



City of Palo Alto
City Council Staff Report

(ID # 7697)

Report Type: Action Items

Meeting Date: 3/20/2017

Summary Title: Comp Plan: Draft Supplement to the Draft Environmental Impact Report

Title: PUBLIC HEARING: Comprehensive Plan Update: Public Hearing on the Supplement to the Draft Environmental Impact Report & Revised Fiscal Study; Council Discussion & Direction to Staff Regarding a Preferred Planning Scenario; and Council Discussion & Direction to Staff Regarding the Organization of the Comprehensive Plan

From: City Manager

Lead Department: Planning and Community Environment

Recommendation:

Staff recommends that the City Council:

1. Conduct a public hearing on the February 10, 2017 Supplement to the Draft Environmental Impact Report (EIR) for the purpose of obtaining public and Councilmember comments consistent with the notice provided in Attachment A as well as further comments on the February 2016 Draft EIR;
2. Discuss and provide comments on the revised draft fiscal study (Attachment C) that has been prepared to accompany the Supplement to the Draft EIR;
3. Identify a “preferred scenario” for the Final EIR. Based on the City Council’s January 30, 2017 direction regarding the Land Use & Community Design Element, it appears that Council is inclined to include the following components. Staff seeks confirmation or supplemental direction in each of these areas:
 - A. Estimated housing and population growth would be between Scenario 4 (4,420 dwelling units) and Scenario 6 (6,000 dwelling units). This is based on Council’s January 30, 2017 direction to:

- i. remove housing sites on San Antonio and replace with increased densities downtown and near Cal Ave. (similar to Scenarios 3, 4, and 5);
 - ii. add housing sites on the El Camino Real frontage of the Research Park and at the Stanford Shopping Center providing adequate parking is maintained (similar to Scenarios 4 and 6);
 - iii. consider the addition of housing (and a hotel and conference center) elsewhere in the Stanford Research Park and near SUMC (similar to Scenario 6)
 - iv. Include policies to support retail/residential mixed use and pursue conversion of some non-residential FAR to residential FAR (similar to Scenarios 3, 4, 5, and 6);
 - v. Include policies to encourage a mix of housing types including smaller units and units to preserve housing that is affordable and minimize displacement of existing residents (similar to Scenarios 2, 3, 5, and 6).
- B. Estimated non-residential square footage would be up to 3M square feet similar to Scenario 2. This is based on Council’s January 30, 2017 direction to perpetuate the “cap” on non-residential development in existing Policy L-8 with some updates. (1.3M square feet has already been approved at SUMC and the remaining 1.7M square feet under the existing “cap” would apply to office/R&D citywide except in the SUMC area.)
- C. Estimated employment growth would be between Scenario 2 (9,850) and Scenario 3 (12,755). This reflects the Council’s January 30, 2017 direction to perpetuate the interim annual limit on office/R&D square footage via an ordinance that exempts the Stanford Research Park. (Scenario 2 includes a City-wide annual limit, Scenario 3 includes an annual limit that applies to a smaller subset of the City than suggested by the Council, and the amount of new employment is determined by the economic “climate” as well as the amount of new building space.)
- D. Transportation investments would include the following, as well as complementary investments in transit, transportation demand management, and parking supply/management: (These are based on the January 30, 2017 Draft Transportation Element.)
- i. Small improvements within existing rights-of-way to provide for traffic calming or relatively small increases in roadway capacity by adding turn lanes or making other intersection adjustments;
 - ii. Full grade separations for automobiles, pedestrians, and bicyclists at Caltrain crossings; Retrofit/improvements to existing grade separated Caltrain crossings for pedestrians and bicyclists at California Avenue and University Avenue;

- iii. Construction of new pedestrian and bicycle grade separated crossing of Caltrain in South Palo Alto and in North Palo Alto;
 - iv. Pedestrian and bicycle improvements derived from the 2012 Bicycle and Pedestrian Plan as amended over time;
 - v. The US 101/Adobe Creek bicycle and pedestrian bridge;
 - vi. El Camino Real intersection and pedestrian safety/streetscape improvements;
 - vii. Downtown mobility and safety improvements;
 - viii. Geng Road extension to Laura Lane; and
 - ix. Middlefield Road corridor improvements.
- E. Additional zoning code amendments and policies advancing sustainability measures would include the following key items, which are derived from the Council’s discussion on January 30, 2017 and on Scenarios 5 and 6:
- i. Increase hotel FAR from 2.0 to 3.0 downtown and 2.5 elsewhere in the City
 - ii. Reduce allowable FAR in the CC-2 from 2.0 to 1.5
 - iii. Maintain the 50 foot height limit in the zoning ordinance
 - iv. Make greater use of coordinated area plans as a planning tool
 - v. Adoption of the SCAP goal of a 80% reduction in GHG emissions by 2030 and alignment of the Comp Plan Update with SCAP principles
 - vi. Inclusion of Comp Plan policies and programs supportive of SCAP strategies
 - vii. Protecting and enhancing the urban forest as natural infrastructure
4. Clarify and provide additional direction regarding the placement of programs in the Comprehensive Plan Update. Specifically, select either A or B:
- A. If the Council would like to include the programs in a separate section, direct staff to:
- i. Identify that section as the “Implementation Plan” so that it can be adopted as part of the plan (staff recommends this term rather than “appendix”);
 - ii. Organize the implementation programs by goal and policy number to maintain linkages with other sections of the plan;
 - iii. Eliminate redundancies and consolidate implementation programs where feasible;
 - iv. Identify the relative priority (for example, short term, medium term, long term) and level of effort/cost (low, medium, or high) associated with each program;
 - v. Identify a subset of the programs that are legally required or that implement EIR mitigation measures and convert them to policies in the Comprehensive Plan elements; and

- vi. Develop introductory text for the Implementation Plan for later review and adjustment by the City Council clearly describing how the Comprehensive Plan will be implemented, the role of the implementation programs, and how priorities may be adjusted over the life of the plan.
- B. If the Council would like to retain some of the programs in each of the elements *as well as in the Implementation Plan*, provide further detail and direct staff to undertake all of the above with the possible exception of item (v).

Executive Summary

As the City Council is aware, on February 5, 2016 the City published a Draft EIR (referred to as the “February 2016 Draft EIR”) that analyzed four high-level scenarios at an equal level of detail in order to assess potential impacts of the Comprehensive Plan Update. A related fiscal study was also prepared.

The City Council subsequently directed City staff to analyze two additional scenarios in order to broaden the range of potential outcomes and provide additional information to inform the planning process. These additional scenarios are described and analyzed as Scenario 5 and Scenario 6 in a Supplement to the Draft EIR, published on February 10, 2017 and which can be found at the following link: (<http://www.paloaltocompplan.org/eir/>). The Executive Summary in Chapter One provides an overview and the matrix in Attachment B summarizes quantitative conclusions of the analysis. A revised fiscal study is also available and can be found in Attachment C and at this link:

http://www.paloaltocompplan.org/wp-content/uploads/2017/02/CompPlanFiscalStudySupplement_2.16.17_FINAL.pdf.

The Supplement to the Draft EIR focuses on the new analysis pertaining to Scenarios 5 and 6 and does not reproduce all of the information from the February 2016 Draft EIR. The Supplement to the Draft EIR includes information from the February 2016 Draft EIR where the information has been revised or where it is crucial to understanding the analysis of Scenarios 5 and 6. Comments on the February 2016 Draft EIR are also being accepted during the circulation period for the Supplement.

The primary purpose of this evening’s meeting is to conduct a public hearing to solicit public comments regarding the Supplement to the Draft EIR, the associated fiscal study, and the February 2016 Draft EIR. Written comments are also being accepted until the close of business on March 31, 2017. All substantive comments received, whether at the public hearing or in writing, including the comments received on the February 2016 Draft EIR, will be responded to in the Final EIR rather than at the public hearing this evening.

The other purposes of this evening’s meeting are:

- To provide for discussion and direction to staff regarding the City Council’s preferred scenario for inclusion in the Final EIR, and
- To follow-up on the City Council’s January 30, 2017 discussion regarding the organization of implementation programs in the Comprehensive Plan Update and receive additional direction.

Later in this report, staff has provided further discussion regarding these two issues for the Council’s consideration. Also, a transcript from the February 21, 2017 meeting of the Comprehensive Plan Update Citizens Advisory Committee (CAC) regarding the placement of programs in the Plan is provided as Attachment E. The Council’s motion from January 30, 2017 is provided as Attachment F.

Background

The 1998-2010 Palo Alto Comp Plan contains the City’s official policies on land use and community design, transportation, housing, the natural environment, business and economics, community services, and governance. The Comp Plan provides the basis for the City’s development regulations and the foundation for its capital improvement program. An update of the Comp Plan was initiated by the City Council in 2006.

In 2014, the Council received the Planning & Transportation Commission’s (PTC’s) suggested revisions and endorsed a new framework for the planning process to include broad community engagement, discussion, and analysis of alternative futures, cumulative impacts, and mitigation strategies. A community “summit” was held in mid-2015, and a Citizens Advisory Committee (CAC) was formed to make recommendations to the City Council on policies and programs for inclusion in the update.

Since 2014, the City Council has provided guidance on the vision and goals for each element of the Comp Plan Update, and the CAC has completed its review and recommendations regarding all of the chapters or “elements” of the plan. The City Council is now in the process of reviewing the CAC’s work, and providing their input on plan revisions to city staff and consultants.

A final Comprehensive Plan Update cannot be adopted until the City complies with CEQA, which is a State law that requires California agencies to identify the significant environmental impacts of their actions and describe feasible measures that can be taken to avoid or mitigate those impacts. An EIR is used to evaluate a proposed project’s potential impacts on the environment, and recommend mitigation measures or alternatives to reduce or eliminate those impacts. The City has prepared what is referred to as a “program-level” EIR (CEQA Guidelines Section 15168), which assesses the potential cumulative impacts of development that may occur during the life

of the plan, considers potential alternatives, and identifies mitigation measures that should be adopted to reduce or avoid significant impacts. This is the same level of environmental analysis that was prepared for the existing 1998-2010 Palo Alto Comp Plan.

February 2016 Draft EIR

The February 2016 Draft EIR prepared for the Comprehensive Plan Update examined four planning alternatives or “scenarios” at an equal level of detail to allow the public and the Council to assess a variety of land use and infrastructure options. The scenarios collectively present a range of possible outcomes to inform a final decision about the future of Palo Alto. In all likelihood, the final Comprehensive Plan Update will not be identical to any one of the EIR scenarios, but will be a hybrid. The four scenarios analyzed in the February 2016 Draft EIR are:

- **Scenario 1** is the “business as usual” scenario and shows the results if the City continued to operate under the existing 1998-2010 Comp Plan with no changes to goals, policies, and programs. Any new housing built would be constructed under existing zoning and no innovations in housing or new approaches to address the high cost of housing would be explored. No new growth management measures are anticipated, and any transit or traffic improvements would come from the existing infrastructure plan for the City.
- **Scenario 2** would slow the pace of job growth when compared with Scenario 1 by moderating the pace of office/research and development (R&D) development throughout the city. Scenario 2 would also ensure that the modest amount of housing growth expected under Scenario 1 would be built out as small units and other housing types appropriate for seniors and the Palo Alto workforce. Transportation investments in this scenario would include implementation of the County’s expressway plan.
- **Scenario 3** would implement a growth management regime similar to the interim annual limit on office/R&D adopted by the City Council in 2015 for the fastest changing areas of the city and would eliminate housing sites along San Antonio and South El Camino. In place of these housing sites, Scenario 3 would increase housing densities on sites Downtown, near California Avenue, and in other locations in the city close to transit and services. Policies, regulations, and incentives would be designed to ensure smaller units for working professional and senior populations. Transportation investments would include grade separating the Caltrain crossings at Meadow and Charleston by placing the railroad tracks in a trench.
- **Scenario 4** assumes the most growth in housing and employment evaluated in the February 2016 Draft EIR, consistent with 2013 Association of Bay Area Governments (ABAG) projections. Potential policies and regulations would be enacted to advance sustainability objectives. Transportation investments would include grade separating the Caltrain crossings at Meadow and Charleston by placing the railroad tracks in a

trench, and incorporating mix flow bus rapid transit on El Camino Real (with curbside stations and queue jumping for transit vehicles). Housing sites along San Antonio and South El Camino Real would be eliminated and replaced with higher densities elsewhere as well as new housing sites along the El Camino frontage of the Stanford Research Park and the Stanford Shopping Center.

The Supplement to the Draft EIR: Scenarios 5 & 6

During two City Council meetings in early 2016 (January 19 and February 22), City Council members indicated their desire to analyze an additional scenario in a supplement to the Draft EIR, and on May 16, 2016 the City Council provided basic parameters of two new scenarios (Scenarios 5 and 6).

- **Scenario 5** involves 10 percent fewer jobs than Scenario 2 (previously the lowest job scenario), and the same number of housing units as Scenario 3. This scenario is intended to test the efficacy of mitigation and sustainability measures when applied to relatively slow growth over the 15 year planning period. Scenario 5 would test strategies designed to slow the pace of job growth and would replace or supplement the current citywide “cap” on new non-residential square footage in “monitored areas” with a permanent citywide annual limit on office and R&D development. This scenario would also discourage new multi-family housing along San Antonio Avenue and portions of south El Camino Real and San Antonio Avenue, removing housing sites in these areas, and would instead adopt policies and zoning regulations to increase residential densities Downtown, in the California Avenue area, and in other transit-rich areas. This scenario assumes that Caltrain would be grade separated at all crossings.
- **Scenario 6** would also involve 10 percent fewer jobs than Scenario 2, and roughly 36 percent more housing than Scenario 4. This new scenario is intended to test policies and programs to accelerate the production of housing over the 15 year planning period, while using a performance-based approach to address the impacts of growth. As under Scenario 4, this scenario would include mechanisms to stimulate additional multi-family housing on sites Downtown, the Fry’s Electronics vicinity, and on portions of the Stanford Research Park and Shopping Center fronting on El Camino Real. It would also include consideration of housing sites elsewhere in the Stanford Research Park and in the Stanford University Medical Center (SUMC) vicinity. Like Scenario 5, Scenario 6 assumes that Caltrain would be grade separated at all crossings.

