

# CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Special Meeting September 15, 2015

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:31 P.M.

Present: Berman, Burt, DuBois, Filseth, Holman, Kniss arrived at 5:37

P.M., Scharff, Schmid arrived at 5:34 P.M., Wolbach

Absent:

#### **Closed Session**

Mayor Holman: We will need a Motion regarding whether we will go into Closed Session regarding the conference with the City Attorney on existing litigation, <u>Joanne Jacobs v. City of Palo Alto</u>, Santa Clara County Superior Court.

CONFERENCE WITH CITY ATTORNEY-Existing Litigation
<u>Joanne Jacobs v. City of Palo Alto</u>, Santa Clara Superior Court, Case
No. 1-15-CV-275467
Subject Authority: Government Code Section 54956.9(d)(1).

Council Member Scharff: So moved.

Council member Burt: Second.

Mayor Holman: Motion by Council Member Scharff and second by Council Members Filseth, Burt.

**MOTION:** Council Member Scharff moved, seconded by Council Member Burt to go into Closed Session.

Mayor Holman: We will now vote on the board. Or we will have a show of hands. That passes on a 7-0-2 vote with Vice Mayor Schmid and Council Member Kniss absent.

**MOTION PASSED:** 7-0 Kniss, Schmid absent

Mayor Holman: We will now go into Closed Session.

Council went into Closed Session at 5:32 P.M.

Council returned from Closed Session at 6:03 P.M.

Mayor Holman: In regards to Item Number 1, our Closed Session, the Council did vote to settle the matter in the case of <u>Joanne Jacobs v. City of Palo Alto</u> in the amount of \$40,000.00.

#### Special Orders of the Day

2. Presentation of Proclamation to Midpen Media Center Honoring the Center's 25th Anniversary.

Mayor Holman: We have a presentation of a Proclamation to Midpen Media Center honoring the Center's 25th anniversary. Council Member Burt has elected to read the Proclamation.

Council Member Burt read the Proclamation into the record.

Mayor Holman: Congratulations. I know Council Member DuBois and I and maybe some others, because we may have staggered our time there, but we both attended the event and found it to be a great community event. The way you have included teens and young people in the programming there and in the training there—I met two Palo Alto High School students, one of whom is already teaching others. Really, quite an amazing support mechanism that you have there. We really appreciate how you help us get our public meetings to the public. Council Member DuBois, would you care to make comments?

Council Member DuBois: I don't have much to add. It's a great place. It was really great spending my Sunday afternoon there, seeing the immigration project, also looked like a really great thing. Thank you, guys, and really appreciate what you guys do.

Mayor Holman: Anne, I'll meet you at the podium to hand you the Proclamation.

Anne Folger, Mid-Peninsula Media Center Director: Thank you very much for this honor. We so appreciate being able to serve our community. We, as you know, do election programming every year. Since we started actually, we've covered every local race. Our website hits always spike the week before elections, because we put all the candidate statements up on our website so that voters can inform themselves by looking at what the candidates are saying at these election forums. We're delighted to carry on that process of helping our citizens be more well informed. I might just add

that back in October of 1989, when the video booth was over in that corner, I was the first City Hall videographer who put on the first Palo Alto City Council meeting. Since that time, over the 25 years, we have broadcast 30,599 hours of Council meetings and other public meetings for our service area on our government channels.

Mayor Holman: Thank you.

Ms. Folger: Thank you very much.

Mayor Holman: That's an awful lot of reality TV. Vince is wishing you well too, back there. Thank you all so very, very much. With that, we move to Item Number 3.

3. Selection of Applicants to Interview on September 29, 2015 for the Architectural Review Board, the Parks and Recreation Commission, and the Planning and Transportation Commission.

Mayor Holman: Council Members, Motions?

Council Member Kniss: Could I ask a question?

Mayor Holman: Of course.

Council Member Kniss: Under Parks and Rec, it appears there are only three applicants and three openings. Is that correct?

Mayor Holman: That is correct.

Council Member Kniss: Then certainly we should interview all three. It kind of begs the question of choice.

Mayor Holman: Council Member Kniss, the options are to interview all three. The options are also—another option is to go out again so that we have not just an assumption or presumption of selection and to provide a broader breadth of candidates.

Council Member Kniss: I'll leave that to my colleagues to decide.

Mayor Holman: Council Members?

Council Member Burt: I will move that we reopen the Parks and Rec application process for what? Another—I don't know what's customary. Another month, is that what we have done in the past when we extend? Do you know, David?

David Carnahan, Deputy City Clerk: It can be from a week or two to a couple of months. There's the one concern that currently serving Commissioners, while they can continue to serve, they may or may not have built in that availability.

Mayor Holman: David, I couldn't hear you very well. What you were saying is like the current Commissioners, their terms will be expiring, so they might or might not be willing to continue. Is that what you're saying?

Mr. Carnahan: Correct. Automatically they are able to continue to serve until their replacement is seated; however, we are unsure whether they have the availability and/or interest in doing so.

Council Member Burt: I will move that we extend the application period for one month.

Council Member Scharff: Second.

Mayor Holman: Motion by Council Member Burt to extend the application period for Parks and Recreation Commission for one month, seconded by Council Member Scharff.

**MOTION:** Council Member Burt moved, seconded by Council Member Scharff to reopen the recruitment for the Parks and Recreation Commission for one month.

Mayor Holman: Any comments on that? Seeing none, vote on the board please. That passes unanimously. Thank you, colleagues.

#### **MOTION PASSED**: 9-0

Mayor Holman: That leaves the interviews for Architectural Review Board and Planning and Transportation Commission. A Motion, please.

Vice Mayor Schmid: I move we interview each of the candidates for the Architectural Review Board.

Council Member Kniss: And I second it.

Vice Mayor Schmid: And the Planning and Transportation Commission.

Mayor Holman: Motion by Vice Mayor Schmid, second by Council Member Kniss to interview all candidates for both the ARB and the Planning and Transportation Commission.

**MOTION:** Vice Mayor Schmid moved, seconded by Council Member Kniss to interview all candidates for the Architectural Review Board and the Planning and Transportation Commission.

Mayor Holman: Seeing no lights, vote on the board please. That also passes unanimously. Thank you, colleagues.

**MOTION PASSED**: 9-0

#### **Oral Communications**

Mayor Holman: I have no cards. I am about to have cards. We have four cards. You will have three minutes apiece. The first card is from Dr. Alexander Canara, I believe it is.

Alexander Cannaica: Very good. Thank you. It's interesting that the Media Center is getting an award here, because Michael Killen interviewed me on this very subject several years ago at the Media Center for broadcast on the local TV channel. You may have handouts. If you do, my email address is on the bottom of the first slide, and my phone number is on the bottom of the second slide. This should be very quick, but I'd be very happy to talk with any Council Member and any Staff people about this issue, because it's a very serious issue actually. The first page shows Palo Alto High School, the field that we've recently put into artificial turf, which is probably the worst thing that you can possibly decide to do with solar exposure to natural property, grass, lawns, fields, whatever. If you notice, the temperature of the artificial turf in the upper right is much higher, much higher than the environmental temperature or the temperature of the air and the trees and plants. The lower left is right across the walkway at Palo Alto High School. The temperature of the grass is air temperature, which is what living plants do. They transpire like we do, sweat, in order to maintain themselves at an optimal operating temperature. The problem with artificial turf is that it is about as bad an environmental choice as one could make. Palo Alto has been doing this for some years. Other municipalities have too; I'm not singling them out. I've used this with students to explain why it is so, so bad. The Palo Alto driving range, for instance, was done in artificial turf, and I think it had to be redone at least once as far as I know, because of fading. In Menlo Park, we've got two schools that have done this, and they had to redo it within a year because of improper grading and so forth, drainage. The basic point is that, if you look on the second slide, there's a graph that looks complicated. It shows what we get from the sun. What we get from the sun is about a kilowatt per square meter of exposed surface. That's enough worldwide to be the same as driving all the vehicles in the world for a decade as far as structures are concerned. We should be careful with our

structures to make sure that we don't do what the bottom right on that page shows, which is a home with a 100-square-meter roof roughly that is generating 100,000 watts of heat directly to global warming. The worst part of it is it converts visible light into infrared which is what GHGs absorb. Again, I'll be happy to explain the rest of this. I see my time is up, but if you want at any time, please let me know. The problem is a serious one, and it looks like it's being repeated on the El Camino Park renovation near Stanford Shopping Center.

Mayor Holman: Thank you very much for bringing this to our attention. Our next public speaker is Neilson Buchanan to be followed by Michael Hodos.

Neilson Buchanan: Good evening, Council. I know you want to hear more about the permit parking program, but I'd like to give you my current perspective on where the program is and where it isn't. This last week frankly I was a bit shocked and disappointed to find out one of the critical deadlines to get started on enforcement of the permit program was going to be delayed. I wasn't surprised, but I was a little shocked to learn it the way I did learn it, which is basically somebody posted it on Nextdoor. I've been part of a stakeholder process for longer than I even want to think about. This started because Chop Keenan got up at this very microphone and said, "We can't have a permit program until we start a collaboration process." I leapt up out of my seat and actually said, "If he wants to collaborate, we'll We've collaborated a lot, and we're still stumbling over hurdles. The hurdle that we just encountered this last week was (inaudible) pure and simple, that the proper number of permits issued to workers and residents is in question. It's primarily in question because the website's not working well. I can put that aside. That's a technical issue. President Obama ran into the same problem in spades with the launch of Obamacare. I can tell you the story of how that was solved. I got a special briefing on that, and it's an amazing story. We'll get through that, and the stakeholders will meet this Wednesday to begin to unravel that. There's some nontechnical ways to solve that problem. I want to talk about two other hurdles very quickly, because I'm not sure they're being addressed properly. The first hurdle is that, to my knowledge, there's no known methodology to collect and analyze the parked vehicle patterns. That's going to be a real hurdle, because the data has to be collected on foot. I hope that's something that the stakeholder group will immediately explore with Staff. The next hurdle, after the data is collected, is going to be one of policy issues that we've been raising, that need to be discussed. nonresident people are going to be allowed to park in each neighborhood? What is the distribution of those vehicles? Evenly or are they going to all be jammed up closest to Lytton, for example. These are just three of the policy issues. What about unlimited two-hour parking? We don't need to bother

you with those at this point, but I can tell you the stakeholder group has got to dig into these issues in a nonlinear fashion. We can't go from one hurdle, solve that completely, go to the next hurdle, solve that one completely without thinking through all these things systematically. I'm going to give my full effort and so are the other five residents to the stakeholder group. We're going to meet Wednesday. We're going to have to meet again this month, because our agenda is bigger than we can handle. I hope you will help us with that. Thank you.

Mayor Holman: Thank you. Michael Hodos.

Thank you, Council Members. I thought I'd take this Michael Hodos: opportunity to say a bit more or a bit different slightly about what Neilson just spoke about. Actually this is a few words and a request about the recently announced enforcement delay for RPP. I personally think it's outrageous that the decision of some members of the business community to delay participation—sorry—delay participation in the Business Registry should be allowed to delay the RPP implementation process. They made the decision; let them live with the consequences until their employees put enough pressure on them to do the right thing so the employees can purchase permits to park in the neighborhoods. In fact, that was the intention at the outset, wasn't it? In any event, from where I sit I see three reasons to account for the lower than anticipated number of permits purchased by Downtown workers to date. One is it's natural for people to delay. They're being asked to pay for something that they've gotten for free for years, decades actually. Now, they're being asked to pay for it. course, they're going to wait to spend the money. The second is, as I'm sure most of you are aware, the permit purchase application process that people have been expected to use is unquestionably abysmal. Why should a cadre of people be required to handle the process? Is it reasonable to expect the Downtown employees to stand in line during their workday to get a permit? It's absolutely ridiculous. Finally, isn't it entirely possible that RPP is working exactly as it was intended? Yesterday morning at 8:30, my wife and I took a walk to Pete's. I live in Professorville, on the 900 block of Bryant Street. There wasn't a car on Channing. There were very few cars on Bryant, very few cars on Lincoln, very few cars on Ramona, and not a car parked on Addison. Normally at that time of the morning, the cars would be bumper-to-bumper, and there wouldn't be a space left. It makes you think that perhaps those who have been parking for free and obviously hadn't gotten the word of the delay in the enforcement of the program had begun to explore other viable options for parking. Perhaps all those people that have been parking free for years finally woke up to the fact that they were going to have do something about it. In short, going forward please direct the Planning Department to allocate whatever resources are necessary to

keep RPP on its timeline to which it was originally committed lest this become yet another example of the City of Palo Alto kicking the can down the road. Thank you.

Mayor Holman: Thank you, Mr. Hodos. David Coale to be followed by Rita Vrhel.

David Coale: Hello, Mayor and City Council. My name is David Coale. I'm with Bike Palo Alto, and I would like to thank you for supporting this effort in the past. We are on our sixth annual Bike Palo Alto this year, and would like to invite you to this event. It's happening on October 4th at El Carmello School from 1:00 to 4:00. No registration necessary, just come and bring your bike. This event shows Palo Altans the great ways to get around town on a bicycle. There are three different routes, and each route has short, medium and long options to it. Each route has stops at local stores and shows people how to get around. This coincides with the City's Walks and Rolls to School event happening the rest of that week. I just wanted to thank the City for sponsoring this in the past, and we hope to see you all there. Thank you so much. This might go a long way to solving the parking and congestion problems. Thank you.

Mayor Holman: Thank you. Rita Vrhel to be followed by Stephanie Munoz, our final speaker.

Rita Vrhel: Hello. I wanted to speak to you again this evening about the dewatering process that's going on throughout Palo Alto. Dewatering is where a hole is dug in the ground, and the water surrounding that area is pumped out directly into the storm drains. Provisions are made for people that they can fill up their gallon jugs if they want, but basically millions of gallons of water are being wasted in this process. Two new dewatering sites are going online or are starting this week over on Garland Avenue. I would invite you all to go to the large residential dewatering project directly across from the Main Rinconada Library. You can look at the tremendously large hole in the ground. You can see the large pipe that takes the water directly to the storm drain. You can look across at the Main Library and see the dying redwoods between the library and the cultural center. You can also look and see the Palo Alto Saves Water sign that is on the Main Library lawn. You can walk around the corner and look at the redwood trees in the Magic Forest that are also dying, because this is the fourth large dewatering project that has gone on in the community center in the last year and a half. Keith Bennett and a group are working on this issue, which was last discussed in-depth in 2008. They are working on a white paper and an oped piece and will be contacting each one of you to see if you are interested in discussing this issue further. With the constant wildfires in our area and

with the Fire Chief of Menlo Park bringing to our attention last week in the paper that dying trees present a fire hazard, I am hoping that you will all eventually be agreeable to an immediate moratorium on dewatering projects and reopening this issue. Thank you.

Mayor Holman: Thank you very much. Our final speaker on Oral Communications is Stephanie Munoz.

Stephanie Munoz: Good evening, Council Members. I'm beginning to believe that there really is such a thing as an invisible hand that guides economic progress and that this invisible hand is gently pushing the City Council of Palo Alto to make every decision in the direction of raising the value of Palo Alto real estate. I got this idea a few weeks ago sitting here when Ms. Nanda, who was the lawyer for the Jissers, said "My clients have a constitutional right to sell to whom they please at the price that they please." I was thinking, "No, that's not true at all." You can only sell depending on the use that the City of Palo Alto determines that your property may be used for. I guess that's a tautology. Nobody can sell unless you give permission to put a valuable use on that property. I thought of this again when there was this donnybrook about the lawyers for the Buena Vista asking if the deadline for protest could be extended until some very promising negotiations could go forward. The answer was no, no, couldn't do that. They sued, and that was the Jissers' excuse for not having a meeting of the minds with the County and the City and the Buena Vista trailer park. It wasn't just my idea. I heard from a very well-respected spokesman the Palo Alto City Council has only to refuse to continue the dishonest upgrading and upzoning of this—he didn't say, he wouldn't use a word like that. He's much too conservative. He said that it is the zoning that makes that property valuable and the possibility of more zoning. If Palo Alto City Council simply refused to put in a high-value zoning, then these people could stay where they were, because they're already providing an adequate use to the economy of the town. It's not going to happen unless the City Council acts one way or the other. Thank you.

Mayor Holman: Our next item is an Action Item, which is Item Number 16. I did want to note that the order of our agenda this evening has been changed, and it's a bit unusual because of the late continuance of Item Number 4 and because of some inflexibility as to timing of other items. We recognize it's a bit unusual.

#### **Action Items**

16. Update to Council on Business Registry and Council Discussion and Direction Regarding Phase 2.

Mayor Holman: Does Staff have a presentation please?

Thomas Fehrenbach, Manager of Economic Development: Yes. Thank you, Madam Mayor and Members of the Council. My name is Tom Fehrenbach. I'm the Economic Development Manager and Special Projects for the City Manager's Office. Tonight I'm here to give you an update as far as where we are with the Business Registry, and then to seek your discussion and direction regarding various items related to the second phase of the Registry program. Just a little bit of background. The Council directed us to launch the Business Registry after some deliberations. We did, in fact launch it in early March of this year. We did extensive outreach, many multiple channels of outreach to the business community and ultimately extended the grace period for folks to register without penalty to the end of August of this Currently, we're in the compliance phase, where beginning September 1st a \$25 fee is being assessed to those businesses who did not Beginning October 1st, an additional \$25 fee will be assessed. After that, in our current configuration, businesses can be subject to a Municipal Code infraction. We will continue to outreach to folks to try to get compliance in this Phase 1. In terms of where we are with the data itself, we did include a preliminary analysis in your packets. We did want to note that this information as the Business Registry is—it continues to be a dynamic data set. It's from September 2, so we could get it in your Council packet in time. I would say it provides an inkling or a glimpse into the types of data and analyses that can be undertaken with this data set. Clearly the sky is the limit, and we're asking for some direction from you tonight as far as what might be most interesting to the Council to see. As noted by Council Member as well as several members of the public, from the open data set obviously there are some errors in the data set which were expected. This data is based on self-reported information. Some companies we know of did in fact register more than once. There are some errant entries that need to be addressed. In terms of where we are as far as yesterday, we have about 73 percent registered; that's just a little over 2,275. The businesses subject to the Registry, again, continues to be a refinement. It's going to be a dynamic number as the business community itself is very dynamic. I would say we are very close to a pretty small margin of error as we've gone through not only several data sources calling for those businesses that are subject to the Registry ultimately culminating in a physical survey of the entire City and all of the business districts as well as the many, many hundreds of calls, emails and in-person visits we've had

at the Business Registry Staff. Just to give you an idea of sort of what's possible in terms of geographically mapping where these businesses are, this is just a snapshot from September 2nd, showing you kind of where those businesses are located. Ultimately, this is the type of analysis that we would like to provide on an automatic basis. Like I said, we received several hundred communications with businesses regarding this program. I would say that most of the concerns and feedback that we heard could be summarized in these three buckets. Certainly some concern with specific questions, especially our request for a Federal Employment Identification Number. That, I think, is especially true for those sole proprietors who use their Social Security number as their FEIN. Also questions relating to parking, there was an enormous amount of confusion. We did enact some help texts to try to help people understand what exactly we were asking for. Ultimately, I think it is a really confusing question in this environment. The other two buckets were just the expression of hardship for the Business Registry fee, especially for the very small businesses, the very small nonprofits and religious organizations. Lastly, I think there was a number of user issues as far as the experience itself. We had anticipated having a process in place for folks who didn't have a computer, folks who didn't have an email address. We were frankly surprised by the number of folks who required a paper process and check payment. That caused us some spreading thin of Staff as we moved through the Phase 1. In terms of Phase 2, what we're really here to discuss tonight is what the Council, I think, had originally envisioned was returning in Phase 2, really honing in on the data set itself, what analytics we want to develop. I think it also gives us the opportunity to address some of the user experience issues and make some additional improvements to our administrative processes. We, as part of Phase 1, really did develop the renewal process. We're in the final stages of testing that which we'll launch early next year. We want to make sure that that is included as part of any Phase 2 changes. We're also here to seek the Council's—any additional direction you may have in terms of enforcement. Again, the enhancements to reporting, if there's certain things that the Council is really, really interested in seeing within what's possible within the data set, we'd love that feedback tonight. Lastly, returning to Council with a plan for integrating further permits. Really, I think the timeline for Phase 2 would be get your direction and discussion tonight; begin immediately in terms of any of the additional contract amendments or staffing proposals that need to come back to Council and hopefully have those done by October; launch Phase 2, complete Phase 2 by spring of 2016. Within that, have a plan then for launching what would be Phase 3, the integration of other permits. In terms of our recommendations, they fall into several buckets. The first would be exemptions. We are recommending that Council exempt very small nonprofits, very small businesses, religious organizations that do not have a business associated onsite such a daycare or elsewise,

and to continue the exemption for home-based and transitory businesses. We're also recommending some software improvements that I spoke to including some changes and deletions to certain questions. In terms of FEIN, we are recommending that it not be required for sole proprietors who may use their Social Security number. We are recommending deleting some of the questions related to parking because we feel that they are confusing and, therefore, subject to erroneous entries. Further, we'd like to explore as part of Phase 2 really creating a plan that's solid for integration with other permits. It is a complex matter that involves numerous departments and key Staff in those departments. We really want to be thoughtful in terms of how we integrate these processes, and then bring in the technology in terms of Phase 3 to really integrate those. Lastly, it really has to do with increased compliance. We feel that if the Council does take some of the Staff recommendations tonight in terms of the exemptions, that that gives us a great platform from which to do some additional outreach. We do feel that there are some businesses who, if certain questions are changed, will be less likely to not register. Also, the Council could consider enhanced enforcement. There's several techniques that are outlined in the Staff Report that other cities take on. I would be happy to discuss that further. Then return, of course, in Phase 3 to execute the plan for integration and continue to explore further enhancements and improvements to the program. I've summarized that in this recommended Motion. This is really meant to be kind of a starting place for the Council. With that, I'd be happy to entertain any questions that you might have. There's also some key members of the City Attorney's Office, Development Services and Planning here tonight to help answer any questions you might have. Thank you.

Mayor Holman: Thank you. We have one member of the public who wishes to speak to this item, Neilson Buchanan.

Neilson Buchanan: I think I've become one of the gadflies that show up every time. I think this Business Registry is underestimated about its importance. Obviously you think it's important, because it's been on the agenda for well over a year. I've got a couple of suggestions that you ought to dig into for this Phase 2. The last time this came up, I urged the Council to require, one way or the other to get as many ZIP Codes of the employees that are employed in the City. That ZIP Code information is critical to the TMA. They should be up here asking for that information. They're doing crude sampling to try to figure out where better trips could be enhanced for employees. I don't know why with almost everyone's got a payroll on computer, in most every business today. I would argue that they have the ZIP Codes of their employees there, and it could easily be just trundled over to the Business Registry. I could not tell from the report something that's also very important. Many people in the central core have parking permits

for the garages and the surface lots. I hope that those people also are obligated to participate in the Business Registry in order to get a permit to park in the garages and the surface lots, the same way they have to park in the neighborhoods. Maybe that is built into this, but I cannot tell from the report you got. If that's not part of the Business Registry interface with the permit parking, then that's a serious omission. I hope you'll fix that this time if it's a problem. I really don't know. The third thing I'd like you to do is I hope you'll reflect back on what you passed in the first phase. Are you happy with the way Phase 1 was designed and launched? I ask you to have a discussion about that so you're not making the same shortcomings on the launching of Phase 2. I think you didn't dig into the real detail of Phase 1. The penalty for not participating is trivial. In fact, one of the leading members of the permit parking stakeholder group openly defies participation in the Business Registry. He particularly ought to be fined triple for not participating, if indeed he still does not participate. The velvet glove approach has a limit, and I hope you'll deal with it tonight. Thank you.

Mayor Holman: We have a second speaker, Bob Moss.

Bob Moss: Thank you, Mayor Holman and Council Members. I think the Staff recommendations for action are kind of amorphous. Just saying we're going to enhance capabilities; we're going to outreach more to the businesses and so on is kind of generic. The outreach we've done so far About a third of the businesses have refused to hasn't done the job. register. I'm not confident that those that have registered have given us completely accurate information on things like number of employees, parking, traffic counts and so on. I think we have to have something a little more encouraging, if you will, to get the businesses to actually register. Right now the fee for registering is \$50; the fine for not registering is \$50. If they do nothing, it makes no difference. At the very least, the fine for failure to register after being asked to register once or twice should be significant, several hundred dollars. Maybe after they've refused a couple of times, a thousand dollars. If you don't give them an incentive to actually act, the people who don't want to register won't register. You never know what's going on. Second, there has to be some way of verifying the data they give you. I understand one of the things that has been omitted is how many square feet they occupy. Very few of the businesses are willing to say that. They know how much they're occupying because they're paying rent or they own the building. There should be a way to find out what the space is that they're occupying so we have some idea of what the actual employment density is. The figure that the Staff has been using for many years of 250 square feet per employee, as you know, is much too few employees per 1,000 or 250 square feet. Currently, especially in Palo Alto with the high office rents, it's probably 100 to 150 square feet per employee.

We have to have hard data. We have to have a way of verifying it. We have to have a way of enforcing omissions. I'm not going to try to stand up right now and tell you what the precise mechanism should be, but I just think these are the sort of things you should be asking the Staff to come back with specifically. Then you can argue about the details. We don't think this is good enough. We think that's wonderful. We need more data, and we need more valid data, and we need to get all the businesses cooperating.

