

2013 State of the City

Welcome to Lucky 2013 and the State of the City Address for the City of Palo Alto. Lucky, because simply put Palo Alto in 2013 is the most desirable place to live, work and raise a family in the United States, if not the world. Palo Alto is not the Capital of Silicon Valley; it is the birthplace, the creative center, the heart, the essence of Silicon Valley. It is Silicon Valley; it is the innovation capital of the world. The ideas that change the world start here. In a garage, or in a coffee house, in our homes, or offices, the future continues to be invented here in Palo Alto.

We have the most educated citizens in the Country, ranking at the top of state and national polls with 80% of our adult population having B.A.s and nearly 50% with graduate degrees. Palo Alto is recognized for having community members who are often not only knowledgeable in whatever issues arise, but we often have the expert.

We have fantastic schools, 34 parks, 4,000 acres of open space, a wonderful urban forest with trees that sometimes even have names, a great sense of community and a shared sense of core values. Our town is walkable, bikable and has wonderful commercial areas from Charleston Plaza in the south to Downtown in the north, California Avenue in the west and soon a revitalized Edgewood Plaza in the east. The Midtown Commercial District and Town and Country are at our core and of course, there is Stanford Shopping Center.

As we have done for the last 10 years, Palo Alto conducted a comprehensive survey that looks at what Palo Altans think about their City and once again I am happy to report that 91% of those surveyed believe that Palo Alto has a high quality of life. These results show what they show every year-- that Palo Altans love their City and are very happy here.

I am very excited to be doing the State of the City at the headquarters of Tesla Motors. Tesla is the future of the American automobile. A Tesla vehicle is a huge technological achievement that moves America forward. It embodies Palo Alto's core values of innovation, sustainability and a bright future without limits. I also want to thank them for agreeing to donate some charging stations to the City of Palo Alto this year and for hosting this event. If we could please give Tesla a round of applause.

Palo Alto is one of the greenest cities in America. Palo Alto Green, our zero waste programs, sustainable buildings, renewable energy and our climate protection plan make us not only a model for other cities, but a global leader. Every citizen can take pride in the fact that we are on the forefront of combating climate change. Today I am pleased to announce that Palo

Alto will achieve carbon neutrality in all the electricity we use this year and will continue to do so going forward. This is a huge accomplishment. Carbon free electricity and electric cars are the future and that future is now in Palo Alto. Imagine a future where every car is electric and electricity is carbon free. Such a future has passed beyond imagination into a potent possibility because of companies like Tesla and cities like Palo Alto.

You see, Palo Alto is not defined by its landscape or views, a beach or any natural resource; it is defined by its intellectual capital. Palo Alto is the mind and the mind lives in the future.

Council Priorities

The Palo Alto City Council every year sets its priorities. For the last three years, they have been City Finances, Land Use and Transportation, Emergency Preparedness, Environmental Sustainability and Community Collaboration for Youth Well Being.

The Council has defined a priority as a topic that will receive particular, unusual and significant attention during the year. This year our three Council Priorities are: (1) the Future of Downtown and California Avenue: Urban Design, Transportation, Parking, and Livability; (2) Infrastructure Strategy and Funding; and (3) Technology and the Connected City.

In the near future, the City Council will take up the issue of defining our core values. Many of these will likely resemble the Council's Priorities over the last three years. I believe that Palo Alto will and should adopt as its core values the concepts behind Sustainable Finances, Civic Engagement, Youth Well-being, Emergency Preparedness and Environmental Sustainability. Some variation of these concepts have served the community well for many years and I believe they will continue to do so in some form well into the future.

1. The Future of Downtown and the California Avenue: Urban Design, Transportation, Parking, and Livability.

Perhaps no other issue is more immediate or more defining of our future than how we manage growth and change in our Downtown and California Avenue. Downtown and California Avenue present many opportunities and challenges for the City. Richard Florida, author of *The Rise of the Creative Class* said, "How people think of a place is less tangible, but more important than just about anything else." We know these places matter to Palo Altans. So with such a paradox, such a challenge, how should we think of these defining, special places in our city?

