding mechanisms. All of them received lower support than the head tax. The only other one that yielded majority support was a business tax that is not based on the count of employees. I will pause there and happy to answer any questions.

Mayor Burt: We can just right now focus on questions to Dave on the polling and come back to other aspects of the discussion later. If there are any specific questions to Dave on the polling. Council Member Wolbach.

Council Member Wolbach: My first question is to what degree was this polling exploring the feasibility of getting a business head count tax passed this fall versus exploring a variety of options for potential funding for transportation.

Mr. Metz: It was centrally focused on whether the head count tax was feasible. That was the primary objective of the survey. Secondly, we asked about some other funding mechanisms.

Council Member Wolbach: Did you say only questions for the pollster or if we have questions for Staff as well that are relevant?

Mayor Burt: Right now for the pollster. I just want you to make sure you—I think this might address part of your question, because you had asked this previously. I think it's Slide 17; is that right? No, Slide 16. I don't know if you saw that.

Mr. Keene: Weight lifting in the Police Department.

Vice Mayor Scharff: Is that what it is?

Mr. Keene: Yeah.

Mayor Burt: Which was a set of questions around other tax mechanisms and how they polled.

Council Member Wolbach: I saw that. My question was for the pollster, trying to get a clearer sense of the direction that the pollster received from the Committee and from Staff around how to prioritize the various components. I think I've gotten my answer.

Mayor Burt: Council Member ...

Council Member Wolbach: I do have a number of questions for Staff as well.

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Mayor Burt: Council Member DuBois.

Council Member DuBois: I don't know if I'm missing a slide. The questions about the head tax versus a gross receipts, could you compare the responses between those two options?

Mr. Metz: Yeah. The top of Slide 16 here is where we tested the gross receipts tax. It was the only alternative mechanism that we saw half of voters willing to support, a margin of 50 to 45. The head tax, obviously our initial support based on the ballot language designed for that was at 65 percent. However, this is not an apples to apples comparison. Because the primary objective, based on the direction we had, was to test the viability of the head tax, that was the only funding mechanism that we tested with full ballot language in a series of arguments. While this gives some relative sense of how voters might feel about alternative mechanisms, none of them were explored in the same depth as the head tax nor were they subject to the same detailed ballot language that we presented for the head tax initially.

Council Member DuBois: Again, I think my slides are different; for some reason, I'm looking at a different set. Looking at Slide 12, it says ...

Mayor Burt: Council Member DuBois, are you in the second poll?

Council Member DuBois: I think I am. It's in the current Staff Report.

Mayor Burt: Don't we have both of them in there? I'm just wondering whether that's ...

Council Member DuBois: Maybe that's my issue. Here it is. I was looking at a slide that was saying a 57 support for the head count tax. Was that either the first poll or that was after ...

Mayor Burt: That was the first poll.

Mr. Metz: I think that was the first poll.

Council Member DuBois: It actually went up between the first poll and the second poll?

Mr. Metz: Yes. Although, the nature of the question we asked was different. This was the language we tested in this poll, which was a draft 75-word ballot question. In the first poll, we tested a shorter, more vague, conceptual statement.

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Council Member DuBois: Would that be more comparable to the gross receipts question or is that too hard to say?

Mr. Metz: Yes, but even there—even in the first poll it was tested more comprehensively than the way the gross receipts tax was tested.

Council Member DuBois: Thank you.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Thanks. A couple of short questions. The first is the County has put a housing bond on the ballot. We obviously didn't have that information to poll for it. I'm just really going to ask you in your experience would that affect the support for the tax measure or it'd probably have no impact.

Mr. Metz: I would suspect that it would have relatively little impact. Charles may want to weigh in on this as well. What we typically see is that it is when measures have overlapping funding mechanisms or overlapping purposes that there's some set of voters who see a conflict, as we see here when we're looking at the VTA. The housing bond obviously will add to the array of fiscal measures and tax measures that are going to be before voters. At this point, it's estimated there will be 17 statewide ballot measures that will be on the ballot. Not all of them have fiscal impacts but ...

Vice Mayor Scharff: I was going to say fiscal impact.

Mr. Metz: ... many do. It sort of adds to that list, but I don't see anything inherent about it that would lead to a conflict.

Charles Heath, TBWB Strategies: I think that the impact between the VTA measure and this measure is much more germane to making a feasibility discussion.

Vice Mayor Scharff: You probably told us before, but what was the margin of error in the poll?

Mr. Metz: 4.9 percent.

Vice Mayor Scharff: Thank you.

Mayor Burt: Council Member Kniss.

Council Member Kniss: I don't have a lot of questions since I was fortunate enough to sit on the Ad Hoc Committee. Dave, we've interacted a lot with

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both of you, in fact. Thank you. A much less precise kind of question. Looking at the entire county and knowing that the papers will cover some of the other cities and what they have on the ballot, as you're looking around within a 25-mile radius or so, where do you see other taxes of this nature going on the ballot?

Mr. Metz: I will defer to others who may have a more thorough knowledge of this. I know it's been discussed in other communities. I'm not aware of another one that's moving it forward in November.

Mr. Heath: I don't know of other cities considering a similar measure currently.

Council Member Kniss: San Jose did consider it but didn't go ahead with it?

Mayor Burt: No, they have their business tax.

Mr. Keene: No, they're looking at an increase in their business license tax.

Council Member Kniss: This is sort of cutting some—we're cutting into some new territory, right?

Mr. Metz: Yes. I'm also not aware of a previous measure using this structure that's been approved in the Bay Area. Charles, I don't know if you're ...

Mr. Heath: Just a head tax.

Mr. Metz: A head tax, yeah, (crosstalk).

Mr. Heath: No, not a pure head tax.

Council Member Kniss: Not in the Bay area. I think you've addressed the VTA issue very well. I know the housing bond went on relatively recently. I think an advantage for us is knowing that VTA is already on and has been voted into place for it being on the fall ballot. Thanks.

Mayor Burt: Council Member Holman.

Council Member Holman: Just one question. Thank you and nice to see you again. Just one question I think might benefit members of Council who were not on the Committee to hear and perhaps members of the public who aren't aware of this too. On Slide 20, you compare the County measure and state accurately that it loses support after voters hear about a potential local tax. What I didn't hear in the presentation—it's not certainly in our packet—is that's a six point differential. The impact on the County tax measure itself

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was I don't remember. It was like some percentage of one percent. If you could remind us of that.

Mr. Metz: That's right. Palo Alto is, I believe, about five percent of the countywide electorate. It's six percent of the five percent, 0.25 percent.

Mr. Heath: The information we shared with the Ad Hoc Committee was if you assume that essentially we're losing five percent of five percent of the county, that's a 1/4 percent for the VTA measure, which isn't much. Although, it's a two-thirds measure. If you look back to the last proposal that VTA had on the ballot in 2008, that measure won by a 1/10 percent countywide. In a two-thirds measure with very, very narrow margins—I understand the VTA measure is polling at a higher rate this year than it did in 2008. Nonetheless, a 1/4 percent isn't irrelevant in this context.

Council Member Holman: Thank you. I appreciate it. I think it's critical information for us to have. Thank you.

Mayor Burt: I had at least one follow-up question. We have the slides that specifically ask the impact on the VTA tax, which was about bringing down our local support for it from 75 to 69 percent. Dave, you had shared with us your own thoughts on the impact that a strong local opposition campaign toward our tax would have on the VTA tax. Maybe it was more Charles.

Mr. Heath: You can look at this two ways. One on hand, if you have a strong campaign articulating the reasons why transportation issues in Silicon Valley need to be addressed, that probably helps both measures. If you have a strong articulation questioning the real impacts that a public investment in these programs might have, you start to wonder to what extent voters are going to distinguish between the two measures when they are hearing and thinking about those opposition measures. There's the potential that strong opposition to a local measure could have a sort of spillover effect on a VTA measure. It's a hard thing to quantify; although, I would suspect that that's part of what we're seeing in the six point decrease in the VTA measure after people have heard the discussion and debate around the local Palo Alto measure.

Mr. Keene: That could be, again, intensified if there was a strong opposition campaign with a lot of statements being put out or thrown around.

Mayor Burt: Shall we next hear from Charles?

Mr. Heath: In thinking about the feasibility of this measure, we sort of took a two-pronged approach. One was the statistically reliable data that Dave gathered for us to help us understand voter opinion about this issue. We

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also wanted to reach out to some key stakeholders, in particular the business community, to understand how they would view this proposal. Through a couple of the mechanisms that Claudia described earlier, an online survey, also a meeting with the Chamber Board of Directors and a meeting with the Stanford Research Business Park, we sought to float the idea of this proposal and get some feedback. There's a summary of the results of that in the full packet that I won't go through in detail. If we were to characterize the high-level takeaways from this, I think we heard acknowledgement that there is a parking and transportation problem that needs to be addressed. I think we heard a general willingness from the business community to contribute to that problem. I think where we heard concern was around the timeline under which this proposal is being developed, some of the specific details of the proposal in terms of how it would be administered, the tax rate, the exemptions that would be applied, sort of the nuts and bolts of how the measure might work, and then also of course the potential impact that this measure would have on the VTA proposal. Based on that and based on our reading of the poll results from FM3, we recommended three potential options to the Ad Hoc Committee. One is to move forward with a November 2016 Election, understanding that there is some vulnerability. We have some softness in the support as measured in the polling. We've heard some concerns about the timeline under which this is being developed, which we think could potentially motivate an opposition campaign. The data here suggests that there is a chance the measure would succeed in the face of that opposition, but it certainly presents a risk. Another option would be to consider a 2017 Special Election. The primary downside to that scenario is that it removes the opportunity to structure this measure as a general tax. If we were to go forward in a special election in 2017, it would have to be a specific tax requiring a two-thirds vote. Although, the additional time would give us the opportunity to try to refine the plan, some of the administrative details related to the plan, develop more consensus around the potential use of funds, and take away some of the primary negatives that we're hearing around this proposal. The third option would be to proceed with this proposal but targeting a November 2018 Election. As you heard from Dave, there's only a marginal decline in support. The lower voter turnout that we expect in the gubernatorial general election, that measure could be structured as a general tax requiring a majority vote and would afford us the time to conduct the outreach to hopefully build the broad consensus that would neutralize some of the opposition that we're hearing. Those are the three options that we brought back to the Ad Hoc Committee to think about. I'll just note on the two-thirds measure, while it's a much higher hurdle, at the midpoint in this survey where we had presented positive arguments in absence of negative arguments, this proposal does hit a high water mark of 72 percent. It's not impossible to think that in the absence of opposition, if

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we were able to take the time to build broad consensus, that option shouldn't be off the table.

Mayor Burt: Thank you. Do we have any questions on the outreach? Council Member Wolbach.

Council Member Wolbach: Actually I just wanted to make sure I was clear. How much was the Transportation Management Association (TMA) involved in this outreach?

Mr. Heath: There was certainly members of the Downtown TMA that were part of the conversation that we had with the Chamber Board of Directors. Folks participating in the Research Park TMA were part of that meeting as well.

Council Member Wolbach: As far as the discussion that's on the Staff Report about where the funding priorities would be, were the TMA and the Stanford Research Park Transportation Demand Management (TDM) Working Group very involved in that?

Mr. Keene: As it relates to the specific kind of projects (crosstalk)?

Council Member Wolbach: Yeah, where the money would go.

Mr. Keene: I don't think we really had time to get into that in depth.

Mr. Heath: Some of the questions around the administrative details and how this would be structured get at that. They were wondering how would this funding relate to existing TMA funding and to what extent would this supplement or supplant existing funding.

Council Member Wolbach: Mayor Burt, as I mentioned earlier, I have a couple of questions for Staff before we go to the public. Would now be an appropriate time to ask those questions?

Mayor Burt: Let's continue with the questions just on the outreach and then we'll come back for Staff. Council Member Holman.

Council Member Holman: Just one question about outreach. We discussed at Committee the possibility and feasibility, given the timing of this, to be able to do some outreach with residents in the community. Perhaps you'd like to report on that.

