



CITY OF PALO ALTO

STATE OF THE CITY ADDRESS

February 24, 2016

Greg Scharff, Vice Mayor: Hello everyone. We're going to start this process so if we could all just sort of settle down a little bit. So thank you all very much for coming tonight. Tonight I have the honor of introducing Pat Burt, our Mayor, but first before I do a little introduction I wanted to recognize the people in the audience who are the dignitaries. We have several former Mayors. We have former Mayor Larry Klein and before you clap why don't you hold all of the applause until the end of the introductions so we could do one big applause for everyone. Oh, who am I? I'm Greg Scharff the Vice Mayor. That's right, no one introduced me. So I'm Greg Scharff the Vice Mayor. So Larry Klein our former Mayor, Judy Kleinberg our former Mayor, Vic Ojakian our former Mayor, and then I wanted to introduce the Mayor of East Palo Alto, Donna Rutherford. If you want to just stand? Welcome, thank you for joining us. Council Member Rod Sinks. And I want to introduce Larry Moody from East Palo Alto and then Barry Chang, the Mayor of Cupertino. And if there's anyone else in the audience who is a public official that I missed just raise your hand right now. I just wanted to make sure I don't miss anyone. Alright.

And then we also have the District Director for Rich Gordon, Andrew Berthelsen. Welcome. Over there in the corner we have Anne Ream, Deputy District Chief of Staff for Anna Eshoo. Welcome. And we also have the Policy Aide to Micaela Hellman-Tichner from Supervisor Simitian's office. Welcome. And we also have Lisa Chung from Senator Jerry Hill's office and welcome to you as well. Alright, now we can do the applause for all of our public officials.

Now briefly I'd also really like to thank our vendors. I'd like to thank Philz Coffee for providing the free coffee. And I'd like to thank Coupa Café and California Pizza Kitchen and The Counter. I'm looking forward to those burgers, I hope they brought some. And then Chantal Guillon, hopefully I got that right. So thank you all. If we can clap for them? And if there are any Board and Commission Members in the audience if you could stand up?

So now I have the honor of introducing our Mayor, Pat Burt. Pat has served our community for over 20 years as first a neighborhood leader, on the Planning Commission, I think the Planning Commission for nine years, and

2016 STATE OF THE CITY ADDRESS

now on this is his 9th year on City Council. Nine is a good number for Pat. I've been really impressed with Pat's focus on the issues, his understanding of them, his in depth knowledge, and also his commitment to the community, his focus on sustainability. So Pat's office is actually fairly close to mine on California Avenue and I have to tell you I always see Pat on his bicycle. I never see him ride his car. So he's one of those people that talks the talk and then rides the ride. So that's very impressive. And just before I leave that I had to say that our Council meetings have typically gone past midnight all the way sometimes to one in the morning and Pat it's raining outside, he's on his bike and he leaves on his bike. Very impressive. The other thing I wanted to say is Pat is really impressive in terms of his commitment to a sustainable community and to Pat that's been fiscal sustainability, his reduction of greenhouse gas emissions, his work on that. Overall you just have to say that he is someone who really focuses on the issues he cares about and he gets it done what he cares about. Pat Burt.

Pat Burt, Mayor: Thank you, Greg, and thank everyone for attending tonight. It's a Wednesday evening and it's great to have everybody come out and enjoy this great Community Center and this is the building that we're enjoying tonight. We've had the great pleasure of proceeding over the last few years on addressing what had been a many decade challenge to renovate our buildings and our streets and our overall infrastructure. You as citizens voted a bond measure to rebuild our libraries and Community Center here and I have to say that most of us think it is just an incredible, wonderful set of buildings and we really view it as a new community gathering place and not merely a place for books.

So we also had the opportunity to rebuild our Rinconada, what had been our previous main library and it's just gorgeous and warm and has its own teen center and we've been able to really start seeing what we can have after we've – we had had around 50 years without major investment in any of our civic buildings. We had been living and taking advantage of the investment of two generations before us. So we have now as a community and as a City Council have really committed over the last several years to invest in our future.

This is California Avenue that is really for many of us it's our second downtown, but for many of us it's the community downtown. It's not where we have a regional set of visitors so much as where we have local people and it had been an historic district going all the way back to when it was the Town of Mayfield before Palo Alto existed and it really hadn't changed a heck of a lot. And we have now made it a safer, more inviting, more attractive,

2016 STATE OF THE CITY ADDRESS

and warmer place for our community and that was one of our recent investments.