We are blessed with probably the most vibrant small city downtown in the world. Downtown Palo Alto is an economic engine that drives technological innovation throughout the world. At this point in time, we have almost unlimited demand for space in downtown. However such success breeds its own challenges. The intrusion of downtown parking into the neighborhoods surrounding downtown needs to be alleviated. We also need to insure that all new projects in downtown are either fully parked or pay into the parking fund. We will need to build more parking and advance stronger, leading edge Transportation Demand Management (TDM) programs.

Council has initiated studies of downtown parking challenges to assist in policy development related to zoning, parking, development allowances, and other land use requirements, as well as identifying the potential for new parking facilities and increased efficiencies of existing parking lots and garages. On March 18th, Council will be considering a series of short-term strategies to minimize parking impacts, as well as initiating a Downtown Development Cap Study, and meetings with the community and the Planning and Transportation Commission will follow.

Council has further directed staff to evaluate potential sites for additional parking garages in downtown and related actions for implementation and funding, intended to relieve parking for residents, employees and customers.

We need a multipronged approach to parking in the downtown. We need to build more parking garages. We need to get people out of their cars through aggressive leading edge TDM programs that have teeth. We need to close loopholes, as we did recently by putting an end to the ground floor exemption. All new projects now will have to provide parking for their ground floor office or retail space. We need to stop granting transfer development rights that allow developers to build without parking. We must insure that all new buildings are either fully parked or pay the full cost of a parking space into the parking fund.

Council has directed staff to prepare a study and recommendations for downtown development limitations, appropriate land uses, and associated parking strategies. On March 18th, Council will be authorizing staff to release a request for proposals to hire traffic and planning consultants to assist in conducting the study, with the goal of having proposed actions before the Council by the end of the year. We need to reach beyond this too and focus on design and architecture and demand the best for Palo Alto. We have the best downtown on the peninsula and every decision we make going forward should only enhance the attractiveness and livability of Downtown and California Avenue. We should think beyond simply height limits and focus on the totality of an urban design perspective that reflects our place in

the world and makes these two streets vibrant corridors that connect our past with our future within the historical context of preserving the look and feel of the downtown.

Palo Alto's historic downtown Post office on Hamilton Avenue is likely to come up for sale in May or possibly later. Council has asked staff to evaluate the potential for the City to purchase this historic building in an effort to retain its public use and historic character.

Retail Protection and Expansion

In thinking about our downtown, increasing and protecting our retail uses should be paramount. Council has already directed staff to protect and preserve the existing retail on Emerson Street south of Hamilton Avenue to better preserve downtown retail and service uses. Unfortunately, due to the much higher rents that office uses command in the market, owners and developers have been converting retail uses to office, which deprives the community of a variety of retail uses. Once retail uses are lost, they are very hard to get back.

Council has started the process of looking at increasing and protecting the retail vitality of our downtown by extending the ground floor retail protections along Emerson to strengthen the downtown's ties to the retail area of SOFA and Whole Foods. Given the changes in the economic climate in Palo Alto and Silicon Valley, particularly recent and proposed substantial increases in downtown office space, the City needs to examine options to assure active and varied retail uses to support Downtown and our community. Retail in the Downtown Commercial District outside of the Ground Floor Retail Overlay should be protected, nourished and encouraged. Retail corridors should be encouraged and extended where economically viable. Non-conforming uses within the Downtown Retail District should be brought into compliance, especially on University Avenue. Furthermore, we should examine the sites taken out of the Ground Floor Retail Overlay list in 2009 and recommend whether the designation should be extended to these and/or other properties in the area with the goal of tying the downtown to the SOFA retail area and/or the Arts and Innovation District should that come to fruition.

Palo Alto is currently exploring the creation of an Arts and Innovation District at 27 University Avenue to be anchored by a world class theatre that would be home to Palo Alto's theatre company, Theatreworks.

Council has directed staff to work with affected agencies, property interests, and the community to prepare plan alternatives for an arts and entertainment district in the context of the look and feel of the existing

downtown-- not 160 foot towers-- and an expanded and upgraded transit center. On March 18th, staff will present a process for developing a vision for the area over the coming year, involving the downtown and citywide community and the Planning and Transportation Commission.