The Supplement to the Draft EIR: Contents

The Supplement to the Draft EIR is organized into the chapters identified in Table 1 below.

Table 1. Organization of the February 2017 Supplement to the Draft EIR

Section	Purpose/Contents	Additional Notes
Chapter 1: Executive Summary	Summarizes the scenarios analyzed in the February 2016 Draft EIR and Supplement to the Draft EIR	Table 1-3 presents the environmental impacts and mitigation for all six scenarios and identifies the level of significance of impacts before and after mitigation.
Chapter 2: Introduction	Provides an overview of the Supplement to the Draft EIR document	
Chapter 3: Project Description	Describes Scenarios 5 and 6	
Chapter 4: Environmental Evaluation	Analyses impacts in 14 sub-chapters corresponding to the environmental resource categories in Appendix G of the CEQA Guidelines	The Air Quality, Green House Gas (GHG), Noise, and Transportation sections include an expanded discussion of the effectiveness of proposed mitigation measures.
Chapter 5: Significant Unavoidable Adverse Impacts	Lists the significant and unavoidable impacts of the proposed Plan, as identified in Chapter 4.	
Chapter 6: Alternatives to the Proposed Project	Discusses the “no build” alternative as required by CEQA and its relationship to the “business as usual” alternative represented by Scenario 1. This chapter also explains how the six scenarios represent a reasonable range of options, and describes a potential hybrid.	
Chapter 7: CEQA-Mandated Sections	Discusses growth inducement, cumulative impacts, unavoidable significant effects, and significant irreversible changes as a result of the proposed Plan.	This chapter also identifies environmental issues “scoped out” pursuant to CEQA Guidelines Section 15128.
Chapter 8: Organizations and Persons Consulted	Lists the people and organizations that were contacted during the preparation of the Supplement to the Draft EIR.	
NOTES: (1) Where changes to the February 2016 Draft EIR have been made, they are shown in striketrough and <u>underline</u> . (2) Technical appendices are provided to support the analyses in Chapter 4.		

Source: Palo Alto Planning & Community Environment, February 2017

The Supplement to the Draft EIR: Revisions to the February 2016 Draft EIR

As noted above, Chapter 4 contains ~~striketrough~~ and underline formatting that indicates revisions to the environmental setting and mitigation measures of the February 2016 Draft EIR. Tables and figures that appeared in the February 2016 Draft EIR have the same number as in the February 2016 Draft EIR. Where new tables and figures have been added in the Supplement to the Draft EIR, they have sequential lettering.

Revisions to the February 2016 Draft EIR were generally made for the following reasons:

- Revisions to the environmental setting (i.e. existing conditions and regulatory framework) information were made to reflect public comments received on the

February 2016 Draft EIR. Other revisions to the environmental setting were made to incorporate key changes to the environmental setting since the February 2016 Draft EIR was published. For example, the Hydrology and Water Quality chapter includes updates regarding the City's groundwater dewatering policies, and the Greenhouse Gas Emissions and Climate Change chapter includes new text describing the *Draft 2017 Climate Change Scoping Plan Update*, which the California Air Resources Board released on January 20, 2017. Although these changes are not required under CEQA, since the "baseline" for the EIR is the Notice of Preparation publication date of May 30, 2014, the City included such updates to provide a thorough depiction of the current regulatory framework pertaining to key issues of community concern.

- Revisions to impacts and mitigation measures were made to reflect public comments received on the February 2016 Draft EIR and to reflect the status of the Comp Plan Update. Many of the mitigation measures that previously prescribed specific policy *wording* have now been re-written so that they identify the most important policy *topics* that must be addressed by the Comp Plan Update in order to lessen or avoid potential environmental impacts. This will allow the City to more easily review the Comp Plan Update as it is being drafted to ensure that it meets the intent of mitigation measures. The goal of the revisions to the mitigation measures is to preserve their effectiveness, but allow the City the flexibility to refine the wording of policies in the Comp Plan Update to address the environmental impacts.
- In two places (Impacts GHG-2 and GHG-3) impacts that were previously identified as significant and unavoidable are now considered less than significant. Impact GHG-2 is now less than significant without mitigation, and Impact GHG-3 is a significant impact that is can be mitigated to a less-than-significant level.

Regarding Impact GHG-2, the February 2016 Draft EIR identified a 2050 GHG estimated efficiency target even though the horizon year for the Plan is 2030 and there is no legislative mandate for a GHG reduction plan to achieve the 2050 goal. The analysis for Impact GHG-2 has been revised in the Supplement to the Draft EIR to analyze consistency with the plans that have been adopted and legislative targets in place at the horizon year of the Comp Plan, and to reflect that the City has approved the draft Sustainability and Climate Action Plan (S/CAP) framework since the February 2016 Draft EIR.

Regarding Impact GHG-3, the analysis has been revised to acknowledge that, through Mitigation Measure GHG-3, the City's response to the impacts of climate change for new development would provide a strong framework for climate change resiliency and would reduce impacts to the extent feasible.

- The February 2016 Draft EIR found that Impact referred to as “POP-4” would be less than significant and would therefore not require mitigation. However, the February 2016 Draft EIR included mitigation measures to acknowledge the City’s efforts to address the existing imbalance of employed residents to jobs. Under CEQA, mitigation measures are not required for less than significant impacts and the introduction of Scenarios 5 and 6 provide an alternate way to address this issue. As a result, Mitigation Measures POP-4a and POP-4b have been removed in the Supplement to the Draft EIR.

Revised Fiscal Study

Economic & Planning Systems, Inc. (EPS) documented the existing fiscal and economic conditions and analyzed the potential fiscal impacts attributable to the alternative land use scenarios considered in the Comprehensive Plan Update process. Their initial analysis was presented to the City’s Finance Committee on March 15, 2016 and has now been revised to reflect the Committee’s comments and the addition of Scenario 5 and Scenario 6. As previously, the Revised Fiscal Impact Analysis Report in Attachment C details the methodology employed for the analysis, study caveats, analytical approach and key assumptions, and key findings and conclusions, not all of which are repeated here.

In summary, the fiscal analysis assesses the effect of future residential and non-residential (employment supporting) development on the City of Palo Alto General Fund from 2015 through 2030. The analysis focuses specifically on the effect that population and employment growth will have on the City’s \$171.1 million 2015 Adopted General Fund Operating Expenditure Budget.¹ The Fiscal Impact Model developed for this effort assesses revenue and cost effects attributable to growth on a revenue-line-item and department-by-department cost basis. The model holds current operations factors constant, including tax rates, organizational structures, and governance policies. While these and other factors will change over time, this analytical approach seeks to isolate the fiscal impact attributable to residents, workers, and visitors, as well as fiscal impacts attributable to specific land use categories. The analysis presents year 2030 results in constant 2015 dollars.

The fiscal analysis forecasts the net impact (i.e., revenues less costs) for each of the Comprehensive Plan scenarios. The attribution of revenues and costs to specific types of growth provides useful information on alternative paths of growth for the City. The study finds that the growth envisioned in all six Comprehensive Plan scenarios likely will generate net revenue for the City of Palo Alto General Fund. These fiscal effects reflect annual per-capita fiscal net benefits of about \$240 to \$320 per net new person (including new residents and workers), with each new resident generating about \$340 to \$360 and each new employee generating about \$190 to \$280.

¹ The General Fund is a subcomponent of the City’s total Fiscal Year 2015 expenditure budget of \$470.3 million.

Accordingly, this analysis finds that the most significant growth scenarios (Scenario 4 and Scenario 6) will generate the greatest financial gain for the General Fund. It is important to recognize that despite being positive, the net fiscal impacts calculated by this analysis are quite modest relative to the total City General Fund budget. The greatest net fiscal impact identified, \$7.4 million under Scenario 4, represents about four percent of the Fiscal Year 2015 General Fund expenditure budget. Also, the analysis finds that the expected fiscal benefit of a new resident in Palo Alto is greater than the expected fiscal benefit of a new employee in the City even though the new resident generates a higher marginal cost burden compared to local workers. Our consultants will be available at the March 20th hearing to provide an overview of their study and answer questions about the analysis and conclusions if desired.

Discussion

The Comp Plan Update EIR differs from most EIRs in that it assesses multiple scenarios at an equal level of detail. The scenarios are intended to illustrate potential impacts of policy decisions that will have to be made as the Comprehensive Plan Update planning process is completed. By using this approach, the EIR is intended to advance and inform the planning process, and not to dictate what its outcome will be. As anticipated, the City Council's direction on January 30, 2017 suggests that their "preferred scenario" is not identical to any of those analyzed in the EIR, but is a hybrid of several. Also, the Council's direction on January 30, 2017 raised an organizational question about implementation programs in the Comprehensive Plan that requires further clarification. Both of these issues are discussed further below.

Preferred Scenario

Identifying a preferred scenario at this point in the planning process will allow preparation of a Final EIR that describes the preferred scenario and explains how the impacts of that preferred scenario (and the Comp Plan Update itself) falls within the range of impacts associated with Scenarios 1-6.

The preferred scenario that will be described in the Final EIR will not require any more detail than the other scenarios and similar to them, will consist of primary characteristics and a list of key policies. The primary characteristics will include the growth in housing, population, jobs, and non-residential square footage anticipated over the life of the plan, as well as the list of transportation investments identified for implementation. Attachment D is a summary of the EIR scenarios and the housing-related policies, zoning code amendments, and infrastructure investments that staff believes can be used to represent the preferred scenario based on the City Council's January 30, 2017 direction. Primary characteristics are discussed below:

Housing & Population. The Council's direction on January 30, 2017 was to remove housing sites along San Antonio Ave. and replace them with higher densities in downtown and near

California Avenue. The Council also wished to include the potential for mixed use (housing, hotel, conference center) in the Research Park, housing at the Stanford Shopping Center, and in the SUMC vicinity. With this direction, the preferred scenario would have more housing sites than Scenario 4 (with 4,420 dwelling units) but less than Scenario 6 (with 6,000 dwelling units).

Non-Residential Square Footage. The Council’s direction on January 30, 2017 was to perpetuate the “cap” on non-residential development in Comprehensive Plan Policy L-8 as a cap on net new office/R&D square footage, exempting only the SUMC area that was removed from the cap in 2011. 1.3M square feet has already been approved at the SUMC and 1.7M remains under the existing cap. This suggests that the Council’s preferred scenario could yield up to three million square feet, similar to EIR Scenario 2.²

Jobs. The Council’s direction on January 30, 2017 was to perpetuate the interim annual limit on office/R&D development on a city-wide basis, exempting the Stanford Research Park. The annual limit was one of the primary determinants used to define the amount of new employment in each scenario, since it has proved effective at discouraging new development. (Another factor was the proposal in some scenarios to regulate employment densities via a conditional use permit.) Scenario 2, with 9,850 jobs and Scenarios 5 & 6 with 8,868 jobs were assumed to have a citywide annual limit (with no exemptions). Scenario 3, with 12,755 jobs, was assumed to have an annual limit focused on the same subset of the City as the interim limit. Based on the Council’s direction, the preferred scenario would fall somewhere between these numbers. (It’s important to remember that new jobs occur in existing building space as well as new building space, so the relationship between new square footage and new jobs is not proportional.)

Transportation Investments. The Council did not have time to review the list of proposed transportation investments included in the revised draft Transportation Element on January 30, 2017. If the Council agrees with staff’s recommendation in that document, the transportation investments in the preferred scenario would include a blend of those in Scenarios 5 and 6, specifically:

- Small improvements within existing rights-of-way to provide for traffic calming or relatively small increases in roadway capacity by adding turn lanes or making other intersection adjustments;

² Transitioning from a cap on all new non-residential square footage to a cap on new office/R&D square footage would mean that some non-residential square footage (e.g. a new warehouse or new retail space) would not count towards the cap. However the change in methodology would also mean that any existing space that is converted from one use to another (e.g. warehouse or retail to office/R&D) would count towards the cap.

- Full grade separations for automobiles, pedestrians, and bicyclists at Caltrain crossings; Retrofit/improvements to existing grade separated Caltrain crossings for pedestrians and bicyclists at California Avenue and University Avenue;
- Construction of new pedestrian and bicycle grade separated crossing of Caltrain in South Palo Alto and in North Palo Alto;
- Pedestrian and bicycle improvements derived from the 2012 Bicycle and Pedestrian Plan as amended over time;
- The US 101/Adobe Creek bicycle and pedestrian bridge;
- El Camino Real intersection and pedestrian safety/streetscape improvements;
- Downtown mobility and safety improvements;
- Geng Road extension to Laura Lane; and
- Middlefield Road corridor improvements.

Please see Attachment D for more discussion of the preferred scenario and the components that staff believes reflect the Council’s guidance. We would appreciate the Council’s feedback on this material and whether it reflects their preferred scenario. If adjustments are required, please specify.