Mr. Heath: Sure. We reached out to the neighborhood association group and asked them if we could organize a broad-based town hall-type meeting. There wasn't ample time in this timeline to do this prior to this meeting. I

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think if the direction were to move forward with a measure either this year or subsequently, we could certainly organize that and involve them more broadly. We really have been relying on Dave's research to give us a sense of what the broader community feels about this proposal. I think we can take that more to a qualitative level from a quantitative perspective if this does move forward.

Council Member Holman: Relying on that and, of course, the polling was done among residents, the voting public. Thank you.

Mayor Burt: Council Member DuBois.

Council Member DuBois: I found the business survey really useful. I'm glad you guys did that. It was kind of striking, I thought, the difference in the project list between what was in this earlier part of the Staff Report and what the business community was saying. There's no page number or question number. A question on the highest priorities for use of funds question. Was that totally open-ended or are the bold parts multiple choice?

Mr. Heath: Those choices were offered with an "other" category where they could offer additional options.

Council Member DuBois: There were a lot of parking garage responses. It's too bad that wasn't one of the choices. We don't really have a good sense of what percentage wanted more parking.

Mr. Heath: If you look at the respondents, they were heavily towards retail, restaurants, folks that you would expect to be concerned with parking issues. I think that's part of it. I do want to stress that the business community survey is not representative in the same way that the polling is. This is just ...

Council Member DuBois: Just self-selecting.

Mr. Heath: ... a representation of who decided to respond, not controlled for business size or type of business or anything else.

Council Member DuBois: I appreciate that. Did you email the entire Business Registry?

Mr. Heath: Everyone on the Business Registry, yeah.

Council Member DuBois: I won't put too much weight to these percentages because of that, but it certainly seemed like a major category. If we do it again, we should include it again as a choice.

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Mayor Burt: Now, we can return to questions for the Staff. Council Member Wolbach.

Council Member Wolbach: First question for Staff. As we were looking at this, clearly this hasn't been fully fleshed out yet. If we did move forward with something for this fall, if a company's already contributing and participating in a significant way with either the Stanford Research Park (SRP) TDM Working Group or with our TMA, would they receive any sort of a discount or incentive or waiver from the tax we're considering?

Mr. Keene: Council Member Wolbach, we did not have the opportunity to get into that discussion in any detail. If you hear from folks in the Research Park, for example, they'll probably be able to give you more impacts as it relates to that, just given the nature of some of the established relationships that they have. For the Downtown TMA, the contribution base to the TMA is slight right now. This would only effect a couple—this issue right now would only be present for a couple of businesses, I think, at this point in time. In other words, what does this mean about our current contributions?

Council Member Wolbach: I guess my question is in the way this would be structured, would it be set up as basically like a stick to encourage people to become more active in one of these broader TDM efforts. If you participate in the TMA or the Stanford Research Park TDM Working Group, you get a discount or you get some kind of a waiver so that there would be an either/or rather than hitting them twice and reducing the interest. I saw this on—actually there's no page number. There was this question, does your business currently contribute to the TMA. If yes, if Palo Alto businesses paid a transportation tax, would you continue to voluntarily contribute to a TMA. The number of businesses that said yes was slim to none. That's why I'm kind of (crosstalk).

Mr. Keene: Particularly in the nearer term, we'd be really hard pressed to define in relation to structuring the tax itself how all those kind of "what-ifs" work. That being said, it has seemed that one of the primary intentions of the Council for pursuing a tax like this would be to provide a funding stream that could definitely invest in and supplement TDM measures that, in many ways, we've got some gaps in how we provide that funding now.

Council Member Wolbach: In the structure for what we've been exploring here, would hotels which are facing recently increased TOT tax receive any proportional discount or waiver? Would there be any exemption for hotels based on the fact that they're already paying a recently increased TOT? Was that part of the discussion?

Mr. Keene: I don't think we had that discussion.

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Mayor Burt: That's more of a question directed to the Committee in terms of what they discussed. The Staff is not structuring this. The Committee was moving in those directions.

Council Member Wolbach: Let me rephrase. Based on the Committee's discussion, was that part of the discussion and was that also part of the discussion in the outreach to the business community?

Mr. Keene: We didn't get to that point.

Council Member Wolbach: If we do move forward with something for the fall of 2016, we're looking at a pretty short timeline. What's the deadline again to get something on the ballot?

Mr. Keene: August 12th.

Council Member Wolbach: August 12th. In that timeline, what would the impact on City Staff workload over the course of the summer be if we did decide to move forward tonight on the path towards a 2016 ballot measure? I don't know if that's easy to quantify or qualify, but I'm curious what that would be like for the Staff over the summer.

Mr. Keene: We can't quantify it. It's a lot of work. I think the concern is it's—there are a lot of moving parts that would have to be integrated pretty quickly together. I'd be hard pressed to feel that we're doing our best Staff work in this kind of timeframe.

Molly Stump, City Attorney: Mr. Mayor, if I could just add in response to that. If the Council is considering moving forward for this fall, we do need to have a small group or a designated representative from the Council that we could work with actively over the break. There is detail to the drafting. There are a lot of issues to be worked out. In order to bring something back that has at least some Council direction and support closer to the timeframe when you'd need to put it on the ballot, we would ask that Council provide that for July.

Council Member Wolbach: Thank you.

Mr. Keene: I would just say the more intricate and complex the structure is, the more concern that I have about our ability to fulfill the Council's wishes and the potential for confusion. Simplicity in a lot of ways with the measure in the nearer term, I think, would be an important factor.

Council Member Wolbach: Just want to make sure we're all on the same page and really clear about what the soonest we could start to collect would

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be. If we did put something on the ballot this fall and it were to be successful, what's Staff's estimation of when the soonest is we would actually be able to put it into practice and start collecting?

Mr. Keene: Again, we're flying a little bit blind here, trying to base our estimates on the efforts it's taken us just with the Business Registry, other startup issues, the fact that this is a tax which, I think, will have a kind of fiscal responsibility on our part to do it right, to work through issues with folks. Our estimate was that in a November 2016 Election the accurate start date in our view would be January of 2018. That would be the date for when the tax goes into effect. You can often even have delayed time periods to actually start collecting the tax and collect the tax to a particular date. We did make the point in the Staff Report that if the Council were to choose another date, say 2018, there is definitely in addition to outreach the possibility to direct the Staff to develop the structure and the implementation schedule prior to the election itself, counting on the fact that the poll numbers you have would be there. We estimated an effective difference of a two year delay in a one year difference in the time period for collecting revenues. Two years has a practical impact at least as far as the revenue stream of one year. Again, these are end of fiscal year fast estimates by us.

Council Member Wolbach: One more follow-up on that. If we were to move forward with or continue to explore a November 2017, which would be a specific tax rather than a general tax measure, again flying a little bit blind here, understanding that there are a lot of variables and unknowns. If we were to explore a November 2017 measure, does Staff think there's any chance we could have the effective date for that be January 2018?

Mr. Keene: I think that's hard to say. I think in either a 2017 scenario or 2018 scenario we can definitely close the gap significantly between when the vote is taken and when the implementation and the tax collection can begin.

Council Member Wolbach: Thank you.

Mayor Burt: I've got a couple of questions. One is a follow-up on the importance of diminishment of financial support by the business community for our Downtown TMA if we had a tax that would potentially fund the TMA's \$1.3 million plan to reduce single occupancy vehicles by 30 percent or even expand that to include South of Forest Avenue (SOFA) and a broader definition of the geographic area Downtown. About how many dollars are we receiving currently from Downtown businesses in support of the TMA?

Mr. Keene: Is somebody here on the Staff who can answer that? Pardon me? \$45,000? I thought it was more than that. \$45,000 right now.

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Mayor Burt: \$45,000 out of a \$1.3 million plan or something like that. One of the concerns that was raised actually by the *Weekly* was that this would be the totality of our---looking for the business community to pay for the totality of our transportation programs or solving our traffic problem. Can you share with us any of the dollar amounts approximately that we're spending or categories on our various other transportation initiatives both currently and what's coming up with the advanced signalization system and the bike share program, the whole myriad of things we're doing?

Mr. Keene: Mr. Mayor, after seeing that, I was hoping to get some information from Josh Mello and some detail. I just was not able to get that today. I don't think it's a fair characterization, however, if you just look at the scale of our Capital Improvement Program (CIP) itself. There's a lot of funding sources that also come from General Fund revenue streams. We could look at allocating how much is paid by businesses and how much is paid by residents. I don't think it's close to an accurate characterization if we were to look at the totality of what we spend that is even remotely transportation-related. This really tilts the balance to the detriment of businesses. We could get you a better sort of quantified report on that.

Mayor Burt: Finally, on the prospective structure of this, where we had the first 10 employees exempt, employees 11-50 at half rate, and full rate above that, the poll, to simplify matters, didn't go into that explanation. It just said a company of 1-10 paid nothing, and a company of 11-50 paid the half rate. I wanted to make sure that it was—what my recollection of what the Committee discussed repeatedly, in the presence of members of the Chamber and others who were there, was that the tentative intention was that a company that, say, had 51 employees would pay nothing for the first 10, half rate for 11-50, and then for the 51st employee and beyond they would pay the full amount. Is that what everybody understood as not a decided recommendation, but what we were using as the tentative discussion? I'll say that we have here—I haven't gone through it in detail, but we have our transcripts. I'm prepared to go through the transcripts and cite (crosstalk).

Mr. Keene: I think we clearly had discussions about those matters. I don't think we definitively settled on one. I do think the methodology we did use, though, stuck with this simpler piece. I think the yield estimates that we used, based on the numbers that we were using, were based on not having a more complex ratio apply.

Mayor Burt: Thank you. We can now hear from members of the public. You'll have each up to three minutes to speak. Our first speaker is Rob

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Fischer, to be followed by Chop Keenan. If any other members of the public wish to speak, they need to bring their cards forward at this time.

Rob Fischer: A lot of what I have to talk about tonight is going to be mostly questions for you to think about. The first one is why don't we have more notice about these meetings. Why was this meeting, my understanding was, planned on Friday for today? The meeting went from 5:45 P.M. to a 7:45 P.M. time slot. The business community, this is about us. If you're going to tax us, the least you could do is give us the opportunity to be at these meetings, and give us enough notice to plan our schedules. Some of us start our day at 5:00 A.M. in the morning. That's not your problem; that's our problem. We would love to all be here tonight, but as you can see there's only a handful of people here. My next question is if this is about traffic and parking, why does the City promote street closures. You have World Music Day, you have May Day Parade, you have art and craft fair, you have wine and arts fair, you have Palantir coming up, closing streets for their business. All these things are allowed, but we have a traffic problem. It seems to add to this problem. My next question is does this include—when you talk about the fees, is it for full-time and part-time employees? Another question is why don't we have parking meters. You want to fund problems for transportation. Most of the cities around here have parking meters. If you go to San Jose, they have parking meters. That was a comparison that was brought up tonight by the Council. Burlingame has parking meters. My next one is if the money goes to a General Fund, there's no guarantee as to how this money is going to be spent. Why not, if you're going to do this, earmark this money to be spent appropriately for what you're asking it for? The measure will guarantee higher prices eventually, making businesses unable to be competitive. We've had an increase in minimum wage. We have the Obama tax. We're cutting out parking for employees at a reasonable rate. I want you to think about what it is that you want for your City. You want quality people, you want quality restaurants, you want quality retail. You can't keep taxing us until we can't afford to be here anymore. Why do we keep building more parking garages if we have so much traffic? Is that it, I'm done? I have more questions. My last thing is that you said that all the businesses were notified on the Business Registry. I have to take—I wasn't notified. I think I'm one of the larger employers in this town. My guess is that there are a lot of other people who haven't been notified.

Mayor Burt: Thank you. Our next speaker is Chop Keenan, to be followed by Herb Borock.