Mayor Holman: We have no other speakers on that item. Council Members, questions and comments. Why don't we do this? We've allocated an hour for this, so why don't we—sorry, an hour and a half for this. Why don't we do this? Why don't we start with five minutes for questions and comments?

Council Member Filseth: I had a question here. First of all, I want to thank the Staff very much for doing this and for this report. I think this is important stuff. Thank you very much for the update and the analysis. I think it's moving along. I actually had a question. On the list of—I think it's on page 4. You have a list of concerns, right. Why people might not want to sign up for this. I thought most of that was sort of in a perfect world we wouldn't have to do any of this, but we kind of got to. There was one that jumped out at me which was the concern about confidential information. I wanted to ask the question, I mean, it shouldn't be possible for Flipboard's competitors to go to a website somewhere and see how many employees Flipboard has. Is that stuff secure or aggregated or unavailable or something like to the public?

Mr. Fehrenbach: Thank you, Council Member Filseth. As part of the administrative regulations for the Business Registry, we specifically call out data management and sort of spell out how we will deal with confidential information. Certainly information like payment information, FEIN, things of that nature are not going to be disclosed. When it comes to number of employees, we are disclosing that information in a range. It's 0-25, 26-100, 101-500, 501-1,000, etc. That was done in response to concerns we heard during the development of the program, that that was a key piece of data that was very concerning to some companies.

Council Member Filseth: The only other thing I would say then is on the enforcement. I think it's great that two-thirds are signed up already. I think it's really important that we get the other third. I mean, this is important stuff. As to exactly how to do it, personally I have confidence in the Staff to do this. Other cities have been successful at this. I don't really want to get into Staff's shorts on exactly how to do it, but I think it's important that we do it. Thanks.

Mayor Holman: Thank you. Council Member Kniss.

Council Member Kniss: I think maybe Council Member Filseth was heading in this direction, but perhaps not, which is what has been the success of other cities. I'm just looking through the report. I'm not seeing—is there something in here on other cities that I'm not seeing?

Mr. Fehrenbach: There is a survey that we did of other cities. That particular question was fairly difficult for other cities to give us accurate answers for. I did speak to some consultants, some companies that do enforcement/compliance type work. They feel it is possible to get to 90, 95 percent with significant enforcement action. Of course, hiring one of their firms was what they were suggesting. Essentially, it is to have people on the street, people making phone calls and really having a presence that's continuous to ...

Council Member Kniss: Sounds like those car repossession businesses, doesn't it? Very interesting. Is your sense then that other cities have had this same very slow start-up, difficulty getting registers to register and so forth? Are we out of the norm or is this pretty much a usual pattern?

Mr. Fehrenbach: To be frank, I know of no other city that has recently launched their program. Most other cities that we've surveyed certainly their programs are long established. They're really not trying to launch a program and do a discovery phase. The only information I have about that kind of question is really what I was able to glean from those folks who do the type of compliance work that I spoke of earlier.

Council Member Kniss: I don't remember how long ago a BLT was considered. I've wondered, as we went forward with this, whether or not some may think this is a precursor to that and, therefore, are uneasy about registering.

Mr. Fehrenbach: That's certainly some feedback that we've heard from several folks.

Council Member Kniss: That wouldn't surprise me at all. I don't think there's any way to reassure people that will never happen. This is one particular Council, but another Council could decide that was a terrific way to go. Beyond that, I think other than a fining situation, maybe it's just a long slogging process that's going to take a fair amount of time, and one that you just have to persist in pursuing, which doesn't sound very action-oriented, I realize. I'm not quite sure what else we could suggest as a Council, other than you could increase the fines to far more than what they are now. Somehow that seems pretty pejorative in a community that is like this

community is. I'd say good luck with it. I hope it picks up momentum as it goes along.

Mr. Fehrenbach: Just to clarify, within the existing structure that we have today, this is a Municipal Code Ordinance. Therefore, we do have the ability to institute a Municipal Code infraction. We would look to the Council in terms of how you would want to approach using that tool that we have and also if you wanted to explore some of the other tools that some other cities do employ.

Council Member Kniss: That sounds rather like a sledgehammer. I think maybe something a little more sophisticated than that to begin with. Thanks.

Mayor Holman: Thank you. Vice Mayor Schmid.

Vice Mayor Schmid: Thank you. I think the critical issue from Council's perspective of initiating this was to find out how many jobs there are in town, so we can use that for planning purposes, both for what we need now and what we might need in the future. A key question, is there a way of checking the 69,000 you have registered against the total number of jobs in town? In a little bit of checking, I guess I found three different sites that had data on jobs in the City. One is the BLS; one is the Census Bureau that under America Fact Finder every five years does a census of jobs in town and publishes that which is available; and there's ABAG. Now, I notice in our existing conditions report that we cite the number from ABAG, 89,370. Where do they get their number? If you look at their files, data appendices, it comes from something called NETS, National Establishment Time Series. They do this annually, and they do it by function of business. Having that as a comparative total number and number in each type of industry would give us a way of judging how we're doing. They had 89,000 in 2010; you have 69,000 so far in 2015. It does involve a bit of the discrepancy. I guess I'd like the next time you come with your list to have a list also of what others are doing when they do their phone calls and analysis of businesses in town. It raises the question of whether we should be using NETS for ourselves since they do it each year and update the changes that take place each year. It is gathered by Dunn and Bradstreet, so it's a private corporation. I think the literature makes the case that they are more effective in measuring all jobs than the government is in the Census Bureau. Leads to the issue of exemptions. You have a list of firms that might be exempted. I think the goal of measuring the jobs in town, people who are coming to work, would argue that there be no exemptions. Maybe you can exempt them from fees. Since NETS makes the case that there are a very large number of very small firms, especially in a tech industry rich area, exemptions would not get us to

where we want to get to. I would argue that we try and achieve a universal coverage and use the NETS as a standard of what we want to get to and analyze the gaps between what they have done and what we are doing.

Mayor Holman: Thank you. Council Member Wolbach.

Council Member Wolbach: Thanks very much to Staff from a number of departments for putting a lot of time and work into this. Obviously there's more work to do, but I just want to acknowledge the number of hours that have gone into this. It's not insignificant; it does need to be recognized. I know there's a lot more to come, especially after the direction we give you tonight. Along those lines, first on the question of who, if anyone, should be exempted or have a waived fee, I'm curious to hear how my colleagues feel My inclination at least is to say that the groups that you've specifically nonprofits, sole proprietors and also religious identified, institutions in Palo Alto—I would not suggest that we completely exempt them. I think we should still be getting the data about how many people are here, how many people are working here. Those are the reasons we put the—a big part of why we put the Registry together was to get a sense of who's coming to Palo Alto. I would be fine with, I think, with waiving the fee. As the Staff Report indicates in a footnote, that's likely to be nominal. Maybe we could check back in or have the Finance Committee or somebody take a look at that and just double check that. Again, I'm curious to hear how my colleagues feel, but my inclination is to say let's make sure they're still filling out the paperwork and we're getting the data about those organizations. I would be probably comfortable waiving the fee. If the funding for that is again nominal and coming out of the General Fund as suggested in the Staff Report, I think that's probably okay. Again, looking for colleagues' thoughts on that as well. Secondly, on parking data. pages 6-7 of the Staff Report, you say that you're planning on stopping asking questions about parking. You aren't really seeking Council direction on that; you just said you're not going to ask questions about parking any That's a huge part, in my understanding, of why we have the Business Registry. It was to get information about people's parking. You do suggest in the report that there are better ways to get that data. I'd be curious to hear more from Staff about that. That's really, really critical data. If we're not getting it through this, we've got to get it somehow. Before I move on to my other questions, if you want to—if you have any thoughts on that one or should I come—you want to come back and collect thoughts on that:

Mr. Fehrenbach: The thinking is that the parking is a very complex issue. For businesses to answer simple questions, which was the Council's intent of the Business Registry, is in fact a very challenging proposition especially

given that now there's a new residential parking program that sort of complicates even further the way that the questions were worded. We felt, and based on the feedback from many, many folks that we talked to, that those questions were in fact very confusing. Although we agree that the data is critical, we feel that asking them through the Registry as opposed to having Staff do a more proactive analysis will yield us many erroneous entries.

Ed Shikada, Assistant City Manager: If I could add also, Council Member. Ed Shikada, Assistant City Manager. Part of the feedback we got was also specifically related to multitenant buildings. Some of the challenges in aggregating tenant-by-tenant leases where there might be some variability in how parking spaces are assigned to individual leases, parking spaces that may be shared among different tenants, and spaces that, for example, might be available under certain time periods but not 24/7. I think it was part of the recognition that the variability of the responses when aggregated from individual businesses could lead to erroneous conclusions on the cumulative total. Those are some of the considerations.

Council Member Wolbach: I guess one thing that I'd put out there for consideration is if we have a Business Registry that does not ask questions about parking, then could we use the data we have about businesses for the Registry so we'd know who to contact in the future if we decided to do a survey like the TMA did for Downtown, if we wanted to do a Citywide parking survey or transportation survey. As a member of the public identified, there are a couple of important questions that I would actually like to add onto this, whether it's as part of the Registry or an independent survey. Where employees are coming from by ZIP Code. I'll wrap up in just a couple of minutes or sooner. Then also I think there's a lot of information we need to be getting from employers about where their employees are coming from, how they're getting here. If we are dropping it from the application, just want to make sure we could still use the contact list for a follow-up survey.

Mr. Fehrenbach: Certainly, yes.

Mr. Shikada: Council Member, I was simply perhaps going to add that we can get that information at a property level as well, in addition to the individual businesses. To your point, it can be used either with the businesses in terms of a survey or aggregated at a property address level.

Council Member Wolbach: The last couple of things, I'll just make sure colleagues are considering. One is the question of resources. On page 5, you say additional resources are likely going to be necessary if we want to achieve 100 percent compliance. Then on page 10, you say you're not

asking for any more staffing. I'll just put that out there for you guys to answer. Since the Mayor's going to cut me off soon, I'll just throw out one last thing which is on enforcement. I think we do need to look at escalating the fines. We are talking about the law here. I want to make sure people understand that this is not an optional program or a recommendation.

Mr. Fehrenbach: Just to respond. The Staff recommendation is not to increase or enhance any enforcement techniques. It's essentially to stay the course, use the tools that we have and try getting through a full cycle of the Business Register. If, in fact, the Council directs us otherwise, we would need to return with, depending on what the Council directs us to do, a request for additional resources.

Council Member Wolbach: Thanks for the clarification. It sounds like you're looking to us for guidance, and we're looking to you for ideas on enforcement. Hopefully we don't just go around in circles. Thanks.

Mayor Holman: Council Member Berman.

Council Member Berman: Thank you very much. Thank you for the work that you guys have done so far. I think nobody expected us to hit 100 percent uptake in Year 1. If anybody did, that was unrealistic. A 68 or 71 percent-I can't remember if we set goals-I think that's pretty good. I think this is going to be the kind of case where you kind of have not the 90/10 rule, but the 80/20 rule, where you get 80 percent uptake with 20 percent of the work and the last 20 is going to take 80 percent of the work. I think we should really prioritize, which I think is what you're suggesting we do. Currently non-complying entities, we spend a lot of time trying to get information from. Of the how many? Nine hundred entities, businesses, that we don't have information from, can you guys take a look at that list and say of these 900 entities, the top 150 are going to net 80 percent of the employees, so let's really kind of figure out a strategy to go get that information. Then all of a sudden, maybe the number of entities we have is still only 85 percent, but the information we have for number of employees is 95 or something and that's much better. I guess my suggestion to you guys is go that route and try to get the most useful information possible. That's not necessarily the number of entities; that's the size of the number of entities. This federal tax ID number issue, I notice that you said that every other city has that as a requirement. I know we were getting push back on it; I was getting push back on it from some folks. Have we asked the other cities maybe what arguments they used to folks as to why it's necessary? If we're the only the city that doesn't have it, clearly having it isn't the end of the world.

Mr. Fehrenbach: Thank you, Council Member Berman. I think it's mostly related to the fact that it's a new program for Palo Alto.

Council Member Berman: People just getting used to it, getting comfortable with it.

Mr. Fehrenbach: Right. Whereas, in other cities, it's been baked into their business license for ...

Council Member Berman: Registry or tax or whatever they've had for a long time, okay. Let's keep on kind of assuring folks that we're going to protect their personally identifiable information and it's not going to be-we'll make sure to keep good care of it and it won't be abused. It's hard to tell without having all the information. You mentioned that there might be some errors in there, and I don't know what those errors are or how large they are. I thought it was really pretty striking the number of employees per square foot Downtown, the number of employee per square foot overall for different types of uses. A question that I had that I thought about a while ago with restaurants is do we take shifts into account. Restaurants might have two shifts, two sets of employees over the course of a day. The intensity of that is really 50 percent of the total employees. Right? Only 50 percent are there at one time. That should be something that we're considering as we analyze the data and make certain decisions based on it. I don't know how you go about doing that, and I'll leave that up to you guys to factor that in. It might be something to consider, if there's a way to get a little more information from folks about maximum number of employees they have onsite at one time or something like that that'll help us really get that actionable data that we want.

Mr. Fehrenbach: Thank you, Council Member Berman. Actually in conjunction with the TMA, that's essentially the way that we asked the question. We also have information on hours of operation.

Council Member Berman: Then I guess my last point will be on compliance. I like the idea of tying it to other permits. Like we talked about with the RPP, if folks come and are trying to do X but they haven't complied with this yet, they can't move forward on that until they do, seems to make sense to me. I'd be comfortable with maintaining the current level of fines for now based on the fact that this program is four months old or five months old or six months old at this point. Let's try to think long about this. There are a lot of shocks happening to our business community right now. I think we need to be cognizant of that and be a little patient and just kind of understand that this program won't be perfect after a year.

Mayor Holman: Thank you. Council Member DuBois.

Council Member DuBois: I appreciate the update. I think this is a really critical data stream, as others have said. One of many, but it's great to see this one. I did check out the open data. It's really cool to see kind of the I did send you some issues. You were saying you're highlighting the need for data quality, so I totally get it. I appreciate you coming with that. Also, thank you for this comparison sheet with other cities in California. I think it's really useful to see how they handle nonprofits, how they handle enforcement. Hopefully we'll use that tonight. I do want to throw out an idea for colleagues. I'd actually like to see us consider including in Phase 2 very small businesses that are engaged in home rentals, kind of the Airbnb problem, over a certain level. If there was a way we could say-I don't know what the number is-for example, \$10,000 of revenue a year or it's rented out so many days a year. I think it would be good to start to get a handle on that data and collect the data. I do think we should collect employee ID number. You talked about data management, I mean security around that's important. I think maybe explaining that security would be good if we're storing that field. That credit card data, sometimes it's stored externally by other companies. Obviously we've got to make sure those numbers stay confidential. I do think we should register sole proprietorships without the Social Security number. For home business, again, rather than cutting some of these out, I think I would echo Council Member Wolbach in that I'd like to see us collect the data, but perhaps not charge a fee. Same thing for nonprofits and religious organizations. In terms of enforcement, I did like—again, Huntington Beach, for example, issues three levels of citation at different fine levels. I do think we should talk about maybe a citation. I also like—almost all the cities use a collection agency, so at some point—I mean we've sent out multiple notices. You guys have called. At some point that should get off of Staff's hands. I think some cities in here add the collection fee to the amount owed, so it's not like we'd lose money to go to collection. It's a way to put some pressure on without using up Staff time. Are you going to keep the commuting questions that are in the survey?

Mr. Fehrenbach: Yes.

Council Member DuBois: Again, I would say we should keep the parking questions. The one question, number of permits purchased by the company, that one seems pretty clear, pretty easy to answer. I did have the idea that the other question, number of dedicated spots, that might be the confusing one. Maybe you guys can look at rewording it. Maybe you could add an option to report if it's dedicated or shared spots. We would just understand that when we collect the data. I think you're talking about bringing some of these changes in on the renewal cycle in March. If you're not, I guess I would suggest that's when we do these changes. When we do do renewal, I

think we need to make sure the flow really makes people go through their data and update it. You shouldn't be able to just pay and submit so we have your data that they didn't update because they didn't have to. You've really got to think about how those screens are designed and make sure that they update the data. Nobody's asked it yet; I was surprised. We started off with like 200,000 businesses, and we've whittled it down. I guess, what list are we using and how's that whittling process worked?

Mr. Fehrenbach: We started almost two years ago now by putting together nine different databases, had information from the City's coffers, so utilities info, fire info, some Dunn and Bradstreet information, various public databases that were available and certain private ones that were available to the consultant. That's how we got to a huge number of 200,000. Then it was a culling process, getting rid of duplications, getting rid of companies that were slightly spelled differently. We ultimately—at the beginning of this sort of process of passing the ordinance, I believe we're down to 6,700, if my memory serves me correctly. Deleting then home-based businesses, transitory businesses, and ultimately businesses that have multiple entities that are essentially incorporating the same people, we got down even further. Ultimately, our efforts culminated in a physical survey of all the business districts. We sort of put those lists together along with various people that called us, and that's how we continue to cull the list even further.

Council Member DuBois: Just quickly, I guess I've used up my time. I think you had some interns helping. Did you guys do things like go through all the stores at Stanford Mall and make sure they're all registered and that kind of stuff?

Mr. Fehrenbach: We went through all the stores at Stanford mall. We have not yet done any of that compliance-type work. We don't currently have staffing for that type of work, but we know all the stores that exist in the shopping center and we know those ...

Council Member DuBois: I mean, just an example. I mean, there's like—I think Council Member Berman was figuring out the largest ones that are missing and knocking them off.

Mr. Fehrenbach: Sure, yeah. That's good feedback. Thank you.

Council Member DuBois: I would just echo I support totally tying use and occupancy permits or City parking lot permits to the need to register. I see this evolving as you have to have a Palo Alto ID before you do any of these things, and that's registering. Thanks.

Mayor Holman: Thank you. Council Member Scharff.

Council Member Scharff: Thanks. First of all, one of the things I thought was missing in the report was that the purpose of the Business Registry—what were the goals we were trying to achieve? The way I would judge whether that's successful is are we achieving the goals we put into it. It would be nice to know what those goals were. I mean, I thought they were to understand parking, transportation, and some other issues primarily. Maybe you could just sort of outline why we did it.

Mr. Fehrenbach: I think generally it was to obtain critical data about our business community, especially as it relates to transportation. As to the success, I think it's an iterative process. I think, as you can see, we're at a point where we can glean some information from very basic level analysis. It's very interesting data, but it needs some additional work in terms of data quality and in terms of reporting capabilities. I think we're on a good path to being successful as far as getting that critical data, but we still have a ways to go.

Council Member Scharff: I think one of the things we should keep in our mind is, is this the best way to collect this data. I mean, are we spending huge amounts of Staff time on it? It's the data we want; it's not 100 percent compliance. I think that gets back to what Council Member Berman said, this guy over here. When it comes to exempting small businesses, I'm perfectly fine with that if we don't need the data. I actually come out on the opposite of some Council Members who said that we should waive the fee but collect the data. I don't think the General Fund should support that activity. If we need the data, then we should charge the fee. If the data's de minimis or irrelevant or not going to make a big difference, then we should exempt them.

Mr. Fehrenbach: Thank you, Council Member Scharff. I think that is the intention of the Staff's recommendation. Essentially, how we would define a very small business or a very small nonprofit gets to that, and that is to say someone has less than one full-time employee including the owner of the business. Therefore, we really are—first of all, it's consistent with the Business Improvement District and how we look at those fees. Secondly, it really does get to the very, very small folks who come into town for ten hours and sublease an office and have expressed fairly widely concerns about why they should be required to register.

Council Member Scharff: On that basis, I would support the Staff recommendation. I did think it was interesting that we still had those numbers of 200,000 in here. I'd like the headline to be Palo Alto drives

197,000 businesses out of town, because now we're down to 3,000. When we exempt the small businesses and the not-for-profits, do you have any gut sense do we then—I mean, obviously then we cut that number from the 3,000 number down. We start to get a handle on really which of the larger, important businesses, are any of them saying they're not going to participate or they're not—what kind of an enforcement problem do we really have? I think that would be helpful as well in getting a handle on that. Clearly I don't want Staff calling every small sole proprietor who doesn't have—hasn't registered and spending all that kind of time on it. The other thing, I was totally unclear of why we need an FEIN number from people. What do we use that for? Why do we need that?

Mr. Fehrenbach: That's a critical identifier for businesses. As we use the data from the Business Registry, especially as it relates to comparing and making basically comparisons with other data sets that are available, it's the critical link that allows us to know ...

Council Member Scharff: You're saying other people do data sets where they have the FEIN, and they publish it? They publish other people's FEIN, and you compare companies' FEIN with other FEINs?

Mr. Fehrenbach: Not necessarily published sets, but sets that would be available to the City in a confidential manner.

Council Member Scharff: We get other confidential information from taxing authorities is what you're saying?

Mr. Fehrenbach: Certainly.

Council Member Scharff: Got it. I would, therefore, probably support most of your—in fact, I think I support all of your recommendations. All right, (inaudible) good. Thank you.

Mayor Holman: Council Member Burt.

Council Member Burt: A few things. One is kind of at a higher level. I'd say that these have been a lot of valuable questions and comments. I didn't see any question about whether we should take these and refer them to Policy and Services for when you have absorbed some of this and come back with your draft next set of questions, so that can be fleshed out. I'd be interested in what colleagues think about that. I have a number of questions, comments, and I may need a second cut. Maybe some other folks will need a second cut at having time to do this. One is I didn't see it trying to capture essentially average number of employees onsite or full-time equivalents. If a business has X number of employees, but either from

telecommuting or different reasons, they're not generally onsite, we didn't have any means to capture that. That's pretty valuable information. I think you alluded to like subtenants who might have an office that they use once a week or something like that. I know in my office complex about half the offices are unoccupied. Actually when you referred to some of the questions that were there about office hours and things like that, it didn't allow anyone to say this office is only open 20 percent of the time or whatever. I had to say I'm open five days a week, all these hours. That's not true, but I didn't have any other choice on how to answer the question. I didn't want to say I'm never open on a Tuesday. I had to answer that I'm always open when that's far from the case. I can tell you the whole complex is that way. We're not really gathering that information well. This question, we said we've got 73 percent, I think it is, response rate. Is that when we're comparing it against other databases? How do we really have a good sense of who didn't answer?

Mr. Fehrenbach: Through the efforts that I outlined earlier for Council Member DuBois, we have a list of companies in Palo Alto that are subject to the Business Registry. That's just over 3,100 at this point.

Council Member Burt: You're pretty confident that that's a close to reliable source?

Mr. Fehrenbach: I'm fairly confident that the margin of error is much smaller than it was even three months ago.

Council Member Burt: Do we know whether the large employers are almost fully signed up? That seems like—we only have a limited number of large employers that would capture probably 80-90 percent of all employees. Do we have a sense of that? Have we checked?

Mr. Fehrenbach: We do. We specifically did some more direct outreach to the larger companies, and most if not all—certainly the largest of the companies in Palo Alto have registered. My memory of the exact 800 or so at this point is a little frayed, but I don't believe there's a ...

Council Member Burt: I think that's something we basically want to not only know but insist on. When you send a notice out that companies have not registered, are you sending it only to those who have not registered?

Mr. Fehrenbach: Correct.

Council Member Burt: Isn't the EIN number now optional under our survey?

Mr. Fehrenbach: Yes. At the launch of the Business Registry on March 2nd, we received a flurry of complaints regarding the FEIN especially as it related to—and so it was decided that it would be made an optional question.

I do agree that some of the most valuable Council Member Burt: information we were seeking related to information that our TMA, our Transportation Management Agency, would want to know. How many employees are there, how do they get there, where do they park. Maybe we can't capture all that, but I share Council Member Wolbach's concerns about dropping the parking questions. I think we need to look at how we improve the questions to get more valuable information that's easy for people to be able to provide to us. Thanks. I think we also need to figure out a way to be able to spot check reliability of the information. That can be done with a statistical sampling, and we can get a sense of how reliable it is. I'm also sharing Vice Mayor Schmid's concern as to whether we have a reconciliation between what other databases say are the number of employees and what we're getting here. If you're saying you have almost all the large employers and yet we don't have anywhere near as many employees as we projected, something's not reconciling there in an important way. It's not just a missing data piece; it goes to the reliability of the information altogether. I think we can find out some of that, once again, through sampling. You don't have to go and—to identify your problem, you don't have to check the entire You may have to then figure out a way to re-approach that database to resolve the problem, but not to know and define—wait a minute, this information is unreliable here, it's off by this much. Somebody's given us either wrong information or whatever.

Mayor Holman: Council Member Burt, I think there might be other Council Members who might want a second cut. Your time has run out. I have just a couple or three questions and comments. One is I pulled up the Colleagues Memo. It's always good to, when something is generated by a Colleagues Memo, to include the Colleagues Memo in the Staff Report. I pulled it up, and this goes to Council Member Scharff's question about what the purpose of this was and suggesting that we're not going to collect like ZIP Codes and the parking information. The background and discussion on the Colleagues Memo was impacts of commercial development activity such as traffic and parking impacts are at the forefront of community concerns. The City Council made addressing these issues a Council Priority in 2013 and again in 2014. The Memo was written in 2014. However, the City lacks adequate, reliable and updated data to analyze the issues, structure best policies or programs and to measure their effects. Palo Alto is one of the few cities without blah, blah. We need critical information about the characteristics of businesses in the community for purposes such as informing zoning decisions and public safety planning and service responses.