Organization of the Comprehensive Plan Update: Implementation Programs

Palo Alto’s current Comprehensive Plan includes implementation programs in each element (266 total not counting the Housing Element programs) and repeats those programs in a separate chapter called the Implementation Plan. While only approximately 15% of the discrete implementation programs (i.e. excluding ongoing programs) from the 1989 plan have been completed, this organizational structure is familiar to users of the current Comp Plan and the Citizens Advisory Committee (CAC) developed its recommendations with the assumption that this structure would be perpetuated. Thus, there were some concerns when the City Council voted to move all of the implementation programs (other than those required by State law) to an “appendix” on January 30, 2017. A copy of the Council’s motion is included as Attachment F.

The CAC had an extended discussion of this issue on February 21, 2017, and a transcript of their meeting is attached as Attachment E. In short, a majority of those present at the meeting wished the Council to reconsider their direction and stated that they would have approached their work on the Comp Plan elements differently if the programs were going to be presented solely in a separate section.

This evening’s discussion is intended to clarify the Council’s preferred approach. Currently, the CAC’s recommended elements contain a total of approximately 410 programs (not counting the Housing Element programs). The CAC will focus on the Implementation Plan at their March 21st meeting, and will be asked to provide recommendations for prioritization and streamlining to

the City Council.

California Government Code Section 65301 states clearly that the required contents of a local agency's general plan can be organized in any way ("The General Plan may be adopted in any format deemed appropriate or convenient by the legislative body.") Also, while implementation measures are anticipated in some elements of the plan, the law's focus is on the agency's policy framework, requiring local plans and their separate "elements and parts" to "comprise an integrated, internally consistent and compatible statement of policies for the adopting agency" (Government Code Section 65300.5).

The elements required to be included in a general plan are identified in California Government Code Section 65302. In some cases, the statute references "action programs" and "implementation measures" that must be incorporated before the general plan can be deemed sufficiently complete. For example, the statute states that the City must identify and annually review areas that are subject to flooding (CGC 65302(a)). The noise element must include implementation measures that address existing and foreseeable noise problems, if any (CGC 65302(f)(4)). The plan must also "contain an action program consisting of specific programs which the legislative body intends to pursue in implementing its open-space plan" (CGC 65564). Each of these requirements has been reviewed by our consultants and has been or will be reflected in the draft elements reviewed by the City Council and must be included in the final Comprehensive Plan

With this background in mind, the City Council has two options:

1. Place the implementation programs in the Implementation Plan section of the document only, but retain a numbering system that allows them to be associated with specific plan goals and policies. With this approach, staff would recommend that programs required by state law or as EIR mitigation measures be re-drafted as policies and included in the elements so the Comp Plan's compliance with State law is very clear. This alternative should also involve editing the programs to clarify them and reduce the total number.
2. Revert to the original structure of the plan, and include implementation programs both within the elements and within the Implementation Plan section. In this alternative, the programs should be edited to clarify them and reduce the total number.

A majority of the CAC was not supportive of the first option when it was discussed in broad terms at their meeting on February 21st and some members expressed concerns that the policies would be less effective or understandable if they were separated from the implementation programs. The majority also expressed concerns that a separate Implementation Plan chapter would not have its deserved status as a legal part of the Comprehensive Plan (a concern which could be addressed in the adopting resolution). Staff

believes that either option can be made to work and can comply with all legal requirements. Also, in both cases, it will be possible to preserve all of the hard work that has gone into developing program language, and to clearly communicate the constraints on implementing all of the programs and the need to prioritize and reevaluate priorities over time.

Policy Implications

The Comprehensive Plan is the City’s “constitution” when it comes to land use and development issues, including transportation and the protection of the environment. The Comprehensive Plan Update is expected to perpetuate the overall vision and values of the current plan, while updating some of its goals, policies, and implementation programs.

Resource Impact

The Comprehensive Plan Update has been a time consuming and costly project for the City. Current contracts are sufficient to complete the project provided in accordance with the current schedule, which envisions completion of the CAC process in May and adoption of an updated plan by the end of the year.

Timeline/Next Steps

The Supplement to the Draft EIR is available online on the project website at: (<http://www.paloaltocompplan.org/eir/>). Members of the public are invited to provide oral comments at this evening’s meeting, or at a public hearing being conducted by the PTC on March 29, 2017. Written comments are also being accepted until the close of business on March 31, 2017.

All substantive comments received during the comment period will be responded to in a Final EIR, which is also expected to describe the City Council’s “preferred scenario” based on the Council’s input this evening. The Final EIR must be completed and certified before the City Council can consider approval of the Comprehensive Plan Update.

Upcoming City Council discussions and actions are tentatively scheduled as follows:

Table 2. Schedule of Upcoming City Council Discussions & Requested Actions

Date*	Topics/Actions Requested
March 20, 2017	Hearing on the Supplement to the Draft EIR, discussion of the Revised Fiscal Study, the Preferred Scenario, and Organization of Comp Plan Programs
May 1, 2017	Review of the Revised Draft Land Use & Transportation Elements
May 15, 2017	Review of the Draft Natural Environment, Safety, and Business/Economics Elements recommended by the Citizens

Date*	Topics/Actions Requested
	Advisory Council (CAC)
June 5, 2017	CAC resolution of thanks
June 12, 2017	Review of draft Introductory Materials/Governance; referral to the Planning & Transportation Commission (PTC)
Oct/Nov/Dec 2017	Receipt of the PTC recommendation and review of a complete draft document; certification of the Final EIR; and adoption of the Comp Plan Update subject to re-review and a report from the PTC per PAMC Section 19.04.080.
*All dates subject to change.	

Environmental Review

A program level EIR is being prepared for the Comprehensive Plan Update, as summarized in this staff report. Public comments are currently being accepted on the February 2016 Draft EIR and the February 10, 2017 Supplement to the Draft EIR.

Attachments:

- Attachment A: Notice of Availability of the Supplement to the Draft EIR for the Palo Alto Comprehensive Plan Update (PDF)
- Attachment B: Matrix of Impacts with Scenarios 1-6 February 2017 (PDF)
- Attachment C: CompPlanFiscalStudyRevised_2.16.17 (PDF)
- Attachment D: Preferred EIR Scenario Summary March 2017 (DOCX)
- Attachment E: Transcript of CAC February 21 2017 meeting (DOCX)
- Attachment F: City Council 01-30-17 Action Minutes (DOCX)
- Attachment G: Letters From the Public (PDF)

**NOTICE OF AVAILABILITY AND COMPLETION (NOTICE OF INTENT)
OF A SUPPLEMENT TO THE DRAFT ENVIRONMENTAL IMPACT REPORT FOR THE COMPREHENSIVE PLAN
UPDATE (SCH#2014052101)**

NOTICE IS HEREBY GIVEN that a Supplement to the Draft Environmental Impact Report (EIR) has been prepared to assess the environmental impacts of the following project:

COMPREHENSIVE PLAN UPDATE

LEAD AGENCY: City of Palo Alto, 250 Hamilton Avenue, Palo Alto, CA 94301

Project Description:

The Palo Alto Comprehensive Plan is the City's governing document for land use and development decisions. The City is undertaking a Comprehensive Plan Update in order to establish a shared vision for the future of the community through to the year 2030. The Project will update Plan goals, policies, programs, narrative, maps and diagrams. Given the long-term horizon of the proposed Plan and the permitting, planning and development actions that are related both geographically and as logical parts in the chain of contemplated actions for implementation, a draft EIR has been prepared as a program EIR, pursuant to the CEQA Guidelines.

A Draft Program EIR was published on February 5, 2016 for a 90-day comment period that was subsequently extended to 124 days (ending June 8, 2016). The Program EIR analyzed four planning scenarios at an equal level of detail within the body of the Draft EIR, thereby illuminating potential environmental impacts of a range of alternatives designed to address the proposed Plan objectives. Scenario 1 is a "Business as Usual" scenario and assumes the proposed Plan would not be adopted, and change and development in Palo Alto through 2030 would occur under the existing Comp Plan. Scenarios 2, 3, and 4 each include different strategies related to the pace of non-residential development and job growth, the placement of housing sites and densities, desired transportation investments, and sustainability measures. In early 2016, the City Council directed City staff to analyze two additional scenarios to broaden the range of potential outcomes and provide additional information to inform the planning process. This Supplement to the Draft EIR has been prepared to assess the two additional scenarios, called Scenarios 5 and 6. Scenario 5 would lower job growth below current projections and allow a modest increase in housing in an effort to improve the City's jobs-to-employed-residents ratio. Scenario 6 would also lower job growth below current projection and allow robust increase in housing in an effort to address issues of housing affordability and supply in the City and improve the City's jobs-to-employed-residents ratio.

Probable Environmental Effects of the Project:

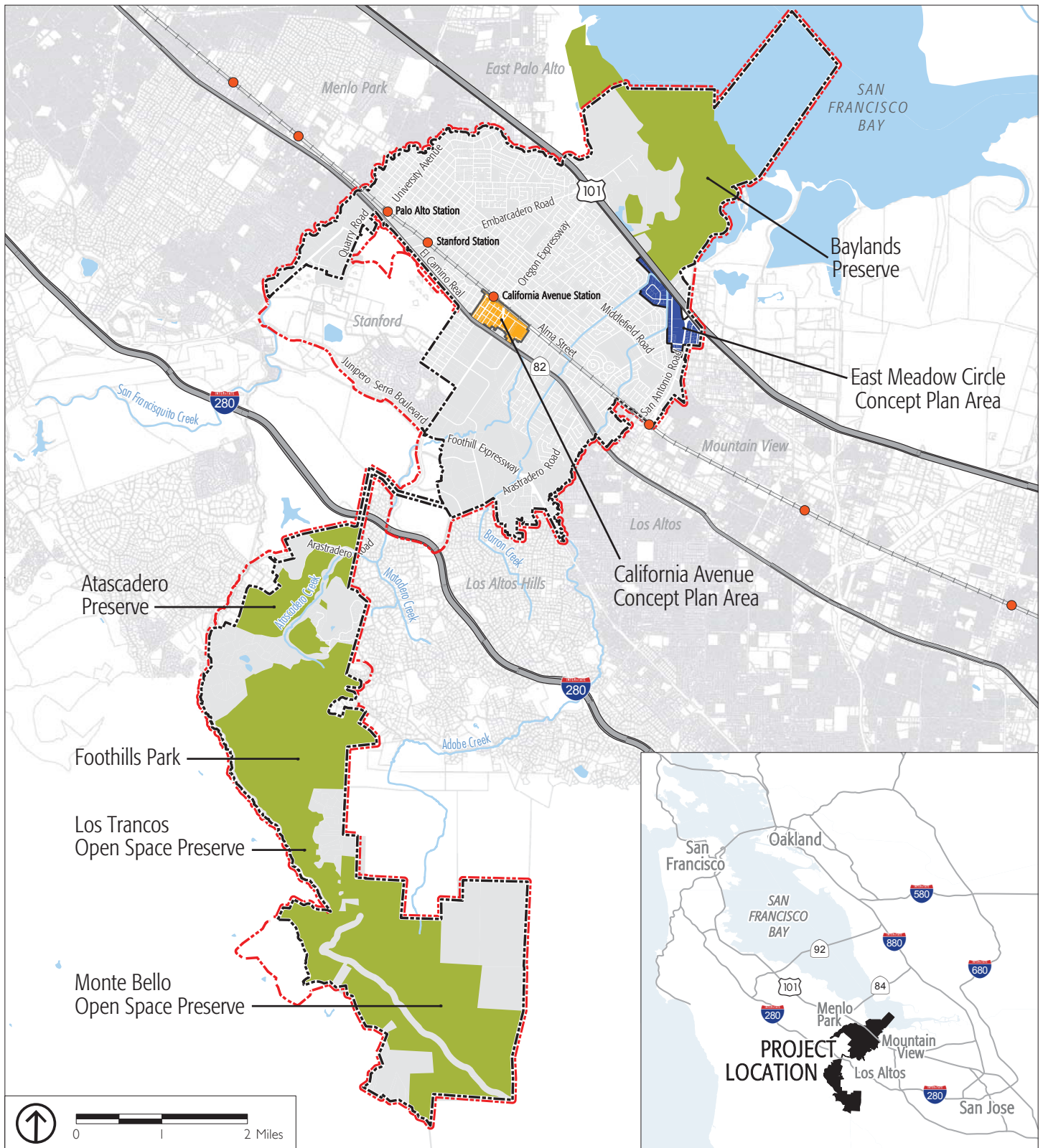
The EIR will evaluate potentially significant environmental impacts associated with the adoption and implementation of the Comprehensive Plan Update, consistent with the State California Environmental Quality Act (CEQA). The proposed project will have potentially significant environmental effects with regard to Aesthetics, Air Quality, Greenhouse Gas Emissions and Climate Change, Land Use, Public Services and Recreation, Transportation and Traffic, Noise, Utilities and Service Systems, Cultural Resources, and Hydrology and Water Quality. CEQA requires this notice to disclose whether any listed toxic sites are present at the project location. This is a citywide project, and there are sites within the city that are contained in the Cortese List of toxic sites.

The Draft EIR is on file and may be reviewed at the Palo Alto Planning Division, 250 Hamilton Avenue, 5th floor, during business hours. The EIR will also be available for review on the City's project website-- <http://www.paloaltocompplan.org>, and at the following public libraries: Rinconada Library, 1213 Newell Rd., Palo Alto, CA 94303, and Palo Alto Downtown Library, 270 Forest Ave., Palo Alto, CA 94301.