Chop Keenan: Good evening, Mayor and Council. I hate to bust Dave and Charles' bubble. The number one item there was fairness. I thought I'd

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give you a little history on fairness. It goes back to why don't we have a business license tax in Palo Alto. I hear that constantly. That was kind of the fairness question. Everybody else has one. The answer goes back to 1987 when the City held a vote on a five percent utility surcharge. Came to the Chamber and to the Stanford Research Park council and said, "Would you do a five percent surcharge and support that if we did not have a business license tax?" The answer was yes, notwithstanding that business pays about 70 percent of the utility surcharge revenue. The Stanford Research Park and El Camino area currently pay a transportation tax of 11.64 per square foot. Just more taxes. The Stanford Research Park has a TDM already. Do they get taxed on top of that? It's sort of the fact of these details. Where everybody was great for High Speed Rail until we thought about that little detail about getting across High Speed Rail that was \$1 billion. Retail is struggling everywhere. You heard that from Rob. We talk about protecting the one percent golden goose, and then turn around and impose the \$15 minimum wage, which is fine unto itself, but then on top of a head tax. Maybe try one and then maybe the next, see how it goes. It's a blank check, General Fund. We had the blank check Transient Occupancy Tax (TOT), promising parking structures, and we haven't seen anything on that. The Mayor asked how much Downtown's paying for the TDM right now. It's \$45,000 out of a million. It's really \$45,000 out of \$100,000. The City's got a budget of \$100,000 to kick it off. Currently there's a Citywide transportation tax of \$33.54 per net new trip. The Business Registry was a sign-up sheet for the business license tax as predicted. The data generated has proved to be absolutely worthless. Downtown Parking District has tried to engage Staff and Council on a revenue source for a Downtown TDM. Rob talked about it; it's parking meters. When you start hearing a lot of anti-business rhetoric, you forget about the unintended consequences of point of sales. It's so easy in America today to move your sales office out of Stanford Research Park, as an example. The net number, after you raise \$6 1/2 million, I guarantee you is going to be zero or negative, because people just act that way. We got a new Mercedes dealership; they're going to hit the road. That was \$2 million a year. SAP's request for HanaHaus to do a liquor license for their events, turned down. They withdrew that. SAP brought 3,700 new jobs to town. You don't like that. That one person from the Council or Staff was there for their grand opening. These are messages. Thank you for your time. Thank you for allowing me to run over a little.

Mayor Burt: Our next speaker is Herb Borock, to be followed by Bill Ross.

Herb Borock: Mayor Burt and Council Members, I support placing a general tax on the November 2018 ballot. I believe you should wait until then so that you can complete and approve a Comprehensive Plan that will determine the development potential and the Land Use Element, the

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Business and Economics Elements and Housing Element of the Comprehensive Plan and that would have a Transportation Element that would be consistent with that level of development and that would have programs that would need to be funded by a tax. The policy question of the level of development and the transportation programs needed should come before having a vote on a tax. In the meantime, Stanford Research Park can continue funding its own Transportation Management Association without the need of a separate tax. I was concerned that, in the polling of the VTA transportation tax, the question was an argument in favor of the tax rather than the actual ballot language. What is missing in the polling question was Bay Area Rapid Transit (BART). When the voters will be voting in November, they'll have the ballot language in front of them. It seems strange not to be testing that language. In addition to the housing bond measure that will be on the ballot, there'll also be up to four statewide funding measures. It would seem reasonable to have polling questions that would show the voters all of the taxing measures that would be on the ballot so that they could get a more accurate idea of how they would vote. The consultant said it's only similar measures that might create a conflict, for example, two transportation measures. Another two measures that might have a conflict are two Palo Alto measures. Earlier this evening you had the storm drain protest scheduled before you. That 45-day protest period would end October 17th. That last week of that protest period would be when people would be receiving their sample ballots and their vote by mail ballot. They would have two Palo Alto measures essentially before them at the same time. Not knowing that that was what you were doing this evening, it was not possible to add that to the polling as well. I think that the polling questions that you had are not determinative of what the actual voting would be because of those omissions. I also believe 2018 would be better. Thank you.

Mayor Burt: Thank you. I now have a card that was for Bob Moss, who is listed there. Next speaker, Bob Moss. Go ahead.

Bob Moss: Thank you, Mayor Burt and Council Members. I look at this from a more general standpoint. We have expenses in town, and we have to raise money to pay for them. Before Proposition 13, businesses paid 60 percent of the total cost of property taxes and residents paid 40 percent. Since Proposition 13, that's flipped, and businesses pay a little under 40 percent, and the residents pay over 60 percent. The businesses have been getting a break in overall taxes. Palo Alto is one of the, I think, four cities in the State of California that does not have a business license tax. We have problems with traffic and parking. All of the surveys I've seen in the last five or six years list those as the two biggest problems. They're not caused by residents; they're caused by businesses because we have so many people

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who work here and come in from out of town. They drive, the vast majority of them. We have to have some approach to raising money to solve some of the traffic and parking problems. I think the approach that you have before you tonight is probably reasonable. I don't think it's the very best that's possible; I think it's a realistic approach. I think we can move it forward. One of the things I find interesting is we keep hearing if we had parking meters, it would be much better. Once upon a time, Palo Alto had parking meters Downtown. Are you aware of that? In the 1960s and early 1970s, we had parking meters. Nobody parked Downtown; they all went and shopped in the Stanford. Putting parking meters in is not necessarily going to benefit the community or raise that much money. It may drive shoppers away. They'll shop Stanford Shopping Center or El Camino or someplace else. It's not good for the Downtown businesses. What you have before you tonight is a limited approach to solving the problems we have for traffic and parking and the disparity between how much total taxes are paid by residents and businesses. I think it's probably the best we can do currently. I'd rather see it go on the ballot sooner rather than later. Given the choice between early 2017 and 2018, I would prefer 2017. I think if we could do it in 2016 and do it effectively for the November election, that would be even better, but that may not be practical.

Mayor Burt: Thank you. Bill Ross.

Bill Ross: Good evening. I've been a business person in Palo Alto for 29 years and a resident for much longer. I think if you look at the purpose of this tax, to get transportation improvements, to address transportation congestion, you should look back seven years. It's been in that last seven years that you've pursued a consistent administrative practice under the assessment of new development under the Environmental Quality Act, whether it's a Mitigated Negative Declaration or an Environmental Impact Report (EIR), for coming up with either mitigation in the form of Traffic Demand Management that did not involve capital improvements or some type of real parking equity. The result has been that you've deferred what should have been real hard exactions, lane extensions, intersection improvements, traffic signalization on El Camino, under the guise of TDM being weak and failing to address the cumulative traffic impacts. My answer is the way you solve this problem is change the way you approve development. Assuming that's not going to happen, you can come up with the examples, one after one, 2209 El Camino, 3159 El Camino, 2180 El Camino, 441 Page Mill, 1050 Page Mill. They're all the same. It's a paper mitigation measure. If you're not going to do that, I'm surprised that you didn't address an assessment for traffic improvements instead of a tax. An assessment would have one benefit that it would be applicable to non-governmental agencies. If we're talking fairness, first of all I'd say why

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should long-established businesses have to be taxed for the problems that have been created for new development. Why should just businesses be taxed without credit for all the impositions that Mr. Keenan noted? Why not make it applicable to government too which an assessment would affect? I think that would be a lot more salable to the residents that are going to vote than something that comes back and is just employed on business. I think there needs to be much more analysis on this, and I think you'd get much more vibrant public comments if the notations of the first speaker were noted. More notice is deserved for something like this. An assessment can be reviewed periodically and would be tied to specific improvements, thereby bypassing the argument about return to source with an uncommitted general tax like you're going to do. Also, it requires less of a percentage for approval. Thank you.

Mayor Burt: Thank you. Judy Kleinberg to be followed by Simon Cintz.

Judy Kleinberg: Thank you. I'm speaking on behalf of the Chamber of Commerce. We believe the process for developing the proposed local business tax measure has been rushed and is seriously flawed. Unless the processes which resulted in the creation of the Residential Preferential Parking Program (RPP) and the TMA, which did involve the business sector and which the Chamber supported, the business community has not been a part of this process. Your supposed outreach to the businesses has been woefully inadequate, and your emailed survey of businesses was done over a holiday weekend. I received mine at 5:01 A.M. on Saturday morning of Memorial Day Weekend. Mostly it was to business admins who wouldn't have opened it or it landed in a spam folder. It resulted in a very, very low response rate. I checked with many of my Chamber members; they didn't even get it. The reason they didn't get it is because somebody in the back office who writes their checks and is on the Registry might have gotten it and ignored it. The list of possible projects has been developed without the input of the business community to determine whether there's any real benefit or value to the business sector in supporting such a measure. You need time to evaluate the impact such a tax would have on specific business types, such as restaurants and hotels, small businesses, medical offices and the business sector as a whole as a matter of fact. A head count tax poses a special danger to the viability of retail and hospitality businesses that the City has said it wants to protect. As a general tax, there's no assurance that the funds wouldn't be spent on another project that might be considered a higher priority by a future Council. With two other tax measures slated for the fall ballot, the VTA tax for transportation improvements which the Chamber has endorsed and a County affordable housing parcel tax, a third tax might jeopardize the success of those measures and possibly doom all three. The smart way to tackle the traffic congestion relief would be to bring

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together all the stakeholders in developing a comprehensive, strategic plan for the whole City with specific projects supported by real data and following the outcome of the hopefully successful VTA tax, so we know what that's going to be for and how much money we'll be getting. The Chamber has repeatedly said that we are willing to work with the City as one of the many stakeholders that should work together to develop solutions to traffic and parking challenges, to arrive at solutions that are sustainable, supportable and benefit residents and businesses. The old adage that form follows substance should apply here. You need to determine the substance first, and then decide what form it should take to fund everything. This just might be the perfect time to bring back the Palo Alto process. Let's take the time to figure it out. Thank you.

Mayor Burt: Simon Cintz to be followed by Peter Stone.

Simon Cintz: Hello. My name is Simon Cintz. I'm a property owner here in Palo Alto. Our family has owned four small commercial properties since the 1950s. We have a number of tenants in those properties. For the most part, those tenants are small businesses, and most of their customers are residents that live in Palo Alto. Also as it turns out, doing a count of the four business owners that we have, four of them actually are Palo Alto residents and like being in Palo Alto because they're literally close to home. I'm very concerned about the City's process here, as Judy Kleinberg was talking about just a minute ago. Actually, I think it's better said to be lack of process in regards to the business community. The City Manager said something to the effect that he would be hard pressed to say his Staff was doing its best work given the timeframe allowed here to get this pushed forward to this coming election. I would hope that you would take seriously his reservations and also the reservations of a business community that really has not been involved in this. You would never think of putting a tax measure on the ballot that would affect residents without getting them very closely involved in how it would work. Why would you do something different to the business community that is very crucial to not only the revenues the City collects but also to the services that Palo Alto residents depend on? Thank you.

Mayor Burt: Thank you. Peter Stone to be followed by Annette Ross.

Peter Stone: Thank you, Mr. Mayor and Council Members. Peter Stone speaking also on behalf of the Chamber. I'm not going to repeat everything Judy said. I think she was quite eloquent. I want to emphasize just a couple of points. First of all, I think she did make this point, but it's of great enough concern I wanted to emphasize it. That is at least three taxes on the ballot issue for the fall. She mentioned the Chamber has taken a

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position of support for the VTA tax. We think there are many well thought through, specific and significant benefits to Palo Alto and the region from that tax. I would hate to see its passage jeopardized by creating potential confusion among Palo Alto voters, either thinking, "Too many taxes. I'm just going to vote no on all of them," which we know is a common voter response to overly complex ballots with revenue-raising measures on them. In this case, you position two transportation taxes, one of which is for Palo Alto specifically and the other is for BART—who knows what it's for. If I'm a Palo Alto resident, I may say I'm going to vote for the Palo Alto measure, I'm not going to vote for the County measure. As we all know, although the polling on the County measure has been good, it's certainly not overwhelming. The margin at this point is not strong enough where I think we ought to jeopardize it with putting what will be viewed as a competing rather than complementary measure on the ballot. The other point I wanted to make, which has also been addressed but again I wanted to emphasize it, is the serious lack of involvement of the business community in formulating this proposal. When it was first discussed here at the Council, I think almost all of the Council Members indicated they thought it was important that there be outreach to the business community. It was important to have input from the business community. The survey was not meaningful for the reasons that Judy outlined. There were some interesting comments, but they essentially amounted to a few anecdotes. They certainly don't represent anything from the business community. I have to tell you that there is zero support for this in the business community. I haven't heard any businessperson say that they would be willing to support this measure if it's on the ballot this fall. Thank you.

Mayor Burt: Thank you. Annette Ross to be followed by Jessica Lynam.