We also just for example completed two things at the El Camino Park and that is an emergency underground reservoir and a beautiful new park on top of it. So this has just been the last few months it got complete and if anybody, maybe most of us haven't been there yet to really take it in. It's a beautiful renovation of a park.

But aside from kind of the glamorous and beautiful new buildings we have more basic infrastructure. So over the last five years we've done a real transformation in our investment. We had had what was a community that many in the world thought was the center of technology and innovation and streets that sure didn't live up to that reputation. So back in Fiscal Year (FY) 2011 starting in second half of 2010 we doubled our budget to street repaving in the middle of The Great Recession. And we had made, been in the process of beginning to make financial reforms and we just made a commitment to do that. Three years later we added another 50 percent. So we are repaving our streets at triple the rate we were in 2010. At that time we were at approximately at they have a pavement index that's accepted throughout the whole region and state and we were around a 70 which technically says it's the good, but most of us wouldn't have thought it was good. And it was kind of these kinds of streets. We're now this year, as of last year we had tied the best in the country at I think a 79 and this year I hear we're going to be at a level of 82.

So this is Alma today. Here is one of our local streets today or 2011 and here it is today. And this is going on all around us, but I do know that for many of us we identify the street that still is in bad shape and that's the one we remember. And it took several years before people are starting to say I see a pattern here. There's still that bad street and I want that one fixed. And we're going to get to it by 2019 we will have hit our goal of 85 PCI (Pavement Condition Index), which is six points ahead of any other City in the County and frankly I think it's the level of streets that we all are looking for.

So that's been a major investment as well, but we really have had a whole other set of investments in infrastructure that have been lingering for us that Councils have been struggling with for over a decade. As I mentioned most of our buildings were built over 50 years ago. This one is over 60 years old, a Fire Station. Many of our modern trucks can't fully fit into some of our stations. They're really inadequate, unsafe, they are not up to current

2016 STATE OF THE CITY ADDRESS

seismic standards, and our public safety buildings whether it's the police building or the fire buildings understandably are required to be at the highest level of seismic guarantees and we have several that are not. So the Council actually two years ago worked off of the work that had been done by the Blue Ribbon Infrastructure Task Force that had looked at this backlog of projects that we had had building for a long while, over \$200 million worth of expenses. And we had three phases of it, the catch up, the keep up, and then the new buildings. Mark, what did we call the new buildings? Move forward.

And so we began in that catch up we had already started some of it. Much of it was things like the streets and sidewalks catch up, but it's also things that are not so visible: old air conditioning systems at our Lucie Stern Center and a whole series of things that were pretty dilapidated, work at Cubberley Community Center. So we've done major investments in that catch up and keep up and that's now built into our budget.

Now we have the next set of projects which were completed on the funding at the end of a year ago when we as voters accepted an increase in our hotel tax called the Transient Occupancy Tax or TOT, but most of us think of it as a hotel tax and a commitment by the Council that the revenue from this series of new hotels that are being built in town would be devoted entirely to these backlog of infrastructure projects. It wouldn't go to the General Fund. It wouldn't be used for everything else. We've said this is... we're going to carve it out, Al Gore would say put in a lockbox and put it aside for the infrastructure. So the biggest projects on that are two fire stations and a new public safety building. And we're now at the execution phase of that plan. All the dollars are, were allocated. Now of course we're seeing construction costs go up, but we're actually seeing our hotel revenue go up as well so hopefully those two things will track and we'll get the whole block. But we have over \$150 million in that lockbox for this next set of infrastructure projects. This was like I say something that Councils had struggled with for over a decade.

But we have other things that we're thinking about in our infrastructure. For over a decade we have recognized that we wanted to build off the dark fiber or the fiber commercial loop that we have that Council Member Kniss was at a lead at putting on back in 1994, thereabouts. Yeah. And it allowed us to be leaders in providing high speed internet to businesses that wanted to hook up to it, but for over a decade we've been trying to figure out how to get that to every premise, small businesses, and virtually every residence in the community. And we've looked at several different plans. They've, we've

2016 STATE OF THE CITY ADDRESS

thought we were going to have chances to do them and they just didn't pencil out.

In the meantime we have been in recent years having an income from that commercial fiber loop of over, of around \$2 million a year. And we now have \$20 plus million in that fund and that is what we call an Enterprise Fund. We can't use it for other purposes. And so the Council a couple of years ago redefined and slightly broadened what we could use it for so that we can use it to help leverage the dollars of private investors into a Fiber to the Premise Program and to a broader community wide Wi-Fi rollout that we're doing successively. You've probably seen we have it in all our public buildings now, we're having it in more parks, and we're looking at an even broader plan to do that. So that is a major project and in the coming weeks keep your eyes open we've been working on this for the last year and we'll have some additional matters coming before the Council that is moving that forward. We're all very hopeful that we're on the cusp of actually signing a deal on that in the coming months.