California Avenue

California Avenue will also see very exciting changes in the near future. Council has approved the preliminary design for the streetscape project, which includes wider sidewalks to allow restaurants to provide outdoor seating and increased street life, increased landscaping, and a new lane configuration for improved vitality and walkability on California Avenue. The final design concepts will be presented to the community in the spring and construction should begin in the fall. California Avenue will rival Castro Street when it is completed.

Percent for Art

Great communities have great art. Public art creates a sense of place and personality while fostering the kind of innovative thought that Palo Alto is known for. Former Mayor Gary Fazzino once referred to Palo Alto as the Florence of its time. The City of Palo Alto approved a Percent for Art policy in September 2005 that earmarks 1% of the construction costs for municipal projects for public art. This policy funded the Jeff Petersen mural at the Children's Library, the Ceevah Sobel piece at the pump station on East Bayshore Road and the Bruce Beasley piece scheduled for installation at the Mitchell Park Library and Community Center as well as many other pieces.

Cities across the country are including a percent for art policy for private developments and having positive results. On-site public art enhances the quality of a space and infuses it with character while becoming a notable landmark. As Palo Alto continues to develop, the availability of space for public art becomes more limited. With landmark public art, we build our City's identity and engage the public, which is the power of public art. It is important that new development in Palo Alto positively impact the look and feel of our city.

In addition, under the current policy, there is no provision for the maintenance of the artworks commissioned under the Percent for Art. A major issue in public art is funding maintenance and conservation as well as administration of the public art collection. Other cities have increased their percentage for art in municipal projects to 1.5% or even 2% in order to set aside funds dedicated for the routine maintenance of the artwork.

Palo Alto has fallen behind other cities in fostering public art and providing a dedicated funding source for maintenance of our public art collection. It's

time for Palo Alto to take the modest step of extending its Percent for Art policy to private developments and to provide for a dedicated source for maintenance and administration of our public art collection. Palo Alto as a great City deserves great art.

Lastly, in thinking about Downtown and California Avenue, we need to focus on quality of life issues. What makes being in these areas worthwhile, fun, enjoyable, more healthy and entertaining? What detracts from the experience? How do we make the quality of life experience better? One way is to ban smoking in our downtown business district parks. To ensure a safe healthy environment for our children and ourselves Council will initially consider a ban on smoking in three business district parks (Lytton, Cogswell, and Sarah Wallis) and consider exploring a much broader ban on smoking in all parks and open space in Palo Alto.

Palo Alto has fallen behind other cities in restricting smoking. Second hand smoke, as everyone knows, not only is a huge quality of life issue, it kills you. Recently, Palo Alto received a D for its policies on smoking and tobacco from the American Lung Association. Once Palo Alto was a leader in this area. We need to look hard at our current policies and once again regain leadership in this area.

2. Infrastructure Strategy and Funding

For the past several years, the City Council has placed its aging infrastructure and the need to invest in the City's future among its top priorities. In 2011, the City's 17-member Infrastructure Blue Ribbon Commission (IBRC) released its findings and recommendations for meeting the challenges and improving the City's extensive infrastructure inventory. In response, 2012 was declared the "year of infrastructure renewal and investment," and the City Council held four retreats to focus on the IBRC's recommendations. In line with those recommendations, an additional \$2.2 million was added to the annual funding for the Capital Improvement Program to ensure that the City would not fall further behind in maintaining its infrastructure assets. In the next few weeks, the Council will be allocating that additional funding to specific important projects across our city. The IBRC's work continues to inform our infrastructure efforts.

With an infrastructure backlog and ongoing needs of over \$300 million, the City is focusing efforts on the important task of identifying long-term revenue sources to renew the City's physical assets. Council has adopted a plan and high level schedule of the work to be completed over the next two years to evaluate whether an infrastructure finance measure should be placed on the ballot. Reflecting the importance of this planning, Council has

also formed a new, four-member Infrastructure Committee that will meet throughout the year to help guide the process. Opinion research is set to kick off this spring along with a robust community outreach and engagement campaign to build awareness of the City's infrastructure needs and identify community priorities.