Annette Ross: Good evening. I hadn't intended to speak tonight, but when I heard the pollster say that they reached out to all the people on the Registry, I wanted to tell you that's a concern because I'm on the Registry and I was not contacted for this survey. I bet you that's a bigger problem than you might know, so you should be relying on good information. The other thing about the poll is there were two lines regarding fairness. I just wondered what the two fairness issues were. If one of you could ask him that, we could get that answer. Thank you.

Mayor Burt: Thank you. Jessica Lynam to be followed by our final speaker, Carl Guardino.

Jessica Lynam: Good evening, Mayor and members of the Council. Jessica Lynam on behalf of the Palo Alto members of the California Restaurant Association. I've been changing my talking points due to the fantastic

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comments from the public. I just want to point out a few facts. The restaurants in this community pay amongst the highest in the BID rates. This is on top of the registration fee of \$51. Now, the City wants to add a head count. In addition to the fees that Mr. Keenan mentioned, my members who have very low profit margins cannot afford such a head count tax. That's because my members have higher head counts than any other industry or have longer operational hours, and there's more service that needs to be provided to a customer than any other industry. This could be the straw that broke the camel's back to the restaurant community here. That's not something that anybody wants. You have already pointed out as a Council that you do not want formula retail. The only businesses within my industry that can afford a head count tax will be formula retail. You can't have your cake and eat it too at this point. Furthermore, the subcommittee was told to look at all funding streams by the Council's direction. Sitting in the subcommittee meetings, there was blinders on and that can be shown in the polling where business head counts was drilled in to the pollster. The final questions in one of the polls was other funding streams. Why wasn't that upfront? Why wasn't that front-loaded? As a result, the consultant did say that a general tax and what was stated in the subcommittee that a general tax can have a resolution to earmark the funds. Those funds can be changed. My members are writing essentially a blank check with no promises, an extremely high blank check that they cannot afford at this time. It's very rushed. There has been no stakeholder process. Very small meetings with the Chamber groups, with just their Board, is not outreach. That's meeting with a couple of individuals. I don't even have the ability to have a lot of my members attend tonight, because they're still cleaning up from the rush hour of a Monday night. Don't rush this. Don't create this sausage from the dais tonight. Let's have a robust conversation, not during small subcommittee hearings, during times of the day when my restaurant members cannot attend, during the lunch hour or the morning rush hour. Let's try and do a proposal that everyone can live with and that would fund the projects that you guys want to create for the City. Thank you.

Mayor Burt: Now we'll return to the Council—sorry. I had one more. Carl, I wasn't trying to cut you off there.

Carl Guardino: Mayor Burt, don't worry. I won't need therapy for that. I appreciate Mayor Burt and members of the Council, so many of you working with us in such a collaborative process these past 3 1/2 years towards a traffic relief and road repair measure that is now on the ballot for November 8th on a 12-0 unanimous vote by the Valley Transportation Authority. Mayor Burt, Vice Mayor Scharff, so many of you worked so diligently on that. We asked your Staff to put on your screen for you what

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that collaborative process has brought forth. With your leadership, based on data-driven, good policy work for transportation solutions that need a two-thirds vote, which means it's a specific measure for specific, accountable purposes, intentionally using conservative estimates so that we can deliver everything on that screen as promised, this is the benefits to the City of Palo Alto, its residents, its employers and north county. Without even including the \$1/4 billion for bike and pedestrian(ped) improvements throughout the county and \$1/2 billion for core transit and other key needs for the working poor, disabled and seniors, just what we know for sure will be coming to Palo Alto and north county is \$1.405 billion in improvements. Thank you for that work together. What troubles me is what I believe troubles many of you. Those were your very public comments that we didn't want to place this at risk and the polling would let us know if we did. Unfortunately, that polling shows that it would. We lose six points in a measure that already requires a 66.67 percent vote. We need each vote that we can get across the county to be able to deliver to Palo Alto and north county 1.405 billion in specific, accountable, guaranteed improvements that you can only get in a two-thirds measure. A general purpose tax, as we all know, can be changed by any time, by any Council, on any Council night over the nearly two decade process. From what we understand from the Staff Report, it's about \$73 million that would be gained by a Palo Alto measure balanced against \$1.4 billion. We hope we'll continue to work together on a countywide measure this year with guaranteed funds for north county and Palo Alto. Thank you, Mayor and Council.

Mayor Burt: Thank you. Let's return for discussion, including any questions that colleagues have of the Committee. One of the things I was trying to get across to Council Member Wolbach is this is a Council-driven initiative. It's not a Staff one, so it's not really fair to ask them about intent. It's your colleagues that you need to ask. Council Member Kniss.

Council Member Kniss: Mayor Burt, I'd like to try some comments and a Motion, but do you want to move that quickly or do you want more discussion among ourselves?

Mayor Burt: No, let's discuss it more ourselves.

Council Member Kniss: Why don't I have some discussion? I'll leave the Motion for a bit. Several weeks ago, you know that we were asked to look at the possibility of this tax that could be used for long-term transportation solutions and traffic issues in our community. Our Ad Hoc Committee, which included Pat, Karen, me and Greg Scharff, has met several times. You know that the polling has been done. Both Dave and Charles are here tonight. Thank you both for coming. We know your work, and we know that it's

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good. The interpretation is very helpful. I know you had to do this quickly. We appreciate your doing that as well. I think this tax measure has real merit for addressing our long-term, intractable traffic congestion problems. I would congratulate the Mayor, who really brought this up initially and put the Committee together to take a look at it. I don't want to go too far afield at this point, because I know we want to have some discussion. Just to put it out there, I think that the so-called head tax that we've been dealing with and the possibility of bringing that this fall is actually preemptive. It is actually rushed. Once again, I'm sorry not to see a room full of people that are complaining about our traffic and who are from the community and concerned about that congestion. We hear from them so often, but they haven't come tonight. I'm concerned. This is about trying to get all the ingredients in the right place. At some point, we're going to have to bake this item in a very hot fall election. I think waiting for '17 or '18 is what would make sense to me. Let me stop there.

Mayor Burt: Council Member Holman.

Council Member Holman: I put my light on right after because I was wanting to ask a question of the final speaker. If I could do that, Mr. Mayor?

Mayor Burt: That'd be fine. Mr. Guardino.

Council Member Holman: One quick clarification too. The six points is six points among Palo Alto voters. It's not six points impact on the tax measure. It was a quarter of one percent if you were here when the Staff commented about that.

Mr. Guardino: I'm well aware of that, Council Member.

Council Member Holman: It's a quarter of one percent, not six percent impact on the tax measure's 75 percent necessary. The question I have for you is—it's a hard-hitting question, but I think it's something that a lot of people in the community need to know, want to know. There have been, through a lot of effort and a lot of negotiation, a number of projects identified that you had put up, that the County tax measure would bring forward. What I don't know either is what is the absolute commitment that those negotiated dollars and attributions would be realized. I'm just going to be very out front on this. In the past, what's been negotiated has not been what's happened. For whatever we end up doing tonight, a critical piece, I think, for everyone to know, both about your measure but also about what we do here, is what's the commitment. Is it a written commitment? Is it an absolute commitment for what those listed projects would come as identified?

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Mr. Guardino: Council Member Holman, thank you on both points and both questions. On the first one, yes. For Palo Alto voters, it cost six percentage points. Why does that matter countywide? Our 2008 measure passed by 66.78 percent of the vote, needing 66.67 percent of the vote. We won by 2,225 votes out of 750,000 votes cast. Every vote matters. What we're risking is \$1.4 billion worth of improvements. In terms of a commitment, first the difference between a commitment on a specific measure and a general measure. As you know, no one on this Council will be here through the life of the measure. Some won't be here even when it would take effect. A general purpose tax, by its very nature you are legally not allowed to tell your citizens specifically what it would be for or you trigger that specific tax. The Valley Transportation Authority measure is specific, it's in writing, not only the 75-word ballot statement but the multipage resolution and ordinance listing every improvement and the percentage of the measure. Next, very conservative revenue estimates were used by the Anderson School in UCLA and Ernst and Young. Not only did they not exceed the \$6.5 billion in those revenue estimates, at our urging, they stayed \$200 million below that conservative estimate to make sure that everything promised, written in the resolution and ordinance, can be delivered. Thank you for the excellent question and the chance to clarify that.

Council Member Holman: As Staff knows, I'm a detail person. It can and will be delivered?

Mr. Guardino: Yes.

Council Member Holman: Thank you. I appreciate your enduring the question.

Mr. Guardino: Thank you for all your work over the years on this. The tragedy is we all want as much traffic relief as possible. We just don't want to jeopardize it. We were hoping the poll results would be different, but they're not.

Council Member Holman: Thank you.

Mr. Guardino: Thank you.

Mayor Burt: Council Member Berman.

Council Member Berman: Thank you very much to Staff and the Ad Hoc Committee for the work that you guys have done. When this first came to Council—I was just looking for the date, and I can't remember. It must have been early March because the first Ad Hoc Committee was March 24th. I had expressed a concern that only a narrow number of options would be

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analyzed or discussed at the Ad Hoc Committee and an even narrower set of options would come to Council. From my perspective, that's happened. I'm not going to go into all the other options there are, whether it's parking meters or whether it's increasing the cost of permits in the parking garages. A lot of residents have sent me ideas that they have on ways that we can raise money to provide more funding for the Transportation Management Association. I would like Council to have a robust discussion of all of those options. I think it's important for Council and the community and the business community to take a look at the full set of revenue-generating options that exist and then go through them and decide what makes the most sense. Maybe it's a combination of a few depending on the resources that can be raised or maybe it's just one and maybe it's the head tax. I don't know that, because I haven't been a part of that conversation and neither has the business community. The first Committee meeting was on March 24th. Today's June 27th. What is that? Three months, a little more than three months, which is a very abbreviated process, going back to Former Mayor Kleinberg's point, for the Palo Alto process. I wasn't on Council when Council tried to pass a business license tax. Was it 2009? That failed because different impacts on different sectors of the business industry weren't discussed up front, and then the whole thing kind of failed due to the lack of early analysis that was conducted. I don't have the comfortability that that conversation has occurred at the Council level or with the business community in identifying the impacts on the different industries that exist in Palo Alto. I also have concerns. I haven't gone back and read the Minutes. When we passed the Business Registry—I co-wrote the Colleagues' Memo to create the Business Registry. Obviously, no guarantees were made, but there were comments made to kind of alleviate concerns of the business community that this was not going to pivot immediately to a business license tax or a similar type purpose. I feel like that is kind of what we're doing in so quickly discussing and possibly moving towards a head tax. I also think that we have a lot of work to do to perfect or just improve the data that we get back from the Business Registry. I think that needs to be a serious focus of Staff. We've been losing Staff that would be focused on that, which makes it that much more challenging. Until we can do that, until we really have accurate data, I just think that needs to be our number one priority right now for the Business Registry. Thank you, Charles, for—we worked together on the Infrastructure Committee Transit Occupancy Tax (TOT) increase and the parcel tax for the School District six years ago. This isn't meant to be an indictment on your efforts. An email to the business community with a survey is not outreach to the business community. You did what you could with the timeframe you had obviously, but we as a Council need to make sure that there's much more outreach to the business community and an opportunity for them to really engage in the process, help identify and evaluate solutions and come up with—hopefully be

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a partner in coming up with the final package that we create to try to identify more funding for the Transportation Management Association. That is important, but I think the process by which we do that is as important. That's where I stand. Might I support—no matter what happens, I'm not going to be on Council next year. I could be talked into supporting a head tax down the road, but we just haven't had enough analysis. We haven't had enough community engagement to decide whether or not that's the right solution to this problem. I think it's far too early to move to put something on the ballot this November. I wouldn't even be comfortable saying we should put it on the ballot in 2017 or 2018 until we have that conversation about all of the different solutions at our fingertips and figure out what the right solution is. The argument can be made not having those resources over the next two years, the traffic in Palo Alto will be further exacerbated and residents will get further frustrated. We read in the Staff Report that even if this were to get passed this November, we couldn't implement it until January of 2018. I would argue that the danger of it failing and this being pushed off for another six or seven years since the last time we tried a business license tax is even more damaging than waiting a little bit and getting it right. I think the data we have is very helpful and can inform a more robust process that the community goes through over the next six months to a year to come up with that right solution. I personally don't have enough data and input to make a decision on what the right solution is tonight.