The public review for this Supplement to the Draft EIR begins on February 10, 2017 and ends on March 31, 2017. If you wish to provide written comments on the Supplement or the Draft EIR, please submit these to Elena Lee, Department of Planning and Community Environment, 250 Hamilton Avenue, Palo Alto, CA 94301, or Elena.Lee@CityofPaloAlto.org, no later than **March 31, 2017, at 5:00 p.m.** During the public review period, both the Planning & Transportation Commission and the City Council will hold public meetings to take public testimony on the Draft EIR. The public meetings are tentatively scheduled for March 20, 2017 at 7:00 p.m. (City Council) and March 29, 2017 at 6:00 p.m. (Planning & Transportation Commission). Both meetings will occur in the Council Chambers, 1st Floor City Hall, 250 Hamilton Avenue and all persons may appear and be heard at these meetings. Substantive public comments received at these meetings and in writing will be responded to in a Final EIR before there is any decision to adopt The Comprehensive Plan Update. Members of the public are also encouraged to attend meetings of the Citizens Advisory Committee to offer their comments and suggestions regarding the development of policy language for the updated plan. Visit PaloAltoCompPlan.org for more information.

If any person challenges this item in court, that person may be limited to raising only those issues the person or someone else raised at the public hearings described in this notice, or in written correspondence delivered at, or prior to, the public hearings. In compliance with the Americans with Disabilities Act, those requiring accommodation for these meetings should notify the City of Palo Alto 24 hours prior to the meetings at (650) 329-2496.

HILLARY GITELMAN, DIRECTOR OF PLANNING AND COMMUNITY ENVIRONMENT



Source: The Planning Center | DC&E, 2013; The City of Palo Alto, 2013.

- Cal Train Stations
- ~ Creeks
- City Boundary
- Public Conservation Land
- Sphere of Influence

FIGURE I
PROJECT LOCATION AND CONTEXT

Comprehensive Plan Update 2014-2030 Draft EIR Scenarios: Key Characteristics & Impacts * (1 of 2)

Key Characteristics/Impacts	2014 Existing Conditions ^[01]	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5 ^[02]	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
		"Business as Usual"	"Slowing Growth"	"Housing Tested I"	"Sustainability Tested I"	"Sustainability Tested II"	"Housing Tested II"	Page Reference	Page Reference**
City Population	65,685	72,285	72,285	74,120	76,140	74,120	79,765	3-24,33,38 & 44	3-19, 3-23
City & Sphere of Influence (SOI) Population	80,805	90,210	90,210	92,045	94,065	92,045	97,690	3-24,33,38 & 44	3-19, 3-23
City Housing Units ^[03]	28,545	31,265	31,265	32,090	32,965	32,090	34,545	3-24,33,38 & 44	3-19, 3-23
City & SOI Housing Units ^[04]	33,070	36,950	36,950	37,780	38,650	37,780	40,235	3-24,33,38 & 44	3-19, 3-23
City Jobs ^[05]	95,460	110,940	105,310	108,215	110,940	104,325	104,325	3-24,33,38 & 44	3-19, 3-23
City & SOI Jobs	100,830	116,700	111,070	113,975	116,700	110,085	110,085	3-24,33,38 & 44	3-19, 3-23
City Employed Residents ^[06]	31,165	34,697	34,697	35,578	36,547	35,578	38,287	4-11.29	4.11-16
City & SOI Employed Residents ^[07]	36,004	40,595	40,595	41,420	42,329	44,182	46,891	4-11.29	4.11-16
City Jobs/Employed Residents Ratio	3.06	3.20	3.04	3.03	3.04	2.93	2.72	4-11.29	4.11-16
City & SOI Jobs/Employed Residents Ratio	2.80	2.87	2.74	2.75	2.76	2.49	2.35	4-11.29	4.11-16
Key Characteristics/Impacts (NET CHANGE)		Scenario 1 Δ (NET CHANGE)	Scenario 2Δ (NET CHANGE)	Scenario 3 Δ (NET CHANGE)	Scenario 4 Δ (NET CHANGE)	Scenario 5Δ (NET CHANGE)	Scenario 6Δ (NET CHANGE)	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
City Population		6,600	6,600	8,435	10,455	8,435	14,080	3-19	3-19, 3-23
City & SOI Population		9,405	9,405	11,240	13,260	11,240	16,885	3-19	3-19, 3-23
City Housing Units ^[03]		2,720	2,720	3,545	4,420	3,545	6,000	3-19	3-19, 3-23
City & SOI Housing Units ^[04]		3,880	3,880	4,710	5,580	4,710	7,165	3-19	3-19, 3-23
City Jobs ^[05]		15,480	9,850	12,755	15,480	8,865	8,865	3-19	3-19, 3-23
City & SOI Jobs		15,870	10,240	13,145	15,870	9,255	9,255	3-19	3-19, 3-23
Estimated Net New Non-Residential Square Footage in Policy L-8 "Monitored Areas" 2014-2030 (millions sq ft) ^[08]		~1.7	~1.7	~1.9	~2.4	~1.1	~1.1		
Estimated Net New Non-Residential Square Footage Entire City 2014-2030 (millions sq ft) ^[09]		~3.3	~3.0	~3.5	~4.0	~2.4	~2.4	3-19	3-11
Transportation Impacts	2014 Existing Conditions	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
City Total Motor Vehicle Trips	432,122	479,198	467,567	475,362	463,255	444,204	457,633	4.13-47	4.13-23
City & SOI Total Motor Vehicle Trips	499,013	549,691	538,480	545,826	533,336	514,665	527,293	4.13-45	4.13-19
City Total Average Trip Length (miles)	12.31	12.41	12.28	12.31	12.50	12.41	12.37	4.13-47	4.13-23
City & SOI Total Average Trip Length (miles)	12.81	12.94	12.81	12.83	13.00	12.92	12.88	4.13-45	4.13-19
City Total Vehicle Miles Travelled (VMT)	5,320,931	5,947,158	5,741,373	5,853,201	5,788,497	5,511,446	5,663,040	4.13-49	4.13-23
City & SOI Total Vehicle Miles Travelled (VMT)	6,391,293	7,110,437	6,897,508	7,000,886	6,932,573	6,651,773	6,792,095	4.13-49	4.13-19
City VMT Per Capita	33.0	32.5	32.3	32.1	30.9	30.9	30.8	4.13-49	4.13-25
City & SOI VMT Per Capita	34.8 35.2	34.0 34.4	33.9 34.3	33.6 34.0	32.9	32.9	32.7	Updated in Supplement	4.13-22
City Mode Share for Palo Alto Daily Person Trips (%) - Drive Alone	61.5%	59.9%	60.0%	59.7%	58.5%	58.9%	58.5%	4.13-50	4.13-26
City Mode Share for Palo Alto Daily Person Trips (%) - Shared Ride	22.7%	22.2%	22.3%	22.2%	21.9%	21.9%	22.0%	4.13-50	4.13-26
City Mode Share for Palo Alto Daily Person Trips (%) - Transit	5.1%	6.8%	6.6%	6.8%	7.8%	7.6%	7.8%	4.13-50	4.13-26
City Mode Share for Palo Alto Daily Person Trips (%) - Bike	2.8%	3.1%	3.1%	3.1%	3.2%	3.2%	3.2%	4.13-50	4.13-26
City Mode Share for Palo Alto Daily Person Trips (%) - Walk	7.9%	8.1%	8.1%	8.2%	8.6%	8.4%	8.6%	4.13-50	4.13-26
	2013	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
Daily Transit Boardings To, From and Within Palo Alto (Including, BART, Caltrain, VTA, Shuttles, etc.)	44,053	62,177	57,287	61,013	70,045	64,375	66,315	4.13-69	4.13-47

Comprehensive Plan Update 2014-2030 Draft EIR Scenarios: Key Characteristics & Impacts * (2 of 2)

Palo Alto Unified School District (PAUSD) Impacts ^[10]	Existing Conditions Enrollments 2013-2014/2014-2015 (Capacity)	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
		"Business as Usual"	"Slowing Growth"	"Housing Tested"	Sustainability Tested	"Sustainability Tested II"	"Housing Tested II"	Page Reference	Page Reference**
Net Elementary School Students Enrollment Increase	5,784 / 5,677 (6,227)	388 <u>893</u>	388 <u>893</u>	471 <u>1,083</u>	558 <u>1,283</u>	1,083	1,648	Existing: 4.12-4; Scenarios: Updated in Supplement Existing: 4.12-4;	4.12-4 to 4.12-7
Net Middle School Students Enrollment Increase	2,720 / 2,932 (2,950)	155 <u>466</u>	155 <u>466</u>	188 <u>565</u>	223 <u>670</u>	565	860	Scenarios: Updated in Supplement Existing: 4.12-4;	4.12-4 to 4.12-7
Net High School Students Enrollment Increase	3,848 / 3,840 (4,600)	155 <u>582</u>	155 <u>582</u>	188 <u>707</u>	188 <u>837</u>	707	1,075	Scenarios: Updated in Supplement Existing: 4.12-4;	4.12-4 to 4.12-7
Net Total School Students Enrollment Increase	12,352 / 12,449 (13,777)	698 <u>1,941</u>	698 <u>1,941</u>	847 <u>2,355</u>	1,004 <u>2,790</u>	2,355	3,583	Scenarios: Updated in Supplement	4.12-4 to 4.12-7
Parkland Needed ^[11]	2014 Existing Conditions	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
Acres of Parkland Needed by Scenario (ac) @ 4 acres per 1,000 new residents	4,384.4 <u>89.3</u>	26.4	26.4	33.7	41.8	33.8	56.3	Updated in Supplement	4.12-20
Greenhouse Gas (GHG) Impacts	2014 Existing Conditions	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
City GHG Emissions (MtCO ₂ e/Year)	519,517 <u>520,184</u>	419,914 <u>420,046</u>	416,058 <u>424,733</u>	419,533 <u>428,669</u>	421,842 <u>431,749</u>	404,111	421,952	Updated in Supplement	4.6-11, 4.6-12
City & SOI GHG Emissions (MtCO ₂ e/Year)	600,207 <u>601,783</u>	494,458 <u>494,636</u>	485,707 <u>485,133</u>	489,074 <u>488,841</u>	491,095 <u>491,737</u>	463,299	481,379	Updated in Supplement	4.6-11, 4.6-12
Utilities Impacts	2014 Existing Conditions (Baseline)	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	February 2016 DEIR Page (Scenarios 1-4)	February 2017 Supplement to the Draft EIR (Scenarios 5-6)**
City & SOI Water Demand - Gallons Per Day (GPD)	4,230,635,205	4,485,942,577	4,485,531,107	4,485,877,531	4,486,224,321	4,485,593,230	4,486,005,796	4.14-23	4.14-3
City & SOI Increase in Solid Waste Generation over 2014 Baseline (tons/yr)	51,265	13,240	10,851	13,382	15,953	11,607	15,315	4.14-73	4.14-27
City & SOI Total Electricity Increase over 2014 Baseline (kWh)	1,017,067,516	152,818,068	106,148,597	134,778,309	162,135,150	102,532,440	115,987,402	4.14-96	4.14-35
City & SOI Natural Gas Increase over 2014 Baseline (therms)	31,729,420	4,493,949	3,419,165	4,286,982	5,135,532	3,544,370	4,470,891	4.14-23	4.14-36

NOTES

* ALL IMPACTS REPORTED ARE PRIOR TO ANY MITIGATION

01) 2014 in most cases.

02) City Council would like to develop a scenario that improves the City's ratio between jobs/employed residents. This new scenario can also include additional housing proposed in the SOI by Stanford University

03) 2014 Housing Units (HU) - 2010 Decennial Census baseline plus HU's built between 2010 -2014 based on building permit activity
3a. Scenario 1 2030 HU forecast based on Palo Alto long term average units produced per year and known pipeline projects.

04) 2014 HU for Sphere of Influence (SOI) - 2010 Decennial Census baseline plus Stanford General Use Permit (GUP) Annual Report to Santa Clara County on Housing built for years 2010 - 2014
4a. Scenario 1 2030 HU forecast for SOI assumes full buildout of Stanford GUP by 2030.

05) 2014 Existing jobs derived from ABAG Projections 2013 Jobs forecast interpolated from years 2010-2015. 2030 Jobs forecast for Scenarios 1 & 4 derived from ABAG Projections 2013.

06) 2014 Employed Residents for City derived from US Census, ACS 3-year estimates 2011-2013

6a. To determine the number of employed residents in the scenarios, PlaceWorks assumed that 48 percent of the 2030 (city limit) population would be employed which is the same percentage of employed residents to total population as is found in the ABAG 2030 Projections.

07) 2014 Employed Residents for City & SOI derived from ABAG Projections 2013 interpolation between 2015-2010

7a. To determine the number of employed residents in the scenarios, Placeworks assumed that 45 percent of the 2030 (City Limit + SOI) population would be employed which is the same percentage of employed residents to total population as is found in the ABAG 2030 Projections.

08) Only Scenarios 3 & 4 assume surpassing the 3.2 million Policy L-8 limit. "Monitored Areas" are identified on Map L-6 and referenced in Policy L-8. There are also land uses within "Monitored Areas" that are exempt from the 3.2 million Policy L-8 limits.

09) Estimated Net new non-residential square feet forecast for entire City.

9a. Scenario 1 - Includes 1.7 million sq ft in "monitored areas" remaining in 3.2 million limit in Policy L-8, 1.3 million sq ft of approved SMC expansion plus ~300k sq ft of non-res devt in other "non-monitored" areas.