We expect that our Infrastructure Initiative (let's call it our Capital Investment Plan for a Better Future) will catch up on the deferrals of our past, keep pace with the demands of today, and invest in our future. A number of significant infrastructure projects have also recently been completed, or are underway and I will highlight a few of them. We are not waiting for the future to make progress as this is the Year of the Future and the Future is now.

Street Resurfacing

The biggest complaint I hear from our citizens is the state of our sidewalks and streets. In fact, in our annual citizen survey, concern about our street and sidewalk conditions ranks near the top of community concerns. Given their importance, the City Council more than doubled the annual budget for street resurfacing from \$1.8 million to \$3.8 million beginning in FY 2011. In the three years since the budget increase, staff has also obtained \$2.6 million in grants that have been used to improve our street conditions.

I am very pleased to tell you that street conditions have improved and are continuing to improve. Streets are rated using the Pavement Condition Index, or PCI. These scores range from a poor condition, less than 50, to very good or excellent condition, greater than 80. Palo Alto's goal is to raise its PCI to an average of 85 in 10 years with no street having a PCI score below 60. In 2012, 22 lane-miles of streets were resurfaced, improving the City average PCI to a score of 77. Additional resurfacing work in 2013 will continue to improve the PCI score. Further, City staff is looking at how to reach our ten-year goal sooner.

Art Center Renovation

I had the privilege of cutting the ribbon for the re-opening of the remodeled Palo Alto Art Center and it looks fantastic. With more than \$1.8M in financial support from the Palo Alto Art Center Foundation, and \$3M from City funds, the entire Art Center was renovated to provide a safer, more comfortable, and more aesthetically pleasing space for classes, galleries, and other art experiences for adults and children. The Center re-opened to the public on October 6, 2012 with all-day festivities that served more than 2,000 community members and it was a lot of fun.

Bicycle and Pedestrian Transportation Plan

In 2012, Council adopted a state-of-the-art bicycle and pedestrian plan for Palo Alto, and directed staff to develop an aggressive program to implement the Plan. New facilities will include bike boulevards, bike lanes, creekside paths, the Adobe Creek/Highway 101 Bridge and other improvements to overcome barriers to pedestrian and bicycle travel.

The City has obtained grant funding for several key projects, including grant funding from Santa Clara County of \$5.5 million for the Adobe Creek/Highway 101 Pedestrian/Bike Bridge and the Matadero Creek trail, as well as \$50,000 to fund a critical link in the Bay Trail. Designs are underway for review by the community and the Planning and Transportation Commission. Restriping and signage are also underway to enhance bicycle boulevards, bike lanes and a wide variety of safety measures.

Palo Alto is on track to become one of the premier bike friendly cities in the nation. The implementation of our bike master plan will greatly enhance the quality of life in Palo Alto.

San Francisquito Creek Joint Powers Authority (JPA) Flood Management Project

In 1998, Palo Alto suffered a terrible flood that caused substantial damage. In December and January when the rains come as they did this year, every City Council member, a lot of City staff, and community members live in fear that the San Francisquito creek will jump its banks and flood the surrounding areas, particularly the Crescent Park neighborhood. This issue, which has plagued Palo Alto, is finally being addressed and by the winter of 2015, we will not have to live in fear of a repeat of a 1998 flooding event. The Creek Joint Powers Authority's SF Bay-Highway 101 project will protect East Palo Alto and Palo Alto east of Highway 101 from 100-year creek over flow occurring and will provide substantial ecosystem benefits by widening the channel, building new levees and floodwalls, and opening the channel to the Palo Alto Baylands north of the creek. Construction should begin this summer, and will be completed in early 2015, if not sooner. The majority of construction will occur in 2014, along with the construction of the new Palo Alto Golf Course and three new athletic fields. By the way, the new golf course will be fantastic. It will be in the top three public golf courses on the peninsula and we will also get land for three new playing fields.