Mayor Burt: Council Member Wolbach.

Council Member Wolbach: Let me echo what my colleagues have said thanking Staff, consultants, everybody and also the Committee for working on a very short timeline to try and get us something to consider. Thank you to those members of the business community who did respond to the survey and who came tonight to share your views and have emailed, etc., and others from the public who have shared your thoughts. I do think that we've seen a lot of evidence from all of those sources. I felt myself as a Council Member and I think we've heard it indicated by Staff and we've heard it from the business community, we've even heard it from some members of the public that this feels very rushed. I am very open to the idea of Palo Alto having a business license tax of some kind, whether it's on gross receipts or head count. Lots of cities have that. I'm not going to rule it out. I'm very open to that in concept. If we're going to do it, I think we should do it right. I don't think, if we move forward with something for the fall of 2016, that we're going to do it right. I think we're either going to set it up to fail at the ballot or, if it does succeed, we're going to find that we've passed something that we didn't spend enough time working on the details and it ends up being bad policy. It's either bad politics or bad policy or both,

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neither of which I can feel comfortable about. I don't think that's why we're here, to push bad politics or bad policy. I do think that we should move forward with really exploring transportation funding in a way that (inaudible) of what Council Member Berman was saying. This Committee was the Local Transportation Funding Committee, not the business head count tax committee. As a Local Transportation Funding Committee, they had, I felt, a broad mandate which was quickly narrowed. When it came back to Council last time after the first round of polling, I raised my concerns. I specifically emphasized my concern—I don't think I was alone—that the first round of polling had not explored a breadth of options for potential funding sources. That was added to the second round of polling. However, the way it was added as Question 13, the last substantive question on the poll, is a good example of something that you want to try and avoid unless you have a particular goal, which is called priming where you prime the mind and the thinking of the respondent to the survey. This is what's done in push polls. You get them to thinking about one thing, and then you ask them about something else. Their response to the something else has been primed, has been changed by them having answered 12 questions leading up to that about Option A. That's how it was phrased. It was a whole survey about a business head count tax, and then by the way, in Question 13, some people think that this isn't the right solution. Here are some other solutions. What do you think? No real surprise for anyone who's studied polling science, when you organize a poll that way, that's the result. This is why I was asking the question earlier about how our consultants interpreted the direction they got. I think they did a great job with the direction they got. I don't think that we as a Council and I don't think that the Committee was clear enough or maybe we just didn't have the time and were too rushed to really call for and explore a broad range of funding options on equal footing in the surveys. That's my concern. There was a question, yes, but the way it was framed was—it was framed to fail. I'm worried that this whole measure will be framed to fail again as politics at the ballot or as policy. If we do move forward—I'm still open with moving forward—I think we should move forward for either fall of 2017 or fall of 2018. I think we should still keep our options open about what the funding source would be. I am still again comfortable with exploring the idea of a business license tax, whether it's on gross receipts or on head count, but I think we need to do it right. I think we need to pull together a blue ribbon committee or a stakeholder committee. We need to make sure that everybody's at the table. That means the City, it means residents, but it also means Stanford Research Park TDM Working Group. It means Stanford University, Palo Alto Unified School District, the TMA, maybe a couple of larger businesses and employers in town as well. Get everybody together, again, along with the City and with residents, so it's not just business heavy but you have good balance. You have everybody's ideas at the table, so that all of the nitty-gritty details and

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potentially creative solutions can be thought through. I would envision three areas for this kind of committee to focus on. First, really what do we want to prioritize with our transportation funding. Secondly, how much money are we going to need. Third, what kind of funding source to we want to use. Of course, it'll come back to Council, and we may end up moving forward with something similar to what we're discussing tonight, but we'll have a lot more benefit of community input. We'll have taken time to work through the details, and we'll have really in a fair, equal footing way explored various parallel options for a revenue stream. I think that is the way to move forward. I have a couple of other comments and concerns, but I think I've said enough. We've heard a lot of the concerns. Again, just to summarize. I'm okay with moving forward, but that means we've got to do it right, and that means we can't do it this fall.

Mayor Burt: Council Member Schmid.

Council Member Schmid: I want to thank the survey. Very helpful to have two rounds and more specific questions. Thanks to the work of the Committee. It was nice to have eight hours of work done by others with us being able to get the benefits. I'd like to make just the case why I think the tax election in November 2016 makes sense. A tax on employees for transportation needs. Why are we rushed? I don't know. I've been sitting on this Council now through the last three, four, five years. I can't tell you the number of hours we've spent dealing with traffic, parking, congestion, density, quality of life issues. Exploring and trying to deal with it in a variety of ways. They're with us. I think we need to focus and move forward. Transportation funding makes sense. Why? There's some basic issues about Palo Alto we've got to confront. We have three workers in town for employed resident. That means a lot of people are coming into the City every day. Traffic, parking. Every time we have a new proposal, we go through a parking analysis, traffic analysis. I think clearly there are six to ten critical intersections in Palo Alto that will have an F rating very soon. If you add in local freeways and freeway onramps, you can add another ten segments to that issue. We have traffic issues, and we can't blame our neighbors, because none of our neighbors have that 3:1 ratio. We have some clear goals. How do we deal with traffic? One way we've been talking about now for three or four years is cut car trips, try and deal with car trips. We have a VTA measure on the ballot. Most business people say, "Let's support the VTA. Let's not undermine the VTA." There's one critical thing about that; it's a sales tax. It means it's a regressive, consumer tax. Lower, lower middle, middle-class people spend a lot more of their salary, a much higher share, on consumer goods. Services aren't taxed. Property isn't taxed on that. It puts business in a little funny position to say, "We want the VTA tax but none others. Let's have a consumer tax, a regressive

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consumer tax." I think there are a lot of business people around town who say, "We need to do something about traffic." The survey showed that both the medium-sized and the small businesses, between 78 and 82 percent of the people said we would be better off, both in retaining employers and customers, by addressing our traffic and parking issues. I think they would be happy, maybe not all of them but a substantial portion of those business employers would be delighted to have a balanced tax, a consumer tax, sales tax with the VTA and a business employee tax balancing their needs. The issue has been made we need a clear, articulated plan with specific goals before we start talking about taxes. We have a prime example; we've had it for five years. The Stanford Medical Center, SUMC. In order to get approval, they said, "We have to deal with traffic." They did a TMA. They set a goal, a specific target, 35 percent non-Single Occupancy Vehicle (SOV) transport. They said, "In order to achieve that, we need a number of transportation alternatives." They listed them, three pages of them. They said, "These things don't come cheap. We can't get it for \$45,000 or even add the City's \$100,000." They have pledged \$2.5 million to attain their goals for between 5,000 and 10,000 workers. \$2.5 million per year, that's a lot of money. Yet, if they don't achieve it, they've agreed to a substantial fine each year they don't meet their goals. There is a clear, articulated plan with specific goals. I think we're talking about the same thing. If we get revenue from a business employee tax, we can fund those organizations, a Downtown TMA, Research Park TMA, California Avenue TMA, RPP. We can meet the County funding for grade separation. There's specific things we can do with that money that would make a difference. The biggest difference it would make is for employers, for the 78-82 percent who say, "I can do better for my employees and my customers by having a transportation system that works more effectively." Why don't we do that in November 2016?

Mayor Burt: Council Member DuBois.

Council Member DuBois: I think the question tonight is can we define the parameters of a tax for Citywide improvements and have Staff flesh it out in time to meet the ballot deadline. I think the need is clear. Three years from now, it's going to be much worse, so there is pressure to act boldly. I think Mayor Burt showed real leadership in pushing this issue. I think it's clear that commercial growth has been a strain on the community and that doing something about it is going to be expensive and complicated. On one hand, the sooner we start the better. I think the idea behind the head tax was really creating a nexus between the source of the impacts and payment to help improve the situation. If we're going to move forward, we need to address a lot of issues tonight in terms of definition. The Staff Report brought up kind of a timeframe. I think a long timeframe like 2028 makes

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sense, but having a sunset date. I think a definition of what an employee is, a full-time equivalent. I think we should consider exemption for nonprofits. I wasn't around the last time we tried this. My understanding was that there weren't clear definitions of who was exempted, and that caused problems. From the polling, I think it said 67 percent were more likely to support it with an exemption for nonprofits. I think that's something we should consider. There's been a question raised in emails. Is this in addition to the Business Registry or is this a replacement for it? Maybe that's a small detail, but I think we should address it. I think there's been a well-founded criticism that this isn't well defined. I agree, and I think we need to fix that and fix it quickly if we're going to move forward. Again, the online opt-in survey was not representative, but there was a striking disagreement between suggested projects in Staff pages. I think five of 12 of them were bike projects versus the desire of the business community and things we've heard mentioned tonight such as traffic signal optimization, improving intersections, parking garages. I think it would behoove us to listen to the businesses and really have a broad range of transportation projects. If the tax is only focused on getting people out of cars, I think it'll fail. If there's a balance there, I think it'd be more viable. When I say balance, I mean things like grade separations. It's not going to pay for all the grade separations, but we're going to need a lot of money for that. Again, traffic flow optimization, parking, transportation options for peak periods with school traffic. I think there's a lot of other areas where we create more of a balance. If we talked about a longer-term tax, say to 2028, I don't think we need to list all the projects, but I think we need a framework. Again, I went back and looked at San Mateo's Proposition A. I think it's a pretty good example of a transportation tax. Again, they established a percentage of revenue that goes to certain categories and allowed projects to apply or had projects fill in over time. If we included categories like parking, signals and intersections, local streets, grade separations, ped and bike, and alternative relief, TDM programs and we quickly work through this and assign some percentages to that, I think it would give some meat to it, it would say how we're going to spend the money. Again, it would let people know that we were going to address different categories of problems. We've identified traffic and transportation as a priority this year. We've done some things, but we've done very little in terms of new parking or really improving the flow of traffic. I do have faith in the voters of Palo Alto that if we articulate a plan that makes sense, they will support it. Time is short. In summary, rather than see a list of specific projects, I think we should define a measure to allocate tax revenue. It should meet the needs of both businesses and residents, and we should define pretty sharply definitions, criteria, exceptions. If we don't do this in this election, I'd still like to see us get started now with the idea of targeting 2018. That's kind of where I am on the issue. Thanks.

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Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: I agree a lot with what Tom said in terms of wanting to get this process started and wanting to move forward. I'm reminded of 2009 when I ran. First of all, the business license tax was on there. One of the things we ran on was infrastructure. We had this supposedly \$500 million backlog in infrastructure. There was lots of discussions about it. How would we ever solve it? I remember when I got on the Council, I really wanted to tackle the infrastructure process. I talked to Larry Klein about it. I said, "Larry"—we were on Finance together—"how do we get this going? You've been on Council forever. I think you've been on Council longer than everyone added up together at that time." Larry said, "The first thing we need to do is define the problem and figure out how we solve it. We need to put together a blue ribbon task force, and we need to come up with what are the actual projects that need to be done. People threw out numbers of 300, 500 million. We need to know what needs to be done, how much money it's going to take, and we start from there. Once we know what the projects are, how much money they're going to cost, we then need to come up with a funding plan." We did; we came up with a funding plan. As part of that funding plan, we came up with a TOT tax. There was unanimous agreement on Council that this was the way to go. There wasn't some people thought we should do it, some people thought we shouldn't do it. Everyone thought we should do it. The only disagreement was, frankly, whether or not it should be 15 percent or 14 percent. That was the only real, substantive disagreement amongst the Council. I think these are real issues that we need to solve. I think if we rush forward—that's been the hardest lesson I've learned in the last—what is it now? Seven years on Council. My natural inclination is always to try and rush in and fix the problem and not go through the Palo Alto process, which frankly I find frustrating, slow, cumbersome, takes far longer than I'd ever like. Any time we ever try and short circuit that process, there's this error, there's defeat. It always falls apart. We need to bring everyone along; the community expects it. I think we should definitely move forward tonight but not on putting it on the ballot in 2016. I think that it was way too rushed. Frankly, that's what polled. Two-thirds of the people thought it's a rushed plan. I think that's the tension on the Council. I think we'd have unanimous support for moving forward if we took a step back and said how do we do this in a way that garners that unanimous support on Council and garners the support in the community. If we move too quickly on this and we put it on the ballot, I think it has the smell of disaster. The *Weekly* wrote a very strong editorial against this. When people put the tax in 2009—I'll just pause for a second and ask a question. In 2009, did we do any polling on the business license tax?