9b. Scenario 2 - Includes 1.7 million sq ft in "monitored areas" remaining in 3.2 million limit in Policy L-8 & 1.3 million sq ft of approved SMC expansion.

9c. Scenario 3 - Includes 1.7 million sq ft in "monitored areas" remaining in 3.2 million limit in Policy L-8, 1.3 million sq ft of approved SMC expansion, plus ~200k sq ft of non-res devt above 3.2 m limit in Policy L-8 and ~300k of additional non-res devt in other "non-monitored" areas. Less job density type of non-res devt.

9d. Scenario 4 - Includes 1.7 million sq ft in "monitored areas" remaining in 3.2 million limit in Policy L-8, 1.3 million sq ft of approved SMC expansion, plus ~700k sq ft of non-res devt above 3.2 m limit in Policy L-8 and ~300k of additional non-res devt in other "non-monitored" areas. Less job density type of non-res devt.

10) Generation rates are consistent with "moderate" generation rates used in 2014 PAUSD Enrollment Projections prepared by Decision Insite. PAUSD uses "moderate" generation rates that are typical of students enrolled from existing developments of similar product type. This analysis also assumes that all new housing would be multi-family housing.

11) Neighborhood and District Parks only. Calculated @ 4 acres per 1,000 new residents.

** The Supplemental Draft Environmental Impact Report (SDEIR) is scheduled for publication on February 10, 2017. Some figures or data points for Scenarios 1-4 on the original EIR published on February 2016 may have been updated. The page numbers referenced on the SDEIR may have changed prior to final publication.

The Economics of Land Use



Draft Report

Fiscal Analysis of the City of Palo Alto 2030 Comprehensive Plan

Prepared for:

City of Palo Alto

Prepared by:

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February 17, 2017

EPS #151010

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1. INTRODUCTION AND SCOPE

Introduction

This Fiscal Impact Analysis (“fiscal analysis”) report documents a study of the City of Palo Alto General Fund revenues and costs that are attributable to alternative land use scenarios being considered through the Comprehensive Plan Update process. The fiscal analysis is tied to the City’s Fiscal Year 2015 adopted budget but also considers a 15-year historical review of General Fund revenue and cost trends. Furthermore, it incorporates analytical inputs from key City departments which inform 15-year forecasts of fiscal outcomes, under the year 2030 Comprehensive Plan alternative scenarios.¹



The Comprehensive Plan 2030 fiscal analysis assesses the effect of future residential and employment-supporting (non-residential) development on the City of Palo Alto General Fund. The objective of the analysis is to estimate whether anticipated population growth, economic expansion, and real estate development will generate adequate revenues to cover the costs of providing City General Fund operations and maintenance services. That is, the analysis seeks to identify what effect growth will have on the financial well-being of the City General Fund. Consistent with the Comprehensive Plan Update, the study period for the fiscal projections covers the period from 2015 to 2030. The fiscal analysis does not reflect the potential for the Comprehensive Plan to have quality of life effects that may result from growth, nor does it include costs associated with the major capital investments in infrastructure contemplated by the Comprehensive Plan Update.

The Comprehensive Plan is the primary tool for guiding future development in the City of Palo Alto. The Plan is the framework for making choices about growth, housing, transportation, neighborhood improvement, and service delivery. It is intended to build on shared community values and aspirations to guide preservation and to manage growth and change. The Plan sets out long-term goals for the City’s future as well as policies concerning public service delivery and land use.

The Palo Alto 2030 Comprehensive Plan Update will address changing demographic, economic, and environmental conditions in Palo Alto.² The Comprehensive Plan was last updated between

¹ FY2015 data were current when the Fiscal Impact Analysis commenced. Since then, General Fund revenue has increased notably, but expenditures also have similarly increased. The 2015 data are believed to be sufficiently representative of current revenue and cost factors for land use planning.

² The Housing Element was updated separately to meet a deadline set by the State.

1998 and 2002, with the intent of being re-examined by 2010. City Staff and consultants started work on the current Comprehensive Plan with the Planning and Transportation Commission (PTC) during 2008. Since then, the scope of the Update has grown to include a broad reorganization of the Comprehensive Plan. The technical process of gathering and analyzing data to support the Plan's goals, policies, and programs also has intensified.

This fiscal analysis assesses several scenarios that have been developed to capture the range of possible outcomes of the Comprehensive Plan Update process. The study is intended to inform decision makers about the potential fiscal impacts of the policy choices inherent in the Comprehensive Plan scenarios, recognizing that it is unlikely that the final Comprehensive Plan Update will exactly match any one of these scenarios, and more likely will include blend of all of them. This fiscal analysis is one of several analyses, including a Transportation Impact Analysis and an Environmental Impact Report, that are being prepared to inform a full understanding of the potential outcomes of the six land use scenarios, before a direction is set for the future of Palo Alto.

Comprehensive Plan Scenarios Overview

The City and the Comprehensive Plan Update consultant team have prepared six alternative scenarios that represent a range of land use and growth patterns that could be pursued in the coming years. Each of the scenarios is presented for planning purposes, and the scenarios are not meant to represent mutually exclusive options or final scenarios from which to choose. The scenarios illustrate several ways in which the City can address important issues that Palo Alto is facing, and it is expected that the City Council ultimately will adopt a Comprehensive Plan that represents a combination of the scenarios. By definition, these scenarios explore a range of factors that represent potential changes in direction from existing City policy or past practice. However, each of the scenarios is considered feasible and implementable. For the purposes of the fiscal analysis, it is assumed that the quality of services provided by the City is the same across the scenarios.



- **Scenario 1** represents "business as usual" under the existing Comprehensive Plan land use designations.
- **Scenario 2** tests concepts designed to slow the pace of job growth in the City and to ensure that the modest amount of housing growth that is expected would consist of small units and other housing types appropriate for seniors and the Palo Alto workforce. Under this scenario, existing Comprehensive Plan land use designations remain unchanged.
- **Scenario 3** tests strategies designed to slow the pace of job growth and would replace or supplement the current citywide "cap" on new non-residential square footage with an annual limit on office and R&D development. In Scenario 3, the annual growth cap focuses on the areas of the City that are experiencing the most rapid change, including Downtown, the California Avenue Area, and the El Camino Corridor. This scenario also discourages new

multi-family housing along South El Camino Real and San Antonio Avenue and adopts policies and zoning regulations to shift new housing to transit-rich areas with ample neighborhood services. Under this scenario, Comprehensive Plan land use designations would remain unchanged.

- **Scenario 4** tests strategies to concentrate growth in transit-rich areas of the City, where there are ample neighborhood services, and seeks to address the impacts of employment growth rather than slowing or controlling the rate of growth. As a result, this scenario includes the most job and residential growth of the six scenarios. However, growth only would be allowed on the condition that it (individually or collectively) incorporates stringent performance standards intended to achieve significant sustainability improvements. One of these standards would include “no net new car trips” as a result of any new office development.
- **Scenario 5** tests strategies designed to slow the pace of job growth and replaces or supplements the current citywide “cap” on new nonresidential square footage in “monitored areas” with a permanent annual limit on office and R&D development. This scenario includes the same number of housing units as Scenario 3 but fewer jobs than Scenarios 1 through 4.
- **Scenario 6** tests strategies designed to slow the pace of job growth and includes more housing units than any of the other scenarios. This scenario also lowers job growth to below current projections and allows a robust increase in housing in an effort to address issues of housing affordability and supply in the city and improve the city’s jobs-to-employed-residents ratio.

Based on the scenarios described above, the City and the Comprehensive Plan consultant team established estimates of net new real estate development in the City. **Figure 1** presents a summary of the Comprehensive Plan scenarios, including population, households, employment, and employment workspace growth by 2030. Workspace densities vary by scenario.

Figure 1 2030 Comprehensive Plan Scenarios

Socio-Economic Factor	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Population Growth	6,600	6,600	8,435	10,455	8,435	14,080
<i>Percent Growth</i>	10%	10%	13%	16%	13%	21%
Housing Unit Growth	2,720	2,720	3,545	4,420	3,545	6,000
<i>Percent Growth</i>	10%	10%	12%	15%	12%	21%
Employee Growth	15,480	9,850	12,755	15,480	8,865	8,865
<i>Percent Growth</i>	16%	10%	13%	16%	9%	9%
Employment Workspace Growth (Square Feet)	3,300,000	3,000,000	3,500,000	4,000,000	2,400,000	2,400,000
<i>Percent Growth</i>	12%	11%	13%	15%	9%	9%

Methodology Overview

This fiscal analysis of 2030 Comprehensive Plan scenarios focuses specifically on the effect that population and employment growth will have on the City's \$171.1 million 2015 Adopted General Fund Operating Expenditure Budget.³ The Fiscal Impact Model developed for this study effort assesses revenue and cost effects attributable to growth on a revenue-line-item and department-by-department cost basis. The model holds current operations factors constant, including tax rates, organizational structures, and governance policies. While these and other factors will change over time, this analytical approach seeks to isolate the fiscal impact attributable to residents, workers, and visitors, as well as fiscal impacts attributable to specific land use categories. The analysis presents year 2030 results in constant 2015 dollars.

The fiscal analysis forecasts the net impact (i.e., revenues less costs) for each of the Comprehensive Plan scenarios. The attribution of revenues and costs to specific types of growth provides potentially useful information to decision makers considering alternative paths of growth for the City.

Study Caveats

- **The fiscal analysis does not recommend changes to City budgeting.** The analysis is not intended to support departmental funding decisions. This fiscal analysis specifically seeks to identify General Fund revenue and cost effects attributable to new resident and worker populations in the City. The analysis does not address baseline cost trends (e.g., healthcare or pension costs) or other external factors that may affect the General Fund in the future. The City's Long Range Financial Forecast, Comprehensive Annual Financial Report, and City budget reports support City decisions regarding the allocation of revenue resources.
- **The fiscal analysis does not recommend changes to the levels service achieved by City departments.** The fiscal analysis is not intended to inform decisions concerning the adequacy of City service delivery. Rather, the analysis assumes that current service levels and standards are maintained in the future, under all growth scenarios. Similarly, this study does not evaluate major new capital facilities improvements that may be needed to serve new populations or support new development. Apart from planned infrastructure projects, minimal capital investment in new facilities will be required as a result of the growth anticipated by the Comprehensive Plan Scenarios, and what investment is needed likely would be covered by the general fund expenditures estimated as part of this analysis as well as through development impact fee revenues and other available capital investment sources.
- **The fiscal analysis does not speculate or make projections concerning external factors that may influence growth, City responses to growth, and cost effects in the future.** External factors that are beyond the control of the City and its departments may act to magnify or reduce department costs over time. Examples of such external factors include regional growth, technological advancements, State and federal policies, and environmental factors.

³ The General Fund is a subcomponent of the City's total Fiscal Year 2015 expenditure budget of \$470.3 million.

2. SUMMARY OF ANALYTICAL RESULTS

This fiscal analysis finds that the growth envisioned in all six Comprehensive Plan scenarios likely will generate net revenue for the City of Palo Alto General Fund. The results range from an annual net effect (i.e., additional General Fund revenues minus costs) of roughly \$5.0 million to \$7.4 million by 2030 (in 2015 dollars). These fiscal effects reflect annual per-capita fiscal net benefits of about \$240 to \$320 per net new person (including new residents and workers), with each new resident generating about \$340 to \$360 and each new employee generating about \$190 to \$280.

These findings suggest that the City's General Fund is likely to benefit financially from growth, including both residential and commercial development. That is, each new resident and worker generates more in tax revenue accruing to the City General Fund than his or her cost to the General Fund, on average. Accordingly, this analysis finds that the most significant growth scenarios (Scenario 4 and Scenario 6) will generate the greatest financial gain for the General Fund. **Figure 2** and **Figure 3** present aggregate and per-capita fiscal analysis results, respectively. **Figure 4** presents additional detail concerning per-capita revenues and costs attributable to local residents and workers.

It is important to recognize that despite being positive, the net fiscal impacts calculated by this analysis are quite modest relative to the total City General Fund budget. The greatest net fiscal impact identified, \$7.4 million under Scenario 4, represents about four percent of the Fiscal Year 2015 General Fund expenditure budget.

It also is important to note that there are likely to be a variety of effects from growth that are not reflected in the City fiscal impacts calculated by this analysis. For example, the analysis does not estimate quality of life impacts that result from growth, such as changes in traffic congestion, parking supply, or other positive or negative factors related to increased land use density. The Environmental Impact Report (EIR) concerning the Comprehensive Plan provides a thorough assessment of such impacts. Furthermore, it is important to note that this fiscal analysis provides a view of operational revenues and costs accruing to the General Fund and does not reflect the costs associated with the major infrastructure investments contemplated by the Comprehensive Plan scenarios.