In addition, the Council has committed to developing a strong TDM program to reduce traffic and parking impacts in our community. Good data is essential to design a sound program, establish baselines and monitor progress. I hope that's helpful for Council Member Scharff as well and the rest of us as we talk about this. I didn't get a clear understanding of the response in terms of leaving out collection of parking data. I understand how it can be complicated, but I didn't get a clear understanding of how we would do it if not through this. It seems like why would we use a second It seems like much more labor intensive when we have a mechanism now to do that. That's one question please. The other is—I just want to make sure I'm understanding this clearly. On the first attachment, "A" or whatever it is; it's not marked. I just want to make sure I understand that. At the bottom part of the page, it says total employees and square foot all locations. It says square feet total is 29,733, and employees is 69,136 which matches the number up at the top of the page in terms of total number of employees. Then square feet per employee is 430 square feet. Are those—the numbers at the bottom of the page, the bottom portion of the page—I can't even give you a packet page number. I'm sorry there isn't one on here, but it's right after the end of the Staff Report. It's the horizontal pages. Are you saying that there are—there's not 29,733—29 million, excuse me, 733 square feet of office in town. Are those the businesses that have been accounted for so far? Is that total we have in town?

Mr. Fehrenbach: That's the total amount of commercial square feet reported. It includes all types of commercial.

Mayor Holman: That's just reported?

Mr. Fehrenbach: Correct.

Mayor Holman: In other words, registered?

Mr. Fehrenbach: Correct.

Mayor Holman: Do we find then that that 69,136 is viable given it's 430 square feet per employee? Is that really a workable, viable number given what we see around town?

Mr. Fehrenbach: Given the amount of errors that are clearly in the data set at this point and the fact that there has been very minimal Staff interaction with the data, I don't think it is a viable number. I think it's a glimpse at what will be possible as we do clean the data set and scrub it.

Mayor Holman: Did you want to answer the other question about how we would collect parking data if not through this? Using a second mechanism seems inefficient to me, especially when it was one of the primary purposes of the Memo.

Mr. Shikada: Understood. I think it really comes down to the accuracy of the information. For example, when there is a multitenant building, the alternative would be and we could—I think this is something we need to test out as to whether it would work—suggest that tenants in a multitenant building simply use the total for the building. That again has its own potential inaccuracies and also takes away from some of the goal of trying to get very precise information on a tenant-by-tenant basis. The problem is that given the quality control or perhaps the different interpretations that companies will use when they fill out the survey to simply add up the information leads to exactly the phenomena we were just talking about in terms of employees to square foot. In aggregate, it just doesn't make sense. I think the challenge for us is to, as was described earlier, increase the quality control at the survey level as an alternative to using more aggregated sources. I think that's basically the tradeoff we have. Again, if it's Council's direction to proceed with the company-by-company queries, then we will do that.

Mayor Holman: One last, wrap comment here then. It seems like we would be able to kind of qualify, if you would, that information by address. Anyway, we have another 25 minutes that's scheduled for this item. Why don't we do this? Why don't we try to do—I've got two lights and I think there's one more light going to come. Why don't we try to do any wrap-up comments, questions and Motions in just a couple of minute round? We'll set the timer for a couple of minutes and see if we can go with that. Council Member DuBois, you were first on.

Council Member DuBois: Just another quick comment. I don't know if my colleagues looked at this data. There's all kinds of things in there. There's things like Stevenson House and other multiunit housing. There are private schools; there are churches. Again, I think it's really important that when we run these reports that the data's clean. If we're looking at office space, for example, we're filtering out schools and these other uses or the data is not going to be as useful as the queries. It's important to understand it's not just office space in there; there's a lot of stuff in there. I did try to do make a Motion, which I sent to City Clerk. If you have it, I'll try to read it here. There's a lot of detail. My overall proposal is to send some of that discussion to Policy and Services. I think there's some things Staff should move forward on. I kind of split it up in that way. The motion was for Staff to define an enforcement ordinance with proposed mechanisms for citation

and overdue bill collection, send that proposal to Policy and Services along with potential updates that address very small business, very small nonprofits, religious organizations and also changes to the registration survey. Policy and Services should meet in a timely manner in order to ensure that there's time to go through the process and it be ready by the renewal date in Year One.

Mayor Holman: Council Member DuBois, great that you sent this. If you could read it just a little bit more slowly, then we might be able to track it more closely with this and digest it as well. Thank you.

Council Member DuBois: I'll let them catch up. Again, this first clause was basically send a lot of the details—because it is, I think, quite complicated and difficult to do. The whole Council send that to Policy and Services. The second point was to have Staff continue to enhance the reporting capabilities. Essentially, their third bullet point, to go ahead and move forward with that, I added improve user functionality, data quality and user experience. To return to Council with any contract amendments. The third point is their final bullet point on here. Explore integration with other permits. Instead of return to Council, I said return to Policy and Services with a plan for implementation as Phase 3. That would be further out. I wouldn't expect it to go to Policy and Services until next year. I tried to capture everything they have on here with a few tweaks around considering enforcement. Once it's up there, I hope somebody will second it.

Council Member Kniss: I'll second it.

Mayor Holman: City Clerk is, I think, nearing completion here.

**MOTION:** Council Member DuBois moved, seconded by Council Member Kniss to direct Staff to begin Phase 2 of the Business Registry with the following modifications:

- A. Staff to define an enforcement Ordinance with proposed mechanisms for citation and overdue bill collection. Send proposal to Policy and Services Committee along with potential updates that address very small businesses, very small non-profits and religious organizations with no ancillary business on site, and changes to the Registration Survey. Policy and Services Committee should meet in a timely manner in order to ensure suggested changes will be ready by renewal date in Year Two; and
- B. Continue to enhance reporting capabilities, improve user functionality, data quality, and user experience and return to Council with any contract amendments, and/or resource requests as appropriate; and

C. Explore integration with other permits and return to Policy and Services Committee with a plan for implementation to execute as Phase 3 of the Business Registry Certificate (BRC).

Mayor Holman: Council Member DuBois, would you care to speak to your Motion?

Council Member DuBois: I think I have.

Mayor Holman: David, if you can find a way to get it all on the screen at once. There you go. Thank you.

Council Member DuBois: Again, I largely incorporated Staff's recommendation with the change that a few things go to Policy and Services. I think there are a few questions that we need to address that we're not going to have time to address tonight.

Mayor Holman: Council Member Kniss, speak to your second?

Council Member Kniss: I think this incorporates two things. It's slightly different in that it's going to Policy and Services. I think that's a good idea. Secondly, really I think you've incorporated almost everything that was in the original motion, unless I'm missing something. Am I right or not? I don't—you've just, I think, gotten it slightly more precise than it was before. You might want to correct the spelling for manner and a number of things in there. Other than that, that looks fine. I think someone's probably going to bring up something about parking, because I've heard that before. I'm ready to vote for it as is, unless somebody adds to this.

Mayor Holman: Since we have a Motion on the floor, I've cleared the board. If you care to speak to the Motion, please turn your light on. Council Member Burt.

Council Member Burt: I support the Motion. I just wanted to add one other comment. There was a question about whether this—there was some implication one way or the other on whether this Council has taken some position on business license tax in the future. I just wanted to make sure it was understood that I don't believe this Council has ever taken a position that says we will not consider a business license tax. I've stated several times that I think we do need to consider it, focused on funding our comprehensive transportation program. If we're going to really make it a success, we should consider that. I just wanted to make sure that there was no misunderstanding that there was some implication that this would preclude consideration of a business license tax. I think we need to consider it like most cities have.

Mayor Holman: Vice Mayor Schmid.

Vice Mayor Schmid: Just two points. The second sentence of "a" says send proposal and updates that address very small businesses. That doesn't take a stance on how to address it. I would note that the NETS database in the state of California finds that 11 percent of workers in the state are self-employed or independent contractors. You don't want to leave out 11 percent of business people in Palo Alto. I would suggest adding a "d" that says use the NETS database as a point of comparison for capturing the full number of workers in town. Use the NETS database; that's the National Establishment Time Series. It is available through ABAG.

Mayor Holman: Council Member DuBois, do you accept that?

Council Member DuBois: I'm not familiar with the database. Is there a way it could be less prescriptive? I would be more comfortable if it was a consideration rather than a requirement, not really knowing what it is.

Vice Mayor Schmid: I guess I have sent to Staff some references to both the data and some academic papers talking about it compared to government series. There should be material available.

Mayor Holman: Council Member DuBois?

Council Member DuBois: I guess I'd like to see it incorporated into "a" with a suggestion that Staff propose how they would use it. Again, when you say use it, are we saying that it's correct? I guess I won't accept the amendment as it's worded.

Vice Mayor Schmid: I'm not saying it's correct. The academic papers say it's the best available and only to use it as a point of comparison.

Mayor Holman: Jim, did you want to make a comment?

James Keene, City Manager: I just want to speak. I think that the bit that we understand about it, it's like all data sets. There are advantages and disadvantages to the methodology. I don't think we'd be in a position at this point to say—I think you clarified this—that we would use this as a control point for what we're doing. I mean, if it's a comparison, that's pretty simple for us to do, I would presume. What the Council then does with that comparison, that's potentially more complicated.

Vice Mayor Schmid: I would note that the existing conditions report and other City reports over the last couple of years have used that number as the starting point for the City. We've been using it.

Mayor Holman: With that explanation, do you have any different response, Council Member DuBois?

Council Member DuBois: No. I guess I'd like it to be a separate amendment.

Mayor Holman: Council Member Schmid, did you want to offer it as a separate amendment?

Vice Mayor Schmid: Yes.

Mayor Holman: Looking for a second. I would actually second that given what City Manager stated. Just using it as a comparison, not a control point.

**AMENDMENT:** Vice Mayor Schmid moved, seconded by Mayor Holman to add to the Motion, "Use the National Establishment Time Series Database as a point of comparison for number of employees."

Mayor Holman: Vice Mayor Schmid, could I offer to add to the amendment, to use the National Establishment Time Series database as a point of comparison clarifying not as a control point for the number of employees. Would you accept that?

Vice Mayor Schmid: Sure, yeah.

INCORPORATED INTO THE AMENDMENT WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Amendment "not as a control point" after "point of comparison."

Mayor Holman: I see no other lights, so it looks like we are ready to vote on the board on this amendment. That amendment passes on a 7-2 vote with Council Member Scharff and Vice Mayor Kniss voting no.

AMENDMENT AS AMENDED PASSED: 7-2 Kniss, Scharff no

Mayor Holman: Thank you, colleagues. We return now to the main Motion. Any other comments? I have Council Member Scharff.

Council Member Scharff: Could we see the motion again? My concern is why we're going to Policy and Services for updates to address the very small businesses and small nonprofits and religious organizations. It seems to me that we could make a decision tonight, that it's a fairly easy decision. I've heard from Mr. Fehrenbach and the Assistant City Manager that that covers 90 percent of the employees already. That those are not worth the time. We're only talking about small businesses that have less than a full-time employee. It seems to make a lot more sense. I don't see why Policy and

Services needs to have a long discussion about this. We just spoke about it for an hour at least. I guess I would ask the maker of the Motion, first of all, why you feel that needs to go to Policy and Services.

Council Member DuBois: I think I heard disagreement amongst us tonight. Again, I think a lot of that has to do with definitions and different situations of these types of businesses. I heard some people say that they should perhaps register and not pay a fee. I heard you say they should just be exempt. I threw out the idea of do we want to track home rentals that are rented excessively or a large period of the year. I thought there was enough meat there for it to be discussed at Policy and Services.

Council Member Scharff: I'm concerned that this would delay this. I mean, it's important that we move forward with it. It's not like there's nothing for Policy and Services to do these days. I'll make an amendment that says that—it's hard to make the amendment if I can't see it. Sorry. I'll make the amendment that we go ahead and exempt very small businesses and that we exempt very small nonprofits and that we exempt religious organizations with no ancillary businesses now.

Mayor Holman: It seems pretty obvious that Council Member DuBois will not be accepting that. Is that correct?

Council Member DuBois: No.

Mayor Holman: Do you want to offer that as a separate amendment?

Council Member Scharff: I do.

Mayor Holman: Is there a second to that?

Council Member Filseth: I'll second.

Mayor Holman: Thank you, Council Member Filseth.

**AMENDMENT:** Council Member Scharff moved, seconded by Council Member Filseth to replace in Motion Part A, "Send proposal to Policy and Services Committee along with potential updates that address very small businesses, very small non-profits and religious organizations with no ancillary business on site, and changes to the Registration Survey" with "exempt very small businesses, very small non-profits and religious organizations with no ancillary business on site."

Mayor Holman: Would you care to speak any further to your Motion? Your amendment, I'm sorry.

Council Member Scharff: Yeah. I think we have a tendency as a Council, which I think is a little counterproductive in actually getting things done, is when Staff comes with a simple suggestion, frankly, that we exempt very small businesses which have been defined very narrowly, I mean extremely narrowly. This is a business that has less than one full-time employee. I do not see this as necessary to either get data on. I mean I don't see how getting the data on this is going to make any difference. It seems like a waste of time and extra paperwork for no reason. I see no reason why we should then go ahead and want to charge these people a fee and collect no data. It seems like a simple choice. One that we don't have to go to Policy and Services on and spend a lot of time on. I think that the easy thing to do is to always kick the can down the road and say let's have Policy and Services talk about it. I think we should go ahead and make a decision. These are not difficult decisions. We're a Council; we should be able to make them as a group sometimes. I think we should go ahead and make that decision. I think Staff made a real cogent argument of why we should do it.

Mayor Holman: Council Member Filseth, speak to your second?

Council Member Filseth: Yeah. I pretty much agree with Council Member Scharff here. I think the purpose of the Business Registry is to get a solid picture of broad employment trends in Palo Alto. You're talking about sort of long-tail kind of data, a really tiny amount that's not going to have a material impact. I think we should keep it as simple as possible and go after what we came for with the understanding that we're not going to solve every data problem with the Business Registry. I'm also persuaded by the Assistant City Manager's argument about the impracticality of collecting the kind of parking data that we want on this. The one thing I would say is I think it would be interesting for Policy and Services to take up the issue of the Airbnb businesses. If there's a way for that to stay in this, then I think that's one that's worthy of discussion in Policy and Services. I'm curious as to the language of the amendment. Does it still allow Policy and Services to look at that?

Council Member Scharff: It doesn't address that issue at all. If Policy and Services could talk about that before, they can talk about it now. It addresses purely the issues of these three things.

Mayor Holman: It's a separate topic that's not part of the amendment, unless you're offering an amendment to the amendment. I'd actually suggest that it's a different enough topic, that it would be a separate amendment certainly and not amending this amendment.

Council Member Filseth: All right.

Mayor Holman: I have a question for the drafter of the amendment. I believe what you intended—if I could have your attention. I believe what you intended was not to add to the motion, exempt very small businesses, very small nonprofits, religious organizations. I think what you intended was to amend Section a of the amendment—excuse me, of the Motion to adopt those actions rather than sending them to Policy and Services. Isn't that correct?

Council Member Scharff: That's correct.

Mayor Holman: If the City Clerk could capture that. Does that make sense, David? Council Member Scharff, if you can watch that as it's being put on the screen.

Council Member Scharff: I will.

Mayor Holman: Council Member Filseth, did you have a clarification?

Council Member Filseth: Yeah. How would I add another amendment that Policy and Services consider the short-term rental businesses?

Mayor Holman: First, we'd have to vote on this amendment.

Council Member Filseth: We have to do this one first.

Mayor Holman: We have to vote on this amendment. I have three lights. If we can be brief. We were doing really well, and now we've got eight minutes to finish if we can possibly do that. Vice Mayor Schmid, on the amendment.

Council Member Scharff: We probably should add rather than send them to Policy and Services on the Motion.

Mayor Holman: Council Member Scharff, would you care to work with David down there so Vice Mayor Schmid can continue?

Council Member Scharff: Absolutely.

Vice Mayor Schmid: I'm concerned about exempting small businesses, because that includes independent contractors. The questionnaire we have asks about employees. Independent contractors are not employees. In Palo Alto, where you have a lot of small start-up businesses that are changing a lot with independent contractors coming in, that could be between 10 and 20 percent of the people in the Downtown at any particular time. I think it

would be good to have Policy and Services look at that issue before exempting.

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: I'm also really worried about kicking the can down the road a little too much. I would like to see us make some decisions this evening. I think I will probably be supporting this amendment. Real quick, I guess we might talk more about it on—actually I'll save my comments on Airbnb in case that comes.

Mayor Holman: Please. That is not part of this amendment.

Council Member Wolbach: I will hold my comments on that for now. Honestly, I'm tempted to just say let's scratch this Motion, just go with the Staff recommendation except where it says return ...

Mayor Holman: Council Member Wolbach, that would be yet a different Motion. We're addressing the amendment at this point. I'm sorry but ...

Council Member Wolbach: My question for colleagues, including the maker of this amendment, is why not just scratch the whole—the Motion and this amendment. What do they have that the original Motion didn't have if you just change return to Council with return to Policy and Services for Phase 3?

Council Member Scharff: The answer is that I would be fine ...

Mayor Holman: Council Member Scharff.

Council Member Scharff: I would be fine with doing that, but what this does is it sends some other things to Policy and Services. That's effectively what it does. I had no real—if they want to talk about it at Policy and Services, it's ...

Council Member Wolbach: That's fine. I'll support the amendment.

Mayor Holman: Council Member DuBois, you've addressed this, but do you have something else to say?

Council Member DuBois: I'd like to speak to the amendment. We're talking about three things, very small businesses which as I understand it could be any sole proprietorship with a owner and an unlimited number of contractors, as Vice Mayor Schmid said. It could be a fairly substantial business. It could also—I believe it covers the Airbnb case which would be a sole proprietor with no employees. That would just fall in there and not require a separate amendment. It also includes this third type, the religious

organization, which again I think it would be good to register, but perhaps not charge a fee. Again, that discussion about fee or no fee, definitions and thresholds, I think that belongs in Policy and Services. I won't support the amendment.

Mayor Holman: Yes?

Mr. Fehrenbach: Excuse me. I'd just like to clarify that in the help text for the number of employees question, we do ask for that to include contractors, volunteers, full-time and part-time. Secondly, in my brief conversation with the City Attorney, I think that a home-based rental would be considered a home-based business and, therefore, under the current ordinance would be exempt.

Mayor Holman: The amendment as presented is, Council Member Scharff moved, seconded by Council Member Filseth, to replace motion—to replace, okay. To replace in motion part a sentence to ...

Vice Mayor Schmid: Motion Part "a."

Mayor Holman: Motion Part "a," the "a" should have a period after it or parentheses around it or something. Parens around it would be helpful. A sentence with exempt very small businesses, very small nonprofits and religious organizations with no ancillary business onsite. Now I understand the amendment. Seeing no other lights, vote on the Motion—on the board please. That passes on a 5-4 vote with Council Members Berman, Scharff, Filseth, Holman and Wolbach voting in favor. That's been incorporated into the main Motion.

**AMENDMENT PASSED:** 5-4 Burt, DuBois, Kniss, Schmid no

Mayor Holman: Are there any other comments on the main Motion or questions? I have but one, seeing no other lights. Council Member Filseth.

Council Member Filseth: I was just going to say to Council Member DuBois, if you want to propose an amendment to the main Motion that directs Policy and Services to review short-term rental businesses, I'd be happy to support it. I'd rather you came up with the language though.

Mayor Holman: While you're thinking about that, I have a ...

Council Member Burt: (crosstalk) just did. I think you just did. It's that simple. Just say what you said.

Council Member Filseth: Whatever I said, I will propose as an amendment.

Mayor Holman: Could you repeat what you said?

Council Member Filseth: I would propose a friendly amendment that directs Policy and Services to review the possibility of including short-term rental businesses in the ordinance.

Mayor Holman: Council Member DuBois, do you accept that? Council Member Kniss? That's been incorporated into the main Motion as well.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "direct Policy and Services Committee to review the possibility of including short term rental businesses in the Business Registry Certificate."

Mayor Holman: I would like just—Council Member Wolbach, apologies. On the main Motion.

Council Member Wolbach: As I said, if this came back—from the conversation, I'd have something to say about it. The full Council discussed brief—some aspects of Airbnb and short-term in-home rentals earlier this year. Only a couple of the many issues relating to that were addressed in that conversation. We asked that Staff bring it back to us in a year as we observed developments with the complaints that we hard around noise and parking. That's also giving us some time to think about some of the other impacts of short-term rentals. This might be one of them. My suggestion would be that we reserve the Airbnb or the short-term rental aspect of this for that full discussion about Airbnb and other short-term rentals that we're planning on having in the early part of next year anyway, whether it's at Policy and Services or at full Council.

Mayor Holman: Council Member ...

Council Member Wolbach: With that as a part of the Motion, I'm not going to be able to support the Motion. I would suggest it be removed. I don't know if I could make an amendment to remove the thing that was just added on.

Council Member Burt: (crosstalk) vote against it, that's what you do.

Council Member Wolbach: All right, then that's what I'll be doing. I think it's unnecessary.

Mayor Holman: I'm seeing no other speakers ...

Council Member Burt: (inaudible).

Mayor Holman: ... opposing it—hang on—opposing it. If we hear any other comments, then we can consider "c" separately. Council Member Scharff and then Council Member Burt.

Council Member Scharff: Council Member Scharff or Burt? I wasn't clear.

Mayor Holman: You.

Council Member Scharff: I don't necessarily have a problem with Policy and Services Committee talking about this. I do think it probably makes more sense to talk about Airbnb all at one time frankly. If we are going to include this in the business Registry in terms of having a discussion about whether or not it should be there, I think Staff needs to at least and Policy and Services need to clarify why would we need this information, what information do we need, what questions are we going to ask, what's the purpose of all of this. If that's the tenor of the discussion, I see no harm in it. Doing it now, I'm fine with that. I do think that's the kind of questions, why do we need any information on this at all frankly, and what leads to that. I would just ask that if we do that, that Staff when they prepare that report looks at that kind of stuff.

Mayor Holman: Council Member Burt.

Council Member Burt: Yeah. I think that there's a confusion between data collection and policy discussion. What we're talking about through the Business Registry is gathering data. When we go to a policy discussion, I can very much envision we can't make a decision; we don't have any data. You do the one which informs the other. It doesn't determine the other. The day we get some additional data on what we have going on in Airbnbtype rentals, then that can help us know do we have a small problem, a large problem, whatever. It's about data collection; it's not about policy determination. They should follow in this sequence.

Mayor Holman: Seeing no other lights, I have one question, which is as was pointed out earlier, it's the question about—I can't find it at the moment. The question about not collecting parking information, this Motion does not say to stop collecting that. You will collect the parking information, correct?

Mr. Shikada: The way we had it stated was not particularly clear. Quite frankly I think we could use clarification from Council. We've heard some discussion but not clarity as to the direction. As it was originally drafted in the Staff Report, our plan had been to not proceed with the parking information.

Mayor Holman: What I would ...

Council Member DuBois: Mayor?

Mayor Holman: What I would say is that stopping collecting the information is not included in the Motion, so we would still be collecting it. Council Member DuBois?

Council Member DuBois: I think part of my Motion got deleted when the amendment was added. I had changes to the registration survey would be discussed in Policy and Services.

Council Member Burt: That's right.

Mayor Holman: Where was that, Council Member DuBois?

Council Member DuBois: It was at the end of that second sentence that got replaced. Maybe we can add it to the first sentence.

Mayor Holman: Can you place it for David please?

Council Member DuBois: Not in the first sentence. Sorry.

Mayor Holman: Second sentence?

Council Member DuBois: I guess after that second sentence. Policy and Services will discuss changes to the registration survey and meet in a timely manner, if you want to combine it.

Mayor Holman: Should discuss changes to the registration survey.

Council Member DuBois: And meet.

Mayor Holman: In a timely manner.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion in Part A, "discuss changes to the Registration Survey" after "Policy and Services Committee should."

Mayor Holman: Council Member Kniss, is that clarification good with you? Okay. That gives Staff a clear direction, correct? We are not currently changing any information being collected. Jim, did you want to say something? Oh, yes, you do.

Mr. Keene: (inaudible).

Mayor Holman: Can you give us an idea of when it might get to Policy and Services? Is there any notion at all? I don't mean to put you on the spot.

Mr. Keene: I think we have to just work with the Chair on the schedule. There's a range of things that Policy and Services. I actually think that a lot of this Motion actually isn't going to require us to do a lot of prep work in advance, because it's a lot of discussion that the Committee's going to have and may end up sort of saying never mind on some of these things. It's a venue for an additional, deeper discussion.

Mayor Holman: Council Member Wolbach, did you have a comment?

Council Member Wolbach: This doesn't preclude Staff from making some changes which they were planning to make anyway.

Mayor Holman: Without Council direction, it surely does.

Council Member Wolbach: I'm not clear that it does.

Mr. Keene: There's nothing in this existing Motion that speaks to the other recommendations in the Staff Report, so right now it's the direction from the Council.