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Mr. Keene: We didn't do any polling.

Vice Mayor Scharff: We did no polling. What we're looking at here is soft support. That's what the pollsters told us. In fact, somewhere in here it says basically half the support for the measure is soft support and could erode. On Page 4 of the Staff Report, I think it's really very telling when TBWB—that's you guys, our pollsters—stated that a fundraising effort for proponents of the measure would likely need to be in the \$150,000-\$200,000 range. That's a joke. That is never happening. On the TOT, we raised ...

Council Member Berman: Twenty-five.

Vice Mayor Scharff: I thought it was \$5,000-\$10,000.

Council Member Berman: I thought we raised more.

Vice Mayor Scharff: I don't think so. The point is the notion that you would raise anywhere close to that kind of money is just not happening. A lot of this depends. If the business community spends--\$150,000 is what I heard our pollsters say in the meeting. Correct me if I'm throwing the wrong number out. That would be a concentrated effort. That support could easily erode, and this measure could go down to defeat, which would be really unfortunate. We have the opportunity to step back a moment, form a blue ribbon commission or something similar, identify the projects that need to be done, identify how much money we need, and come up with a plan. I just want to remind everyone what the *Weekly* said about this. The *Weekly* said the current effort is half-baked, lacks any commitment to what is to be—just read that for me—funded and fails in detail how it would be implemented. The point is that's a really strong statement. Then, they contrast that with the 2014 TOT measure which says that the measure was carefully developed with a clear purpose and funding high-priority infrastructure projects. That's what we need to do. We need to fund high-priority projects that deal with traffic congestion. That's what we need to do. If we don't know what those are—I just don't see us sitting here tonight and being able to figure that out. We all then go on break; we try and put it together. Jim Keene, our City Manager—Jim, you're going to hate that you said this, because I'm going to repeat it as well as one of the speakers—said Staff can't do their best work in this timeframe. If Staff can't bring their A game, why are we shoving this forward right now? It reminds me a little bit of David Cameron and the Brexit issue. David Cameron decided to put on the ballot the whole Brexit thing, because at the time the polls showed that it couldn't win and it was a short-term political gain that he would become Prime Minister for it. That's pretty obvious. No one foresaw that this would

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happen, and we would have this vote in the EU. We don't want unintended consequences which would be losing this and then not being able to do the kind of things that Palo Alto deserves. I also think the whole jeopardization of the VTA measure—that's pretty scary. That's pretty short-sighted on our part. Why not wait? Staff has told us it's a difference at most of a year. We could do this right and get the money in 2019 and have a program that we've all bought into or we can rush this forward and get the money in 2018. Look at the way the business license tax unfolded in the community. That's not nearly as complicated as this. It hasn't been the most, shall we say, well felt—it hasn't been felt by the community that it has been rolled out in a way that has been efficient and well done. I think a lot of people recognize that. I think there's a lot of anger about a lack of outreach and a lack of bringing people in from the business community and a sense from several of the Council Members who have spoken tonight that we haven't really explored the options. Now, we're going to do that again. We're going to go on break. I heard the City Manager or the City Attorney or somebody say we should appoint a small committee to deal with this issue in the absence of the Council while we're on break. Again, what we're going to do is not even do really full outreach to the Council. I just think this is the wrong way to do it. I agree with Council Member Schmid in terms of we need to get this done. I just think it's a timing issue. I think we put it all at risk if we don't get the timing right and we rush into this plan, which is exactly what it feels like to me. There's all these little details on it. I just noticed that the Research Park, for instance, pays as much sales tax as the entire Downtown. What this plan does—why is it 50 employees, not 35, not 30? It's because we took the number 50 and we went like this, "Fifty." When you do that, we don't really know what the right number is, we don't know how much money we need to raise. What we're doing is basically saying the large employees in the Research Park, who pay as much sales tax combined—I know there's some who don't pay any, and there's certain ones who pay a lot. We're saying the largest employers, primarily congregated in the Research Park, will fund this tax for the entire City. Yes, the City of Palo Alto is another big employer, assuming we don't exempt them. There's obviously a couple of large employers Downtown. The majority of them are clearly in the Research Park, and that's what that showed. I think putting a measure on the ballot on a close vote in Council, where it's controversial, where you have a strong editorial from the *Weekly*, where we're told it could take \$150,000-\$200,000 in a positive campaign in a fundraising effort to get it passed, and there's soft support it, I think all of that basically smells disaster if we go forward in the fall as opposed to either in 2017 or 2018. Thank you.

Mayor Burt: Not surprisingly, I'm going to wade in. First, I think there from the outset have been good arguments for proceeding and for looking at a

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later date for consideration of this from the outset. Council Member Holman, I'll let you go.

Council Member Holman: I'm sorry. I put my light on a long time ...

Mayor Burt: Light wasn't on.

Council Member Holman: I'd put my light on a long time ago. There may be some issue with this light. Thank you for that. Sitting here listening to my colleagues and members of the public and being on the Committee, we've heard many of the same comments from members of the public before that we heard tonight. Where to start. There are any number of entry points that one could begin commenting on this. My wish is that we could go forward with a tax this year. That would be my wish. I appreciate that the Staff has done due diligence. I appreciate the consultants working in such a short timeframe. I don't think it's been for naught. I think we've learned a lot. I think we have learned a lot that we can use going forward. Just to get it out there early, my preference would be to work towards getting something on the ballot in 2017. Here's the reason. Even though that would take a two-thirds majority vote, if we wait 'til 2018, we are not going to start any improvement projects from such a tax until the mid of 2019. That is three years. What do I base that on? There's some comments made earlier, but just to go back to a conversation that happened at Committee. There were a lot of Minutes, and I doubt Council Members have had a chance to go through all of those Minutes. If we get—pick a time. If we get the measure approved in 2016, November, it's going to be mid-2017 before there really is any action that takes place, because you can't anticipate what the vote's going to be. Contractors, consultants aren't going to be hired. Staff isn't going to be hired to manage any projects. You're looking at six or seven months, which Staff has said is—it says it's City Manager Shikada who said that that is pretty much an accurate timeline. Six months before you can bring people on board to implement whatever the program is. I'm not eager to wait to put something on the ballot in 2018, because that leads us to mid-2019, three years. In the meantime, like I say, we have traffic situations that are exacerbated short of a severe downturn. I appreciate Mayor Burt for bringing this forward. I've been a little frustrated with the timing of it takes a long time to bring something forward. That said, I also appreciate getting to serve on the Committee. 2009, I tried to assure the business community that I did not support—Council Member Scharff has mentioned that he was also running for Council then. In 2009, I also was running for Council. I did not support the business license tax, because it was not well written. It was not clear what the businesses would get out of a business license tax that was on the 2009 ballot. Whatever we put on the ballot, I'm hoping in 2017, will be

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clearly identified what is going to be in it for the businesses as well as the residents to benefit. Businesses have come forward and said—it's true for the City too—"I can't keep and hire employees because the traffic is so bad. I can't attract employees to Palo Alto anymore." That is a desperately negative comment on the vitality—some who don't like that word—of this community and our ability to continue to improve. I think that's a critical comment that we really—from our business community—that we really need to take into consideration. It's clear that we need to do something because of these kinds of situations, these kinds of comments even from our business community. Why 50, why 11-50, why 51-100? Whatever we do is going to be kind of a finger-to-the-wind. It could be 35, it could be 65. Who knows? It's always going to be some kind of a less than litmus test. It's going to be some kind of a best guess estimate. There's no way to get that kind of critical estimation of that. I was interested if Staff had any comment on the comments of Bill Ross, who has left, about what an assessment might look like rather than a tax. Just a curiosity on that. I also agree with whoever—it may have been he—that said our TDM programs are—they're pretty flawed. They aren't very easily enforced. If we wait until 2017, we'll know what the outcome is of the VTA tax. I think it's important to look at whatever we do this year, next year, 2018—God forbid 2018 is our delay tactic. It's always been envisioned as being a companion tax with the VTA tax, but the VTA tax, while it has some local implications—this is in companion with that. Some of the monies that we would garner would not be able to be used in the larger framework of things and to also supplement things like grade separations. Those are some things we ought to consider. I'm interested in Staff looking at Tom's example of the San Mateo transportation tax. The funding campaign, just to put things in perspective a little bit, for a local measure—the TOT tax didn't have to raise very much money and didn't raise very much money. I hope going forward we'll have the support and encouragement of the business community. If I remember correctly—somebody will correct me, I'm sure of it—I don't think the business community supported the TOT tax either. That didn't take very much money to be able to get a very large majority positive vote on that. My perspective and hope is that we will work in this next year to put on the ballot in 2017 a measure that will provide transportation tax funding for specific and identified projects that will improve our quality of life. One thing I did mean to say, and then I will stop there. If we do nothing and we do business as usual or if we even look at what the Comp Plan scenarios are right now, we will be adding millions of square feet of business space. Even if we are very fortunate, very lucky and very hard working with the help of the TMA and Staff and our individual businesses such as those in the Research Park that have their own programs, even if we reduce our single occupancy vehicle trips by 30 percent, there's still that additional square footage that's going to provide 70 percent of that 100 percent is going to be

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added to our streets. It's not a like 30 percent reduction is going to save the day if we keep growing the way that we have been. I don't hear anybody saying that we want to stop growth. That's not where I am. We have to consider what the impacts of growth are in terms of trips and what a 30 percent success rate even indicates for the future of transportation and congestion in this community. I am hoping and promoting a 2017 ballot measure and spending the next year to work on outreach to appropriate entities including the residents and more outreach to the business community and identifying more finitely what monies would be used for and how much money was to be raised. Thank you.

Mayor Burt: Going back to where I was starting off. I think there are good arguments to be made on each side of the question of going forward on it at this time. I don't think we need to use distortions of facts or hyperbole or misrepresentation to be able to have this discussion around the good arguments. Vice Mayor Scharff said that two-thirds of the pollees thought that the measure was rushed. That's actually not what the question was. It was whether an argument that it was rushed, whether it was rushed or not, whether that argument would be a persuasive argument. That's an important distinction. The City Manager earlier didn't say that—his response on the quality of Staff work was in response to Council Member Wolbach's questions about whether something more complex could be done. His response was that if it was a more complex measure, it would be trying on the Staff's ability. I think, frankly, either way it'll be trying. That's not what he had said. This notion that somehow it's a flaw that we have tentatively looked at 50 as the number at which a business would pay full share, that argument could be made no matter what number is picked. That's just an argument that you would use if you want to defeat whatever comes up. It reminds me of when we had the last business license tax, and we had extensive outreach to the business community. I had some concerns about that tax, frankly, because it was before we had made reforms to our own City government on pensions and benefits. It wasn't focused principally on infrastructure. It was not rushed. I'm sorry, Council Member Berman, you weren't there. It wasn't a rushed measure. What actually did happen is it was kind of a whack-a-mole. No matter what scenario was proposed, virtually the same members of the business community opposed the changes that were made. The notion that we're going to likely see business support, if we did an extensive outreach and we somehow refine this, is very wishful. We, for instance, on the last TOT increase and the previous TOT increase as well as the previous business license tax, the Chamber has opposed all of those. The last one went with extensive outreach, with a very focused purpose, which frankly got 70 percent support or thereabouts, over 70 percent from the electorate. The Chamber and the business community opposed it as well. The notion that we're going to see support from the