But really all of these things that we do are dependent on our City's finances. Without the dollars all those things I just talked about simply can't happen, not to mention the wonderful services of this library and our community services that are out of here and other places. They all depend on our budget and when we were in the Great Recession before the Great Recession we recognized that we were in a financial problem. Before the recession hit we had deficits out for as far as the eye could see and no funding source to be able to fix our roadways better than they were, no funding source for any of those other projects, and the Council starting seven years ago when City Manager Jim Keene came on board began a process to work through and make our budget sustainable, to reform a lot of unsustainable employee benefits and pension systems and to put in a new pension system for new employees and to have the employees share in the cost to a greater degree. And I want to say that that doesn't come easy for employees. So anybody who we often hear in the community why don't we just do this and take this away or whatever, but we're talking about having to work through negotiations to get all of our City employees to ultimately participate in making our budget long term sustainable so that we can invest in our future and that our children will have the sort of community that we've been able to enjoy.

But this last slide represents one of our last great components of having a real financial sustainability we have, we had accumulated as all these cities throughout the state a Long Term Unfunded Pension Liability. And the

2016 STATE OF THE CITY ADDRESS

Council has asked the City Manager to come back and the Finance Committee has already addressed this to begin the process of paying down that liability. And the way that the numbers work we don't have to pay it all off right away. If we take a chunk each year it really reduces our long term liability by a lot more than what we paid in a given year. So it has that compounding effect of paying it down and so that's one of the things that the Council has already committed that we're going to be addressing this year and it's really the primary long term the final element of a sustainable Long Term Financial Plan for our City.

That doesn't mean everything is going to be easy going forward. we already have our employees who are existing in a housing market that is going up tremendously and all employees in this area were back in a period where employees for public sector had taken cuts for a number of years and we're now having to adjust that and we're having problems retaining employees even as good of a City as this is to work in. So we have costs that are going up there and we're going to have challenges on our budgets going forward and that doesn't even count if, not if, when we have our next recession. So even though we've addressed these all of these structural elements of our budget doesn't mean it's a cakewalk. We have to stay on top of this, we will probably have times in the future where we'll be tightening our belts again, but as of right now we are in the strongest shape we have been in a long while on our City's finances. We have to keep working at it to retain that, but we do have headwinds.

As much as we've done a lot of good things we have as I think everybody here knows challenges today and challenges in the future. So I've spent a few minutes to talk about some things we've accomplished recently. I'm going to talk about the things that we've been addressing and will be addressing over the last year and the next year or two. Many of these things the Council last year really began to take on a whole series of problems that had existed many of them as a result of this real rapid rate of growth that we've had in recent years and the negative sides to that growth.

So first is the need to protect our local retail and last year the Council took several measures to expand retail territories, to add for additional protections for existing retail, excuse me, and we'll need to continue to monitor this because it's really difficult to try to figure out how government regulations balances and interacts correctly with private sector motivations and incentives and how do we get the right balance? How do we get not only retail, but retail that serves people so that they are in walkable and rideable distances? And that's one of the really important things that we'll

2016 STATE OF THE CITY ADDRESS

see when we look at our transportation is to have services that make them within a walkable and rideable and convenient access to the community.

And we've also gone through real challenges on a whole spurt of growth and frankly I think for many of us in the community the buildings that have been getting built have not been the sort of buildings nor the impacts or low impacts that we need as a community. We need to have buildings that relate to the street and are warm and engaging that have enough retail in them that have the right balance of what is built in them. We have been working toward less office and moving toward how do we get more residential housing built with our great housing crisis that's going on here and in the region? And we also want buildings that have very low impacts on trips and we're moving in that direction.

We adopted a cap, an annual limit on the amount of office growth that we will allow to 50,000 square feet (sf) in our three main kind of commercial areas: the two downtowns and along the El Camino corridor. But it's not just a limit so that when we have a boom year instead of 50,000 sf we have up to 200,000 sf built in a given year, but it's actually going to be a contest among the projects that wish to be built which meets a basically a competition. And that competition is about who has the least impact on trip generation and parking spillover. Which building is the most architecturally outstanding? Not just adequate, but outstanding architecturally. Which is the most sustainable building and which might have other community benefits related to what they are doing? So this is going to be a really interesting thing to monitor and how successful this can be to not merely have us have some control on the rate of growth, but more important in my mind the quality of that growth.