Mayor Holman: Such as eliminating the—wherever it went—eliminating the very small businesses and such. That's direction tonight to Staff.

Council Member Wolbach: Right. The dropping of collection of—you know what? That's fine.

Mr. Keene: If I just might clarify. I mean, if there are matters that are within our administrative purview or our job responsibilities related to this, we would not stop doing those as it relates to this initiative.

Mayor Holman: Correct. It's just that—thank you for the clarification. It's just a policy difference. Stopping collecting parking data, that's a policy, not an implementation.

Male: Let's vote.

Mayor Holman: Sorry, but I will read the Motion for those who don't see this on the screen or are not watching on TV. Council Member DuBois moved, seconded by Council Member Kniss, to (a) Staff to define an enforcement ordinance with proposed mechanisms for citation and overdue bill collection, exempt very small businesses, very small nonprofits and religious organizations with no ancillary business onsite. Policy and Services Committee should discuss changes to the registration survey and meet in a timely manner in order to ensure suggested changes will be ready by renewal date in Year 2. (b) Continue to enhance reporting capabilities, improve user functionality, data quality and user experience and return to

Council with any contract amendments and/or resource requests, as appropriate. (c) Explore integration with other permits and return to Policy and Services Committee with a plan for implementation to execute as Phase 3 of the Business Registry certificate or BRC; and (d) use the National Establishment Time Series database as a point of comparison, not as a control point, for number of employees and (d) direct Policy and Services Committee to review the possibility of including short-term rental business in the BRC. Is there anything else? Nothing below that, right? Okay. Great. All those—please vote on the board. That passes on a 9-0 vote.

#### **MOTION AS AMENDED PASSED**: 9-0

Mayor Holman: Thank you, Staff. Thank you, colleagues. That takes us to Item Number 5. Did Council Members want just a couple of minutes for leg stretch or are we ...

Male: Yes.

Mayor Holman: Give us just a three-minute break here while Staff changes hands.

Council took a break from 8:09 P.M. to 8:15 P.M.

Mayor Holman: The next item on our agenda is Item Number 5.

#### **Study Session**

4. Finance Committee Recommends the City Council Review the Assessment Results of the Enterprise Resource Planning System (ERP) Needs; Review Recommendation to Plan for the Acquisition of a New Integrated Government-oriented ERP System and Separate Provisioning of Utilities Billing Systems (Continued to a date uncertain).

Agenda Item Number 4- Finance Committee Recommends the City Council Review the Assessment Results... was removed from the Agenda at the request of Staff.

5. Prescreening of a Proposal to Re-zone the Former VTA Park and Ride Lot at 2755 El Camino Real From Public Facility (PF) to Community Commercial (CC(2)) With a Concurrent Comprehensive Plan Land Use Designation Amendment From Major Institution/Special Facilities to Regional Community Commercial, Allowing Development of a Four Story Mixed-use Building With Below Grade Parking.

Mayor Holman: Does Staff have a presentation?

Russ Reich, Planning Manager: Yes. Good evening. Thank you, Mayor Holman and Council Members. Russ Reich, Planning Manager for Development Services. This evening you're being requested to consider the applicant's proposal of a rezoning of the former VTA site from Public Facility to Community Commercial (CC(2)). The rezoning of the site would facilitate the future development of the property. They have proposed a schematic design for you in your packets and plans as well as the applicant's narrative. It includes a new four-story building with four residential units. The building would be approximately 50 feet high and contain 32,456 square feet. A little information about the site and the context. Here you can see adjacent issues include the Sunrise Assisted Living Facility, the Silverwood Condominium complex. Across the street, you have the AT&T store as well as the recently approved 441 Page Mill project. You also have across El Camino the soccer fields. Kitty-corner from that is the Palo Alto Square This slide shows you the existing context, the vacant office complex. parking lot, the adjacent uses, as seen from the intersection of Page Mill and El Camino Real. Here you have the conceptual image of what could be built under the applicant's proposed zoning of CC(2). In this slide you have all the various zoning districts that do surround the site. Commonly along El Camino you see Service Commercial as well as Neighborhood Commercial. You have some Community Commercial up closer to the Cal. Ave. area. A number of PC developments surrounding the site. This slide provides a comparison of the CS and the CC(2) zoning, kind of highlighting the differences in the allowable commercial square footage. With that, I will turn it over to the applicant for their presentation. Thank you.

Mayor Holman: Who will be speaking for the applicant? I see Ken Hayes and ...

Jeff Pollock, Vice President, Pollock Financial, Applicant: Jeff Pollock.

Mayor Holman: ... Jeff Pollock. You will have—remind me, Cara, how many minutes. Is it ten?

Cara Silver, Senior Assistant City Attorney: Yes, ten.

Mayor Holman: Ten minutes.

Mr. Pollock: Starting now?

Mayor Holman: Starting whenever your screen is ready.

Mr. Pollock: Pretty formidable looking group up there. Good to see you, distinguished Council Members and Staff. I am Jeff Pollock, and I am here representing Pollock Financial Group and our investors for the project at

2755 El Camino Real. Pardon me if I go through this quickly. The ten minutes goes quite quickly. There's a lot in your packet, and we'll answer questions afterwards. We are a local and family business, since 1960 when my father here started Pollock Financial. We had our first building that he owned in 1966 on 801 Welsh Road. Some 80 properties later, we are known to focus on quality in-fill and local developments such as 321 Middlefield up Some of you might have some doctors there. It won an environmental quality award in 2008. We work with local architects and builders. As a local developer, we want to work together with you guys to come up with an appropriate project for this very important site. We are known for also giving back to the community as we have in many ways. Myself through Heart of Silicon Valley where we put on house concerts for local worthy causes. My father's been on numerous boards including the United Way. Go to the next slide if you will. The VTA site history. As you know, a few years ago the VTA declared this a surplus site and no longer serves the public as a transit facility. The City's existing PF zone no longer is consistent with that action. A rezoning is required to reflect our current private ownership. We've owned it since the beginning of 2013. We have submitted applications from the beginning as a PC, almost three years ago, December 17, 2012. You can read the history and the markers that we hit, meeting with the PTC and the ARB, in the narrative in the Staff Report. We are a pipeline project, but above that we think that there are many reasons why we feel it is now time to work together and get something done with this key site. We feel that this is a beautiful location. When we first got this, we said, "Wow. We have this location to build something beautiful. Let's do it, something that fits and really works here." What's there now, we don't think is beautiful and nothing we can be proud of as Palo Altans. We don't think Palo Alto wants this premier location to just sit idle and be wasted next to a nice senior living PC project and across the street where our kids play soccer. We feel it's time to get to work and work with the City, get something they can be proud of at this gateway corner location. We think that Ken and his group and our team have designed that building with a lot of consideration. Why CC(2)? In the absence of the PC zone avenue, which served Palo Alto for 50 years, there really isn't another reasonable vehicle that allows for the flexibility that we feel is needed for a very unique site like this, surrounded by two other nice PC projects. PCs have been taken off the table and may not be back any time soon. Yet, it's an important site. It certainly is to us, and we think it is to Palo Alto. With the PC gone, we met with the Staff, and we looked at other options, and we decided to pursue a CC(2) project and bring residential into it. Wanting to do commercial, we added some residential. In February 2015, the Staff was largely supportive of a CC(2) project, and this one is a slight evolution from that project. Let's talk about the intersection. Obviously we know that it's a very busy and well-traveled intersection, probably the busiest in Palo Alto.

We think that really minimizes the appropriateness of an all residential project. Our project does provide housing on the upper floors where you can have the maximum buffer from street and traffic noise. When we met with the neighbors to the right, they complained first off of all the traffic noise, which actually our acoustics showed that we will buffer them from some of the noise. Our building is going to hit a lot of noise and traffic. We did, by the way, work with them and voluntarily decided to offer some traffic calming devices in the neighborhood just to be good neighbors. If you go to the zoning slide. As you see, the site is bordered by two PC projects. That's why we started with a PC. One of them is 50-foot high, and the other one's 40 feet. They're both PCs. The FAR is consistent with those projects. Next slide please. The other thing we were told early on—it was Curtis Williams at the time—is that the City and the County would like us to give up some of the valuable land on the kind of narrow side of Oregon Expressway side, on a less than 20,000-acre site, towards enhancing and bettering the very busy intersection there. As you'll see in the packet, the City has received from the County an official request for this dedication. We feel that discussion has been going on here. Page Mill, how can we make it more efficient and it's right around the corner. We are prepared to give this valuable land, if we can agree together on a viable project such that we can afford to give it up. Stay there, stay there. Let's talk about Palo Alto and the context. We know and kind of acknowledge in this diverse community that is Palo Alto that we're facing many challenges and conflicts. We are among the many in the community that would like to—we've been here and we have a heart to do what we can to address some of these issues which we'll talk about. We are attempting to find a nexus between building something that's good for the community and responds to reasonable City desires, but is also a viable project that we can afford to build. As you might imagine, over three years we've considered quite a few different things and given much consideration to other than an all commercial building. This is the project we think makes the most sense and fits best here. Again, we began the process with a PC application in late 2012, then there was the PC timeout in February 3rd, 2014. We missed an exemption by one vote. Now, two years nine months, water under the bridge after our initial application. We are seeking your consideration for a modified and modest CC(2) project to see if it is in the City's best interests and can fit this key corner location. Of course, this project cannot in and of itself solve all of the City's challenges. We know these challenges exist, but can we be realistic about what this site can do? After all, it's 19,563 is how big it is. As the gateway to the renowned Stanford Research Park, it is a unique site and has potential challenges and opportunities and benefits. I'd like to ask the Council to recognize that it is a small site and that whatever Palo Alto wants to do, let's work together to make it work for all concerned. In the packet, you'll see a lot of information Basically—Ken will cover this more—we're offering four about the site.

beautiful apartment units on the top floor. They have the compelling view to the western hills. The project itself will require that we pay nearly \$500,000 into the affordable housing bucket which we are happy to do. Two years ago, we met with the housing coalition, and they had identified projects where the money would be useful, as we know it would. As mentioned, we were able to sharpen our pencil and tuck in all of the parking underneath in the three floors, so it is a fully parked project on this small site. You can go to the next one. What are the things that we're willing to give? We had public benefits before that are not required, so we said let's offer them as conditions of approval voluntarily. The main item to give would be two land dedications, subsurface rights, curb and gutter, sidewalk, public easements to increase the traffic efficiency. We're also offering voluntarily traffic calming devices in the neighborhood, Sheridan and Ash, a contribution for the initial study to kick this off and see what all can be done there, and then parking sensors from Vimoc that tell you where parking is available in the area that has been recommended. These things we want to give, but they're only possible with this CC(2) project as it is right now. Of course, the meaningful benefit—if you go to the next one—is the widening of the Page Mill and El Camino intersection and the letter from the County that states that this improvement and dedication is necessary to improve the efficiency of the intersection. Next. We're also offering—we thought it was important to note—advanced sustainable building design elements such as the LEED silver standard, electrical vehicle charging stations on the site, highly efficient design of irrigation for landscaping and street trees, comprehensive recycling and composting, and an all electric HVAC system. Also offering some transportation leadership, the significant performance improvements at the intersection. It's fully parked with no existing intersection impact. We're offering bicycle pods for use of rental bicycles, Zyp or Enterprise WeCars onsite, Caltrain passes for tenants and employees. A Stanford Research Park/Caltrain shuttle contribution of course is required. The total cost of these features, the last transportation and sustainable features, is about \$700,000, but we're not asking for credit for that. much as we can do to help we're trying to do here. I think it's a lot for this It's a mixed-use project that fulfills many City design and Comprehensive Plan goals. We've considered this guite a bit and feel that at this corner, with a liberal 33-foot space in the front for public space and with a beautiful high tech water feature that's tucked underneath there that you can't see, that over time Palo Alto is going to appreciate having a prominent anchor building equal in stature to the senior assisted living building and announces your arrival as you go to the Cal. Avenue shopping district, as you're coming from Oregon towards Page Mill, welcomes you into the Stanford Research Park with a modern building that will stand the test of time. I think I made it. Thank you for your consideration, and happy to address questions.

Mayor Holman: Thank you very much. We have a number of members of the public who care to speak to this item as well. We have eight speakers. You'll be having three minutes to speak each. The first speaker is Stephanie Munoz to be followed by Becky Sanders.

Stephanie Munoz: Good evening, Council Members and applicants and everybody. I keep thinking of Rosenbaum's remark, the city shouldn't sell zoning but if it does, it should get a fair market value for it. What I see—I should perhaps mention first my respect for all of you for your integrity, for your goodwill and for your acumen. Nevertheless, I'd like to tell you what I see. What I see is that the County has a place it considers surplus. At the same time as we are scrounging all around for housing, for the homeless shelter to replace the armory, for other low-income housing, for teaching housing, it seems to me inappropriate for the County to offer for sale to a private individual what the City or the County or the community at large is going to need. What happens is the private entity buys it at what seems like a terrific price considering all that you're supposed to be able to do for it and the County takes that offer and is happy with it. There's a hidden agenda there. What the development company intends is not to have it be what it's zoned for, but to procure from the City Council a much higher valuation. It seems to me it would have been a great deal more practical for the City to tell the County what it wanted and, by the way, I think the use of surrogates is an obfuscation that I don't welcome. I don't think anybody else does either. The City should have told the County what it wanted to do with the land first, and there should have been some understanding of what it would be willing to give up to the private entity to whom this piece of land was being sold at such a great price. Whatever you do to improve the value improves the value. If you have to buy it after the value has gone up, that's not a practical way to do business. My appeal is to-the barn door is closed now. You shouldn't sell or put garages on City property that you're going to need for something else. You shouldn't let the County do it either. With that in mind, good luck.

Mayor Holman: Thank you for your well wishes. Becky Sanders to be followed by, it looks like Genaro Diaz.

Becky Sanders: Good evening. I live in Ventura. My name is Becky Sanders. Thank you for your service. I really appreciate it. I know you work very hard. I urge you to say no to upzoning the VTA parking lot property. We do not need more traffic, safety problems, pollution, developer give-aways and monster buildings that are given Code exemptions in our neighborhood. This is going to affect Ventura. With all the development under construction and in the pipeline for the California Avenue area and abutting neighborhoods, the collective impact has really yet to be measured.

Please do not allow business interests to override our residential quality of life. During the discussion of the Business Registry program, Council Member Wolbach said that the law is the law and not a recommendation. Therefore, I would urge that same rationale be applied to the constant contravention of the law in favor of upzoning that has plagued our City. Developers—I'm sure excepting the Pollock family—are becoming the *enfant terrible*. They have been gorging themselves on exemptions and public benefit buffets. I request that you do your duty to reign in these baby Godzillas and enforce the timeout on PCs that you have so prudently set. Thank you for very much for your attention this evening.

Mayor Holman: Thank you. The next speaker is Genaro Diaz to be followed by Rex Dwyer.

Genaro Diaz: Good evening, distinguished Council Members and Staff. Hi, I'm Genaro Diaz, a field representative representing Carpenters Local 405 here in Santa Clara County. At this present time, I stand before you representing 33,000 carpenters in north California. Of those, 6,000 roughly reside here in Santa Clara County. Many of those which are here tonight live in the surrounding cities such as East Palo Alto. The members that reside in the surrounding area are always appreciative of the opportunity to work on a project that leads to a career path and head of household job for their family. Many of our members and members of your surrounding community are young apprentices that want a chance to work in Palo Alto. The project that the Pollock Financial Group is proposing is a great project considering the size and nature of the lot. The intersection of El Camino Real and Page Mill is a vital gateway into Palo Alto and deserves a building with beautiful characteristics that complement the area at which one is at hand. The issue of more housing is not only a Palo Alto concern but a Bay Area wide concern that has no easy and short-term solution. Considering the good intent of a well-rounded project that has commercial office and some residential is a progressive step forward. In conclusion I would ask that you support this developer and general contractor that want to put local men and women to work. Thank you, Council Members, for your time and opportunity to speak.

Mayor Holman: Thank you all for coming this evening. Our next speaker is Rex Dwyer to be followed by Nester Siguenza.

Rex Dwyer: Hello, I'm Rex Dwyer, and I got my first summer job here in '86, worked at 1501 Page Mill Road, HP. I've been living in Palo Alto all 28 years except for seven I was in Menlo Park across the creek. I'm a person that drives around in El Camino and Page Mill all the time. I frequent California Avenue businesses, restaurants, grocery stores, wine shops. I like the building; I think it fits. I'd like to put my urging that you say yes;

however, I'd also like to say that Palo Alto is having a heart attack as far as just getting in and out of the City is getting harder and harder. I live in Downtown North, and I do come down to this area all the time. Just getting to the freeway has been a big problem. Anyhow, that's it. Thank you very much for letting me speak.

Mayor Holman: Thank you. Nester Siguenza to be followed by Bob Moss.

Nester Siguenza: Good evening, Council Members and Staff. My name is Nester Siguenza, and I am a local carpenter. I'm a 15-year resident of the East Palo Alto. I always appreciate the opportunity to work in the local area, especially in Palo Alto. By approving this project, you will continue to allow me to live in East Palo Alto and give the opportunity to provide for my family. I ask that you support jobs and approve this development. Thank you for your time and your patience.

Mayor Holman: Thank you. Bob Moss to be followed by Doria Summa.

Bob Moss: Thank you, Mayor Holman and Council Members. I must say this is an outstanding example of a project that violates the Comprehensive Plan, the El Camino Design Guidelines and the EPA requirements for developments The fact that they want to put a three-level on Super Fund sites. underground garage into a highly contaminated aquifer is never mentioned by the developer. They don't want you to know the people who live there and work there may be poisoned. The fact that the El Camino Design Guidelines say that when you are developing along El Camino, it should be to CN or CS. We are adjacent to residential; it should be CN. This is surrounded by residential. They ignore the fact that this is the most congested intersection in this City, and they say that they only have one worker for 250 square feet. I've been telling you for 3 1/2 years that figure is false. The actual number is one worker per 100 to 125 square feet. The 109 parking spaces that they're proposing is about half what will actually be needed for the people who are going to work in a building this size. strongly urge you to reject any proposal for this spot zoning of CC. I want to remind you that during the California Avenue studies recently, it was suggested very casually that Cambridge, which is adjacent to California Avenue and which is already highly developed, could be considered to be upzoned to CC. Nobody went for it. This is three blocks from California Why do we want to propose spot zoning, big developments, Avenue. increases in parking, congestion and employment, and ignore the Comprehensive Plan and ignore our basic guidelines for developing El Camino? Terrible proposal, terrible project. The only benefit that it has is the developer will make some money. I don't think that should be the guiding factor in rejuvenating this project. Kill it please.

Mayor Holman: Doria Summa to be followed by Lydia Kou.

Doria Summa: Good evening, Mayor and City Council, Staff and applicant. I understand that this is a preliminary hearing and no decisions will be made tonight. I am very concerned about the applicant's request to rezone from PF to CC(2) and to amend Comp Plan land use designation from Major Institution Special Facility to Regional Community Commercial. As the Staff Report points out, Regional Community Commercial is for uses such as Stanford Shopping Center or Town and Country. It's not at all consistent with this site which is surrounded by residential uses and across from CS, CN and PF uses. I think there needs to be an analysis of how this land use designation will be consistent with other elements in the Comp Plan, and that has not yet been provided. This site lies within the proposed Cal. Ave. Concept Area Plan which has not yet been adopted. Our Comp Plan itself is in the process of being updated. I think it's unfortunate given the State's and the region's serious water issues that there is no discussion of how this site might make use of the Palo Alto reclaimed water especially when there are plans to bring water within literally several blocks of this site. I agree with others about the many problems a project like this would create in this location, including traffic, congestion, greenhouse gas emissions, problems with height, setbacks, compatibility with residential uses that surround it. I really do not think that a CC(2) zone change is appropriate. I do not think that you've been given enough information about how this proposal is consistent with the other elements across the Comp Plan. I believe the site could be used in a way that would be much more beneficial to the community as a whole as PF for sure or, if necessary, CN. Thank you.

Mayor Holman: Thank you. Lydia Kou to be followed by our final speaker, Rita Vrhel.

Lydia Kou: Good evening, Council Members and Mayor Holman. Indeed the project cannot solve all the City's issues, but certainly will contribute to the City's issues. When the current owner purchased this property from VTA, they were fully aware this property was zoned PF and knew of its implications. Reading page 4 of the Staff Report, Staff seems to be concerned about the economic well-being of the property owners. They think that the PF zone has a limited list of conditionally permitted use and, therefore, the site is better suited for commercial use. The Staff Report does mention that this property is located at a busy intersection which is the reason it is better suited for commercial rather than residential uses. Yet, Staff fails to mention that this busy intersection, Page Mill and El Camino, has a level of service rating of "E," which means there are major delays as reported in the Expressway Plan 2040 fact sheet shared by the County of Santa Clara Roads and Airport Departments. Further a Study Session

report, ID No. 4760, dated 6/16/2014 from the City Manager stating under summary of key issues on page 6, Oregon Expressway and Page Mill Road, the 2013 existing conditions and 2025 future projections, under existing conditions, it states that existing Oregon Expressway/Page Mill Road facility accommodates approximately 134,000 daily vehicle trips, making it the sixth busiest expressway facility in the county of Santa Clara. It also states that Page Mill Road between Foothill Expressway and El Camino Real currently operates at a level of service "E" during both the a.m. and p.m. peak periods. Under the 2025 future projection, it states that the County projects that the existing LOS E conditions on Page Mill Road between Foothill Expressway, it will extend onto Oregon Expressway to Highway 101 by 2025. Land use and transportation are correlated and has to be discussed and analyzed together. One affects the other. There should be no discussion on rezoning this property. The continued use of the parking lot is actually ideal for this location and will not contribute to impacts in the future. There is absolutely no obligation for the City Council to rezone a property for the economic well-being of a property owner who purchased a property fully knowing its zone designations. Thank you.

Mayor Holman: Thank you. Our final speaker is Rita Vrhel. Thank you all for coming this evening.

Rita Vrhel: Thank you. I'm just overwhelmed by the number of large projects that continue to be presented to the City Council and those attendees that request exemptions, rezoning. This building is really very beautiful but, as the other speakers have stated, it's too large for the lot. I don't know the history of the purchase, but I believe the other two speakers who just spoke, that the lot was purchased under one zoning and now it's coming forward to the Council requesting 50 percent more lot coverage and requires 10 percent less landscaping. It's nice that the builder is willing to give the City of Palo Alto amenities such as a widened Oregon Expressway. There's a very large building going up almost across the street on Oregon Expressway on the other side, which is going to contribute to the problems. I believe that the scale of this building will contribute to transportation problems despite what the owner is willing to provide to the City. I think at some point the City just has to say, "No, come up with a building that is reflective of the zoning and is reflective of what you purchased." Thank you.

Mayor Holman: Thank you. As applicant, you'll have three minutes to make any comments that you care to. You don't have to.

Ken Hayes, Principal Architect, Hayes Group Architects: Ken Hayes with Hayes Group Architects. Thank you for your time tonight and all the

comments that we've received. We have been at this for a long time. Just one comment ...

Mayor Holman: Ken, if I could get you to speak more completely—thank you.

Mr. Hayes: One comment I'd like to make is that this site is a 19,500 square foot site. The building is 32,000 square feet, 7,600 square feet of that is housing. It's not a big building. The comments to where we've got oversized, inflated buildings, I don't know how that applies to this. It seems like an appropriate size building for El Camino. The buildings on either side are actually much larger than this building. Thank you.

Mayor Holman: Thank you. Council Members, bringing it back to us for questions and comments. This is a quasi-judicial project. It's not a project at this point; it's a consideration. Disclosures are appropriate. If anyone has disclosures to make, this would be the time to do that. Any Council Members? Council Member Scharff.

Council Member Scharff: I haven't talked to the Pollock Group for—I don't know. I think it's been at least a year, but I know I spoke to them previously about their previous PC application. I actually don't remember anything we talked about at this point. It's been that long. I thought I would say I do remember meeting with them.

Mayor Holman: We're all getting older, aren't we, Greg? Council Member Berman.

Council Member Berman: I'm not worried about myself, because I'm not quite as old as my esteemed colleague. I had the exact same experience. I met with the Pollock Group when they were applying for a PC project. I haven't met with them since. Whatever we discussed had to do with the PC and not this project. I don't recall the details.

Mayor Holman: Thank you. Council Member Kniss, what will you add to this?

Council Member Kniss: I really can't add anything. My similar experiences with Marc's and with Greg's.

Mayor Holman: I see no other lights. I take that to indicate there are no further disclosures to be made. Council Members, questions and comments? For the public who came looking for this project to be approved or denied this evening, that is not an action that we'll be taking this evening. This is a prescreening. Hillary.

Hillary Gitelman, Director of Planning and Community Environment: Thank you, Mayor Holman. Hillary Gitelman, the Planning Director. I just wanted to reiterate that point. This is a prescreening which is similar to a Study Session. We're not asking for any action this evening. In fact, none of the comments that the Council makes this evening are binding on the City or on the applicant. Also, I wanted to make the point that with a prescreening, the Staff has not done a thorough analysis of this project. We're really here to find out if the Council has sufficient interest in this proposal for us to do an analysis. We could, of course, analyze some of the issues that have been raised this evening, as well as the value of the dedication offered in terms of the lane dedication when compared to the value of the increment of FAR under the CC(2) zoning. Tonight, we really want to know if you want us to spend further time on this and your thoughts about the proposal in general. Thank you.