At the latest by early 2015, construction of the new Pope-Chaucer and Newell Road bridges should begin removing channel bottlenecks and severely reducing the threat of flooding in our neighborhoods. This work should be completed by November 2015. In short, the threat of winter flooding that we have lived under so long should for the most part be

eliminated in two more winter seasons at the most, barring a catastrophic super storm event. This may sound like a long time away to some, but there is a lot of work to finish (design, EIR, permits, construction) and we also want to ensure that our community is well informed and engaged in the work that is happening.

While not a major capital project, it is worth noting that by this next rainy season December 2013, the JPA and City, with help from Stanford University and the Santa Clara Valley Water District, plans to create a new regional early warning system and website that predicts flooding and notifies residents and emergency responders accordingly. This will build on significant progress the City has already made on emergency preparedness efforts.

Achieving a second transmission line connection to Palo Alto

Emergency Preparedness is a core community value in Palo Alto. I think we all were shocked several years ago when a tragic accident took out our connection to the power grid and Palo Alto was without power for 12 hours. We are working on obtaining a second transmission line connecting Palo Alto to the grid. Currently, the City and Stanford are working on a memorandum of understanding and a firm proposal for Stanford Linear Accelerator Center (SLAC) and the Department of Energy (DOE), to achieve this. The City and Stanford are also moving forward on right-of-way, land use, and routing options. I continue to encourage staff to work expeditiously with Stanford University, DOE, and SLAC to help make a 2nd transmission line a reality would provide additional safety, reliability and economic benefits for our community.

The Cubberley Process

However, not only must we bring to fruition the work of the Infrastructure Blue Ribbon Committee, we must create a long-term plan for the Cubberley campus. This is the other major component of our Council priority on Infrastructure. The future of the Cubberley site is vitally important to the community and our community deserves an outcome that does not delay decisions because they are difficult. This is a huge opportunity to develop a plan that gives the School District the flexibility it needs while creating a first rate community center in South Palo Alto.

In 1989 the City and the School District agreed to a lease regarding the closed Cubberley High School and an agreement whereby the School District agreed not to develop any of its other closed school sites. The City is presently paying the District \$7.5 Million per year for the lease and covenant. Over the years, the City has paid the District more than \$100 million dollars for the lease and covenant.

The City has subleased Cubberley to a variety of other organizations such as child care centers, artist studios, dance groups, Foothills College and Cardiac Care. The community has rightly come to value these uses and Cubberley has become a valued Community Center. However Cubberley is deteriorating: it needs new roofs and other substantial upgrades. The City has not invested in Cubberley because it is unclear what will become of it. These decisions and a master plan need to be developed now so Cubberley does not "rot in place."

The City owns 8 acres of Cubberley and the School District owns the remaining 27 acres. Cubberley represents some difficult policy and community choices. I am confident however, that we can have a win-win solution for the community that preserves the School District's ability to have a third high school 20-plus years from now, while allowing the Community to preserve and invest in a lasting community center on the site. What we must avoid is kicking the can down the road thereby depriving a generation of the Community Center and facilities that they could have had and deserve to have.

The City's present lease expires on December 31, 2014 and it has an option to extend the lease for an additional five years. The lease requires that the City give the School District notice of its intention whether to extend the lease or not by the end of this year.

I think it's fair to say that the City Council wants to extend the lease, preserve the current activities and at the very least modernize and rehabilitate Cubberley. However, many things have changed since 1989 and these need to be reflected in the lease. To help the Council and the School Board in resolving these concerns we jointly appointed a Citizens Advisory Committee that has nearly concluded its work and will make its report to a joint public meeting of the School Board and the City Council in the next few weeks.

It would be easier to kick this one down the road for a future Council and School Board to deal with, but that is not the right thing to do. The community deserves a strategic plan for these precious 35 acres of land, dedicated to the highest and best use for a planned public facility development, that meets both the School District's and the community's needs. This is a project that should bring us together and make us proud.

Before I leave infrastructure, it is important to touch on three great infrastructure projects that the community has been considering for years and which pose significant underestimated infrastructure challenges. The

first is our libraries, the second is a new public safety building, and the last is the challenge of undergrounding our utilities.

Libraries

Later this year we will open the Mitchell Park Library. Its delay has been very unfortunate. However, rest assured that the City has focused throughout the process on insuring the contractors involved are delivering a quality facility that the community can be proud for generations to come.