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business community if we have outreach—we had a number of speakers tonight from the business community. They were saying do the outreach and, at the same time, all the reasons why they're never going to support this. We might have some members of the business community that would come around. I would hope so, but don't hold your breath on that. What we did have was something that 65 percent of the electorate was in support. Even though some of that was soft, there was also an additional 6 percent who was undecided. That's a pretty good number. For me, at the outset when we began this process, I stated that I thought that there was a real need for this in our community, local funding for additional transportation measures. I've got to say this is the most half-baked editorial I've ever seen from the *Weekly*. One of the arguments was that the business community would bear the full burden of funding for transportation measures. That's not true. As the City Manager stated earlier, we have extensive funding for transportation measures today. This would be supplemental transportation measures. It also misrepresented the dollars per year per employee; that was the tentative formula. I went back and found three references for this in the Minutes of the Committee, where we talked tentatively about 1-10 employees. The first ten employees in a business being exempt, 11-50 at the half rate, and for a business with more than 50, only after 50 employees would it be at full rate. Instead of the \$5,100 per year for a business of 51 employees, under that formula it'd be \$2,050. The *Weekly* was off by 150 percent in their calculation. That's pretty sloppy work. That wasn't an explicit recommendation of the Committee; that was what was tentatively discussed several times. In the end though, I'm back where I was at the beginning. I stated when we began this process that I was very interested in it, but I did not want to jeopardize the VTA measure. I agree with Mr. Guardino's analysis of the importance for the north county and west county of the VTA measure. Frankly, the way the measure is set up for the grade separation dollars to be divided between Sunnyvale and Palo Alto grade separations, and that Palo Alto has the majority of those separations, this is a very important measure for the future of Palo Alto transportation. Council Member Holman was making the point that it swings six percent of the Palo Alto vote, about a quarter of one percent of the county vote according to the polling that we did. I don't know if that's like 1,200 votes or thereabouts, somewhere in that ballpark. That's in the absence of a strong oppositional campaign to this measure. At our last Committee meeting, I made the statement that, after we heard that characterization that a strong negative campaign against this measure would potentially spill over against the VTA measure, what we really have is the business community who would be willing to sink the VTA measure to kill this or to not even kill it. On a futile effort to kill it, because we start with 65 percent of the electorate being philosophically supportive of it. That's where we stand. I don't count on the business community coming around. I would

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like nothing better than them to prove me wrong over the next year or two. I don't count on it. I think that we have 65 percent of the voters supporting it philosophically now. I suspect that number will be higher in one year and higher yet in two years. I suspect that if it is higher, it'll be because the business community will be having even greater trouble recruiting and retaining employees, will have greater trouble getting customers to Downtown. For all those reasons, I think it's really short-sighted on the behalf of the business community to not understand why this is in their benefit. A business of 60 employees under the scenario structure that I described—the cost impact per employee is three cents per hour. That's really going to sink the business community? We can hear all those complaints, but the impact is overstated, and the benefit goes back to the business community. This is really where it is different and, frankly, why I was only interested in this measure if it was dedicated for local transportation, not for General Fund purposes, but to solve a local problem that is generally created by the business community. As Council Member DuBois stated, that's the merit of a head count. It goes back to a correlation between the taxation rate and the number of employees that are roughly correlating to the problem. I think that there are a bunch of good reasons to go forward with it. The Chamber claimed that if we went forward with this, we'd never get their voluntary support for the TMA. We had a great meeting on the Downtown TMA a week ago. Got back the plan that we, as a Council, had said, "Give us the plan for really achieving the goal. What's it going to cost?" It was \$1.3 million a year excluding SOFA. Including SOFA would be more than that, probably a little over \$1 1/2 million. They could achieve that 30 percent trip reduction for that. We're not going to get that in voluntary contributions. If we don't go forward with this tonight, which I think in the net, I'm not going to support going forward because I don't want to jeopardize the VTA measure and because the threats from the business community to wage a full-scale opposition against what would be an anemic pro campaign. There's no funding for it. The business community can outspend the residents on this by 10:1. That's what they basically have indicated their willingness to do. We eventually will need to do this, and we'll look at how to do it. I think the other thing that's short-sighted is not only would this benefit the business community, but through their opposition, they're going to further polarize. They already have, I believe, polarized the relationship between the residents and the business community. It's really short-sighted. That's the mindset that they've chosen to take on this. We have their position. We've seen from the polling that we have virtually two-thirds of the residents who think otherwise. Those are my main reasons. The other reason that I'm tipped toward pushing this out is that Staff has informed us that if it was voted on in November 2017 or 2018, the lag between the vote and the implementation date would be reduced over what it is now. I'm skeptical that we would

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want to go with a specific tax in 2017, because I just don't think a specific tax would survive an opposition campaign that we're going to be out-funded on. The reason that the County VTA tax can go on a two-thirds majority is because the Leadership Group has been able to round up the business community and all sorts of other sectors in support of that. Even then, it's very narrow. As we heard, last time it passed by 2,000 votes in the entire county. That's a tough row to hoe especially with the history of our business community opposition to these kinds of things. I will be supporting having this continued—to do the work on this for a prospective 2017 or 2018 measure. I think the work that we've done in the last three months is good ground work. It's effort well spent. I don't have a problem with in future polling expanding consideration of other tax measures. Even though the argument that we may have seen these responses slightly weighted as a result of preceding questions, at the same time it's wishful thinking that these other tax measures are going to poll anywhere near as well as the head count did, but I'm open-minded to it. It's time for us to move on to a Motion. Council Member Kniss, you wanted to ask to take a crack at it.

Council Member Kniss: You've all been extraordinarily articulate tonight. I felt a little like I was in one of those debates that are taking place on NPR, where everyone is extraordinarily persuasive. I think one of the things—Bob Moss is leaving and I know he won't hear me, because he has difficulty hearing. He does. He will explain it to you.

Council Member Berman: He just turned around.

Council Member Kniss: Bob, come on back. One of the things Bob said tonight, which reminded me of my own father, was you've got to be practical. I think that's what I heard tonight. You've got to be practical. I think what we've heard on both sides of this tonight, as I said, has been very persuasive. I was most persuaded actually by Council Member Holman and would very much agree that we should go ahead, I would hope, with a special tax in 2017. Let me put that Motion out and then speak to it if it gets a second.

Council Member Holman: Second.

Council Member Kniss: My Motion would be that we take either on Page 2 of the Staff Report, consider placing a special tax measure requiring a two-thirds vote on a special election in 2017, utilize the additional time to refine the proposal, build consensus, and neutralize potential sources of opposition and/or consider placing a general tax measure requiring a simple majority on the November 2018 ballot, utilize the additional time to do the same. I would add to that that we need to put a stakeholders committee together. I

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actually have more confidence in the business community, Pat. I know they all sounded pretty cranky tonight, but I actually think if we can come together, really have a good discussion, it makes a difference. Carl, I'm glad you came tonight. I learned a lot from going to your meetings. Greg and Pat were there as well. I have seldom seen anyone build consensus the way you did with that. It is polling well, and I can see why. You practically chose every word by looking up whatever that was in the thesaurus. It was very impressive. Having gotten a second on this. Let me pause.

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

- A. Consider placing a special tax measure requiring a two-thirds vote on a special election ballot in 2017 and utilize the additional time to refine the proposal, build consensus and neutralize potential sources of opposition; and
- B. Consider placing a general tax measure requiring a simple majority vote on the November 2018 ballot and utilize the additional time to refine the proposal and build consensus and neutralize potential sources of opposition; and
- C. Create a stakeholder committee.

Mayor Burt: Council Member Holman.

Council Member Holman: Thank you for the Motion. I really appreciate it. As I had stated previously, I think we've learned a lot from doing the work that we did this year. I don't want to waste that work. For those who are going to promote, and some already have, going to 2018, I think if we have a goal of looking at 2017, depending on what the work of the next year indicates, that will tell us whether we should go to 2018 or not. That's why I'm glad this Motion is for 2017. The other advantage of 2017 is if we do our homework and we do our research, we do our outreach, we do our collaboration, then a specific tax in 2017 would eliminate the argument that it's general tax, the money could be used for anything. It'll just take that argument away. As Mayor Burt indicated, we are in the mid-60s or so now, and not all of it is hard support. We have that kind of support, and this is with very little information out in the public. I think we can accomplish a two-thirds threshold for a 2017 ballot measure, if we do our due diligence. We have excellent consultants that we've worked with. We have very good Staff that can—I don't want to compare them—also work with us towards this end. I think identifying the benefits for the businesses, the residents and also the environment which has kind of been played down tonight. Reduced traffic and the benefits to the environment are significant. Air

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quality, we have another Spare the Air Day tomorrow. We have more and more of them every year. The less traffic we have, the better our air quality is going to be. Are we going to be to change the world? No, but we can do our fair share. As we talk about very much in Palo Alto, what are we doing to help the environment and are we doing our fair share? I'm very happy to support the Motion that is—I want to read this here.

Council Member Kniss: I'm not quite sure how to word it, but I'd like to have 2017 be the priority.

Council Member Holman: That's how I would support the Motion, with a priority of 2017. Let the work in the next year inform whether it's 2017 or 2018.

Council Member Kniss: Maybe we can put in "if necessary." I'd really like to concentrate on 2017 for a whole variety of reasons.

Council Member Holman: Very good. Thank you much.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the beginning of Motion Part B, "if necessary."

Mayor Burt: Council Member DuBois.

Council Member DuBois: I think I had my light on before the Motion. With the changes you just made, I think I can support the Motion.

Mayor Burt: Council Member Berman.

Council Member Berman: I can support the Motion also. In 2014 with the TOT tax, the Chamber did oppose the measure, but there wasn't active opposition to the measure. That was intentional. I had a lot of conversations with members of the business community, including somebody here today. While I could tell they weren't going to support the final resolution, I could tell they weren't really ramped up to fight it either. There's a big difference there. My hope is that with more outreach, with the stakeholder committee—the same goes for the press. In showing to them that we're having a thorough process to identify the best possible solution, whether it's a tax measure or I hope we also discuss other things. This is a much better process to coming up with some sort of solution to this. Even if everybody doesn't get on board and sing Kumbaya, at the end of this process we don't have folks who are actively raising money and running an opposition campaign. I was wrong, Greg. I looked it up; we raised \$7,000 for the TOT.

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Mayor Burt: Council Member Wolbach.

Council Member Wolbach: I'd like to offer a friendly amendment or two just to provide a little bit more guidance here and some things that will improve the language. Let's see if they take or not. I hope that Council Members Kniss and Holman will consider them. First is—I guess they would actually both be to "C." The first would be to create a stakeholder committee to explore priority transportation needs, identify funding requirements, and explore various funding options.

Council Member Kniss: (inaudible)

Council Member Holman: I don't, but I think it's kind of implicit with what the ...

Council Member Kniss: I do too. I'm okay with it.

Council Member Holman: I'm okay with it.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to Motion Part C, "to explore priority transportation needs, identify funding requirements and explore various funding options."

Council Member Wolbach: The second would be—this one's again up to the maker and the seconder if they want to accept it as friendly. I would suggest also saying that "the stakeholder committee would ideally include but not be limited to," and then it would list several potential participants that we would invite to participate, including Stanford, SRP TDM Working Group, our TMA and Palo Alto Unified as well as residents and other members of the community. The TMA's not for Downtown; it's just our TMA.

Council Member Kniss: (inaudible)

Council Member Wolbach: I would also add as a separate invitation, because it's a little bit different, the SRP TDM Working Group.

Council Member Kniss: I think the word "balance" is what you're after. I'm worried, Cory, we're getting awfully prescriptive. I'm trying to keep this as general as we can at this point. This is going to forward. Pat will have a lot to do with where we head with this. I can understand why we should include all that. I'm not going to strike it down, but I probably wouldn't go quite that far. Karen, where are you on this?

Council Member Holman: I'm okay with the list. My concern is—I think I heard somebody down there say the word balance.

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Council Member Kniss: That should be in there.

Council Member Wolbach: I'm okay with adding the word balance in there too.

Council Member Holman: (crosstalk) Hold on just a minute. If you have a member from Stanford University, somebody from the TMA, somebody from Palo Alto Unified School District (PAUSD) and a resident, it needs to not be stacked by numbers. The representation needs to be broad, but the numbers need to be balanced.

Mayor Burt: Can I offer ...

Council Member Wolbach: I'm fine with adding the word balance in there too.

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to add to Motion Part C, "committee members would ideally include but not be limited to Stanford University, the Transportation Management Association (TMA), Palo Alto Unified School District (PAUSD), residents, Stanford Research Park (SRP) Transportation Demand Management (TDM) Working Group."

Mayor Burt: If it was to say "a balance of residents and business representatives," then you could go on to say "including representatives from the following."