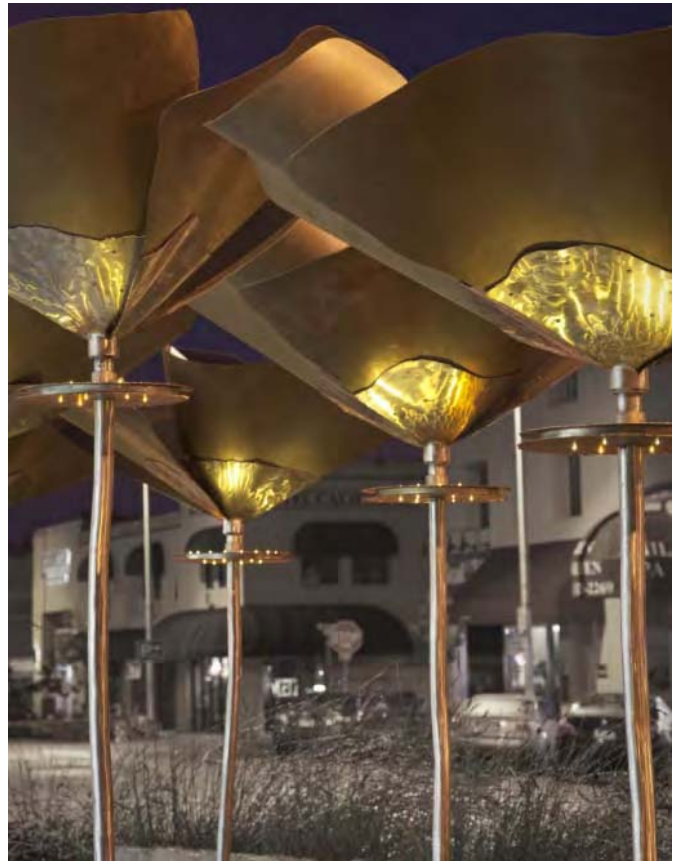


Figure 2 Estimated Annual Net Fiscal Effect on General Fund in 2030 (2015\$, '000s)

Fiscal Effect	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Revenues	\$11,732	\$10,109	\$12,723	\$15,405	\$10,709	\$14,989
Costs	<u>\$6,527</u>	<u>\$5,071</u>	<u>\$6,525</u>	<u>\$8,002</u>	<u>\$5,519</u>	<u>\$7,676</u>
Total Net Effect	\$5,205	\$5,038	\$6,198	\$7,404	\$5,190	\$7,313
<i>Percentage of 2015 General Fund</i>	3.0%	2.9%	3.6%	4.3%	3.0%	4.3%
<u>Total Net Effect by Use Category</u>						
Residential Uses	\$2,238	\$2,238	\$2,973	\$3,722	\$2,973	\$5,096
Employment Uses	\$2,967	\$2,799	\$3,225	\$3,681	\$2,217	\$2,217

Figure 3 Estimated Per-Capita Net Fiscal Effect on General Fund in 2030 (2015\$)

Fiscal Effect	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Overall Per Capita (Residents and Workers)	\$236	\$306	\$292	\$285	\$300	\$319
Per Resident	\$339	\$339	\$352	\$356	\$352	\$362
Per Household	\$823	\$823	\$838	\$843	\$838	\$849
Per Job	\$192	\$284	\$253	\$238	\$250	\$250

Figure 4 Estimated Per-Capita Revenue and Cost on General Fund in 2030 (2015\$)

Fiscal Effect	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
<u>Per Resident</u>						
Revenue	\$721	\$721	\$735	\$738	\$735	\$744
Cost	<u>\$382</u>	<u>\$382</u>	<u>\$382</u>	<u>\$382</u>	<u>\$382</u>	<u>\$382</u>
Net Effect	\$339	\$339	\$352	\$356	\$352	\$362
<u>Per Job</u>						
Revenue	\$450	\$543	\$512	\$497	\$509	\$509
Cost	<u>\$259</u>	<u>\$259</u>	<u>\$259</u>	<u>\$259</u>	<u>\$259</u>	<u>\$259</u>
Net Effect	\$192	\$284	\$253	\$238	\$250	\$250

Key Findings

- **The net revenue generated for the General Fund under the Comprehensive Plan Update scenarios result from robust revenue generating potential and modest cost implications attributable to growth.** On the revenue side, property tax-related City income is anticipated to be strong, given the high value of real estate in Palo Alto. In addition, this analysis projects significant sales tax revenue will be generated by new residents and workers. On the cost side, the City is well positioned to expand to meet marginal increases in demand for City services without dramatic increases in operational cost.
- **Though the Comprehensive Plan Update scenarios are likely to generate net revenue for the General Fund, it is notable that even the most aggressive growth forecast will have a relatively modest net effect on the General Fund.** Overall, this fiscal analysis finds that growth scenarios might net the City \$5.0 million to \$7.4 million (2015\$) by 2030, or about 2.9 percent to 4.3 percent of the 2015 General Fund expenditure budget. A variety of factors external to this analysis could have more dramatic effects on the General Fund. For example, retail sales and transient occupancy attributable to regional growth (particularly in nearby cities), turnover of local real estate assets with deeply suppressed assessed value and property tax potential, and regional demographic shifts could affect the General Fund over the next 15 years.
- **The expected fiscal benefit of a new resident in Palo Alto is greater than the expected fiscal benefit of a new employee in the City.** This result is attributable to the greater revenue potential of residents. In particular, property tax revenue from residential uses is two to three times that of employment uses on a per-capita basis (reflective of value, space efficiency, and turnover). This residential property-related revenue outweighs the higher per-capita sales tax revenue and transient occupancy tax revenue generated by local employment. However, new residents are expected to generate a higher marginal cost burden for the City General Fund, as compared with local workers. Overall, though, residents' greater revenue potential relative to workers outweighs the cost of services differential between residents and workers, resulting in greater per-capita net benefits attributable to new residents.

3. FISCAL TRENDS AND ANALYTICAL FRAMEWORK

The City of Palo's budget, as approved by the City Council, reflects resource allocations consistent with the City policies, goals, and priorities. It also communicates to citizens and staff an action plan for the upcoming fiscal year, including program goals and the standards by which the delivery of services to the public will be measured.

For the purposes of this fiscal analysis, the General Fund component of the Fiscal Year 2015 City Budget is the primary basis from which fiscal effects are measured. This section reviews the General Fund in detail, including both revenues and expenditures.



Economic and Budgetary Environment

The General Fund at a Glance

The General Fund is the primary fund used to account for all general revenues of the City (e.g., property tax revenue, sales tax revenue). In general, these funds are allocated at the discretion of the City Council. Revenue is used to support citywide services such as public safety, community services, planning and community environment, and administrative support services. The Fiscal Year 2015 Adopted General Fund Expenditure budget of \$171.1 million is balanced with \$169.4 million in revenues and \$1.7 million Fiscal Year 2014 budget surplus funds.

Primary Revenue Sources Affected by Growth

The General Fund revenue sources discussed below are anticipated to increase with new resident and employment growth in the City.

Property Tax

The City of Palo Alto receives an approximately 9.0 percent apportionment of the base 1.0 percent statewide real property tax rate. The City of Palo Alto's Fiscal Year 2015 revenue projection was about \$32 million.

Sales Tax

The City of Palo Alto receives a 1.0 percent tax rate on taxable retail sales within the City. The City's Fiscal Year 2015 revenue projection was approximately \$26 million.

Transient Occupancy Tax

The Transient Occupancy Tax rate in Palo Alto is 14 percent, which is applied to the daily room rate at local lodging establishments. The tax applies to stays of 30 days or less. The Fiscal Year 2015 revenue projection was \$14.2 million.

Utility Users Tax

A Utility Users Tax is charged to all local consumers of electricity, gas, water, and telephone services at a rate of 4.75 to 5.0 percent.⁴ The Fiscal Year 2015 revenue projection was \$11.3 million.

Documentary Transfer Tax

The Documentary Transfer Tax is levied when real property is sold. In Palo Alto, the real property transfer tax is \$3.30 for each \$1,000 of property value. The Fiscal Year 2015 revenue projection was \$7.5 million.

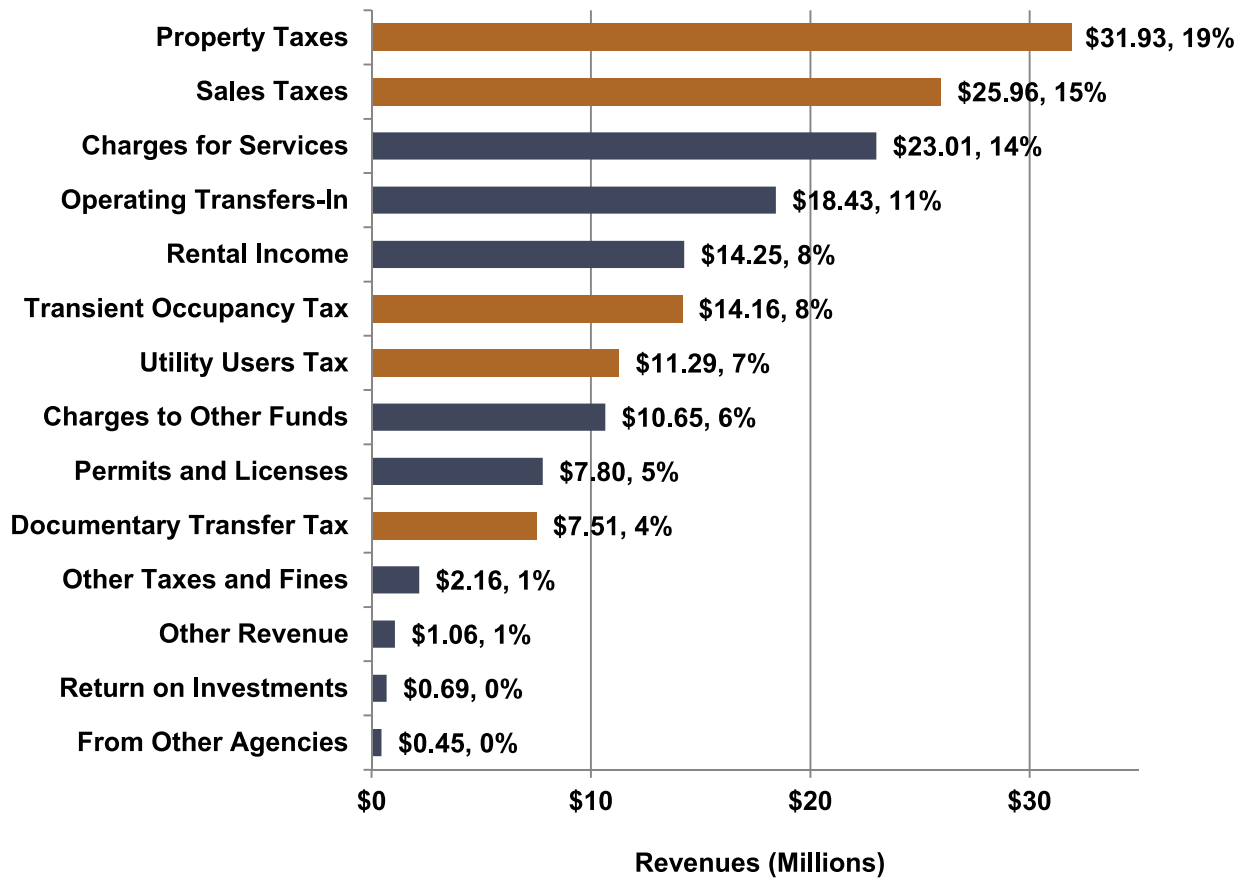
Figure 5 presents a summary of all 2015 General Fund revenue sources, including a number of sources which are not anticipated to be directly or significantly affected by population and employment growth in the City.⁵ In addition, some categories of revenue shown in **Figure 5** are removed from the analysis on both the revenue and cost side of the fiscal accounting ledger, the assumption being that the City will maintain current cost recovery performance.⁶

⁴ Measure C, passed by voters in 2014, modernizes the City's utility users tax to reflect changes in federal law as well as the shift from landline telephones to digital communication technologies. It reduces the telecommunications tax rate from 5 to 4.75 percent and eliminates a discount that applies to a small number of customers who large volumes of gas, water and electricity. For purposes of analysis, this study applies a 5 percent tax rate to all estimated utility charges.

⁵ Operating transfers, rental income, charges to other funds, other revenue, return on investments and funds from other agencies are unlikely to be directly affected by growth.

⁶ Charges for service, permits and licenses, and other taxes and fines.