So as many of us think today we remember when Bill Clinton said "It's the economy, stupid." Well, today we may have a different statement here. And we have in many of our intersections through a lot of the day really unmanageable overwhelming traffic. This is both a really big problem and one that the solution is not going to be simple. But hand in hand with every one of those cars that drives they end up parking somewhere. And the parking problems that we've had are really problems that are driven by the number of cars coming in and the percentage of Single Occupancy Vehicles (SOV). So several years ago now two years ago the Council adopted a goal of reducing car trips downtown among SOV by 30 percent. And that may sound challenging, but we've seen that there are other areas, other communities that have real Transportation Management Agencies (TMA) that we have now adopted and what are called Transportation Demand

2016 STATE OF THE CITY ADDRESS

Management programs, TDMs, so you've got two new acronyms, TMAs and TDMs, the T is about transportation so that's probably the most important part.

And so we are working on that and on the 14th of March we're going to have presentations from our new TMA that is working at getting that fully launched for the Downtown area and Stanford Research Park's TMA that has initiated an entire one for the Research Park. And they did that in part because we basically said we need you to address the trip generation in the Research Park or we are going to look at other measures or consider other measures including controlling the amount of office space, even what's permitted under their Master Permit. And they answered and said well actually you don't even need to tell us to do that. We're moving in that direction already. And they explained that they're moving in that direction because the businesses in the Research Park see traffic congestion as the biggest threat to the well-being of their businesses that they have. So the very thing that we as residents see as a problem we're now seeing the businesses see as a problem as well. And so I think out of that convergence of what we see as the issue and the challenge we have an opportunity together to really address this and solve it.

That's not our only problem. This economic growth has meant that we now have incredible escalation in housing costs and rental housing cost and apartment costs. And we're hardly alone. We're not alone in that traffic problem. If we look at the region everywhere we go we're experiencing similar things. And the same thing is happening on housing costs throughout. But housing in Palo Alto is among the most expensive in the country or is it even the world? And our challenge is how can we have housing that will minimize or even not contribute to trip generation and not overwhelm our school systems? When we had kind of a last wave of housing growth from 2003 through 2008 it was principally in South Palo Alto and it was at locations that we actually hadn't intended to have the housing. A decade before we had most of our housing growth in North Palo Alto and we said yes, we want to put it here. And a lot of it was contentious, but it was deliberate. What happened in the South Palo Alto is that property value for housing became after the dot.com bust was one of the few property investments that was still worth doing and we had a bunch of developers just flock to it. It was one of the few places they could put their money and so we had a lot of housing growth. Council Member Larry Klein at the time initiated to look at having where commercial land had historically allowed housing by right it's now a Conditional Use Permit (CUP). So it's still

2016 STATE OF THE CITY ADDRESS

allowed, but it has to come before us and say is this a right location, are we doing the right things?

And we want basically now to move more of our new housing toward our downtown areas, somewhat along El Camino, but principally in California Avenue and Downtown as the new sites to be smaller units because the demand for our housing is from young professionals and elderly. And they don't need the big units. And interestingly even when we have our Association of Bay Area Governments (ABAG) allocation for housing units they count one 6,000 sf home the same as a 500 sf apartment. So we'll meet those housing allocations, but we'll actually be doing it and addressing who needs the housing the most and it's also at locations where we're downtown walkable services and adjacent to transit. So out of that we'll have different challenges and these will be the discussions that we're going to be having as a Council in coming months.

But one of the biggest things is how well do we have more housing and not a bunch more car trips? And for a long while urban planners have said well, down near transit and down near walkable services people drive a lot less. And there are different studies that show that and that actually the walkability is more important than the transit use. Although today we're seeing that our downtown workers are using alternative transportation at almost 50 percent. That's really surprising. That doesn't make up for places where we have packed in office workers, but the percentage that are using other means is really growing.

And I don't know about you, but when we talk to friends who have kids in their twenties it's shocking to hear that not only do many of these kids not have cars, they're in their twenties and they never bothered to have a driver's license because they don't intend to drive. And it's like well wait a minute, where's your Camaro? You know, what was a rite of passage when we were young. But they don't care about it. It's a value structure. They kind of look down on owning cars to a great degree these days, but that doesn't mean when they're in their forties and fifties they're going to have identical lifestyles to what they have today, but we are in the midst for a real significant shift in our transportation modes and patterns and technologies that is shocking. I'll just say a year ago I didn't believe a lot of this was going to be happening to the degree it appears that it may and we're going to have some real interesting developments in that, but part of it is some things I'll show you in a minute. Part of it isn't new things, it's things we already know how to do and we just have to work at executing it.