Construction of the 3-building Mitchell Park Library and Community Center is now 75 % complete, with the interior sheet rocking and ceiling installation underway. At 56,000 square feet, this is the City's largest construction project in over 4 decades, and is on-track to achieve at least gold level LEED certification as an environmentally friendly building, minimizing energy and water consumption. It will become the City's largest library, and provide an important Community Center, not only for South Palo Alto, but also for the entire City.

I am very pleased and proud of our community and happy to announce that the Palo Alto Library Foundation has just completed its \$4 million fundraising campaign! This is a terrific accomplishment and one we can all be proud of as a Community. However, you can still contribute to making our libraries even better. Gifts that are made by December 31st of \$5,000 or more will be reflected on the permanent donor walls at the Downtown, Mitchell Park, and Main libraries.

Community support came from hundreds of donors in amounts ranging from as small as \$25 to \$1.5 million. It is designated for the furniture, technology, books and electronic resources at all of the three libraries covered by Measure N. The Downtown Library renovation is complete, Mitchell Park will be completed this year, and the Main library renovation and expansion will start this year with Main re-opening next year. The Children's Library was completed in 2007 and College Terrace Library was completed in 2010.

Public Safety Building

When I ran for office I wasn't convinced that this was where we should invest scarce city resources or what we ask our citizens to pay for through additional taxes. Over the last four years I have become convinced that we need a new public safety building. Frankly, it doesn't excite me. It's like knowing you need a new roof, but you put it off because it's very expensive and it doesn't really feel like it's improved your life.

However, our public safety building is functionally obsolescent and unsafe in

an earthquake. We owe it to our public safety workers and to ourselves to make the right choice and build a new public safety building. Our new Council Infrastructure Committee will be focused on figuring out how to finally make a new public safety building a reality.

Last year, the Jay Paul Company approached the City about a proposal for additional office space at the AOL site using the Planned Community (PC) process just off California Avenue with the public benefit being the construction of the shell for a new public safety building. The Planning & Transportation Commission recently reviewed the project and determined that given the scale of the project, the public benefits weren't sufficient. I agree with the Planning & Transportation Commission and would expect that, with the potential scale of the project, the Jay Paul Company should simply pay for the new Public Safety building. The City Manager has directed staff to contract for an independent third party financial analysis of the value of the PC rezoning to inform the scale of public benefits.

Undergrounding Utilities

Finally, I want to address the lingering issue of undergrounding Palo Alto's electric utilities. Palo Alto has been working on undergrounding its utilities since 1965. At this point approximately 45% of the physical area of the City has been undergrounded and from my experience the community believes that eventually the City will underground the utilities on their street. In the past there has been money from the phone and cable companies to share the cost of undergrounding the utilities. Cable and telephone companies have traditionally paid 40% of this cost. This for the most part is no longer the case and there are no plans or money set aside to underground any of the utilities in our residential neighborhoods.

Current plans to underground utilities are very limited, and are limited to commercial areas around downtown where others will share the cost. One of the most frequent questions I get is when are they going to underground the utilities in my neighborhood? The answer under current policy is never. This year the City Council will be taking up this lingering issue and make a determination in conjunction with the community, including possibly forming a community task force as recommended by the UAC and the Finance Committee, as to whether we should underground all of the utilities in Palo Alto, and if so what is a realistic plan for doing so.

3. Technology and the Connected City

Palo Alto should be the Leading Digital City of the future. Council, by designating Technology and the Connected City as one of the three priorities for 2013, is affirming its commitment to making it so. Palo Alto recognizes

the essential role that the innovative use of technology is playing in making government more efficient, providing tools for enhanced service delivery, lowering costs, providing transparency and encouraging citizen engagement. Government is being reinvented like so many other industries by technology, and our City leaders rightfully understand that it is important for city government to mirror the innovative spirit of the companies that define our region.

Last year, Palo Alto had a very successful Hackathon that received national and international attention including praise from President Obama. This year, Palo Alto will continue the tradition to host what promises to be the largest Hackathon in the country.