Figure 5 2015 General Fund Revenue Sources *



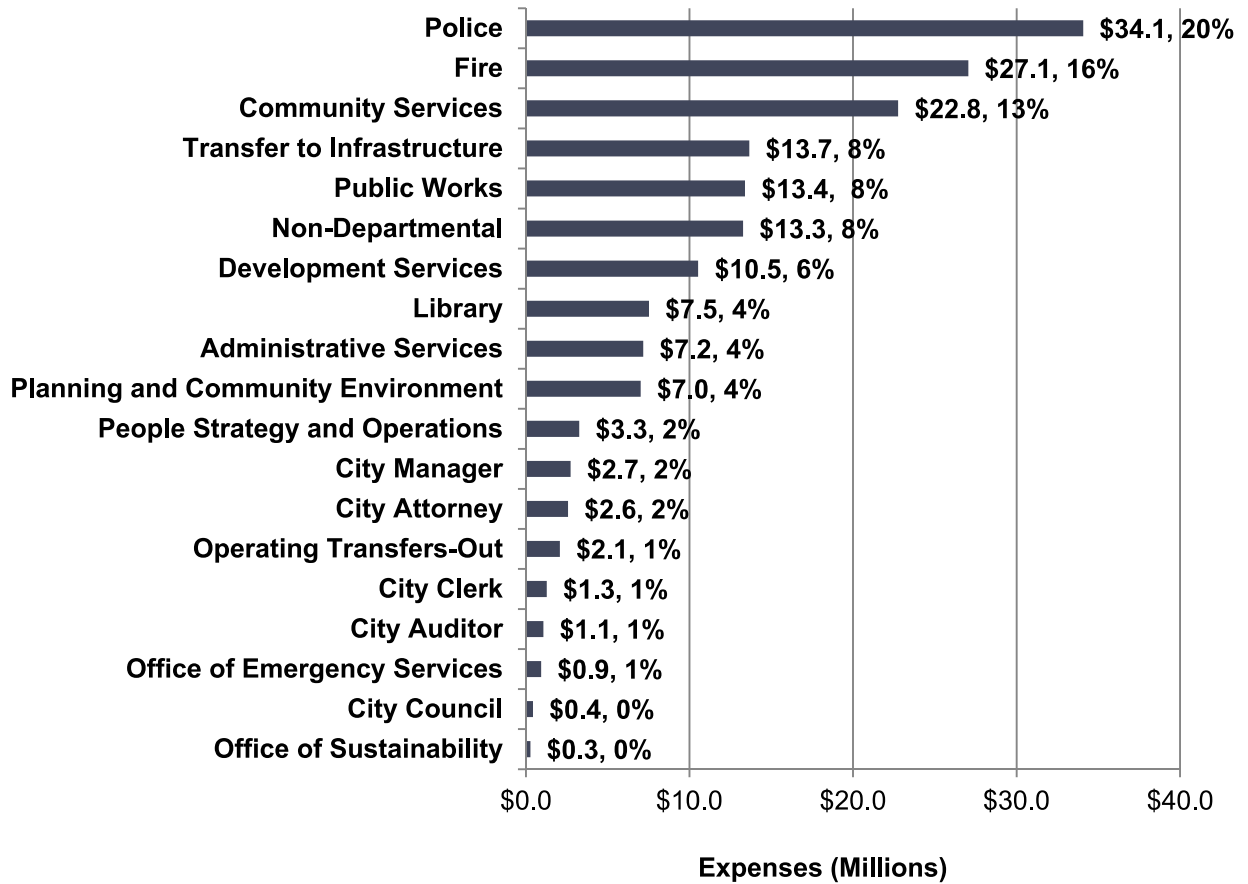
Source: City of Palo Alto Adopted Operating Budget Fiscal Year 2015

* Revenue sources not affected by growth or excluded because of cost recovery are presented in blue.

General Fund Expenditure Budget

City departments that draw heavily on the General Fund include Police (20 percent), Fire (16 percent), Community Services (13 percent), and Public Works (8 percent). **Figure 6** presents the relative size of expenditure budgets for City of Palo Alto departments. Budget trends, including detailed analysis of the trends and cost drivers influencing the operational costs of key departments, are discussed below and in detail in the General Fund Costs section of this report.

Figure 6 Adopted 2015 General Fund Expenditure Budget

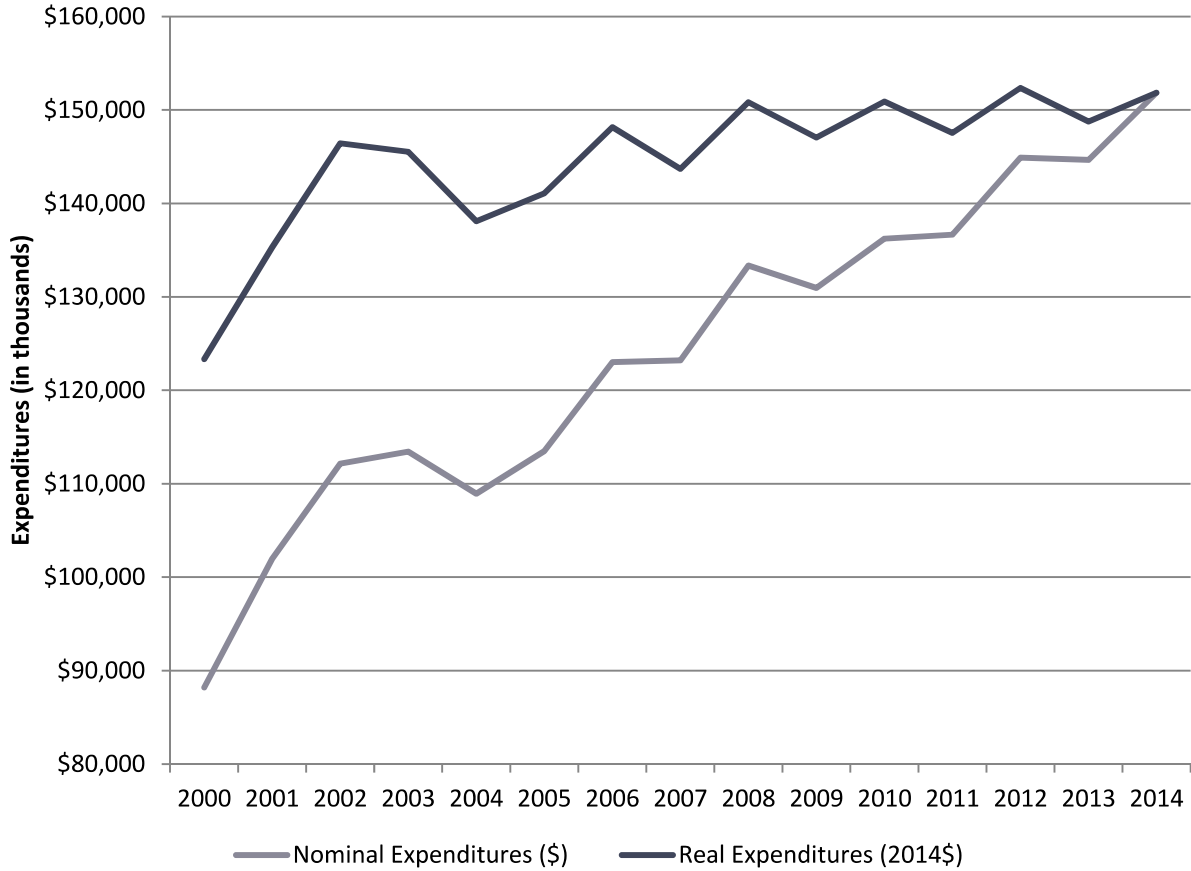


Source: City of Palo Alto Adopted Operating Budget Fiscal Year 2015

Budget Trends

Over the past 15 years, the City of Palo Alto’s General Fund expenditures have grown at the modest rate of about 4.0 percent per year on average. Adjusting for inflation, General Fund expenditures have increased by just 1.5 percent per year on average. **Figure 7** presents the budget trend, excluding transfers, since 2000. The figure presents expenditure data compiled from the City’s Comprehensive Annual Financial Reports which reflect all General Fund expenditures, less transfers out.

Figure 7 City of Palo Alto General Fund Expenditure Trend



Note: "Nominal Expenditures" reflects City's budget as recorded in each year. "Real Expenditures" are nominal expenditures adjusted for inflation to reflect constant 2014 dollars.

Analytical Approach and Key Assumptions

The Comprehensive Plan 2030 fiscal analysis assesses the effect of future residential and employment-supporting (non-residential) development on the City of Palo Alto General Fund. The objective of the analysis is to estimate whether anticipated population growth, economic expansion, and real estate development will generate adequate revenues to cover the costs of providing City General Fund operations and maintenance services. That is, the analysis seeks to identify what effect growth will have on the financial well-being of the City General Fund. Consistent with the Comprehensive Plan Update, the study period for the fiscal projections covers the period from 2015 to 2030.

Economic & Planning Systems (EPS) has developed a spreadsheet-based fiscal model that relies primarily on the City's Fiscal Year 2015 Adopted Budget, data and qualitative information provided by key City departments, Planning and Community Environment staff guidance, and firm experience conducting fiscal analysis in California. The model calculates revenues and costs attributable to growth using a range of approaches to revenue and cost estimation.

- **Revenue Analysis** - For revenue sources including property tax, sales tax, and transient occupancy tax (i.e., those sources for which revenue generation can be simulated), the model seeks to forecast the marginal contribution of these sources to revenue, based on the range of growth described by the Comprehensive Plan scenarios. For other sources of General Fund revenue, such as the Utility Users Tax, the model calculates revenue estimates based on the current average revenue per household and employee.
- **Cost Analysis** – The model relies on a marginal cost methodology to estimate future City expenditures. These marginal costs are lower than average costs, since a portion of the City’s general fund expenditures are fixed (i.e., do not increase with population growth). For departments with relatively large operating budgets, the analysis relies on more detailed data inputs from department representatives to estimate the marginal cost to provide services to increasing numbers of residents and local employees.

The Comprehensive Plan 2030 fiscal analysis is sensitive to the local drivers of fiscal revenues and fiscal costs, and the model takes extraordinary steps to attribute revenues and costs to local residents versus workers.

- **Revenue Attribution** - The analysis attributes revenues to residents based on their local real estate value, their local spending, and spending on lodging by visiting friends and relatives. Similarly, the analysis attributes revenues to employees based on employment-supporting real estate value, business and employee spending, taxable business-to-business sales, and business travel spending in Palo Alto.
- **Cost Attribution** - The analysis uses a “service population” methodology to attribute costs to local populations. For key departments, the study relies on data and qualitative information to assess costs attributable to residents versus workers in Palo Alto. For those departments that have relatively less influence on the cost of services, the analysis defines the service population as the resident population plus one-half of citywide employees (i.e., using this method, the service burden of a local worker is weighted at 50 percent of a local resident).

4. GENERAL FUND REVENUES

Summary of Revenues

The Comprehensive Plan 2030 fiscal analysis estimates City General Fund revenue in 2030 for each of the planning scenarios. Overall, the scenarios generate between \$10.1 million and \$15.4 million in new revenue in 2030 (2015\$). Property tax revenue alone accounts for between 50 percent and 61 percent of total revenue, depending on the scenario. **Figure 8** presents a summary of General Fund revenues by type for each scenario. This section of the report describes the data, assumptions, and calculations used to generate revenue estimates.

Figure 8 Revenue by Comprehensive Plan Scenario in 2030 (2015\$, '000s)

Department	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Property Taxes	\$5,900	\$5,679	\$7,051	\$8,506	\$6,176	\$9,141
Residential Uses	\$3,286	\$3,286	\$4,284	\$5,337	\$4,284	\$7,249
Employment Uses	\$2,614	\$2,393	\$2,768	\$3,169	\$1,892	\$1,892
Property Transfer Tax	\$982	\$957	\$1,214	\$1,481	\$1,114	\$1,751
Residential Uses	\$706	\$706	\$920	\$1,147	\$920	\$1,557
Employment Uses	\$276	\$251	\$294	\$334	\$193	\$193
Sales Taxes	\$1,794	\$1,357	\$1,714	\$2,061	\$1,296	\$1,534
Residential Uses	\$264	\$264	\$344	\$429	\$344	\$583
Employment Uses	\$1,530	\$1,093	\$1,370	\$1,632	\$951	\$951
Transient Occupancy Tax	\$1,569	\$1,058	\$1,372	\$1,672	\$1,019	\$1,167
Residential Uses	\$164	\$164	\$214	\$267	\$214	\$363
Employment Uses	\$1,271	\$796	\$1,038	\$1,271	\$740	\$740
Utility Users Tax	\$1,621	\$1,155	\$1,491	\$1,820	\$1,169	\$1,460
Residential Uses	\$340	\$340	\$435	\$539	\$435	\$726
Employment Uses	\$1,281	\$815	\$1,056	\$1,281	\$734	\$734
Total Revenues	\$11,732	\$10,109	\$12,723	\$15,405	\$10,709	\$14,989
Residential Uses	\$4,760	\$4,760	\$6,198	\$7,719	\$6,198	\$10,477
Employment Uses	\$6,972	\$5,348	\$6,525	\$7,686	\$4,511	\$4,511

Property Tax Revenue

Property Tax Current Conditions and Trends

At nearly \$32 million, property tax revenue comprises approximately 19 percent of Fiscal Year 2015 General Fund projected revenue, by far the most significant source. Data from the City’s Comprehensive Annual Financial Report (CAFR) indicate that in 2014 the residential land uses in Palo Alto accounted for approximately three times the assessed value of commercial land uses and likely a similarly greater amount of property tax revenue. Residential uses’ share of total assessed value has trended upward in recent years. Looking back to 2010, residential assessed value was about 2.5 times the commercial assessed value. **Figure 9** presents the trend in residential versus commercial assessed value in the Palo Alto between 2010 and 2014.



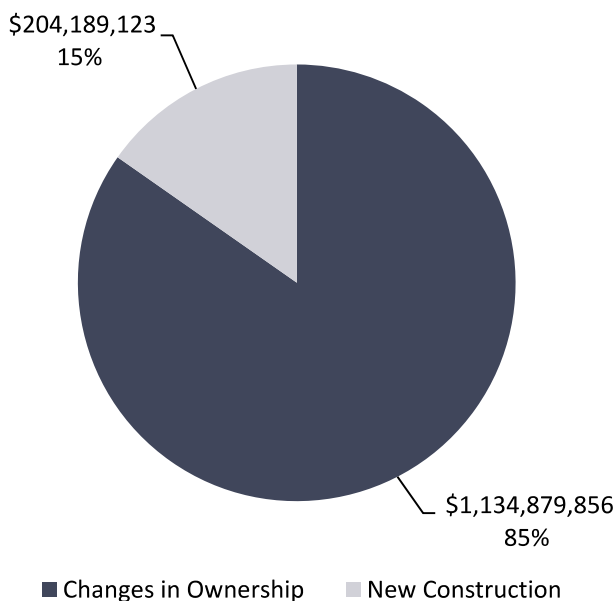
Figure 9 Residential Versus Commercial Assessed Value Trend



Source: City of Palo Alto Comprehensive Annual Financial Report

Increases in assessed value are largely attributable to the turnover of existing real estate in Palo Alto, as compared with new construction. Data from the Santa Clara County Assessor reveal that during 2014-15, only 15 percent of the City’s increase in assessed value (about \$200 million) over the prior year was attributable to new construction. Over \$1 billion in assessed value, which accounted for 85 percent of total growth over the prior year, was attributable to changes in property ownership that result in the reassessment of property to current market value. The chart shown in **Figure 10** depicts Palo Alto’s year-over-year change in the assessed value split between new construction and changes in ownership.