2016 STATE OF THE CITY ADDRESS

And then other challenges just one that we are all very familiar with is the great drought of California. Historic records I think, I believe that it's, was the greatest drought in 500 years and there's a real question of whether we're in a period of more likely future droughts because of climate change and ironically hand in hand with that goes more frequent severe weather storms, so more flooding and more droughts. You get the best of both worlds. So these are real challenges that we have today, but this goes into the final area that I really wanted to talk about tonight, and that is not just our recent past and our near term future, but our longer term future.

We are working and in the midst of a couple year process on two very important plans for the City. The update, our new Comprehensive Plan, the last one was adopted in 1998. So that's 18 years ago. And our Sustainability and Climate Action Plans where we were one of the first cities in the country to have those plans in the early 2000's and we have some of our Council members here who were at the leadership role in moving Palo Alto to the forefront in a whole bunch of environmental areas, our Zero Waste Program and our Renewable Energy Program. So we have this year the Council is really focusing on both of these plans and they're going to guide the future of Palo Alto for coming decades and even generations. These documents are going to be the plans that will influence what kind of community we pass on to our children and our children's children. So that's what I'd like to take a little extra time to talk about today.

So our Comprehensive Plan looks at our great heritage of Palo Alto and most of you know the HP Garage. And then we have to look at well, what's the transformation to the future? How do we blend the old and the new? And who would've thunk that Palo Alto was going to be a car company town? The headquarters of Tesla Motors and the headquarters of the research arms of almost all of the major global car companies are here related to Stanford's work either on campus or in Palo Alto. And this next generation of what's happening in smart and autonomous vehicles and Electric Vehicles (EV) so much of that research and groundwork is being done right here in our community. So fortunately we also are a community that is embracing this. We are now four percent EV adoption, the highest in the United States (US). And most of us know that it's just the last few years that these cars started becoming more affordable. And we've been having presentations, many of you were at our Sustainability and Climate Action Summit and we had a study session the following evening with Professor Stefan Heck from Stanford who is a leading researcher on this transformation in transportation and the future of being able to have smart, autonomous or semi-autonomous EVs, reducing the car trips, having clean car trips, and reducing

2016 STATE OF THE CITY ADDRESS

the parking is pretty shocking. And that the cost of EVs being projected aside from that the far lower operating costs, but the purchase price cost within seven years is expected to be at or below internal combustion engines. I can tell you that Tesla when you think about total cost of ownership of EVs their goal is that over the life of your car you buy windshield wipers and tires. So the whole model is changing on all of this.

But we use the term sustainability a lot and I spent a decade involved with sustainability programs and I kind of get a little uneasy when I see sustainability being used as a term right and left and we don't quite stop and talk about what it means and understand it. So this is really a fairly established definition. It's the ability to maintain or improve standards of living without damaging or depleting natural resources for our generation or future generations. And I'd say for instance in the part of our traffic congestion it's not good enough to sustain what we have now. We have to get back to where we were a few years ago. So the challenge is even greater, but we've been moving in the right direction.

Many of you know that just a couple of years ago we moved toward carbon free electricity for our electricity supply. And Palo Alto is the only city in the state that owns all of its utilities. Many cities own a good portion, but we own all of them. And so after we had that we had a team group with the Media Center who came up and I'll see if I can get this to play right... nope. David, I may need your help. Let's see, we'll go there.

[Played video]

So that's one of our only in Palo Alto sorts of videos, right? Oh, so let me go back, so that takes us back to this traffic issue and can we fix it? I'm actually optimistic that we can. It's not going to fix itself, I'll guarantee you that, but when we look at we have the beginnings of a whole program that we're going to be addressing. So some of it, many of you know Caltrain is going to go through a modernization electrification program and level boarding and longer trains and it will nearly double the capacity of Caltrain. And some of you who take Caltrain may know that it is now standing room only at peak hour. Not only that, at the end of the line San Francisco has been working on their downtown subway system. In 2019 that will be complete so you get off of Caltrain and you can go to four different stops out to Moscone and Market and China Town and it becomes a just much more efficient higher capacity faster and cleaner system.