The White House, building upon Palo Alto's success last year, designated June 1st as a national day of civic hacking. On June 1st, Palo Alto will host a daylong event that includes software developers building apps for the City that will align with a White House National Day of Civic Hacking. It's not clear what role the President will play on that day, but many senior federal officials will be engaged in promoting this event as a part of the future of civic innovation. As a follow up to the great Hackathon, the City will also run a multi-month City Apps Challenge to elicit solutions for some key City needs. These should be exciting events that highlight Palo Alto as the center of innovation.

There are several things that Palo Alto needs to do to make it the Leading Digital City of the Future. The first is to design and implement digital city capabilities. By this, I mean the creation of technologies such as Mobile Apps that encourage citizen engagement and allow convenient access to the data and the tools for providing input and feedback on City issues. It is expected that the Hackathon and City App Challenge will create some of these tools. As part of this strategy, we also hope to deploy a "Palo Alto 311" mobile and online app. This will provide a way for community members to report issues and other services via smartphones, tablets, and sites such as Facebook.

Being a Digital City of the Future also includes the creation of City provided hot spot Wi-Fi as is being done in Cogswell Plaza. Working closely with downtown merchants, neighbors, park users and members of Avenidas Senior Center, this small downtown area park was renovated with improvements to landscaping and irrigation, new public seating including game tables, and improved park lighting. Through an innovative partnership with TopCorner, a local crowd-funding non-profit, \$10,000 was raised from the community and local businesses for the installation of a new free public Wi-Fi hot spot, which is planned for completion in early 2013.

Wi-Fi hot spots such as Cogswell Plaza will encourage the use of the park by a range of community members and enable us to have small outdoor Hackathons in the park. At these Hackathons, software engineers will be able to help build technological solutions for the City.

The long-term goal would be to provide free high speed Wi-Fi in all of our City parks and other areas of the City. To this end, Council has directed staff to study the City's wireless service needs, and to potentially construct and operate a wireless tower system that enhances wireless coverage in Palo Alto. A wireless consultant has recently been engaged to develop a proposal and to report back to Council within 6 months.

In mid-2012, the City of Palo Alto deployed an open data platform that the executive director of the International City Managers Association (ICMA) described as, "...one of the country's most ambitious community open-data sites." This site, accessible via <http://data.cityofpaloalto.org>, makes Palo Alto City data more easily accessible to a wide range of stakeholders. If a person is looking for library use data or recent building permits, this is the place to go. We've seen at least one useful application built off this platform and we expect many more in the months ahead. This open government initiative has received significant national and international attention for the implementation method and value it brings to our community.

Building on the open data principle, the City also launched an award-winning open government platform for the City's financial data. This Open Budget platform makes it very easy to access and view five years of Palo Alto's financial information. Recently, the City's Chief Financial Officer, Lalo Perez, accepted the 2013 Innovation Award from the California Municipal Finance Officer's Association for our City team's work on Open Budget.

The City has been receiving considerable coverage for much of this technology work. Media outlets including our local press (the Palo Alto Weekly), national publications such as Governing and CNN Money, and other outlets such as CBS and Mashable, have covered our successes and innovative use of technology in government.

The City also needs to secure and build technological infrastructure, communications systems and information security capabilities that will ensure that the City has the technology it needs to make government more efficient, provide tools for enhanced service delivery, lower costs, provide transparency and encourage citizen engagement. Our goal is to provide high performance services in a consistent and cost-effective manner to our employees and the public with systems that are current, well maintained,

appropriately secure, and use contemporary technologies to achieve efficiencies and cost savings.

More broadly, a Leading Digital City of the Future is a connected City, one that provides services that enable citizens to get online quickly and efficiently such as fast municipal Wi-Fi and Fiber-to-the-Premises (FTTP). Connectivity is the future and the future for Palo Alto fiber should be now.

Fiber to the Premises

Two Palo Alto priorities for 2013 are infrastructure and technology. The one area where we can take action that merges these priorities in a game changing manner is bringing ultra high speed internet to our homes and businesses. In 1996, our city built a 33-mile, optical fiber ring routed within Palo Alto to enable better Internet connections. Since then, we have been licensing use of this fiber to businesses. For the past decade, this activity has shown substantial positive cash flow and is currently making in excess of \$2 million dollars a year for the city. We now have that money in the bank earmarked for more fiber investments.