Mayor Holman: Thank you, Hillary. Council Members? Council Member Wolbach.

Council Member Wolbach: Actually I ...

Mayor Holman: Let's—typical to pre-screenings, we have an hour allowed or scheduled, let's say. If we abide by that, we'd have about another 25 minutes. Why don't we try to do—can we try three minutes apiece and see where that gets us? Council Member Wolbach.

Council Member Wolbach: Actually I was remiss. I should add one disclosure. I spoke with Steve Emslie, who has been associated with the project. I did not learn anything that substantially changed my view of the project. In fact, I called him to warn him that I wasn't thrilled with it. Along those lines, I do think that there are rights that property owners have. At the same time, they don't get to dictate exactly what we get to do if we're considering rezoning a site. For me, the real concerns are what are the big issues in the City, what are the big issues with that site. The biggest issue in the City, or two biggest issues in the City in my opinion are, when it comes to development, traffic and parking, transportation in general and housing costs. We've talked a lot about both of these. The jobs/housing imbalance, that flow of traffic that impacts intersections like this, just too many cars in general, too many cars in particular neighborhoods parking, and too many jobs without enough housing to balance them out. A project that would bring a lot of cars in and out—I do appreciate the attempts by the developer to look for ways to mitigate the traffic impact. I still think we'd be bringing in a lot of cars every day to an already very impacted area and more cars in general coming to the City. We heard about how the arteries in and out of the City are already impacted in general. Even admitted by

somebody who does like the project. I'm also worried about something that brings a lot more jobs than it brings in housing. I'm worried about considering a zoning change that would further exacerbate our jobs/housing imbalance. Actually, my question for Staff is for purely residential zoning in Palo Alto, what is the largest—without changing our FAR requirements and without changing our height requirements, what's the highest density number of residential units we allow? What's our highest RM zoning option?

Mayor Holman: Forty.

Council Member Wolbach: Is it 40? Okay. If it was up to—it's not entirely up to me obviously. If it was up to me, I'd be looking for ways to put in as many residential units as you could here, but looking for really creative ways to say—maybe even a lease agreement if it's legal—people who live there are not allowed to own a car. There are a lot of people who say, a lot of millennials especially, I want to have a small apartment, a micro unit and I don't want to have a car. A lot of people don't believe them. Some communities have tried it, and I want to see if at some point if there's a chance to try that. I'd be curious to explore whether that's something that's doable. I think a residential, low car impact project would make more sense for the site. This current proposal, I'm not terribly excited about, and I think that most of my colleagues are probably going to agree on that one.

Mayor Holman: We don't know what the colleagues are going to agree to or not at this point in time. Council Member Kniss.

Council Member Kniss: This is a simple question, but probably one that's reasonably complicated in some way. Hillary, it's really for you. This is PF zone, which is Pubic Facility. However, even though we have a "let the buyer beware" with any piece of property, what avenue is there for a developer if something is PF and do we have any precedent for that in the past? That you know of.

Ms. Gitelman: Thank you, Council Member Kniss. I think I'm understanding your question.

Council Member Kniss: You might say a little about just what PF is and so forth.

Ms. Gitelman: PF is intended for public facilities. There are a list of uses in the Zoning Ordinance that are allowed in the PF. The vast majority of them are only allowed if the site is publicly owned, which this site is not. There are a couple of uses that are allowed with a use permit on privately owned parcels. An example is a medical facility with associated research and development. I'm not quoting it exactly right. There's a very limited suite

of uses that would be allowed of a private property owner on a site that's zoned PF. I don't, off the top of my head—I can't off the top of my head think of another example where we have a privately owned PF zoned site that's been developed.

Council Member Kniss: In addition to that then, Council Member Wolbach has just suggested an intense use for residential. What problems would the existing flume, which does exist—I don't know if it's to the depth that Bob Moss suggested or not. I don't recall that now. It is significant and it actually affected the price. Could you say something about that? I'm sure we have at some point cleaned up a Super Fund site and put something on that that probably is more than office. Do you have any background on that? That's probably been sometime back.

Ms. Gitelman: Thank you, again. That's a very good question. Generally this is one of the topics we would analyze if the Council has sufficient interest in rezoning of this site. We would have to look at hazardous materials-related impacts. These kinds of impacts, while they require some investigation, consultation with the regulatory agencies involved, can generally be mitigated. You can generally adopt an approach to remediation and controls during construction and potentially post-construction to address the concerns.

Council Member Kniss: I'm just going to play this out, not as a supporter or a detractor. The kind of suggestion that Cory has made is a possibility. I didn't say a probability. I didn't say a likelihood. I simply said that is in the realm of a possibility given mitigations that could be attached to some sort of plan in the future. I don't mean to put you on the spot.

Ms. Gitelman: Knowing what I know now, which is not very specific to this site, I believe we could consult with the regulatory agencies and come up with a mitigation strategy that would permit residential development on the site.

Council Member Kniss: That's very helpful. Thank you.

Mayor Holman: Thank you. Council Member Filseth.

Council Member Filseth: Thanks. It seems to me that there's two constituencies here: the property owner and the community. Commercial real estate investing is a high risk, high return business. One of the risks is that you're exposed to municipal zoning decisions. It seems to me that the Council's responsibility to the development industry is to be transparent and not go around capriciously changing zoning without warning. Our role in the zoning itself ought to be focused on the best interests of the community. In

this instance, there are three elements of that that sort of leap out at me, two of which Council Member Wolbach mentioned. One is the traffic at that intersection which is already the worst in town. The second is that a project that produces a lot more jobs than housing drives up the jobs/housing ratio which is also a negative to residents. Third, I think there's an issue of public confidence here as well. The fact is this proposal is still a PC. We're not using that language, but what we're talking about is granting a spot upzoning in exchange for a benefit, in this case the use of a piece of land and some other things. That's a PC. The community has consistently voiced its distrust of such horse trading. There are a lot of reasons for the distrust of these trades, and I have a huge list here but I think I won't go into it. I'll just say that whatever the reason, the fact is that these PC deals have a lot of skepticism in Palo Alto and we told residents we're not going to do them. Impairing public confidence is also a negative to the community. There is a fourth element here related to the PF zone. The population of Palo Alto has grown significantly over the last decade. Everybody wants public services. Now, obviously there's not a 1:1 correlation between PF zoning and public The reality is we don't really have very much PF zoned land around town. It's hard to imagine we're ever going to get anymore. I mean it's inconceivable that the City would ever be allowed to go find a CN parcel and downzone it to PF. I don't mean to say that we should never change PF zones, just that we ought to take some care about it, because they won't come back. I think what we do here needs to be guided by a compelling benefit to the community, whatever we do here. In my opinion and a couple of the speakers touched on this, any rezoning of this parcel, if there is one it's not obvious to me that there's a compelling reason to do one—it ought to be done as part of a larger plan, not in response to a parcel-specific proposal. That could mean an area specific plan, possibly the Cal. Ave. plan, or the Comprehensive Plan. Whatever we do, the land is going to be here a long time. Any zoning change we do ought to be done very deliberately and in context.

Mayor Holman: Vice Mayor Schmid.

Vice Mayor Schmid: Just to share where I am. What is the Council's big focus at the moment? We're doing an update of our Comprehensive Plan with the big focus over the next few months on transportation, land use and business and the intersections of these things. Driving force of it is the Citizens Survey that is taken each year in Palo Alto. We hear very clearly in the survey that the concerns of the majority of the citizens are around traffic, parking and land use. Those are the issues we've got to deal with in working in the Comp Plan. Yet, as part of our activities, we have a series of applications that come in. Just over the last couple of months, we've had one at 441 El Camino, 2555 Park Avenue, and the intersection of 280 and

Page Mill. They all involved a traffic study. Cumulative traffic over time, what does it mean for our future? In each of those, the intersection of Page Mill and El Camino came out as an "F." Actually El Camino and Grant came out as an "F" as well. Surrounding this site, the traffic issue has been identified as something that we need to be sensitive to. How do you measure traffic? That's an issue for us as well. We'll be dealing with that in the Comp Plan. In addition, we're going to be looking at the update of our Housing Element. One of the questions raised in that is how do we deal with the jobs/housing balance a little more effectively, and let's look at the California Avenue. I do note that this property abuts the PTOD district. As we move forward over the next couple of months, the Council will be looking intensively. Our homework will be looking at traffic, land use, developments and how it affects the citizens of the community.

Mayor Holman: Council Member Wolbach. I apologize. Council Member Berman.

Council Member Berman: I wish I was as tall as he was. Ironically, I think I align most of my comments with his. This is a fairly unique experience and opportunity for us to really, as a couple of my colleagues have mentioned, say what we think the community needs. What I think the community needs is housing. I don't think that the proposed project has enough of it. The housing that it has I don't think is the kind of housing we need. I'm going to keep my comments kind of just broad on generally what you've proposed and what I'd prefer to see there. I think a project that had significantly more housing and more units would both provide jobs for all the gentlemen sitting behind you that are clearly interested in jobs. It would provide housing that would hopefully help chip away at the lack of housing we have in the Bay Area that's led to the high cost of housing that's occurred over the last couple of decades. I think it's perfectly within context of that area, which is surrounded by housing. I know the Staff Report mentions and other people have mentioned, "I don't know if this is a good site for housing." It might not be ideal. It might be too loud. It might be all these things. The people who need housing don't care. They need housing. Just because a site isn't ideal doesn't mean that it won't provide a lot of value to folks who need it. That's a much more general comment than just this project. That applies to a whole lot of other projects and things that we discuss. I don't think anybody can dispute anymore the acute housing crisis we have in Silicon Valley. This is an area, I think, that makes a lot of sense to help address that.

Mayor Holman: Council Member Burt.

Council Member Burt: First, I want to ask one clarifying question that may sort of be a moot point. The Staff Report talks about the maximum height with CC(2) being 50 feet due to adjacency to the RM-40 or a PC. When I look at the Zoning Code, under CC(2) there's a standard of 37 feet and then an exception of 35 feet unless it's adjacent to an RM-40 or a PC. My reading is that it wouldn't go up to 50; it would go to 37 under CC(2). Is that correct? Hillary, if you need to look that up, go right ahead. That's 18.16.060. I did want to follow up on the RM-40 concept. One of the questions is actually we've discussed in our Housing Element about needing to or desiring—it was one of our open intentions, to move some of the housing sites from roughly the San Antonio area that don't have the services, don't have transit down to our Cal. Ave. and Downtown areas. We haven't done that yet, right?

Ms. Gitelman: That's correct. We made a commitment as part of the Comprehensive Plan Update to examine whether we would like to move some of those sites farther north and either identify new sites or increase densities on existing sites.

Council Member Burt: RM-40 is a zoning that we haven't had built in the community very often for quite a while, as I recall. It's a 1.0 Floor Area Ratio, meaning on about a 20,000 square foot lot they would be able to build 20,000 square feet, but they would be eligible for a housing density bonus. When we consider this, we have to be thinking about that impact, that our zoning no longer is what our zoning says. It's our zoning plus what the State mandates within the restrictions that we set up. Those are small There would be additional units, not additional square footage probably. Anyway, if you had just the base zoning, that's about 500 square foot units. These are not big family units; these are units that would be the size for the demographics that we're seeing the greatest demand for, young professionals and aging adults who want smaller units. That's an interesting concept for me. What it doesn't yet have—we've had this discussion—is we don't have a mixed use that essentially is a RM-40, so there would be ground-floor retail. Is that correct? Under RM-40, there is no provision for retail at a site like this, is that right?

Ms. Gitelman: That's correct.

Mr. Reich: That's correct. Under the multifamily zoning, you can't do commercial uses.

Council Member Burt: Just to wrap up, were you able to locate the reference I made and whether I'm interpreting it correctly or not?

Mr. Reich: Yes. Thank you, Council Member Burt. If you'll notice in the table, it does limit the height limit to 35 feet, but it does have a caveat, Item Number 5, that takes you down further where it clarifies that if the site is abutting RM-40 or a residential PC, the height may be increased to 50 feet.

Council Member Burt: Above it, it says standard. That's what I was referring to. What is the standard referring to?

Mr. Reich: The standard zoning is when you're not adjacent to residential uses. The 35 feet is, say, if you're adjacent to, like, a single family residential use. Whereas, the 50 feet limit is if you're adjacent to a high density, multifamily use. That would typically be allowed at 50 feet.

Council Member Burt: Interesting. Our purpose on the exception is if you're next to residential, to step it down from the 37. Then we're saying within the parentheses that that applies only if you're next to an RM-40 or PC. I'll leave that alone for right now, because I think it's a moot point if we're not going in the direction of a CC(2). It's an interesting thing for us to understand more. Thank you.

Mayor Holman: Council Member Scharff, three minutes.

Council Member Scharff: Thank you. A couple of thoughts on this. I guess the first question at the prescreening is, is it worth spending more Staff time on this proposal. I would say no. I would say that to the applicant. I know it costs money to spend time on these and to continue on. If it was me, that's speaking for myself, I wouldn't spend another dime on moving towards looking for a CC(2) zoning. I don't think it's going to happen. I would be supportive of housing. I could be supportive of a CS zoning. I like the idea of RM-40. The only hesitation I have is I actually really do want to see ground-floor retail on this site. I think one of the things we as Staff need to do is to start looking at our Zoning Code. I know we've talked about micro units, which is really what Cory was talking about and, I believe, Council Member Burt sort of alluded to. We need a zoning classification that allows micro units, and we need flexibility in things like RM-40 to put down ground-floor retail. I could see that being a really great use of this site, frankly, some ground-floor retail and then some micro units and stuff. I didn't quite follow Council Member Burt's numbers on this. If we had RM-40 and it's a 20,000 square foot site roughly, that means it's a half an acre. That means it would be 20 units. On a 1,000 square feet on a 1:1 FAR, wouldn't those be 1,000 square foot units? I think those would be bigger than I think you were anticipating. I actually frankly think we—in a micro unit concept, you would set the FAR and not the number of units. You could build as many units as you want. It may be a minimum of 250 or 300

square foot units. That's a thought. I liked Cory's idea actually, where'd you flesh out the notion only of it was rental units, because I don't think you could do it as for-sale and not allow people to have cars. I mean, it would be interesting to see how you could basically create something like that. Then you wouldn't have the cost of underground parking, if people actually didn't have cars. I don't know how you enforce that. You could enforce it maybe in a lease agreement, in a private lease agreement. That could be a condition of approval. The other thing that's really important to me in this though—I don't view it as a benefit necessarily; I view it as a mitigation—is the right-hand turn on El Camino. I mean, this is one of the worst. Any zoning away from a PF zoning, to get my vote would require that we do a right-hand turn there. I was a little confused, and maybe someone can answer. In the Staff Report, they had the widening of Page Mill Road at 281-350 and the land dedication at 121-820. I think it was the applicant's proposal, whatever, it put down 2 million-something for—I'm not sure if they were including other things more than that or whatever. There was this huge difference. It's 28.6. Maybe if I could just have one second, and someone could explain to me what that difference was.

Ms. Gitelman: Thank you, Council Member Scharff. We can definitely look at that if there's an interest in proceeding with a residential rezoning as it sounds like a majority of the Council is going in that direction. I'll have to look at the sets of numbers and explain that further. I did want to make one correction for the record. Russ has looked up the RM-40 district, and it does permit commercial uses with a use permit. There is a way to get some ground-floor retail.

Council Member Scharff: Thank you.

Mayor Holman: We have Council Member DuBois yet, but if I could just interject here. I had submitted some questions about our latitude here. Pardon me for going before you, but it might inform your comments. We could do a CS or a CN. Because it's a discretionary action that we're taking, we could also make some changes to the zoning. Correct? We could have CS—I'll just use that as an example since it's one of the examples here—that allowed 40 units to the acre as opposed to 30. Is that correct? We could have CN that requires ground-floor retail or CS that requires ground-floor retail, could we not?

Ms. Silver: Thank you. Cara Silver, Senior Assistant City Attorney. You could. The question is in what context. Certainly you could do that as part of a PC. I don't imagine that you would want to do that from a policy matter. You also could amend your Zoning Code to create a zone specifically for this parcel. That could be construed as spot zoning. I think

in this context, however, because there are so many different zones along this corridor in this portion of El Camino, that a court probably wouldn't consider that to be spot zoning. There probably would be a legitimate reason to customize a particular zone for just this piece of property.

Mayor Holman: What I was understanding previously, just because of the discretionary action of rezoning this and amending the Comp Plan, we can't just like unilaterally do that. We would have to change the Zoning Code to do that. Is that what you're saying? That's not what I'd understood previously.

Ms. Silver: There would have to be an amendment to the Zoning Code and the Zoning Map. You would amend the Zoning Code to create a special customized zone for this piece of property and perhaps some other properties in the general vicinity, and then you would also codify that on the Zoning Map itself.

Mayor Holman: Council Member DuBois.

Council Member DuBois: Does this mean that I get my dream and I get the last word tonight? Anyways, never mind.

Mayor Holman: I'm sorry. Council Member DuBois.

Council Member DuBois: (crosstalk) project. I went to the Comp Plan. Applicant mentions Policy L-5, maintaining scale and character; L-6, avoid abrupt changes; L-16, encourage small neighborhood retail. There's also Policy L-69 and Program 71 that goes with that, which identifies this area as a scenic route. The Comp Plan goes on to say that Page Mill and Oregon Expressway are recognized as gateways to our town. I'm paraphrasing, but it basically talks about Oregon having landscaping. You get to Page Mill, and it has very wide setbacks. You go through the grasslands. You go up to Foothills to Skyline Boulevard. When I drive up Oregon, you see the Foothills, and it really is a nice view. I would like to see us protect that view. I don't want to see a large building kind of blocking off the view there. I don't think we want to engage in spot zoning or creating a custom zone. The next thing I did was I went to look at a Zoning Map. Like we said, there's a lot of zones here, CN, CS, PCs which are housing. Right next door across Sherman Avenue, 2675 El Camino is CN that has RM-40 behind. On this block we have residential PCs. One's is 40 feet high, and we have this parcel. Across the street we have CS and R-1. I believe the R-1 constrains with the daylight plane there. There's also a CN. We have huge setbacks at Palo Alto Square with trees in the parking lots. Then we have a soccer field. I was curious about kind of zoning before those PCs went into place, so I talked to our zoning historian, Bob Moss. He told me that most of the lots

along El Camino were CN. There were some CS until they were developed for housing, like the senior housing there. The same thing on Page Mill. We had the four residential units; we recently talked about that project. There were very few exceptions along El Camino, except where there were autorelated uses and hotels which were zoned CS. In the last ten years or so, there's been some upzoning. PF does allow medical outpatient facilities which doesn't seem like a terrible use right next to the senior housing. I actually like this medical building that you guys built. To my mind, I think either PF or CN seems most appropriate. That's what I'd encourage Staff to spend time on in terms of applications for the lot.

Mayor Holman: I took time to ask a question for hopefully informing Council Members earlier. I'll just make a couple of other comments. Some of us have spent a fair amount of time with the Grand Boulevard design. It seems to me that housing would be appropriate here, not an all housing project but ground-floor retail if it's a CS or a CN, one or the other. Certainly anything above two or three stories would have to be stepped back consistent with those and the El Camino Design Guidelines. I think CC(2), it seems to me, is spot zoning, because there's really nothing that close to this site that is CC(2). I don't need to repeat what all Tom said about the zoning around here. If you look at trying to enliven corners, I mean one of the ways you do that is with larger setbacks. This is a very major intersection; it's a heavily impacted intersection. One of the ways that you enliven them with people is to put people at them. If you have some ground-floor activity and housing above, you've got housing on two sides of this. One of the things that's really hard with prescreenings and with projects in general that come forward is this one side of the intersection is being looked at kind of by itself. Page Mill Square was talked about once, but the El Camino projects that are across the street south, they're services. I think Tom mentioned, again, how the height is constrained on one of those projects, but those are services. One of them has gone in there just this year, and they seem to be doing very well. I don't think an argument could be said that service or retail couldn't survive at this intersection. Again, if we're going to try to follow the Grand Boulevard design, south El Camino Design Guidelines, then that seems to me what this intersection should be. I think that's all I'm going to say, since I had a couple of comments earlier. Does anybody have any wrap-up comments or any they want to particularly associate your comments with somebody else's? Council Member Kniss.

Council Member Kniss: Not with somebody else's. I mean, we've kind of gone around in many different directions. One of the questions that Council Member Filseth addressed was PF, what one does with PF, that we don't have much PF left. As a City, when a developer has purchased a piece of property which has a PF zone and it is not, as Hillary said, a private—what

did you call it? Not a private piece of property or you called it not a public piece of property. It is not public; it is a private piece of property. I'd be interested in knowing what the parameters are to that. Have we dealt with this before? Have we dealt with a developer who has bought a PF piece of property? I don't think we have a lot of PF in our City, that I can think of. I don't know whether or not the soccer fields became PF or not. Did they?

Ms. Gitelman: Council Member Kniss, we would really have to research that question. We do have quite a bit of—depending on how you think about PF zoning. The parking garages and the parking lots in Downtown and Cal. Ave. are generally zoned PF. (crosstalk)

Council Member Kniss: That are ours?

Ms. Gitelman: Yes, they're City owned. We would have to do ...

Council Member Kniss: They're really public.

Ms. Gitelman: That's right. We would have to do a more thorough analysis to determine whether there are any privately owned and used PF parcels.

Council Member Kniss: Good. That would be a question that I would have. I think we're all somewhat intrigued by the idea of intense housing there, because we know the demand for housing in our community. I would think that might be one avenue that someone might want to pursue. Thanks.

Mayor Holman: Council Member Wolbach, you had a wrapping comment?

Council Member Wolbach: Yeah. Actually just a couple of quick things. In our Citizens Survey, there's a final question which was an open-ended question, what one change could the City make that would make Palo Alto residents happier. I didn't count up the number of people who said something about traffic flow and transportation. Eighty-one people answered something along the lines of more housing, more affordable housing, more housing supply, something to address the cost of housing. That's part of the context that brings me to be wondering where can we find housing anywhere in Palo Alto and encouraging developers to focus on that as a primary go-to. A couple of us have mentioned it tonight and we've heard people mention it in the past, and perhaps it wouldn't be applicable to this particular site, but the question of how we at least have a conversation about, a serious conversation, whether it's Council, PTC, Comp Plan CAC, about a zoning that maybe allows ground-floor retail, maintains our FAR requirements, maintains our height limits, but doesn't constrain the number We could encourage the smaller units, the studios, etc., that people really need rather than doing what we do today which is incentivize

big, luxury, expensive apartments. That's something we really need to move that conversation forward so that that's an option to consider maybe in the future when sites like this come up, even if it's not applicable here.

Mayor Holman: Thank you very much. With that, does Staff have any wrapping-up comments? Okay.

Ms. Gitelman: Thank you very much.

Mayor Holman: Thank you all. Thank you to everyone who came to speak and present on this project.

Mayor Holman: With that then, we will go to Item Number 6.

6. Carl Guardino, Silicon Valley Leadership Group, Presentation and Council Discussion Regarding Potential 2016 Santa Clara County Transportation Funding Measure.

Mayor Holman: We will give a moment here for the Chambers to clear of those who here for the prior item. If I might ask members of the public who were here for the prior item to move the conversation to the lobby, that will help us continue our meeting. Staff, Russ, can you maybe help with that? Help move members of the public to the lobby, if you would please. Hang on there just one moment with us. Thank you very much. Welcome, Mr. Guardino.

Carl Guardino, CEO and President of the Silicon Valley Leadership Group: Mayor Holman and members of the Council, it's not unusual that when I get up to speak the whole rooms leaves. This is like going home and seeing my little girls. They walk out of the room as well. For the record, my name is I'm CEO of the Silicon Valley Leadership Group. Carl Guardino. purposes of this presentation, as many of you know, I'm also a member of the California Transportation Commission, one of nine gubernatorial appointees for the last nine years. We program and allocate about \$7 billion a year in transportation funds throughout California. I want to thank you, Mayor and Council, for the invitation to come and visit with you tonight and to speak with you about the traffic congestion challenges that we face throughout our region really, but for the purposes of tonight in Santa Clara County specifically. I thought it might be helpful to provide a quick overview of the background of the Silicon Valley Leadership Group on these issues, and then into a short slide presentation to provide context for what many are considering for November of 2016, and then some fairly recent survey data as well. With that, Mayor and Council, let me start. As some of you know, the Silicon Valley Leadership Group, which has been in existence now for 39 years since David Packard, cofounder of Hewlett-Packard, created it in

the summer of 1977, has had the pleasure of leading every successful transportation funding measure for specific improvements in the history of Santa Clara County. That started in 1984 with what was called Measure A, that built Highway 85, improved 237 and greatly improved Highway 101. Second—would you like me to wait, sir?

Council Member DuBois: I'm sorry. Go ahead.