2016 STATE OF THE CITY ADDRESS

But that's kind of a backbone and we still have a major problem that we don't have grade separations and as they look at having more trains our problems with grade separations will go up even more. We have two members of the Cupertino City Council here who last year started with Mayor Holman on an initiative to collaborate on the north and west county cities to try to get the new Valley Transportation Authority (VTA) Sales Tax measure to take on for the first time major funding in projects that are really important to the north and the west county. We think we're going to have hundreds of millions of dollars toward grade separations from Sunnyvale up to Palo Alto. That doesn't build them all, it's maybe half of the funding that will be needed, but once you've got that much you can really start building on it for State and Federal grants as we build and work on our design and figure out what the community wants and what would be the best design on it and to have a process for doing that.

But in addition to Caltrain we really need to have a whole bunch of other mechanisms where they talk about the last mile in transportation meaning when you get off a train you only go as far as the next mile. But it's not really a mile because if you're walking it may be a mile, if you're riding or electric skateboard or who knows what it's more than a mile. But in any event we're now seeing all these modes of transportation from electric bikes to more regular bikes to literally scary electric skateboards and to make our walking safer and more convenient, but we'll be seeing in the coming weeks coming before the Council an expansion of our Palo Alto Shuttle System. But frankly the funding that we have available today for local transportation, not the regional that I was talking about on the County sales tax, but local just within our City of our shuttle system, expanding our bike system, expanding all of these ride sharing programs, we don't have the money for. So we may have solutions and we don't have the money for it yet.

But let me take one example of what's possible not only could we potentially quadruple or more our shuttle system so that it actually becomes more routes with frequency that people actually say no, I can step out here and I know within ten minutes I'm going to have a shuttle come. And I know it's actually it's eight minutes because my app is showing where that bus is right now and we can watch that. And actually our biggest local bus system in Palo Alto is the Marguerite system. And for those of you who don't know I'm going to share not quite a secret, but they don't like to broadcast it. Every one place you see the Marguerite buses they're open to public access. Any of us can ride them. There's no identity check. They're open. They just don't advertise it very much. So we really have a bus system in the community that's even stronger because you've probably seen them around,

2016 STATE OF THE CITY ADDRESS

Stanford has all these different satellite places where they've in the Research Park and down out by Embarcadero and by Cal Ave. and they have those shuttles serving them as well as from Cal Ave. up into their employment base up in the Research Park.

So here's one major element of it. We have one of the highest bike commuting rates in the country, but our overall percentage of trips that are done by bicycle is still modestly low. We're like 3.5 percent of our total trips are by bike in this community. And three years ago my wife Sally came home from driving Downtown and trying to find a parking space and then finally finding a parking space and then having to walk to the destination. She just said that's it. I'm never driving Downtown again. Why have I been doing this? I know it's way faster if I just ride and park right in front of where I want to go, reserved parking space everywhere and I said you're right. And we went from being recreational riders to ones where we use it now for 80 percent of our trips in town. And it's not a chore. It's like I get kind of bummed when I had to drive because I had to go someplace because I didn't get my exercise and it's not even so much of a kind of moral responsibility one. I should feel that more, but I just enjoy riding over driving. Not to mention most of the times I'm late for meetings especially if I'm going at rush hour is some time where I had to after the meeting go outside of town so I drove my car and I'm late to the meeting because I drove. And I have people ask me when they see me arrive by bike, so that's really good you rode your bike that's really commendable and I said I might have driven, but I didn't have time.

So now what do we really look at about changing a positive social norm as Becky Beacom would coach me on? So this is Copenhagen. And Copenhagen you can see they bundle up a bit more than we do, right? They don't quite have our climate. And they are now up to more than 50 percent of all of their trips are by bicycle. And that includes people who work in Copenhagen and live outside the City; more than 50 percent. It's mind boggling. And then you think about well the weather and we occasionally and Greg was saying well, I've now gotten to the point where I added, got fenders on and then added another piece of clothing and another... so the Danes have a saying, "There's no bad weather, just bad clothing." Now we don't get bad weather here. So what we see here that's our bad weather, right? So if they can do that and look at that bike congestion and they don't actually, Denmark doesn't get as big a snow as some places, but it doesn't stop them. Imagine what we can have in our some of the best weather on the climate. I mean on the planet.

2016 STATE OF THE CITY ADDRESS

So how big of a wish is this? Well we have actually a program in Palo Alto with a success level of Copenhagen for biking and it is our Safe Routes to School Program. This started out 15 plus years ago and we have some of the leaders in that program here tonight. And it has taken us up to whether, where we are now at middle school around 50 percent of riders and at high school about 45 percent, but it doesn't come [applause]. Ok. It doesn't come just by telling kids ride your bike. We have to make the routes safe in the City for what a dozen plus years has had Safe Routes to School as our number one transportation priority on traffic calming and then a whole bunch of education programs like what you see here that goes and teaches kids, you know if you look back at this slide you see over in the upper right that's a training program. How do you teach kids to ride safely and make sure that it is something that they are going to be able to do in a safe way and that they know where to go and just all these different components and it really ends up resulting in this kind of data.