Council Member Wolbach: That would be absolutely fine with me. Again, it's ideal but not prescriptive.

Council Member Kniss: That's a good improvement. That's good.

Council Member Wolbach: This is just to get us started on the right foot. Thank you for ...

Council Member Holman: Does that still identify that it's a balance of numbers as well as interests?

Council Member Wolbach: I think "balance of business and residents" is pretty clear.

Council Member Holman: Okay.

AMENDMENT RESTATED AND INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to Motion Part C, "committee members would include a balance of business and

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resident interests, ideally include but not be limited to Stanford University, the Transportation Management Association (TMA), Palo Alto Unified School District (PAUSD), residents, Stanford Research Park (SRP) Transportation Demand Management (TDM) Working Group."

Council Member Wolbach: Again, this is ideal. Thank you for accepting those. Just a couple more comments. I'll keep it short, because I spoke so much earlier. We've heard a couple of different predictions from my colleagues about how this will unfold and what the reaction of various parts of our community, including the business community, will be over the next couple of years. Some predict that in the end business might still oppose. Some predict the business community might be neutral in the end. Some predict that the business community might even be at least tentatively supportive. I think this really is an opportunity for us all to work collaboratively together. It's a chance for the business community to prove those who are skeptical wrong, that we'll work collaboratively. I think we're setting ourselves up for success with this kind of approach, better than by doing something with too much haste.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Thank you. Thank you both too.

Council Member Kniss: Could we add one more thing? Karen had one last comment; no, it's an amendment that I think you'll find is acceptable. Do you want to just mention it, Karen? Thanks for indulging us.

Council Member Holman: Sure. Thank you. There would be a "D" which would be "Staff to return to Council with a timeline for activities to plan for a ballot measure." The reason for that is because we don't want to end up in the situation next year, where we get in a rush situation. It's to hopefully ...

Mayor Burt: Vice Mayor Scharff.

Council Member Holman: Is that acceptable to—Liz, you're okay with that?

Council Member Kniss: Yeah, it's fine. I think a timeline is critical.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "direct Staff to return with a timeline with activities to plan for a ballot measure." (New Part D)

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: Thank you to Council Member Kniss and Council Member Holman for putting this forward. It's a good measure. I think it

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captures the concerns. A couple of little details. I think there's a little bit of tension between a stakeholder committee and blue ribbon task force. I think this captures that it's really both of those. I think you really want that blue ribbon task force people who sit down and say to themselves what is the funding plan, what are the projects that need to be done and how we get there and create a plan. I think that's fine the way we have it. I just think that when we put this together, I'd like to see Staff come back with some options, like we did with the Infrastructure Blue Ribbon Commission (IBRC), of how to constitute the committee and have Council input so that we get some sense of what we're really trying to achieve and debate that then. In "D," I thought that was good. I'd like to add "and have Staff come back to us with options about how to constitute the stakeholder committee," if that would be acceptable.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the end of Motion Part D, "and options for structure of the stakeholder committee."

Vice Mayor Scharff: On "C," instead of saying identify funding requirements, I'd like to say "identify funding requirements and come up with a funding plan." At the IBRC, it wasn't just the tax. There may be such things as parking revenue, for instance. I'm just thinking we should make it where we come up with a really good plan and have that in there. I'd like to see "identify funding requirements, explore various funding options, and develop a funding plan," if that's acceptable.

Council Member Kniss: I'm just waiting to see them in writing.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to Motion Part C, "and develop a funding plan" after "various funding options."

Vice Mayor Scharff: I did want to speak a little bit to the business community. I'm glad Carl Guardino is still here. Carl has said that you want a tax to be specific, you want a tax sunset provisions. There's three or four little things on a list I wish I had in front of me. It's clear to me that a tax in 2017, that is a specific tax that requires a two-thirds majority, is the superior option, that would benefit the business community, benefit Palo Alto and is the right way to go. I don't believe that will happen without the business community's support. I'm hoping that whether or not it's Peter Stone or Chop Keenan or—is it Jeff? Rob—Rob Fischer or head of the Chamber, we need our own Carl Guardino to basically get that business community together and put that together. If that doesn't happen, then I think there will be some cynicism on Council. I wouldn't like to see that and

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will move towards a 2018. I think it's in everyone's interest to go with the 2017 tax and plan. I'm hoping that the business community, by being involved in the process of that stakeholder committee, figures out what works best with the residents, and everyone comes together, and we come up with a plan that makes sense, that benefits everybody. I think that's a tall order, but I think that can be done.

MOTION RESTATED: Council Member Kniss moved, seconded by Council Member Holman to:

- A. Consider placing a special tax measure requiring a two-thirds vote on a special election ballot in 2017 and utilize the additional time to refine the proposal, build consensus and neutralize potential sources of opposition; and
- B. If necessary, consider placing a general tax measure requiring a simple majority vote on the November 2018 ballot and utilize the additional time to refine the proposal and build consensus and neutralize potential sources of opposition; and
- C. Create a stakeholder committee to explore priority transportation needs, identify funding requirements and explore various funding options and develop a funding plan. Committee members would include a balance of business and resident interests, ideally include but not be limited to Stanford University, the Transportation Management Association (TMA), Palo Alto Unified School District (PAUSD), residents, Stanford Research Park (SRP) Transportation Demand Management (TDM) Working Group; and
- D. Direct Staff to return with a timeline with activities to plan for a ballot measure and options for structure of the stakeholder committee.

Mayor Burt: Let's vote on the board. That's passes unanimously. That concludes this item. Thank you all for coming.

MOTION AS AMENDED PASSED: 9-0

- 20. ~~PUBLIC HEARING: 1601 California Avenue [15PLN-00500]: Request by The Board of Trustees of the Leland Stanford Junior University to Amend the Final Map for Tract Number 10281 Recorded January 2015 for the 1451-1601 California Avenue Development, Which Includes a Total of 180 Dwelling Units. Environmental Assessment: City of Palo Alto/Stanford Development Agreement and Lease Project Environmental Impact Report (State Clearinghouse No. 2003082103)~~

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~~Zoning District: Research Park and Alternative Standards Overlay Two (RP(AS2)) District~~ **(Continued to June 28, 2016).**

Inter-Governmental Legislative Affairs

None.

Council Member Questions, Comments and Announcements

Mayor Burt: Our final item is Council Member Questions and Comments.

Council Member Kniss: Pat, I hope you're going to say something about your special week last week. Are you?

Mayor Burt: I will share something.

Council Member Kniss: I was going to say I don't have much to share.

Mayor Burt: Karen, did you have something you wanted ...

Council Member Holman: (inaudible)

Mayor Burt: I'm just looking at the calendar.

Vice Mayor Scharff: Did we finish Council Member Comments?

Mayor Burt: No, go ahead.

Vice Mayor Scharff: On Council Member Comments, I just wanted to say that on Wednesday, we have another one of these airplane noise meetings. It's a community meeting. Sky Posse will be presenting. I forget the exact dates; maybe you'll remember it. It's July 15th ...

James Keene, City Manager: And the 22nd.

Vice Mayor Scharff: ... and 27th ...

Mr. Keene: 22nd.

Vice Mayor Scharff: ... 22nd when the committee will actually deliberate about what we're looking at. I wanted to call out Council Member Filseth who's done some really good work in working with Sky Posse. I really appreciate the analysis and the hard work you've put into that. I actually have been really impressed with it.

Council Member DuBois: Just to add onto that. I believe Santa Cruz had 500 people show up for their meeting. I would encourage you to attend and

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ask other people to attend. I don't know if we're going to have that kind of turnout. It has an impact.

Mayor Burt: Last week I went to D.C. I was invited to speak on two panels at the National Energy Efficiency Summit. That's an annual event that's been held in D.C. for 27 years, I think it is. I was able to offer a broader definition of what our thoughts should be about what energy efficiency should encompass going forward. I had offered in advance that a lot of what of we're focusing on now is transportation and how that intersects with energy efficiency, now that we are carbon neutral electricity in Palo Alto. We still have efficiency objectives and strong achievements that we've done in smart building systems and additional energy efficiency in buildings, but 60 percent of our carbon footprint is our transportation system, principally our cars. The sponsors of the summit were very receptive to that. That was the U.S. Energy Association. We had a broader conversation. I think going forward this is going to be a next dimension of it. I also actually brought in kind of the whole water dimension and how it intersects with energy supply and energy consumption. They were very receptive to that concept as well. Overall, I was able to share a lot of what we are doing under this rubric of the Smart City movement. You probably hear the term a lot, but it's not discussed very often on what the term means. That was the third thematic area that I addressed, basically Smart Cities are defined—the movement is defined as using innovative communication and information technologies to improve the lives of residents. I had offered that I didn't disagree with that, but I thought it was limited in that it was really—the definition implies that it's our current residents and, for that matter, our current workers. It should be broadened to include future generations. If we basically have really Smart Cities that serve our quality of life and rob from the future, that's not real smart. That theme was also well received. I think those are areas that we're broadening that conversation. Frankly, our Staff and I are being asked to speak at a lot of these events. I recently spoke at two different Valley Smart City events that were sponsored by Chinese Valley initiatives and have some more coming up. When discussing this, the efforts that our Staff is doing through all the different departments is really pretty astounding. We have between the building department, us owning all of our own utilities, our transportation department, permits, public works, and then our administrative services, all of those, we have really leading Smart City dimensions to it. One of my frustrations is that we're actually doing more as a City than we have put together into a cohesive narrative. I think that's one of the next things we need to do. I also surprised people at the conference by saying that we have a prominent Chief Sustainability Officer. When I observed all the departments and how they're relating and how they're being enabled to do this, it is the Chief Information Officer that is the real empowering position, and we happen to have at least a nationally if not

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globally leading Chief Information Officer. If you go now within communities that are involved in this, both the private sector innovative companies and other cities and, frankly, it was this way on the panels that I was on, there was a group of cities that are doing quite a few things and then there was Palo Alto. Everybody there said there is no comparison. We really are amazed at what you're doing, and we want to look more to what you're doing to support us. That's, frankly, one of the biggest values of what we can do. If our actions are able to be leveraged by many other cities. We're seeing that really happen in a way—we've talked about it. It's been building for a number of years. It's really coming together. Just in the last few months, what I became aware of, of what our departments were doing, was twice what I knew we were doing. It just keeps going and building a greater head of steam. Now, every company basically that has new innovative technologies in these arenas, they always kind of look to Palo Alto. Now, there's no ambiguity. They not only want to turn to us, we've build capacity to basically respond to them. That's a long Council Member Comments, but I think it's an important subject. It really talks about us integrating that movement with our Sustainability and Climate Action Plans and our quality of life for our residents. It's an opportunity for us to have a vision about what we're becoming and want to become as a City and how we'll get there as opposed to thinking that the only way to have the quality of life that we want for our residents is to try to stop the clock from ticking.

Mr. Keene: Mr. Mayor, I really thank you for articulating that for the Council and the community. Every time we sit down to write the story about what we're doing, we get a new assignment from you guys to do the next smart thing. Seriously, it's an ever unfolding—actually there's momentum building is what's taking place.

Mayor Burt: Council Member Holman.

Council Member Holman: Just to put people's minds at rest, no one else has passed away that I'm going to adjourn the meeting in honor of. That said, a couple of weeks ago, I did ask to adjourn the meeting in recognition of the City of Orlando and the terrible impact that they had suffered. Tonight I want to do something a little bit different. That's to adjourn our meeting in recognition of the large number of Congress people who conducted a sit-in to end assault weapon access to at least some parts of our population. The reason I bring it up is because we had several local legislators, Anna Eshoo, Zoe Lofgren, Jackie Speier and some East Bay legislators as well, who participated in that sit-in. This City has in the past taken action to implement means restriction. That's exactly what this is. I'm hoping and encouraging my colleagues, both as individuals and if the timing is right, as a City Council, to send a communication to our legislators to show our

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support for ending at least this limited amount of assault weapon access. Just quickly, to indicate to those who may not know, not this Council but Councils in the past have taken action on similar things. We unanimously supported the elimination of the death penalty in California a few years ago as a Council. Thank you all.

Adjournment: The meeting was adjourned in recognition of federal legislators participating in the recent gun control sit-in at 10:31 P.M.

Mayor Burt: Thank you. The meeting's adjourned.