Mr. Guardino: Second, the 1996 Measures A and B, that was a nine-year measure that funded 18 road and transit improvements on time and on budget, followed by a 2000 measure that didn't go into effect until 2006 that will run until 2036. In 2008, an 1/8 cent sales tax measure that didn't start until 2011 or 2012—fuzzy on the date this late at night—and will run for 30 years until 2041 or 2042. All told, those measures will generate about 11 billion in local sales tax revenue, drawing in about 3-4 billion in other regional, State and Federal funds because of that match. With that, let's see how well the mouse works. We'll move forward. First, context. As you know, the Valley Transportation Authority issued months ago a call for projects of all 15 cities and towns, the County and regional agencies like Caltrain and other regional transit providers, so that they could determine for their purposes what the Metropolitan Transportation Commission as well as a potential transportation funding measure in this county, what those wants and needs might be. The call for projects generated a list, 630 projects long totaling \$50.5 billion in improvements just in Santa Clara County alone. I suspect there's probably a few double counting of projects, but in conversations with VTA staff it'll probably still exceed \$45 billion in wants or needs. To put that into perspective. Current estimates, if we were to pursue and be successful with a 1/2 cent 30-year funding measure, that would bring in, in today's dollars—today we're generating with a 1/2 cent about \$198 million a year in Santa Clara County—that would be roughly 6 billion minus 60 million over 30 years. 6 billion for 50.5 billion in stated wants and needs. The City of Palo Alto was actually pretty limited in what you looked for. Twenty-three projects in that call for projects, totaling under \$1 billion or about \$909 million. I returned earlier this evening from Gilroy on the precise other end of the county. Their request list was \$1.9 billion in They have twice the need or twice the appetite or twice the imagination that you do. I'm sure they're compelling projects as well. There are about 1.9 million citizens in our county or residents in our county. Palo Alto has about 67,000 of those, about 3 1/2 percent of the population. I want to thank Ed Shikada from saving me from making a mistake on the next foil. We may have been counting all sales tax generated rather than the 1/2 cent that we're looking for, for apples to apples comparison. mentioned 2012, not 2014, numbers that Palo Alto generates in all sales tax, about 16.2 million in 2012. If we take that 198 million that a 1/2 cent alone

generates in this county, Ed thinks that Palo Alto generates about 6-7 percent of that total, twice what your population would reflect. You're a great sales tax generator, just not to the magnitude that the error in this slide would suggest. The next item I just wanted to touch upon. Through our work on the California Transportation Commission and the legislation that Governor Brown recently championed, unfortunately unsuccessfully, with the State for legislation for pavement improvements, not only in our 50,000 miles of state highways and 15,000 state bridges, but also for local streets and roads. That is a term known as the pavement condition index or PCI. The minimum standard that the State uses is 70 percent PCI. That is when you avoid huge costs in fixing what is breaking down, rather than less costs for simple repairs because you haven't let it go to a certain extent. Palo Alto is actually one of the better cities in Santa Clara County. Your current PCI is 79; you have a goal of reaching 85 by 2019 with existing funds. First, congratulations on that. Second, the 85 for the work that the California Transportation Commission does and what that legislation that Governor Brown was forwarding to the Legislature, 85 is that threshold number, so that you are not paying 10, 20, as high as 22 times more for repairs. You're heading towards that threshold number on your own. commend you for that. With that as the context, I was asked tonight by your Staff to provide an overview of a survey that we did of likely November 2016 voters. This was conducted in late May, eight nights, 750 likely 2016 voters. The pollster we use, some of you have experience with personally as well, his name is Jim Moore, Moore Methods in Sacramento. He's been the pollster for more successful transportation funding campaigns than any pollster in California. Let me shed some light for you as elected officials of just how scarily good he is with his numbers. With our 1996 measure, he felt six months of polling in advance, if we did everything right, we could have as much as 52 percent of the vote. These were back in the glory days when you could pass a measure with a simple majority. While I'm sure we didn't do everything right, we received 51.6 percent of the vote. He was within .4 of 1 percent six months in advance. In our 2000 measure, similar survey, similar conversation. He felt we could get 71 percent of the vote; we ended up with 70.4. He was with .6 of 1 percent of accuracy. In our 2008 measure, he was the most off he has ever been. He was 1.2 percent off, well within the margins of error in all three elections. We have come to trust his data greatly. What did he find? I'll skip that unless you're really interested on how different levels of government fare. I can always come back to that if you would like. He asked a general support or oppose question about increasing the county sales tax, and those were the numbers. That was for no specific use or purpose. We tested the same ballot statement that we have now tested four times in the last 18 months, so that we would have some track record of where voters are. We tested both a 1/2 cent and a 1/4 cent. A 1/2 cent for what you see in your hands—

I brought extra copies of anyone needs them—as well as on the screen is 68 percent support, 27 percent opposition, 5 percent no opinion. It's the view of the Leadership Group—if I can freeze frame for a moment here—if we're going to collectively do anything together in November 2016, let's go big or not do anything. If you like acronyms as much as I do, BIG, "B" is for bold and that's a 30-year 1/2 cent funding measure. The "I" is for both intermodal and inclusive. There isn't one type of transportation improvement that is going to be comprehensive for the diverse valley and land use patterns we have. Intermodal means yes, great improvements on Caltrain, finishing BART, having bus improvements for low income, seniors and disabled, working on all eight county expressways, key highway interchanges that impact north county and your job centers to a great degree as well as street maintenance/pothole repair. improvements to meet these system-wide needs. "G," geographic balance. We need traffic relief throughout the county, not one portion of the county. Whenever we test a ballot measure, we test the component parts. My mom used to tell me that a chain is only as strong as its weakest link. If any component part of a measure tests under the threshold of two-thirds in a democracy, that tells you that hardworking private citizens voting with their wallets aren't going to reach into those wallets if there is a weak link in the chain. The good news on this slide and the next slide is that nothing in that package is under that two-thirds threshold. The most important/popular with residents, whose tax dollars these are, always is street maintenance and pothole repair. I know I'm not telling you anything you don't hear directly from your citizens, but it's always nice to see it in more than anecdotal information. The second page. As you can see, when your weakest link is 73 percent favorable, it's a good list. Our pollster, Jim Moore, always asks this key question which is the affordability question. Can you even afford to increase your taxes? In this strong economy, this number has been consistent; 73 percent feel they could afford a 1/2 cent sales tax increase for these transportation improvements. What's nice is there's very little leakage too. 68 percent would vote for this package out of the 73 percent that could afford it. We only lose 5 percent between affordability and yes, that investment. \$35,000 later, that is the May 23-31 Mayor and Council, you were so gracious to invite me out on a Tuesday night. I'm honored to be here again and happy to answer any questions that you might have.

Mayor Holman: Council Members, I have three members of the public who'd care to speak to this item. Would you care to hear from them now? Okay. We have five. You'll have three minutes each. Our first speaker is Stephanie Munoz to be followed by Richard Brand.

Stephanie Munoz: Good evening, Council Members. I think we're all agreed on what we don't want. There seems to be general agreement that we don't want San Jose hogging all the county transportation money. Maybe we should look at it a different way. Maybe we should look at it from what we do want. The problem that we have is congestion and parking. If we could get transportation from, say, satellite parking lots, that would solve a couple of problems. It would solve the—it would not solve, but it would mitigate the congestion and it would mitigate the parking problem. For instance, if we could encourage East Palo Alto to put in a few nice big parking garages, which they could get a lot of money from, the transportation would be an essential factor that there be very good shuttles from these parking lots up Embarcadero and up University. I think perhaps what we need—I mean if you think that's a good idea. Perhaps what we need is a kind of mirror image EIR. We have people do the EIR so as to give you good reasons why you don't want to do some building or some something because it's going to increase the parts per million of particulates by 80 percent or whatever If we did a reverse EIR in all the projects, thinking in terms of transportation, how would this be improved or made possible or mitigated if we had good transportation? I'm thinking for instance in the senior center. Karen just a minute ago spoke of how useful it would be if there were some activity on the ground floor of dense, low-income housing or dense senior That could be made possible very well by transportation, for instance, to a senior nutrition center. Childcare. If every project asked itself how might transportation figure in, then we would come up with something positive to give to the Silicon Leadership and the San Jose and the County Supervisors about what we could use in the way of transportation. Thank you.

Mayor Holman: Thank you. Richard Brand to be followed by David Coale.

Richard Brand: Good evening, Council Members, Staff, audience. My name is Richard Brand. I'm a Palo Alto resident and alternative transportation advocate. I'm here fundamentally to ask why is Mr. Guardino—a representative of a special interest group and he's representing his slides to be of the Silicon Valley Leadership Group. In short he's a lobbyist—granted valuable Council time. You wrote a wonderful letter with the ten other cities to the VTA, and you requested a different kind of thought and projects. I guess I asked the question where's the VTA. The VTA ought to be here responding, not hearing some of the kind of things that I feel are just a lobbying position. It was a wonderful report that was pursued and acquired by our County Supervisor Joe Simitian, created by the Santa Clara County Roads and Airports Department, that showed the numbers, the revenue and the percentages of funds that have been spent. As we saw—I went through that very thoroughly with Joe. We saw that 80 percent of the funding for

Measure A and Measure B—that's the 2008 and 2000 tax measures—have gone to BART to San Jose which is basically a service from Alameda County to the downtown San Jose. We all know we need alternative transportation. I'm the first to stand up for that. There's rail projects and a lot of things that we need. I think we really need to stand up—I know a lot of you feel this way—for we need some funding in the north county because we've been shorted in the past time. I ask you to ask Mr. Guardino some serious questions. I know that he was here last year and did not answer the questions that were asked of him at that time. I would only ask that you ask questions and also that you invite VTA to come and talk in response to your letter. Thank you very much.

Mayor Holman: Thank you. Next we have David Coale to be followed by Omar Chatty.

David Coale: Hello Mayor and City Council. My name is David Coale. I've been following transportation for a long time. I'm very interested in this. I know one should not use idioms, but in this case I think it is very fitting. Fool me once, shame on you. Fool me twice, shame on me. The Leadership Group is back for a third time trying to sell us yet another transportation tax measure. I think the priorities that you have come up with for the VTA projects are very good, with improving Caltrain first followed by bike and pedestrian projects. The discussion around the cost-effective transportation solutions is also very important, and I appreciate that. I like the letter that you signed onto with the other nine north county cities asking for an integrated transportation plan. This plan should include TDM instead of expensive expressways; increase active transportation, bike and ped; a better integrated bus system; and ideally should include affordable housing near transit centers. This would be a much better plan and is far better than the popularity contest that the Silicon Valley Leadership Group runs for its polling which is less than transparent. Since Measure A 15 years ago, over 80 percent, as was previously noted, of our transportation tax dollars have gone to BART. This does not serve us well. In the meantime, Caltrain which is the main rail system in the county is over capacity and underfunded and is in serious need of updating. The leadership group has promised upgrades to Caltrain in the past and then diverted funding to BART. That's what happened with the Dumbarton rail connection to the East Bay and the delay of electrification. I do not trust the Silicon Valley Leadership Group again to promise funding for Caltrain as you have requested. Paraphrasing Jay Inslee, the governor of Washington state, he said we are the first generation to feel the effects of climate change and we are the last ones that can do anything about it. With this 30-year tax measure and the other measures put in place, as was noted by the Silicon Valley Leadership Group, we must address climate change in these issues. They have been left out. Please

stick with your project priorities and your commitment for an integrated transportation plan for the county where the most cost-effective solutions are prioritized. I think this is the best way to address our transportation needs with greater quality of life and while addressing climate change. The excessively expensive BART extensions and expressway-widening projects that guarantee more cars is not the solution we need. Silicon Valley can do much better with this. With your commitment, you can make it happen. Thank you.

Mayor Holman: Thank you. Omar Chatty to be followed by our final speaker, Adina Levin.

Omar Chatty: Hello. My name's Omar Chatty, and I worked in Palo Alto for 17 years during the era from Ellen Fletcher until a couple of years ago. I want to do a little twist on this a little bit. I'm a member of the Silicon Valley Taxpayers Association. I belong to a number of transportation groups. I'm part of the InnVision process. I appreciated the idiom of the previous speaker, because that's exactly what's going on with Caltrain. Caltrain is high speed rail and it is going to be high speed rail and it has been since 1995, according to Dan Richard, the Chair. How would you like the ballot argument against the tax to say Caltrain is high speed rail? Do you think that would go along with high speed rail getting 11 percent support? I'd be really careful. What I'm asking you to do is turn that to a positive. I'd ask you to please let's start planning, as I've been asking you for the last four years, especially after your teenagers die and other people die on these roads. You had another accident a few weeks ago. Luckily nobody was in the car. Please let's look to the future and let's plan for BART to finish the last 30 miles. It's already electrified. It's already grade separated. It's required by law. If New York, which just opened a brand new subway line, can get \$16 billion in this year's budget, why can't Silicon Valley do the same? Palo Alto, you folks are leaders. We should do that. We should not be resurrecting this 1864 train track that is so dangerous, that goes against your greenhouse gas objectives by causing congestion on the streets, about 100,000 cars. Be careful what you ask for. demagoguery that Joe Simitian did, which is really unfortunate, the social By the way, you might want to read a book called Just, justly, <u>Justice!</u> by Ken McGrady, I think his name is. It talks about the manipulation that goes along with the social justice argument. I am a very strong supporter of 152. I understand where Gilroy's coming from. Another terrible head-on collision yesterday on that road coming into Silicon Valley. We need some kind of geographical fairness. Let's remember, when Hetch Hetchy was being built, there wasn't a Joe Simitian saying before it got here that we're not getting our fair share. Or I-280. Let's remember in 2008, it was a solely BART ballot measure which Yoriko Kishimoto opposed. This City

Council deadlocked on it. The people still voted two-thirds for it. The question is why hasn't the Palo Alto City Council supported BART since you have two elections where the mandates have been very strong for BART. You need to move on. Let's not do low speed rail which is what Quentin Kopp calls high speed rail in the urban environments. I ask you please, let's look to the future. Let's tie this Bay Area together. Let's help solve your TDM problems with all those East Bay people that no longer need to take the Dumbarton rail. There are so many advantages. We want you to do that. That's all tied into the same letter that you guys signed. Thank you so much.

Mayor Holman: Thank you. Our final speaker, Adina Levin.

Adina Levin: Good evening, Council Members and Staff and Mr. Guardino. I'd like to thank the Silicon Valley Leadership Group for taking leadership and getting transportation ballot measures passed for lo these many years; for VTA in opening up and having more of a public process this time around; and for Palo Alto at taking the leadership in starting to set priorities for this I'd like to make three points regarding the goals and ballot measure. priorities of the ballot measure. The first is to highlight a discussion that happened here at Palo Alto City Council relating to the expressways and how that fits into the local Palo Alto goals. There's a serious congestion problem on Page Mill Road. Most of those cars are going to Stanford Research Park. Stanford transportation, which is being chartered by Palo Alto, at addressing that traffic jam has said that they believe that reducing solo vehicle car trips will do more to address that traffic jam than widening the roads. Yet, when the County expressway staff person was here, she said the only thing they could do for that traffic jam was to widen the road. I think we have a disconnect in the county between the County Expressway Plan and the City's environmental and mode shift plans and what Palo Alto is doing do say how should we address this traffic jam. Widening or mode shift or some combination of both is something that could be followed throughout the county and would love to see that addressed. Mode shift goal, not just road widening goal to solve that traffic jam. Secondly, as Palo Alto is moving forward with how to do grade separations for Caltrain to address safety, to address road connectivity and to address eventual train capacity, improvements. One of the things that Caltrain is recommending is to have an approach with that program, to approach it like a program, not to have Palo Alto decide 30 years in advance how Palo Alto will do that project, but to say here's some money and that will be given once the cities have their program ready to go. That's something that would help get good projects that achieve those goals. Very lastly, Mr. Guardino mentioned bus service for the elderly and disabled and low income. The County just hired Jarrett Walker to look at not only bus service but the overall transportation network

and how it can be more effective by working together as a network. I would love to see bus service improved not just as a low-end version, where buses are a low-end product and a train is a high-end product, but as part of a transportation network that works altogether for all people to provide excellent, climate friendly transportation. Thank you.

Mayor Holman: Thank you. You've all become very good at timing your comments. Bringing it back to Council, Council Member Filseth. Let's try to do three minutes apiece as well.

Council Member Filseth: Thanks very much. Can I ask a question? On the last two measures, A and B, looks to me like they raised about 4.6 billion or something like that. Between 4 and 5 billion, right?

Mr. Guardino: There are four measures. The 1984 measure raised locally about 1.4 billion. The 1996 measure raised locally about 1.9 billion. The 2000 measure started in 2006, and it'll run through 2036. It's estimated that it'll raise about 7 billion.

Council Member Filseth: Were you guys able to get sort of supplemental money from the Feds and the State for those?

Mr. Guardino: First, bless you to whomever that was. Yes, we attracted or are in the process of attracting 3-4 billion in regional, State and Federal funds by having the local match.

Council Member Filseth: Got it. Like, another 25 or 30 percent or something like that, right?

Mr. Guardino: Yes.

Council Member Filseth: I'm going to try to be, like, really high level, over simplified, big picture. We're talking 30, 40 years here, so it's long-term stuff. First of all, I mean it clearly makes sense to expand BART in San Jose. When you look at transportation infrastructure in the region, San Jose, you guys have Amtrak, you've got light rail, you've got Caltrain, and you've got BART. Here on the Peninsula, we've got just Caltrain and it's full. If you believe that concentrating economic growth where there's transportation, then it's obvious that you ought to invest in the South Bay. That's a no brainer. The challenge we've got on the Peninsula is that we're a narrow corridor here that's 40 miles long and 2 miles wide, with the Bay on one side and the Foothills on the other. It's a crappy layout to build a city around, but that's what it is. There's only one way to do mass transit here, which is to run a train straight up the spine. That's exactly what Caltrain does. Basic geometry tells you the Peninsula's going to be dependent on Caltrain for

decades to come. In principle that's okay, but at the moment Caltrain is above ground. The whole Peninsula is lousy with grade crossings. As train frequency increases, and God help us if there's ever high speed rail here. We have just got to figure out how to get the train below ground, or else the congestion is going to basically lobotomize the Peninsula into two different, long, thin, cities. This is the conundrum in Palo Alto, but it's going to be the arithmetic in all the other Peninsula cities. Palo Alto will allow an underground Caltrain even if it's just a trench, but it's going to cost \$1 billion. You mentioned that we asked for \$900 million of stuff. basically what it's for, so we're talking big buckets here. The challenge here is if you add up what you need to really do BART right in San Jose and what we need here, even a billion just in Palo Alto alone, and what everybody else needs, it's going to come up to more than 6 billion by a substantial amount. Unless some big pot of money outside can be found, we're going to have an existential problem up here. I don't know what the answer is, but we'd welcome your advice. That's what we've got; we've got an existential challenge here around surface rail. Grade separations, it's a short-term fix; it's not a 50-year fix. The truth is it'll cost as much as trenching a train, because we've got to seize a huge amount of land to do it. That's what we've got to figure out how to do if we're going to figure out how to grapple with this.

Mr. Guardino: Council Member, you raise several good points. Let me try to do my best to address them. First, you mentioned you guys in San Jose. I'm actually a West Valley resident; I live in Monte Sereno.

Council Member Filseth: I'm sorry.

Mr. Guardino: No, that's okay. I was born in San Jose; it's a great city. Just to clarify where I live and where my family is. In terms of Caltrain, a speaker I don't know said earlier that somehow we broke our word on Caltrain funds. I'll be unhumble for a moment. The Leadership Group in our efforts and my work on the CTC has generated more for Caltrain improvements than anyone in the history of Caltrain. Our past measures have generated more than 220 million delivered or under delivery for Caltrain. I personally led the effort as one of nine gubernatorial appointees on the CTC for 109 million to modernize and electrify Caltrain, successfully so. In three weeks as you all know because you're all invited to join us, 25 CEOs are leaving their day jobs for three days to go to DC to fight for 220 million in core capacity funding to continue to electrify and modernize I'm happy to stake my reputation and our past work and our Caltrain. future work on what we've done for Caltrain. We've never taken a dime from what we've promised for Caltrain. People are entitled to be impolite; they're not entitled to their own facts. Your next point is about Caltrain.

Absolutely, we are 100 percent committed to securing all 1.45 billion to electrify and start the Segment 1 of modernizing that system. We have all but 431 million, which is why we're going back for 220 million, which is why we say there needs to be a robust funding source for Caltrain in any future 2016 measure or we won't support it. In terms of the box you're in here, you're right. The station right near here by Stanford generates about 7,000 weekday passenger trips. The California Street Station, about 1,700 weekday passenger trips. Grade separations are important; we have to do our best with limited resources to make them as cost effective as possible. There's a couple in Mountain View that need it as well; at least one in Sunnyvale as well. We have to figure out a way, as they did with the San Mateo County measure that we supported, to at least have funds and a process to have cost-effective grade separations wherever we can. We're committed to doing that with you. In terms of your kind offer to get together and work on this, I would welcome that opportunity. If you don't mind, I'll be reaching out to you. By the way, I'm not a registered lobbyist either. I've been a CEO for 19 years in this valley. We have advocates in Sacramento, but I am not a registered lobbyist.

Mayor Holman: Vice Mayor Schmid.

Mr. Guardino: Hello, Vice Mayor.

Vice Mayor Schmid: Let me just raise a couple of questions, one on demographics, one on sales tax. Demographics, 80 percent of the funding has been going to San Jose with the building of BART. It's a very nice completion. San Jose, as a city, has a jobs to employed resident ratio of about .8:1. Palo Alto has a jobs to employed residents of 3.3:1. Two very different situations where it makes more sense to have BART coming to the Mid-Peninsula than to San Jose. Palo Alto, itself, there are two very different parts to Palo Alto. If you put the Research Park and the Medical Center together, the two Stanford parcels in the City of Palo Alto, they have a jobs to employed residents ratio of 32:1. The rest of Palo Alto has about 2:1. One key question. Where's Stanford? If we're talking about taxes for the benefit of all, shouldn't Stanford be here? That brings me to the sales tax. Is the sales tax the right way to be doing this? Sales tax is a regressive tax. It's the poor people and lower middle income people, it's a greater share of their income than upper income people. We know also that the ratio of sales tax paid of residents to workers is about 3:1. We have twice as many workers here as we have residents, but the residents pay three times the sales tax. The second question is where's business. Why isn't business involved in this situation? There are two missing players tonight, Stanford and business.

Mr. Guardino: Vice Mayor, thank you. I counted several questions. I'll do If I miss anything, bring me back on point. You mentioned demographics and BART to San Jose receiving 80 percent of former sales tax Just a quick clarification from a transportation professional perspective. The BART extension is BART to Santa Clara County. It has stations in Milpitas, San Jose and ultimately Santa Clara. That's where it Usually you call transportation lines, transit lines, by where they terminate, not where their middle is going to be. When folks refer to it as BART to San Jose, that's their prerogative, but it has stations in Milpitas, San Jose and Santa Clara, ties in with Caltrain. We have rapid rail around the entire Bay Area. That is the vision; we want rapid rail around the entire Bay Area. Before I was born and before some of you on the podium were born and when most of you were still very young, the leaders in San Mateo and Santa Clara County in 1960 decided they didn't want that BART system in their county. We cannot take an Etch-A-Sketch to that decision. What we can do is work with what we have and have platform-to-platform transfers to have rapid rail around the Bay. That's what we're trying to do as best we can. In terms of the jobs/housing ratio in different cities, some cities have provided more housing, some have provided more jobs. We'd like to see more of a balance. That also would help with our traffic and commute patterns, if there was more of a balance. The fiscalization of land use and tax policies in California is something we could speak on late into the night tonight about why that is probably not the best approach in terms of State policy brought down on the cities. You asked where Stanford was. You kindly invited me tonight; I don't know who else you invited. comment on why Stanford or any other employer or institution is not here. In terms of why a sales tax and is it regressive, yes, it is. Is there a perfect tax or anything? Not that we've found. We're private citizens and business leaders; we're pragmatists. We want to tackle traffic congestion and its In a democracy, especially a two-thirds democracy, related challenges. what are our fellow citizens and taxpayers willing to do to fund improvements, taxing themselves? Whenever we have asked that question, if you want to know where a gas tax polls, it polls around 25-30 percent in California. You can go through all types of tax and fee revenue sources, and about the only one that even gets a majority and the only one that gets a two-thirds is around the sales tax. I'm not going to try to outsmart ...

Vice Mayor Schmid: Except for school bonds.

Mr. Guardino: ... smart people. Right, but that's not usually a tax; that's usually a General Obligation bond or it's a parcel tax, which we pass—where I live in Monte Sereno and where you live in Palo Alto, not everyone does. You're right; for schools parcel taxes also work. It doesn't work that well for transportation. The last question is where is business. I haven't looked up

this number since our '84 or '92 campaigns. In this county with business-to-business sales being as strong as they are, it is a plurality of the funds are business-to-business sales tax revenue. When you ask are businesses all in on these local measures when they're competing globally on dollars they can't always pass on to consumers because they're competing globally, businesses are all in. If I missed any of your questions, there was someone who said I didn't answer questions last time. I don't remember not answering any questions last time, so I'm not going to let that go repeated this time.

Vice Mayor Schmid: Thank you.

Mr. Guardino: Have I missed any of your questions? Great. That doesn't mean you have to like my answers, but no one can say I dodged a question.

Mayor Holman: Council Member Kniss.

Council Member Kniss: It's nice to see you, Mr. Guardino.

Mr. Guardino: It's always a pleasure to see you, Council Member.