Now it's hard to read the bottom lines, the first two ones on the left are not individual years. They're 1985 back before we and other communities saw a steep drop off in bike riding to school. 1993 is the next one and then you see the year 2000 is the lowest. And that's when we started this program. And so we were just about 10 percent of high schoolers, this is the high school data, riding their bikes to school. And we are now almost 45 percent. Imagine if we had several thousand more cars on the road every peak hour. So we have what is it now, 14,000 kids or so we're up to in the schools? And about half are riding bikes, but remember if the parent had to take them it's a car trip each direction. So about half are doing it, ballpark we have 14,000 fewer car trips as a result of the kids taking what we're doing to school and about 12,000 fewer than if we hadn't done anything. Actually if we hadn't done anything remember that the trend was downward and all the traffic of parents dropping off kids, racing around the schools is part of what makes kids uncomfortable with having their kids ride to school. So we went from a vicious cycle to a virtuous cycle and that's what we're doing. We can do this throughout our community and these are teens remember. So these are teens who if they wanted just got their driver's license can show off they drive a car, and we're getting this kind of ridership.

So we got some other problems. I mentioned earlier that we have a whole series of challenges over climate change and water when we had the drought it really hit people at a very visceral level. Even more than kind of thinking about climate change and the energy role, water hits people. Water hits us a bunch of ways. We get 45 percent of our clean electricity from hydroelectric power, but that's dropped during the drought and it's actually

2016 STATE OF THE CITY ADDRESS

the primary reason that we're going to have a rate increase in our electricity this coming year for the first time in six years. But we also get our water from the Hetch Hetchy water system. It's some of the best and most expensive water available and that even though it stood up better in the drought than almost any other water system in the state we were mandated to have the same sort of water reduction as other cities and frankly Palo Alto had some of the highest achievement in water reduction on a percentage basis in the state. So the community really deserves a great deal of credit for that, but these problems aren't going to go away.

As I mentioned before the predictions of climate change are sea level rise on our Baylands, which we have many of our properties that are barely above sea level and when we have storms whether they be the creek flooding storms or from rising sea level what happens is we have a convergence the water coming downhill and storm surges that come in the Bay. And so when that happens with a high tide we are in trouble in the future unless we address this. So we're going to have to have climate adaptation, but it also goes to how we can address this and have a sustainable water supply as the ability to store water in the Sierra becomes less or more problematic and a whole myriad of things.

So this picture you can recognize Council Member DuBois here, but this is down at San Jose's new water, advanced water recycling plant that is producing water significantly cleaner than what they get out of their taps. And in the coming years this is going to likely be blended with their regular water initially using it for irrigation, but it's ultra-pure water. This whole facility which is what, three times the size of what we can see in this picture? More than that, quadruple the size of what we see in this picture has two employees on Staff. Now they have to have two at any given time for safety reasons. I think they are mostly playing cards because this whole thing is just automated. And the cost, the energy cost for water purification is dropping drastically and for us that energy is now carbon neutral electricity.

So think about a future of a sustainable water supply where we could conceivably recycle to pure water in the range of 30 percent of our water using clean energy to power that and the numbers look like they're lower cost than what we're currently paying for Hetch Hetchy water because it's tripled on us. In recent years as the whole Hetch Hetchy system 100 years old had to be rebuilt from start to finish and upgraded for seismic reasons and that's why our water bills have been going up so much. So that's another vision for the future that is not as dire, but it won't come easily. But

2016 STATE OF THE CITY ADDRESS

it is doable. These things we see the technology advances and for communities that will embrace the technology advances and invest in the future we have some real opportunities toward sustainability.

So why also we have a City Climate Action Plan. And really why does it matter? I hear these arguments that say well, if you were to measure Palo Alto's impact on the global greenhouse gas emissions well, frankly you can't measure it. So why does it matter? At the COP (Conference of Parties) 21 Conference where we had an international climate protection treaty by 193 nations which is almost certainly the most significant environmental agreement in the history of mankind and we'll look at that in history lessons this was the first time that mankind began a process of addressing this dire challenge of our generation. One of the leading initiatives over the previous half dozen years that had driven the nations to come together and have a treaty was the initiative of cities and private/corporate sector. And those two sectors made the progress over the last half dozen years that drove and shamed the national governments to come together on international agreements and the United Nations (UN) acknowledged that this was a major force. This shows that today we're, we have most of the world's population in cities and it is within their power to have great change, but also to be a driver on international agreements and change.