Clearly, the Internet has changed our lives and our community. It has become integral to our very existence and radically altered the way we communicate, learn, conduct business, socialize, shop, and entertain ourselves. Since 1996, Google, Yahoo, Wikipedia, Facebook, YouTube, eBay, Amazon, Skype, and Twitter were founded or went public. Internet users grew in number to over 2 billion worldwide. Our computers are 1000 times faster than those in 1996. Yet sadly, the technology and infrastructure medium by which our homes and businesses connect to the Internet electrons over copper wire-- has not changed. It is still slow and expensive.

For the last several years, our civic leaders and City staff have discussed bringing ultra high speed internet to our homes and businesses. Over the years several plans were developed, but not implemented for a variety of reasons. Ultra high speed internet has been a Palo Alto vision for a long time. Now is the time to fulfill that vision. Google has recently deployed ultra high speed internet in Kansas City. Palo Alto can do better and has all of the elements that will make this a success.

In 2013, I believe that Palo Alto needs to develop and initiate a plan to cost-effectively bring Fiber to the Premises (FTTP), which is light over optical fiber, to businesses and homes in our city, offering at least 1-gigabit Internet connection speeds in both directions. Furthermore, fiber's enormous bandwidth compared to copper or wireless media makes it a comparatively future-proof infrastructure that will keep Palo Alto at the forefront of technology and connected cities in the world.

Fiber to the Premises will:

- Satisfy community demand for higher Internet speeds
- Be cost effective for users
- Attract startups to Palo Alto
- Retain existing businesses
- Reduce vehicle traffic by increasing telecommuting
- Provide a backbone for public Wi-Fi infrastructure
- Improve our emergency preparedness
- And position our city firmly in the future.

Fiber is the key to ensuring Palo Alto's long-term position as the Leading Digital City of the Future.

Conclusion

In 2008, then Mayor Larry Klein's theme for the year was "Taking Care of Business." Mayor Klein closed his State of the City speech indicating that in the year 2027, he expected the then Mayor of Palo Alto to thank us for the City's sound financial footing, the public safety building and library system and the steps we took to help avoid a global warming catastrophe. Well, as you will see, we have been taking care of business. We have also been planning and acting to ensure that the future is bright for Palo Alto. It is 2013, not 2027, and the City has a sound financial future. However, this could change quickly, if we do not stay on the path to creating and maintaining a fiscally sustainable future by continuing to work with our employees on comprehensive and structural benefit reform. We are leading the charge against climate change. Our comprehensive rebuilding of our library system is nearing completion, and we have pathways to a potential new public safety building. But we cannot rest. There is always more to be done.

At the end of 2013, I want us all to be able to look back and say wow, we accomplished a lot. We tackled the hard issues and the lingering issues, we celebrated our accomplishments, we looked deep into the future and we have done much. Utilizing the best of the Palo Alto Process, which to me is its transparency, openness and inclusivity, coupled with strong community engagement, we can ensure that going forward our decisions enhance the attractiveness and livability of downtown, that we demand great architecture and urban design, that we increase and preserve our retail, that we insist on great public art, that we solve our parking issues and that our downtown continues to set the standard by which others are judged.

I envision that this year we will rise to the challenge as a community to develop a plan now for Cubberley that gives the School District flexibility while creating a first rate community center in South Palo Alto. We must not give in and kick the can down the road to some future Council while Cubberley "rots in place."

I also see Palo Alto creating true fiber to the premises with 1-gigabit connection speeds, firmly establishing Palo Alto as the Leading Digital City of the Future. This is the Year of the Future and the future is now.

I want to thank all of you for coming and take a moment to thank Tesla once again for hosting, as well as City staff for all their hard work in putting this event together. At this time I would also like to invite all of you to please stay for the reception. We are pleased to feature refreshments from our local businesses that have been kind enough to support tonight's event.

Philz Coffee
ADA's Café
Miki's Farm Fresh Market

Thank you