Council Member Kniss: I wanted to just say a couple of reassuring things. Jim Moore does some of the best polling in California. I have been the recipient of his polls as well as some of the others here may have been. His rate of prediction is, as I recall, within the 1-2 percent. He does a terrific job. Secondly, this is an answer I probably should recall. Many people have said, "Why can't BART stop in San Jose and there be the ability to connect there with Caltrain rather than it being an extension on to Santa Clara?"

Mr. Guardino: It needs the service yard in Santa Clara. It can't stop in downtown San Jose, 100 feet under the ground.

Council Member Kniss: Could that be anywhere else?

Mr. Guardino: We're told no. If you want to invite BART representatives or VT representatives to future meetings, you should ask those questions. We've been told consistently no. It also then doesn't get to the airport either with people movers to the three terminals. Two major reasons, but again someone mentioned why isn't VTA here. I can't answer that either. You kindly invited me. I'm your guest in your house; I'm honored to be here, but I can't speak to why others aren't here.

Council Member Kniss: I too am disappointed a VTA representative isn't here tonight. That would be very helpful.

Mr. Guardino: I don't know if they were invited or not. I know you kindly invited me.

Council Member Kniss: Did we invite them? I think that issue of the service needed and so forth is one that some of us would like to hear more about, even though I've seen that route many times and understand it. I think the urgency about Caltrain in our community is—the urgency is pretty enthusiastic. There's a great deal of concern about grade crossings. While I realize ...

Mr. Guardino: May I say, Council Member, it's not limited to grade crossings. If we're going to modernize a system that was started in 1863, we need longer platforms, we need higher platforms, we need more train sets for longer train sets. We have bridges along the Caltrain system that are woefully in need of repair. It's in addition to grade crossings. Our vision, our commitment to Caltrain as one organization is to take today's capacity of jamming 61,000 weekday passenger trips and doubling that within five to seven years. That's our commitment.

Council Member Kniss: I'm sorry Adina has just walked out of the room, but I think we—I'm sorry, I thought you had just left, Adina. Excuse me. You're hidden behind someone. I think that we too in this county, particularly those of us who have very high ridership on the rails, will probably need to look at handling some of this on our own just as San Mateo County did. That's always difficult to do and it's a painful kind of step to take. I think at some point we will have to go in that direction. We have become a very train dependent city which, probably five or six years ago, I would have quessed would never have happened. As you and I recall, Caltrain almost went literally down the tracks on a more permanent basis. It has been astonishing to see the popularity of taking the train. When I see the people who get off it in the morning, it's mostly young people who are getting off. I think, as Cory and Marc will tell you, that demographic is trying to give up cars if not just stay to one car. I think that's some long-term planning that we need to do. As much as the tax is looking like it's a good possibility, that's not going to totally save us with Caltrain in our county.

Mr. Guardino: You're so right, Council Member. There's no silver bullet. Even if there's some double counting on the 50.5 billion—I suspect there is—say it's only 45 billion, and I put only in quotes. Say that a lot of those are wants more than they are needs, it's still going to take a lot of prioritizing to find improvements that add up to an intermodal, integrated, inclusive system that has some traffic relief county-wide. That's what we're committed to exploring. We know you are as well. It's not for the faint of

heart. We're going to need adults in the room to help make that decision, and then in a democracy support by the voters whose tax dollars this is.

Council Member Kniss: Thanks.

Mayor Holman: Council Member Wolbach.

Council Member Wolbach: Thank you, Mr. Guardino, for being here today.

Mr. Guardino: It's my pleasure.

Council Member Wolbach: Thank you for accepting our invitation to come and speak to us about this. A couple of things. We did submit a modest 23 projects, which I still think was a lot. The reason we submitted 23 projects was because VTA told us, "Throw the kitchen sink at us. That's what we want. We want every possible project you can conceive of to be on the list." In order to make sure that our key priorities weren't lost in that list of 23, as you may be aware, we did highlight four priorities which were not exactly drawn from that list, but were more conceptual priorities, the four types of projects we'd like to see focused on in any funding stream. The one clear leader followed by three others that were maybe roughly tied, but the one clear leader was funding for Caltrain; both ridership improvements as you've highlighted some of the other needs besides grade separation, as well as grade separation in Palo Alto, not to the exclusion of other cities in the county. Certainly we want to make sure that there will be come money dedicated that Palo Alto will be able to access. We also want to make sure that it's very clear for everybody that when we talk about grade separations and funding for that, we'd like to be able to have flexibility about how that's used. If we decide to do some self-help and self-funding to pay for the Cadillac version and put the train in a trench or a tunnel, the funding would still be there as an option to us if we choose that, because that's the right way to grade separate in Palo Alto. Of course, our other three priorities, bike and pedestrian improvements, first and last mile improvements, and support for something that VTA has taken a wonderful step in saying that they're going to try and do which is more support for transit management associations, like the one we just started here in Palo Alto and Mountain View has up and running, and also for other TDM, transportation demand You'll notice all of those are about mode shift. management, efforts. They're all about getting people out of their cars. You'll notice what's not on that list is widening the expressways. Now, that doesn't mean that some money for widening expressways and it doesn't mean money for BART isn't necessary in some places in Santa Clara County. Right here, the goal has to be how are we going to get people who are commuting here out of their cars and, in order to make sure that Palo Alto isn't split in half by more frequent

trains which we need, we've got to get that grade separation. Council Member Filseth is right, this is an existential crisis for us. In order to make sure that our economy and our community keeps working, we're going to need to do that in a big way. I appreciate all of the support that we can get from you. I suppose BART is as far as we can take it, but we also need to make sure we have the balance up here, so we have a really cohesive system, a cohesive community and a cohesive economy, which I'm sure you understand.

Mr. Guardino: Council Member, you're singing to the choir, of course. As you know, I bike commute almost every day, 17 miles each way each day. The bike-ped improvements are not only smart transportation policy for a systems wide approach, but I have some enlightened self-interest in that as well, as well as safety improvements especially near schools for bike-ped improvements. Thank you for your thoughtful feedback on that. Both you and Council Member Kniss spoke up about when it comes to grade separations, there may be a need for local communities also to come up with some self-help and some self-funding. That's wise. We've been hearing that more and more. It goes back to what Council Member Filseth said about when you have these county-wide funds, do you attract other dollars. I had emphasized the regional, State and Federal, but there is also the local match that you too mentioned as well.

Mayor Holman: Thank you. Council Member Burt.

Council Member Burt: Good evening.

Mr. Guardino: Good evening.

Council Member Burt: I just want to dive into some follow-ups to what some of my colleagues have raised. First, one point on the informative demographics. It's also that Palo Alto basically has about 10 percent of the jobs of Santa Clara County. That's important to those who live elsewhere in the county and work in Palo Alto. Looking at transportation is not just about what we want for our residents; it's what is needed for those who work here. It needs to be that hybrid. I don't think that recognition is common enough. It's an important consideration in my mind. I want to talk briefly about the One is that I think many of us think of Caltrain as really the transportation, certainly the transit, backbone of Silicon Valley. In the core of it—I think it's broader than this—from the San Jose area to San Francisco, it runs right down the center. I agreed with the bulk of what Council Member Filseth sad, but actually I would disagree in terms of whether the cities along the Peninsula and the Caltrain corridor are some poor design. They were built around a transit line, and they are historically and

organically transit-oriented development. We lost our way for a few decades, but it is, many people think, actually the strongest commuter rail route in the country in terms of its potential. We certainly recognize that there are high values to BART to San Jose and Santa Clara. We think that the value of Caltrain is at least as important. We recognize that the Leadership Group and you have done work on helping that Caltrain funding. When we look at it and we look at the proportionality of the funding to BART to San Jose versus the funding for Caltrain, that's the issue that we're really I fully agree with you that issues like platform trying to focus on. lengthening are crucial to the capacity of Caltrain. Platform lengthening and longer trains allows more capacity without having first to add more trains. Ultimately, whether it's Caltrain alone or if high speed rail, which has now come about as back on the table in the blended system, comes forward with its number of trains per hour, we're talking about ten trains per hour per direction. That's 20 trains an hour. We currently have a train every six minutes. It would become a train every three minutes on grade crossings that are already at virtual gridlock. This is what a lot of my colleagues have been really focusing on, that on the horizon we don't have a choice or a preference for grade separations. It's a necessity. If we don't have it, we're going to choke off these cities that are crown jewels of the Valley and really destroy not only our communities but our economies. We're going to have to have that. As my colleagues have said, we really ought to and need to be looking at a 50 or 100-year vision of what that would look like. We'll have to have that discussion. I have more follow-ups, but I'll cede the mike for now.

Mr. Guardino: Council Member Burt, thank you. If I may. Remember when you and I were growing up, Reese's peanut butter cups came out. They had those great commercials of somebody walking down the hall with a Hershey bar and somebody walking down the hall with some peanut butter. They ran into each other. That's how I view BART and Caltrain. Let's talk about those two systems for just a moment. BART's a 104-mile system currently. They're doing some extensions, of course. Caltrain is 79 miles. carries over 400,000 weekday passenger trips. Caltrain's bursting at the seams with 61,000 weekday passenger trips. BART has a fare box return of nearly 75 percent, one of the highest in the country. Caltrain has a fare box return of nearly 70 percent, one of the highest in the country. These are great systems. We're finally going to bring them together. It may not be one system around the Bay which would be ideal, but at least it's going to be rapid rail around the Bay. We're committed to them both. We've put our wallets where our words are through numerous campaigns to not only run the campaigns, to tax themselves, but to fund both those systems. That has to continue. I will say, as you and I have talked about privately and I have committed to many times publicly, our organization of 400 employers in this valley won't support any measure that doesn't have a very strong

component for Caltrain improvements. You know that from our track record as well as our future efforts together. It's not an "either/or;" it's an "and." A good measure is going to be an "and."

Council Member Burt: We'll have more discussions on what a very strong component actually means.

Mr. Guardino: Sure. That's where the Valley Transportation Authority in the process of the 15 cities and towns weigh in, you're the policymakers. At the end of the day, the second Friday of August, the registrar of voters will have or will not have a ballot measure for transportation funding improvements in November 2016. That will be put on the ballot in one of three ways. The VTA by a vote of two-thirds which is eight of the twelve representatives or the Santa Clara County Board of Supervisors by two-thirds. Because it's five people, that's four out of five votes. The third way is a citizen initiative collecting signatures that neither us nor anyone else has ever talked about. At the end of the day, policymakers will make this decision. What we try to be transparent about as business leaders, who candidly would rather be running their business, but these issues, traffic, housing, education, are so core to the future of our valley that under Mr. Packard's leadership and succeeding generations, we take time to get involved. We're committed to working with you. We just try to be transparent about what would be good policy, what are worth our collective tax dollars, and we poll to determine where voters are because it's their money. That's how we try to add value to any final product.

Mayor Holman: Thank you. Council Member Berman.

Council Member Berman: Thanks for joining us tonight.

Mr. Guardino: It's a pleasure. Thank you.

Council Member Berman: I think what you've heard, at least from all of my colleagues that have mentioned it, is that no one is really denying the importance of BART to and through the south of Santa Clara County or middle of Santa Clara County. I think what you're also really hearing is that we have pretty massive congestion and transportation challenges on the Peninsula cities and in the West Valley cities. These are challenges that cost more to fix than the funding that's currently identified. As you alluded to and you've heard, we're very realistic about the fact that this sales tax measure will not fully fund the problems that currently exist. I think we do hope, and I think you can anticipate, that it will be a very important piece to that bigger puzzle, maybe a piece that can help generate some of that additional revenue that's needed to really address some of these, as Council Member Burt mentioned, 50 to 100-year challenges. That needs to be our

scope. With all the improvements, Carl, you know this as well as anybody, with all the improvements to Caltrain that are currently in the line and almost fully funded, if the economy continues to stay as strong or even half as strong as it is, ridership will exceed that capacity very quickly. I mean, that's not a long-term solution. We really do need to—and I think we as a Palo Alto City Council and I think other city councils along the Peninsula are getting very serious about the necessity for fully grade separating and preferably trenching Caltrain up and down the corridor as a way to address our transportation needs for the next century. I'm not going to poke at specific things. I don't necessarily think that that's the purpose of this meeting. I think Council Member Burt used another word that we're going to be looking at very closely which is proportionality. I think you could argue that the residents in Palo Alto and other cities in north county have been very generous and supportive of projects that might not necessarily directly affect us. We're now at the point where there are too many projects that we need to do that do directly affect us. We need to be very judicious about how we kind of deploy our resources and what we ask our residents to fund to address the really serious challenges that we have. I think it's great that we're starting this conversation earlier. I appreciate the city tour you're doing, even though you should talk to your scheduler about the Gilroy to Palo Alto night. You're hearing from us that we really want to make sure that there are plenty of resources in the tax measure to address the challenges that we have up here, at the tippy-top north of the county. That's what we'll be looking for moving forward.

Mr. Guardino: Your points are well taken, Council Member Berman. Thank you. A couple of points. When I mentioned BIG and the "G", geographic balance so that we have traffic relief improvements throughout the county, that's why we've been stressing that word and that letter. You called it proportionality; that's fine too. I don't think it sings like big, but we could call it BIP if you prefer. Something that hasn't come up, the Board of Supervisors asked me to come in a couple of weeks ago. Many of you have mentioned Supervisor Simitian as well. He, from the podium, said "Mr. Guardino, I love BART, but we need"—I think his was county-wide traffic relief. I still like the "G" better, but we need that—"Could you and your companies be comfortable with a cap on the amount of funds in today's dollars for the local remaining share of BART?" He provided a number based on VTA's stated estimates. I said publicly there, I'll say it publicly now, yes, He had mentioned 25 percent. that's a very reasonable request. answer is yes. BART to Santa Clara County, stations in Milpitas, San Jose and Santa Clara, will take additional State and Federal funds just as major grade separations will take additional regional, State, Federal, local funds. Having a cap, clearly defined, is something we're quite comfortable with. We all need to go and get those other regional, State and Federal funds both

for Caltrain and finishing the BART extension. Publicly there, publicly here, yes.

Council Member Berman: Thanks.

Mr. Guardino: You're welcome. Thank you.

Mayor Holman: Council Member Scharff.

Council Member Scharff: Thank you. I'm glad you brought that up. I serve on a number of these regional bodies, and I've heard about the cap. I've heard basically people bandying about 1 1/2 billion for BART which is 25 percent and 1 1/2 billion for Caltrain, 1 1/2 billion for the expressways, and then the rest of the money to be split amongst these projects and other things. Do you have any comment on how realistic that is? I mean, I've heard that at, like, three different regional agencies recently.

Mr. Guardino: I've heard, again, from Supervisor Simitian on the BART cap. I hadn't heard numbers on others. We haven't talked numbers specifically. Again, hopefully that'll come out of this VTA process. I'll go to the expressways, though. What we had been told from that multiyear study that all 15 cities and towns participated in, led by Santa Clara County, was that their top tier improvements were 900 million. Now, one out of two county residents use the expressways on a weekly basis. They are a backbone of the system. If you love buses, you better have good expressways. Otherwise, the buses crawl along with your cars. If you like bike and ped, when you do Complete Streets for every time you improve one of those expressways, Complete Streets means you're adding bike and ped improvements. When you make our expressways better, you make multimodal transportation choices better. Sorry to slip into geek speak. That is the reality of improvements on the expressway system. That dollar amount is 900 million. Only two weeks ago at that same hearing, for the first time ever did we hear County roads and airport staff say, "We have a whole other Tier 2 and 3 list, and it's \$1.4 billion."

Council Member Scharff: Maybe that's where I heard the 1.4 billion.

Mr. Guardino: Oh, please. The number that they had been clearly stating for two years from that effort, with participation from all 15 cities and towns and the County and the VTA, was 900 million. It's wasn't here's another big additional list.

Council Member Scharff: The other thing I hear. It doesn't seem that the Supervisors are necessarily on completely the same page with the VTA. If there's a disagreement there, who gets to put the measure on?

Mr. Guardino: Great, okay. I was a political science major, so again we are ...

Council Member Scharff: I thought you'd be uniquely qualified to answer this.

Mr. Guardino: Yes, the only true science is political science. Both of them need a two-thirds vote. For the County, that's four out of five votes. For the VTA, that's eight out of twelve votes. As an organization, we're agnostic about who places a measure on the ballot as long as it's a systems approach with good improvements worth our tax dollars with specificity and accountability provisions built in. We will not support a simple majority vote, that is a General Fund, that's "over 30 years, trust us we'll do something with it." We won't go that route. Those are our stakes in the ground. We think they're reasonable stakes in the ground. Whether it's the County who puts it on—they put on our measures that we led in '84 and '96—or the VTA who put it on for our measures in 2000 and 2008, it doesn't matter to us.

Council Member Scharff: At least one Supervisor has suggested adding housing to the mix here. I'm not sure the other Supervisors were there when I heard about it. The question I have is have you been polling on individuals or VTA or the Supervisor adding those kind of different things in when you talked about the weakest link.

Mr. Guardino: Yes.

Council Member Scharff: Glad to hear it.

Mayor Holman: Council Member DuBois.

Mr. Guardino: Hello, sir. It's nice to meet you.

Council Member DuBois: Hi. Going late, I think you touched on a lot of my questions. My number one question was this last one when you touched on—I mean, how will it be determined whether it's VTA or the County Supervisors? Is it whoever votes first?

Mr. Guardino: It's kind of fun to be courted, perhaps, by two different suitors. It is unclear to us whether or not the Board of Supervisors would, one, want to put on a measure, whether that would be a pure transportation measure. Remember 50.5 billion in need, less than 6 billion in revenue. A lot to do there. Or if they would want some portion to also be for housing of some type. It's unclear to us, and it's unclear if they did, whether they would have four votes. Policymakers are going to have to decide that at

some point. If both went to place it on the ballot, that is not a question that I know the answer to. Let it be for the record that I tried to answer the question. I simply don't know the answer to that

Council Member DuBois: Fifty billion in requests; we had 900 million. I think we were trying to be reasonable.

Mr. Guardino: By the way, I think you were. I think your grade separation total was in the 580 range, wasn't it?

Council Member DuBois: That was part of it. I think there's some ...

James Keene, City Manager: No. We had 723 million on the grade seps, so we had three locations there. I could just say one thing on this? The 909 isn't entirely accurate, because we had a number of projects that were also sort of submitted.

Mr. Guardino: Expressways and highways.

Mr. Keene: Expressways. They look like they were moved to the VTA or to the County funding.

Mr. Guardino: Or the County. If you noticed, I was accurate. There's an asterisk on the slide that you see, that says just what Jim is—I'm sorry—Mr. Keene is pointing out. For the 909 million that were uniquely yours, that number was accurate.

Council Member DuBois: As I say, if you looked at it, most of that was trenching money. We're starting to think we really want to transform the Peninsula and Silicon Valley. It's not about incrementally building cost effective grade crossings. I mean, we've done a little bit of studying. If we can find a way to trench the tracks, it addresses a lot of the things you brought up, longer trains, bigger platforms. The issue we have is that if we work on the roads and we add clover leafs, we're going to be seizing homes. It's a pretty untenable situation.

Mr. Guardino: It's about 120 homes, isn't it?

Council Member DuBois: It wasn't a lack of imagination; it's actually a big vision to see if we could pull together multiple cities, perhaps Santa Clara and San Mateo County for a portion of the Peninsula to be trenched in Caltrain. I think all my colleagues have said it. We haven't seen a lot of benefit from the previous two sales tax measures, so I think there's a serious question of whether there's support for another sales tax. Hopefully what you're hearing is we're going to be extremely aligned around Caltrain.

You also hit another big one on my list, which was I think it would be very helpful to see on the ballot language a specific cap around BART. I think that could go a long way. I was thinking 10 percent; you said 25. I think the biggest thing is make it clear on the ballot. The second part of that is, I think if also it was clear on the ballot there was dedicated money to the north county. Part of that is this current process VTA is going through. I think it really shouldn't be a "first project ready gets the money" kind of process. It really needs to be around key issues like Caltrain. This is a 30-year thing. If the project isn't ready to go right at the beginning of that 30 years, it shouldn't be a reason that it doesn't get funded. I think we support completing BART but not to the exclusion of these priorities.

Mr. Guardino: I agree with that last sentence. You raise many good points, three that were questions of some format. Let's talk about San Mateo County first. We've actually approached unsuccessfully the leaders in San Mateo County. Wouldn't it be great if three contiguous counties, the three Caltrain counties, were all on the ballot with transportation funding measures on the same ballot? San Francisco City and County, we've been working with Mayor Lee and the Supervisors. They're hoping to go in November 2016 with a Caltrain component. We are hoping to go in 2016 with a strong Caltrain component. San Mateo County just did a general purpose tax a cycle or two ago, and they're just not ready. It's a shame. When you talk about something transformative on those 79 miles of Caltrain tracks, sadly for the foreseeable future there's no funding sources countywide generated in San Mateo County. It's just the reality. We even offered to poll for them, by the way, to find out if there was voter sentiment in their county. They didn't even feel it was time to even do a poll that they didn't even have to pay for. That's San Mateo County.

Council Member DuBois: Just to clarify. I'm not sort of thinking 79 miles, but something like Redwood City to Mountain View in terms of where the residential homes are along Caltrain.

Mr. Guardino: I hear you. Thanks for clarifying. There's no money in Redwood City. Their last transportation measure has some money for grade separations, but not that much and certainly not to be transformative in the way that I think you're appropriately imagining. The second on a specific cap for BART, yeah, I have spoken to that. Supervisor Simitian put that out there; we agreed on the spot. That's fair. That does mean being very effective in bringing in another billion in Federal funds and about another 750 million in State funds or other funds. It's not a small amount that would still need to come in, but we'd be committed to doing that. The other thing that I would mention, that we learned from the public works directors in all 15 cities and towns who we depend upon in every one of these measures

that we've had the pleasure of leading, is what are good improvements, what makes systems, but also what's good from that street maintenance and pothole repair perspective. I praised you earlier because you're doing great. You're at 79. You have goals with your funding sources homegrown to get to 85. Eighty-five, that Governor's legislation, what we use at CTC, is a magic number where you're not wasting 10, 20, 22 times the amount to fix it when it gets to that level of breakdown. That's to your credit. What those public works directors have told us, that low bar is 70. If people are meeting 70, reward that behavior and make those funds flexible, still for transportation improvements. Supervisor Simitian also said publicly for traffic relief improvements; that's fine with us. For traffic relief improvements not only within your jurisdiction, but you're already working with nine other mayors, eight other mayors, sign an MOU. I mean, if that's about \$1 billion of a measure, that's nearly 275 million just for those cities and towns that you've been communicating with, that you could bundle for a completely different use. All of those cities and towns you're communicating with are above the 70 percent. Let's be smart about this, and stretch those dollars, should we move forward. It's not a foregone conclusion that there'll be a measure on the ballot. We've had the pleasure of leading these campaigns as private citizens. It usually takes a strong economy. 2008 we don't want to have to go through again and win by .11 of 1 percent of the vote. It usually takes a strong economy which means it usually means traffic is a mess, that people believe that we can do something about it at the local level. It takes adults in the room, of course, to do improvements that are important locally, but have regional and subregional value. If we can meet those standards, I believe we can do some good work together as private and public sector citizens. We would welcome that opportunity.

Mayor Holman: Thank you. Just a couple or three more things. I was not aware that—what did you say? How many of the cities? Eight of the cities that we've been working with have ...

Mr. Guardino: There was a cosigned letter that you graciously cc'd me on.

Mayor Holman: Yes. As far as the road characteristics in those cities, that ...

Mr. Guardino: Yeah, the street maintenance and pothole repair funds that we first did in the 1996 measure. As long as you are keeping your level above where you are—one, as long you're at least 70 and keeping where you are, then you have flexible use of those funds locally and the ability to combine your funds with other cities for something else that you'd like to do for congestion relief.

Mayor Holman: I thought you said, in your comments I thought you said that something like eight of the cities that we've been working with have—that level is above a grade of 70.

Mr. Guardino: Yeah.

Mayor Holman: Why do potholes rate so highly?

Mr. Guardino: First of all, 70 isn't 85 which is a really strong number, where you're not spending much more money to repair. Neither is it even close to 100, so there are needs. I will tell you as a cyclist who commutes that way, potholes aren't just an inconvenience. They're dangerous. If we can repair them to a much higher standard, that is a good thing. That's why they're so popular with residents as well.

Mayor Holman: Let me ask you a question then related to that. There's a consideration in Sacramento—you can tell me if this would provide some relief of funds or not—to put a higher registration fee on vehicles. Because people aren't paying gas tax if they're using electric vehicles, so raise that fee \$100. For other vehicles raise it \$35. Would that free up money to do road repairs that wouldn't be needed to be expended from this measure?

Mr. Guardino: It would, but the measure died.

Mayor Holman: It already did die?

Mr. Guardino: Yes, it did.

Mayor Holman: I hadn't heard that.

Mr. Guardino: Unfortunately, it did. At the California Transportation Commission through legislation that was passed, 1077, two years ago, we actually have a road charge task force that's meeting all year to report back to the Legislature by January, what do we do to replace the gas tax. It is a diminishing source of revenue, which is a good thing in many of our eyes. You still have to have some way to do transportation improvements. We're trying to look at that right now through hearings throughout the state. That includes for those of us who drive much more fuel efficient cars or no fuel cars, how do we contribute. That's what we're looking at now. The bill you're referencing sadly, when the Legislature adjourned at midnight last Friday night for the year, one of the casualties of this first year of the session was any new transportation funding.