So that goes into how do we have that impact? And it's not just doing our share, but by being leaders Palo Alto as one of the first cities in the world to have carbon neutral electricity has been used as a model. As having one of the most aggressive programs on waste reduction we have an 80 percent recycling rate of waste. One of the best in California and California leads the country. In our next generation of activities to reduce our carbon footprint from vehicles which now that we have clean electricity transportation is like 60 percent of our greenhouse gas emission. So the very same solution that solves our traffic problem and solves our parking problem solves our greenhouse gas emission problem and our air pollution problem.

So these things all get knitted together, the Transportation Element of our Comprehensive Plan relates to our Sustainability and Climate Action Plan and frankly when we talk about housing much of the resistance to housing growing at a faster rate in the community was first about impacts on schools. We now are seeing that we can build the sorts of housing that won't have major impacts on schools and meets the demand, but the other big thing has been the impact on traffic and parking of just growing and growing the population. We have the potential to reduce our car trips from where we are today, not just to add population and not increase it

2016 STATE OF THE CITY ADDRESS

significantly; we have through these programs the potential to reduce it. That is both a great challenge and a great opportunity for all of us and I really look forward to the community participating in both of these things. We have a great Citizen Advisory Committee (CAC) on the Comprehensive Plan who has been meeting, they were supposed to meet monthly for a year and we got them to every two weeks for two years and now we'll up the schedule a little more. And they are just stepping up to the task and taking on the challenge of this really important guiding document for our community.

But we've talked a lot about buildings and things and energy and streets, but a community really is about people. And when we look at kind of the face of Palo Alto and you may even recognize some old pictures there that we found of Palo Altans. Some of you may, [unintelligible] guessing game who gets them all of all the folks over on the far right somebody I was working with Lon from our Staff and he said who is that woman on the far right? It was Joan Baez for those who don't know her. You know I left out Grace Slick. So, but when we look at our community we are a community that has always been changing and the face of our community the character of our community not just the physical environment, but we're changing and evolving and being enriched by the people who come to our community. We are a community of immigrants and diverse ethnic backgrounds that is like the Bay Area one of the few places in the world that has this much diversity. And when people come from afar and ask what makes Palo Alto the center of Silicon Valley and the center of technology and innovation? And I could tell them well, what do you need to do? And say well, build a Stanford University. That will help as a starting point. But aside from that two of the things we push to them that are value based, but actually are part of our DNA and what makes us a really in the true sense of the word rich community, not financially rich, but rich in our culture and society is both the diversity that we have and the way that we invest and feel responsibility to the future.

So this is a representative of the face of our community and I, we on last this last Sunday we had a great event here of the first big Chinese New Year event that occurred in Palo Alto. You may have seen the banner coming in. And I was talking with some of my friends who had 170 volunteers who helped put the event on and next year if you didn't do it you've got to see it, but it's going to be in a new location because it just overflowed this... oh, sorry, the Fire Chief's here. I didn't want to bust us too bad, but it was an enormous and a great event. We're going to find a bigger venue next year, but the organizers had looked at a number of translations of Palo Alto into

2016 STATE OF THE CITY ADDRESS

Chinese and there are several out there, but this is the one that they selected. And I thought it was wonderful.

So I think this really epitomizes what we are as a community, the group of people that we have here and all of our friends and neighbors and really the challenges that we have after we've had in recent years real struggles figuring out how are we going to recalibrate to be able to retain the quality of life that we really value here and yet look forward, not back. And I think that we had that opportunity to do so, but it's going to take all of us working together to do this and I just want to thank all of you before I sign off we're going to have a special treat which is or right after I sign off. If everybody will take their, stay in their seats after I wrap up we're going to have an ensemble of melodies from the Palo Alto Children's Theatre who is going to give us a performance. But I just want to say thank you to everyone for caring enough about your community to come out tonight. We do have some really good food afterward so that's part of the hook, but thank you all for caring so much about this community and for joining us and I hope everyone will stay and have a goal of meeting ten people that they never knew before and you're all here together and socializing. There's no drink, but we're still sociable animals. So thank you all very much and let's welcome the Palo Alto Theatre Children's Theatre.

[Live performance]

Mr. Burt: Thank you all again for coming and enjoy.