Mayor Holman: Jim.

Mr. Keene: Thank you, Madam Mayor. Carl, I thought that a special session was being called, that the Governor sort of signaled a willingness to look at something less than what was being talked about. More in the sort of \$3 billion range. It was still sort of focused on infrastructure investment to get the PCI index up. Is that ...

Mr. Guardino: Kudos to the Governor. What he had proposed in the last week or so of session was over the next ten years revenue sources combined—Mayor Holman alluded to a couple of them—that would generate roughly 3.7 billion a year for ten years or 37 billion. That's more over a tenyear period than we have ever invested in transportation in at least the recent history of our state. The 2006 Proposition 1B, that was 19.925 billion over ten years. This is double, almost double that amount. Yes, half of it would have been for the state highways and half would have been for local streets and roads. Not nearly the deferred maintenance needs on either, but the biggest investment we would have ever made. He called a concurrent special session of the Legislature a few months ago, but it didn't work. That special session doesn't necessarily go away, but again he's not calling the Legislature back into session, as you can see. They're going to have some working groups over what they call the interim. It was unsuccessful.

Mayor Holman: Just out of curiosity, was your group lobbying for that passing?

Mr. Guardino: Yes. Yes, we were actually hoping it would be 6 billion per year, though the Governor's 3.7 billion per year was still a considerable chunk. The deferred maintenance on just our 50,000 highway lane miles in California and 15,000 bridges, over the next ten years is 59 billion. Just the deferred maintenance, no new projects, nothing for Caltrain, nothing for expanding a single road. Just the deferred maintenance just on our highways. That's nothing for local streets and roads. What the Governor tried to do to find common ground was over 10 years 37 billion, half for state highways, half for local streets and roads. It would have still been a huge help, but nowhere near the need. We haven't invested in transportation as a state and nation in a significant way in decades. This is where we are, and that's why I'm here and that's why you're here, trying to figure out how we pull ourselves up by our own bootstraps.

Mayor Holman: Just a couple of last quick things. I was disappointed by the letter we got back from VTA about the study. You referenced earlier, like, how the three counties could work together, San Francisco, San Mateo and Santa Clara County. Funding aside, currently just having a study that really can demonstrate what the improvements can be and what the results of the improvements can be, I think, would be greatly advantageous. I was really

pretty disappointed by the "we don't have time to plan" kind of attitude from this letter. I know you're not VTA, but I was pretty disappointed by that response. One other point and I think it's been made pretty clearly from colleagues. Oftentimes project priorities are given to housing density locations. We're really a jobs density location. Others have said it in other ways. If we're going to get people out of cars in this area, we need to be able to find people who work here another way to get here. I'm hoping there will be a commitment to looking at jobs density as well as housing density when we're prioritizing projects and spending. Are there any other comments by Council Members?

Mr. Keene: Madam Mayor, could I make a couple of just clarifying comments?

Mayor Holman: Sure, of course.

Mr. Keene: First of all, thanks to Mr. Guardino for coming. Just a reminder. The very specific purpose was to have Carl here because Silicon Valley Leadership Group has been doing the polling around this, and to be able to get that explanation. Nobody else could really have substituted for that, even though we've talked about that a little bit more, as Council Member Wolbach had sort of pointed out. I had one sort of picky kind of question. I was just curious on the question on improving Caltrain commuter rail service from Gilroy to Palo Alto and to 73. I don't know how that was worded, but you could sort of strike me that that wouldn't exactly capture how people would be thinking about it from improving Caltrain commuter rail service from Gilroy to Palo Alto. It could seem pretty limiting. People up here saying, "I don't really know that we're really interested in how to get Gilroy" more than the system piece. Just for the future. Just on a light-hearted note. I would say that I enjoyed your Reese's peanut butter cup analogy. As somebody who ate a lot of those in junior high school in Princeton, New Jersey, I can tell you that they are equal parts chocolate and peanut butter. That would be helpful to keep in mind as the Council was talking about.

Mr. Guardino: Your point is well taken. It's funny. When we write ballot statements, first you're limited to 75 words, and they count the words in goofy ways. Santa Clara County counts as one word. Palo Alto counts as one word. They're not poetry; they're barely prose. You're trying to describe something. Do know, though, that with every measure, it's all the background material with the measure. When you talk about a cap, which again we publicly said tonight and two weeks ago when we were surprised by the comment that we would support, that's all those pages of supportive material. You really are limited to how they define 75 words. If there's a better way for the bullet on Caltrain to be described, first, absolutely we're

open to it. It's in our own best, enlightened self-interest to have the best language, that's accurate but compelling, that we can. We'll be very open to suggestions. We're going to poll again in February and probably again in June. These are always works in progress. If you have better suggestions, let us know. The interesting thing, though, when you've got about six bullets and you still have to talk about the fact that it's 30 years and a tax and the other things, you've got like six to ten words per bullet. It's not prose and it's not poetry. We do our best. The last thing, though, is when you have a bullet like Caltrain and you're at 73 percent, please understand that is a great number. Getting to a 66 2/3 on anything is hard. When every bullet point is well above that threshold, recognize it for the Reese's that it is.

Mayor Holman: I'll end this with, perhaps, an acknowledgement and thank you for coming this evening and joining us. Perhaps Silicon Valley Leadership would like to respond to the letter that the mayors and city managers sent. I acknowledge your presence here with a thank you and invite you to respond to our letter from Silicon Valley Leadership Group.

Mr. Guardino: Let me take that back to my team.

Mayor Holman: I understand.

Mr. Guardino: I received your letter. I received a copy of their response. I will honestly tell you I haven't dived into either of the letters in too much depth. It was one public body speaking to another public body.

Mayor Holman: Thank you so very much. Bye-bye.

Mr. Guardino: Thank you. I appreciate the opportunity.

Mayor Holman: Council Members, that concludes Item Number 6. We now go to Agenda Changes, Additions and Deletions.

#### Agenda Changes, Additions and Deletions

Mayor Holman: We have none. We go to City Manager Comments.

#### City Manager Comments

James Keene, City Manager: I'm glad you all have been waiting here for this. I apologize. There are a couple of things I do want to be sure to share, even though it is very late. First of all, relevant to our discussion that we just had, I think the Council's aware that the California High Speed Rail Authority is hosting a series of open house-style meetings this month and next month to provide a status report on the project and a schedule for

preparation of an Environmental Impact Report for the segment between San Francisco and San Jose. Upcoming open houses are currently scheduled for tonight, or were for tonight, in San Jose, for Wednesday September 23rd in Morgan Hill, and for Wednesday October 7th in Burlingame. necessarily very convenient for folks and our citizens in our region to We asked the High Speed Rail Authority to schedule an additional meeting in the mid-Peninsula area. Our request was rejected, saying that the initial outreach meetings have been set. The northern region director did indicate that he and his staff would be available to meet with us, but I think that misses the point of having open houses that invite the public as a whole to be here. I did want to report on that piece of it. Council Member Burt, Council Member DuBois and City Staff received a preview and a presentation on September 2nd. To those who have been tracking high speed rail since it's voter approval in 2008, moving forward with an EIR for the San Francisco to San Jose section at this time came as a surprise. The High Speed Rail Authority had previously implied that they would not begin environmental clearance until Caltrain modernization, in other words electrification, was completed or close to it. They're now presenting a schedule to release a draft EIR in the winter of 2016 and have a final EIR approved in the summer of 2017. This would mean completion of the environmental review process in approximately 24 months. concerned—I'm sure the Council is—especially that it would provide very limited opportunities for community review and input and to be able to effectively use the context sensitive solutions process which the City's advocated for in the past, which we certainly thought the high speed rail had committed to. In addition, sort of starting the process of drafting the EIR at this time could be confusing for the public given that Caltrain modernization is going through its final design phase. The Clerk, working with the Mayor, is polling for a special meeting for the Council on Tuesday, October 13th. I don't know if that will end up working, but the idea was to be able to schedule this Caltrain EIR discussion for that meeting. At the same time, to try to look at bringing the agenda item for more of the strategic conversation on the County's proposed sales tax measure and more time for discussion as a follow-up to the presentation tonight. Both the high speed rail EIR issue and obviously the discussions that we've been having here tonight and what is in the City's concern all start to converge and align as they relate to the issues around grade sep and that sort of thing. Hopefully we'll be able to make that meeting work. If not, we'll try to get those items scheduled as quickly as possible. Secondly, related to the ongoing northern California wildfires, I know they've been in the news. You're probably pretty well informed on them. I did want to restate again that over the weekend we deployed two fire engines and crews to help battle both the Butte fire which is burning in the Sierra foothills as well as the Valley fire which is burning in Lake County. Captain Bill Dale, Apparatus Operator/Paramedic

Chuck Ferry, Firefighters Eric Schill and Rayne Mahaffey make up a Palo Alto crew who is fighting the Butte fire. The crew is doing structure protection of homes, supporting back burning operations and working on 24-hour Last Saturday night, a second Palo Alto fire engine was dispatched to the Valley fire, which is a very dangerous fire that has been pushed by unusually strong west and northwest winds through the communities of Cobb, Middletown and Hidden Valley Lake. Captain Ken Green, Apparatus Operator Nick Penko, Firefighter Manny Macias and Firefighter/Paramedic Kyle Salisbury make up the Valley fire crew. They too are doing structure protection of homes and working 24-hour rotations. Both could be deployed for up to 14 days. Chief Nickel has said that in his 28-year career he'd not seen a fire burn this kind of acreage in a populated area in such a short period of time of 12 hours. We are backfilling both crews in off-duty staffing and using our two reserve fire engines so there is a continuity of operations for Palo Alto and Stanford. The Mayor and I were talking earlier and said it might be kind of nice to get a letter from home. We drafted a letter to the two crews that, before you all leave, Ed is going to pass around. It's got your name on each one, and we could all sign it and send it off to them tomorrow morning. It'd be kind of a nice thing to get in the middle of that sort of thing. Do I need to say any more about the RPP program or have we kept you informed enough? I mean, there still is confusion out there. It's fine. Yes, no?

Mayor Holman: I think the very subtle sign in the City Hall lobby is probably message enough.

Mr. Keene: What I would just say is I think it's—let's be clear. The program has started today. We have started enforcement. It has been a bit gentler way of putting notices out there, because we had a lot of residents who were having difficulty navigating the system and other things. We thought it would be disconcerting for folks to first day come out and get slapped with a warning on their car. We've opened up this opportunity. We've had a lot of people coming in today to be able to work with the folks to be able to register. I think by the end of the week we'll be able to report back to the Council where we see the schedule on moving to the actual next phase. I think that will be pretty quick. We'll keep you posted on all of those things. I don't know if Director Gitelman has sent to the Council yet a memo that we've been working on related to the ongoing dispute between ABAG and MTC. Of course, Council Member Scharff is the City's representative to the ABAG Executive Committee. The dispute arose really in our understanding when MTC withheld partial funding for ABAG and suggested that the planning function within ABAG should be subsumed by MTC. While it's easy to be critical of ABAG and we often are, local agencies have a larger role in the governance structure of ABAG than MTC generally. Discussions about

and between the two agencies that are taking place right now are consuming time that could maybe be better spent on the work of the agencies including regional transportation planning. The Staff did want to share some of our perspectives with Council Member Scharff as our representative, but we're sending a copy of the letter to the whole Council. You should have that by tonight. Two other things real quickly. Friday night at the Palo Alto Art Center—I just want to bring it up because it's this Friday from 7:00 to 10:00 p.m.—celebrate the opening of the Art Center's fall exhibition, Front Yard Back Street. I believe that we've also got the upcoming unveiling of the Happiness Maps that engaged people around the City of Palo Alto around events or places or locations that make them especially happy. It's a very neat kind of art piece that many folks won't want to miss. Are we ready? We have a couple of photos from the recent community emergency response team appreciation picnic that was held at Hoover Park on September 7th. Kudos to our OES Staff and Ken Dueker for helping arrange the event which was attended by more than 100 volunteers, some of whom have been volunteering for more than 30 years. We want to put a shout out there. Once again as always Annette Glanckopf and others who are actively involved in this always make the pitch that, while we have 100 volunteers being recognized, the need in our neighborhoods and the connections and the volunteering for the CERT training and that sort of thing really needs to kind of grow. We want to put the word out for anybody who is-for more paloaltocert@cityofpaloalto.org for information, you can email information. That's all I have to report. Thanks.

Mayor Holman: Just a couple of quick things. One is I really appreciate Staff putting together the letters for the firefighters. I really, really appreciate that. The other is—this is probably my oversight in forgetting to get it to you. On Thursday evening, October 8th, there will be an event called Meet the Street, our Downtown side streets. There will be an event that is for, by and about our merchants Downtown on the side streets. I invite you all to put that on your calendars. October 8th, Thursday evening, 5:00 to 9:00. Again, for, by and about our merchants. We also have a member of the community who wanted to speak—two members of the public who want to speak to City Manager comments. In conference with the City Attorney, we will have Adina Levin and Roland LeBrun, it looks like. Can we give you two minutes? Is that adequate? Thank you.

Adina Levin: Good evening. If I can speak English at this late hour. Adina Levin, Friends of Caltrain. Wanted to bring up the topic about the lack of—in the high speed rail planning process the first four meetings didn't include any of the highest ridership stations on the Peninsula corridor including Palo Alto. While they weren't willing to change those first four, I talked to the northern California rep, and he said that he would be willing to have city-

hosted meetings or community group-hosted meetings, like, upon request. Hopefully that will be—I can't speak English at this hour, sorry about that. Hopefully that will in fact happen. One idea with regard to this. Given the fact that the timeframe of their planning is so short and in particular the needs regarding grade separations are so high, maybe it would be something that it would help to have something that was either City-focused or multiple city community group-focused, where we have people talk about what it is that we want and have high speed rail be coming to us as opposed to us be going to high speed rail asking them. Would love to follow up with City Staff and anybody else who's interested in having that as a concept, where we're taking the lead as the community and kind of setting the stage that way. Thank you.

Mayor Holman: Thank you. Roland LeBrun.

Roland LeBrun: Roland LeBrun. Thank you, Mayor and Council. I'll be very brief. Prior to coming here, I actually attended the high speed rail meeting in San Jose. The format was very different. Actually the opening speaker was Dan Richard, the Chairman of the High Speed Rail Authority. I think they're becoming intimately aware of the fact they may have ruffled a couple of feathers with the two prior meetings. They were just basically presenting the facts. There was no controversial material whatsoever presented. There was no Q&A at the end. I think they're beginning to understand that there is a problem. The next thing I want to bring to your attention is this business of environmental clearance. If you look at the statute, they've got absolutely no basis for exclusivity for environmental clearance. The key is 125 miles an hour. Above 125, yes, they've got exclusive rights for Below, anybody like the VTA or Caltrain or environmental clearance. anybody else can do this. The specific statute is CPUC 185032. Below 125 is Subsection B. They've got exclusivity on Subsection A. I suggest that you There's no basis whatsoever for them to have exclusive environmental clearance in the Peninsula, because we're below 125.

Mayor Holman: Thank you very much.

#### Consent Calendar

Council Member Scharff: I move approval.

Council Member Berman: Second.

**MOTION:** Council Member Scharff moved, seconded by Council Member Berman to approve Agenda Item Numbers 7-15.

- 7. Approval of Amendment Number 4 to Contract C08125506 With the Planning Center | DCE, Now Known as Placeworks, to Increase the Contract by \$482,612 to an Amount Not to Exceed \$2,377,343 and Adoption of a Related <u>Budget Amendment Ordinance 5346</u>.
- 8. Approval of a Five-Year Contract Number C16159540 With Palo Alto Community Child Care, Inc. (PACCC) for Management of the City's Child Care Subsidy Program in the Amount of \$459,841 Per Fiscal Year.
- 9. Approval of a Five-Year Contract Number C16159539 With Avenidas, Inc. for Provision of Comprehensive Services to Older Adults in the Amount of \$453,897 Per Fiscal Year.
- 10. Approval of an Agreement for Professional Services With EES Consulting, Inc. in a Not to Exceed Amount of \$200,000 for the Performance of Electric Utility Financial Planning and Rate Consulting Services on an On-Call Task Order Basis for Fiscal Year 2016 through Fiscal Year 2020.
- 11. Approval of \$43,125 for Expenses Associated With the Creative Ecology Project at the Palo Alto Art Center and Junior Museum & Zoo for Fiscal Year 2016 and Adoption of the Associated <u>Budget</u> Amendment Ordinance 5347.
- 12. Finance Committee Recommendation That the City Council Approve Design Guidelines for the 2015 Electric Cost of Service Analysis.
- 13. Authorize the Mayor to Sign, on Behalf of the City, Letters to the "Compact of Mayors" (Global) and the "Mayor's National Climate Action Agenda" (Domestic), Committing to Climate-Related Actions the City has Already Undertaken or Set in Motion, and Calling on the President of the United States to Pursue the Strongest Possible Climate Agreement at the Upcoming United Nations Framework Convention on Climate Change (COP21) in Paris, France.
- 14. Policy and Services Committee Recommendation to Initiate Neighborhood Engagement Activities by Conducting Town Hall Meetings, Adopting Changes to the Know Your Neighbors Grant Program, Referring the Co-Sponsorship Agreement and Discussion of Additional Initiatives to Policy and Services Committee, and Transferring \$35,000 from City Council Contingency to the City Manager's Office.

15. Appointment of Julia Moran to the Citizens Advisory Committee for the Comprehensive Plan Update.

Holman: I have no cards from anyone to speak on Consent Calendar items, confirmed. Vote on the board please. That passes unanimously.

**MOTION PASSED**: 9-0

#### **Action Items**

17. League of California Cities Annual Conference Adoption of Resolutions.

Mayor Holman: Is there any Staff presentation on this? Likely not.

James Keene, City Manager: I don't think so, Madam Mayor. I really think it's pretty simple. I hope it's straightforward.

Mayor Holman: Council Members, questions, comments, Motions? Council Member Scharff.

Council Member Kniss: I would move approval since I will be there.

Council Member Scharff: I move approval.

Mayor Holman: Council Member Scharff actually had asked for the floor, so I'm sorry.

Council Member Scharff: I move approval of the Staff recommendation.

Council Member Kniss: So do I.

Council Member Scharff: I'll defer to Council Member Kniss. I'll second it.

Mayor Holman: We have a Motion by Council Member Kniss to approve the Staff recommendation, and a second by Council Member Scharff.

**MOTION:** Council Member Kniss moved, seconded by Council Member Scharff to authorize the City's voting delegate to vote on the four Resolutions aligned with the recommendations presented in the Staff Report to be considered at the Annual League of California Cities (LOCC) conference to be held in San Jose, CA from September 30 to October 2, 2015.

Mayor Holman: Seeing no other lights, vote on the board please. That passes unanimously as well.

**MOTION PASSED: 9-0** 

Council Member Kniss: I believe I'm your voting representative. I'm pretty sure.

Council Member DuBois: (inaudible) San Jose.

Council Member Kniss: San Jose, yes.

Mr. Keene: I think Council Member Burt is the prime and then there are Council Members DuBois and Liz, you also, are alternates.

Council Member Kniss: Great. I will be there in any event, because that's when I'm nominated for president of the Peninsula Division.

Mayor Holman: When this was written, there were three ...

Council Member Kniss: Council Member Burt, you're the appointed designee to vote?

Mayor Holman: When this was passed by Council a couple of weeks ago, there were three Council Members going. Council Member Burt was the lead and the others were alternates. I don't remember who the other two were.

Council Member Kniss: Delighted there are three Council Members going.

Inter-Governmental Legislative Affairs

None.

<u>Council Member Questions, Comments and Announcements</u>

Mayor Holman: Are there any? Council Member Berman.

Council Member Berman: I just want to quickly mention the Palo Alto kids carnival that I went to on Saturday afternoon after our Boards and Commissions recognition event. This is something—there's an article on it in the Palo Alto Weekly or at least Palo Alto Online as of today. Hopefully it'll make it to the print edition. This kind of came out of the initial meeting that Reverend Coloma Smith of Palo Alto's University AME Zion Church had after the Charleston shootings. A lot of community members were there and expressed a real desire to have more interaction with people of other faiths, other ethnicities, other backgrounds, other walks of life. Pastor Smith organized this kids carnival which was geared towards children. He's also been organizing book clubs and kind of movie watch nights and these kind of things. It was really awesome. The City of Palo Alto was a co-sponsor of the event. I connected Pastor Smith with first Rob de Geus and then also with Khash Alaee who both helped the pastor with the permitting processes

necessary to hold the event at Cubberley and some other issues. Hopefully this is one of—just a first start of these types of things. It was really neat to see folks of all sorts of faiths and backgrounds and kids playing together on Saturday. One other thing that I quickly want to mention is this is the second time that we've had folks reach out to us about a resolution regarding human trafficking. Is there a way that we can kind of fast track this to a conversation or do I need to write a Colleagues Memo about it?

Mayor Holman: I asked Council Member Kniss, because we did get those today again. I asked Council Member Kniss if she would mind taking the lead on getting a Colleagues Memo written quickly, so we can get that on the Council agenda. If you'd care to join Council Member Kniss in that, I mean, I'm certainly interested in doing that. If you'd also care to join Council Member Kniss on that memo, let her know.

Council Member Kniss: I have a number of notes to me indicating support.

Council Member Berman: Duly noted.

Council Member Kniss: Send your check.

Mayor Holman: You have at least two more supporters. Yes, Council Member Scharff.

Council Member Scharff: I just wanted to say that Staff should be getting you that memo on the fight between ABAG and MTC. The meeting is Thursday night at ABAG. If you have any comments you want to get to me before the meeting, share any perspectives, give me a call. I actually want to ask the City Attorney, I don't think I have any Brown Act issues in talking at all to my Council Members on this, do I? I don't know. Unless we were going to take some action.

Molly Stump, City Attorney: I'm sorry. Clarify for me which Board are you...

Council Member Scharff: I'm going to the ABAG meeting. I'm not sure there's four people who actually want to talk to me about it. I basically offered, after they read the memo, if anyone wants to call me and give me their perspective, that would be great. I just want to make sure—do I have to say after I've talked to three, I can't talk to any more? Is that ...

Ms. Stump: It may be. It may be. Why don't you and I confer about what the scope of the issue is.

Council Member Scharff: Any way, send me your input or send it to the City Clerk, send it to me, or something like that.

Mayor Holman: Thank you for that. Council Member Burt.

Council Member Burt: I just wanted to bring up an issue that we may want to tackle promptly by Staff. I've heard from a number of members of the community and now more recently from leaders of Canopy that they're seeing a lot of our street median trees appearing to be in jeopardy. We hopefully have significant winter rains happening as soon as November, but if we are able to both get information out to the public that they need to take care of those street trees even while we're conserving water, and upping our program on City watering. We lose those trees and it's going to be 50 years to get them back to that level of canopy. I think there is real concern that we may be in that situation. We're not the only ones. This might be something we want to try to do what we can to try and forestall that. I'm sorry. My understanding was that there was going to be a memo or a leaflet in the utilities billing, and that hasn't happened. That was a concern to Canopy. Kind of the clock's running out on the usefulness of that.

Mayor Holman: Just a quick adjunct to that. That communication has been, I think, received by Staff from a few directions. Also some clearer information on replacing lawns with what kind of landscape is the most appropriate. Council Member Kniss and I were at a presentation for the Peninsula League of Cities in Redwood City recently. There was some very good information provided there that we're not doing as well as we could in getting out. Council Member Kniss.

Council Member Kniss: Also plays well into what you've both just been discussing. I have become extraordinarily alarmed about artificial turf. I had an experience this summer where we stayed in a home that had the turf. To begin with, the person who owned the house said a very easy way to dry your clothes when they come out of the dryer is just put them on the lawn. They'll dry in about a half an hour. They did. The extraordinary amount of heat produced by artificial turf is amazing. It's listed very well in this handout that came to us tonight. I think that while we can't influence what our neighbors are doing, I think we can influence what we're doing as a City. I think that it is an extraordinarily poor substitute for grass regardless of water. I would strongly encourage us to not be using it on any of our public areas or City surfaces. I don't know how the rest of you feel about, but if you haven't stood on artificial turf, which is frequently where kids are playing some kind of ball, and felt how hot it is, then I would suggest you take your laundry to one those places. It'll dry very quickly.

Mayor Holman: Council Member Burt.

Council Member Burt: Without going into discussion, I would like to ask the City Manager if we are too far along on the El Camino Park to in anyway reconsider this. I understand that you would have irrigation issues. It's very far along and not for a response right now, but is there still time to reconsider?

Council Member Kniss: I would certainly amen to that.

Mayor Holman: Comment, no response, same thing with Mayfield. Council Member Filseth.

Council Member Filseth: That was actually what I was about to ask. Those Mayfield soccer fields at the corner opposite the VTA lot are artificial turf and have been for a couple of years. Are we seeing negative impacts from them? There's kids playing out there all the time.

Mayor Holman: It's scheduled to be replaced as more artificial turf.

Council Member Filseth: With more artificial turf.

Mayor Holman: Any other—I see no other lights, so meeting is adjourned. Thank you all so very much.

Adjournment: The meeting was adjourned at 11:28 P.M.