Figure 10 Added Assessed Value in Palo Alto (2013-14 vs. 2014-15)



Source: Assessor's Annual Report 2014-2015.

These data concerning the creation of new assessed value in Palo Alto suggest that changes in the ownership of existing properties likely is the driving factor behind the overall shift in assessed value toward residential uses. In California, Proposition 13 restricts the assessed value of property to 2.0 percent annual appreciation when ownership remains unchanged. When long-held properties are sold, the assessed value can reset to a market level that is many multiples its prior assessed value. With residential properties being more numerous, more valuable in aggregate, and turning over more frequently in Palo Alto, it is probable that residential turnover in Palo Alto is adding assessed value to the City roll at a greater rate than commercial turnover. And while new construction does contribute to increases in assessed value, the contribution of these new developments is relatively modest and unlikely to dramatically affect aggregate assessed value. For these reasons, it is likely that the baseline condition (i.e., the outcome in the absence of growth envisioned by the Comprehensive Plan scenarios) is that residential uses will continue to increase as a share of total assessed value and property tax revenue in Palo Alto.

Property Tax Revenue Forecast

Property tax will be the most significant source of General Fund revenue attributable to the Comprehensive Plan Update 2030 growth scenarios. The fiscal analysis relies on a variety of data and assumptions to establish the property tax revenue forecasts, including market value assumptions and the anticipated land use mix (i.e., distribution of residential and commercial use types). The analysis assumes that the current taxation framework (e.g., the property tax In Lieu of Vehicle License Fee swap) and tax rates remain unchanged.

Assessed Value

To establish property value assumptions, EPS reviewed a variety of sources, including residential sales data from Zillow, multifamily rental building sales data from RealAnswers, and commercial

real estate transaction data from CoStar Group, all well-respected suppliers of real estate data. In addition, the analysis considers data concerning area median income and follows guidelines from the US Department of Housing and Urban Development (HUD) to establish appropriate market values for Below Market Rate (BMR) housing.

The real estate data considered are specific to real estate transactions in Palo Alto. While there are likely to be transactions that occur both above and below the assumed market valuation levels, the model assumptions are believed to be a good representation of average value citywide over the coming years. **Figure 11** presents the real estate value assumptions relied on by the Comprehensive Plan Update fiscal analysis.

Figure 11 Property Value Assumptions (2015\$) *

Land Use	Market Value	
Residential Uses		
For-Sale Residential	\$1,190,000	Per Unit
For-Sale BMR	\$380,000	Per Unit
Rental Residential	\$750,000	Per Unit
Rental BMR	\$260,000	Per Unit
Employment Uses		
Retail	\$600	Per Square Foot
Office	\$700	Per Square Foot
Industrial	\$400	Per Square Foot
Other	\$700	Per Square Foot

* "Other" land uses include a range of specialty uses, including hospitality, education, and health care uses.

The mix of uses assumed by this analysis reflects the housing units and jobs described by each Comprehensive Plan Scenario (see **Figure 1**). The analysis makes additional assumptions concerning the types of residential and commercial uses that will be developed in the City. **Figure 12** presents detailed land use program assumptions for each Comprehensive Plan scenario.

- **Housing** - This analysis assumes that future housing development will be in multifamily developments, including rental apartments and for-sale condominiums. The share of units that will be offered as BMR units reflects City's goal of 15 percent. According to data from the City, currently about seven percent of citywide units are BMR, with about one percent of all units characterized as for-sale BMR units and six percent characterized as rental BMR units. The analysis assumes that the current mix of for-sale and rental BMR continues into the future, but that BMR constitutes a greater share of new housing than existing housing.
- **Employment Space** - To establish the mix of employment (non-residential) space development that might occur under the Comprehensive Plan scenarios, the analysis evaluates the detailed job growth projections associated with each of the growth scenarios,

considers potential employment densities by industry, and establishes workspace distributions that reflect these factors. The space distributions are applied to net new development targets established in collaboration with City staff and the consultant team.

Figure 12 Land Use Program by Scenario

Land Uses	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Residential Uses (Dwelling Units)						
For-Sale Residential	1,281	1,281	1,670	2,080	1,670	2,825
For-Sale BMR	47	47	61	76	61	103
Rental Residential	1,031	1,031	1,344	1,675	1,344	2,275
Rental BMR	361	361	471	587	471	797
Employment Uses (Square Feet, '000s)						
Retail	440	490	510	540	260	260
Office	1,160	930	1,210	1,400	810	810
Industrial	330	350	380	410	220	220
Other	1,360	1,280	1,400	1,650	1,120	1,120

Market Appreciation

The fiscal analysis acknowledges the potential for real estate to increase in value at a rate that is greater than overall price inflation in the economy (i.e., “real” price appreciation), while also recognizing that property tax assessments typically lag market appreciation. California’s Proposition 13 limits annual increases in property assessments until the sale of a property resets the property’s assessed value to the current market level. This fiscal analysis takes into account anticipated price increases (i.e., “market appreciation”) and property resale rates (i.e., “turnover”) to estimate assessed property value in 2030, using 2015 dollars.

The analysis assumes market value appreciation and turnover rates for each land use type, shown in **Figure 13**, and calculates assessed value in 2030 to reflect market-based increases in assessed value that register when a property sale occurs. To incorporate real increases in assessed value, the analysis computes adjustment factors which reflect the estimated change in assessed value from current market value. The adjustment provides an improved estimate of real assessed value in 2030.

Figure 13 presents assumptions concerning property turnover and market appreciation for new development.⁷ For below-market rate (BMR) uses, price restrictions are anticipated to keep

⁷ See **Appendix B** for a sensitivity analysis of turnover assumptions.

appreciation at a level that is below than inflation, and thus the adjustment factor reduces the real value in 2030. For other uses, market appreciation is anticipated to exceed inflation to varying degrees, and thus the real value in 2030 is adjusted upward (i.e., adjustment factors are greater than 100 percent). The analysis does not account for turnover in the existing building stock in Palo Alto, since this market activity would occur in the absence of the potential growth considered by the Comprehensive Plan Update scenarios.

Figure 13 Property Turnover and Market Appreciation Assumptions

Land Use	Turnover Rate	Annual Market Appreciation (nominal)	Market Appreciation Adjustment Factor
For-Sale Residential	8%	7%	139%
For-Sale BMR	4%	2%	87%
Rental Residential	4%	7%	132%
Rental BMR	4%	2%	87%
Retail	4%	7%	132%
Office	4%	7%	132%
Industrial	4%	7%	132%
Other	2%	4%	102%

Property Tax In Lieu of Vehicle License Fees

In 2004, the State Legislature cut funding to cities and counties from the State Vehicle License Fee (VLF) and in return began to provide additional property tax revenue. Under this revenue swap, property tax in lieu of VLF increases in proportion to gross assessed value.⁸ Currently, the City of Palo Alto receives an amount equivalent to approximately 25 percent of citywide property tax as a VLF in-lieu payment from the State. The fiscal analysis assumes that these payments grow over time to maintain the 25 percent relationship to property tax revenue.

Exemptions

Currently and in the future, a portion of the real estate in Palo Alto will be exempted from property tax. Data from the Santa Clara County Assessor reveal that about nine percent of Palo Alto’s total assessed value is exempt from property tax.⁹ Notable property tax exemptions

⁸ Revenue and Taxation Code Section (c)(1)(B)(i).

⁹ Assessor’s Annual Report 2014-2015 (<https://www.sccassessor.org/>).

include the homeowner's exemption and exemptions for properties owned by charitable or nonprofit organizations, religious institutions, and private and non-profit colleges.

Property Tax Revenue Summary

The City of Palo Alto's General Fund receives approximately 9.0 percent of the statewide 1.0 percent base property tax rate. Relying on the data and assumptions presented above, this analysis finds that annual property tax revenue accruing to the City will total between about \$5.7 million and \$9.1 million in 2030 (2015\$), including property tax in lieu of VLF. Detailed calculations for each scenario are provided in the **Appendix A** to this report.

Figure 14 Property Tax Revenue in 2030 (2015\$)

Land Use	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Residential Uses						
For-Sale Residential	\$1,902	\$1,902	\$2,480	\$3,089	\$2,480	\$4,196
For-Sale BMR	\$14	\$14	\$18	\$23	\$18	\$31
Rental Residential	\$922	\$922	\$1,202	\$1,497	\$1,202	\$2,034
Rental BMR	\$74	\$74	\$96	\$120	\$96	\$163
Employment Uses						
Retail	\$317	\$353	\$366	\$385	\$183	\$183
Office	\$967	\$779	\$1,009	\$1,172	\$674	\$674
Industrial	\$159	\$167	\$180	\$193	\$105	\$105
Other	\$873	\$821	\$898	\$1,058	\$716	\$716
Total	\$5,228	\$5,032	\$6,248	\$7,537	\$5,472	\$8,100
In-Lieu VLF Revenue	\$1,285	\$1,237	\$1,536	\$1,852	\$1,345	\$1,991
<i>Property Tax Exemptions</i>	9%	9%	9%	9%	9%	9%
Total Property Tax Revenue	\$5,900	\$5,679	\$7,051	\$8,506	\$6,176	\$9,141
Residential Uses	\$3,286	\$3,286	\$4,284	\$5,337	\$4,284	\$7,249
Employment Uses	\$2,614	\$2,393	\$2,768	\$3,169	\$1,892	\$1,892

Property Transfer Tax Revenue

In addition to annual property tax revenues, the City of Palo Alto receives revenues from property transfer taxes (documentary transfer tax) that are incurred when real property changes hands. The City's municipal code authorizes a Real Property transfer tax of \$3.30 for each \$1,000 of property value (0.33 percent).¹⁰ The fiscal analysis applies this tax rate to the

¹⁰ Ordinance 4073.

anticipated value of property turnover in 2030 (2015\$). **Figure 13** presents turnover rates for each land use type. **Figure 15** summarizes the estimates of property transfer tax revenue.

Figure 15 Property Transfer Tax Revenue in 2030 (2015\$)

Land Use	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Residential Uses						
For-Sale Residential	\$557,893	\$557,893	\$727,325	\$906,192	\$727,325	\$1,230,799
For-Sale BMR	\$2,044	\$2,044	\$2,665	\$3,320	\$2,665	\$4,509
Rental Residential	\$135,202	\$135,202	\$176,262	\$219,610	\$176,262	\$298,276
Rental BMR	\$10,816	\$10,816	\$14,100	\$17,568	\$14,100	\$23,861
Employment Uses						
Retail	\$46,534	\$51,750	\$53,629	\$56,405	\$26,793	\$26,793
Office	\$141,757	\$114,293	\$147,931	\$171,826	\$98,796	\$98,796
Industrial	\$23,393	\$24,479	\$26,357	\$28,355	\$15,359	\$15,359
Other	\$64,025	\$60,242	\$65,880	\$77,606	\$52,481	\$52,481
Total	\$981,663	\$956,717	\$1,214,149	\$1,480,881	\$1,113,781	\$1,750,874
Residential Uses	\$705,954	\$705,954	\$920,352	\$1,146,689	\$920,352	\$1,557,445
Employment Uses	\$275,709	\$250,763	\$293,797	\$334,192	\$193,429	\$193,429

Sales and Use Tax Revenue

Sales and Use Tax Forecast

This section estimates sales and use tax revenue accruing to the City General Fund that is attributable to the new households and employees in Palo Alto. Sales tax revenue attributable to new households reflects household spending on taxable items within the City. Sales tax revenue attributable to employment includes workers spending locally, local business spending on retail items, and taxable business-to-business spending.



Household Spending

The fiscal analysis relies on data from the U.S. Bureau of Labor Statistics Consumer Expenditure Survey to establish the retail spending pattern of households. The spending patterns, while not specific to Palo Alto, reflect household consumer behavior observed nationally for households with annual income greater than \$150,000.¹¹ To identify taxable retail expenditures made by Palo Alto households, this analysis identifies and isolates taxable retail spending from total household spending. The analysis estimates that approximately 16 percent of gross household income is spent on taxable purchases. In Palo Alto, where the average annual household income is about \$207,000, this equates to about \$32,400 per year.

Assuming that about 30 percent of this taxable spending occurs within the City of Palo Alto (a fair-share capture rate based on retail offerings within five miles of the City), an average household will generate about \$9,700 in taxable spending in the City each year. The City tax rate on retail sales is 1.0 percent. Therefore, each local household generates about \$97 annually in sales and use tax revenue for the City General Fund (2015\$). **Figure 16** summarizes the aggregate annual sales tax revenue for each Comprehensive Plan scenario.

Figure 16 Sales Tax Revenues from Households in 2030 (2015\$)

Retail Spending	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Taxable Household Spending	\$32,378	\$32,378	\$32,378	\$32,378	\$32,378	\$32,378
Unique Households	\$2,720	\$2,720	\$3,546	\$4,418	\$3,546	\$6,000
Local Sales Capture Rate	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>	<u>30%</u>
Total Taxable Spending ('000s)	\$26,419	\$26,419	\$34,442	\$42,912	\$34,442	\$58,284
Total Local Sales Tax Revenue	\$264,187	\$264,187	\$344,421	\$429,122	\$344,421	\$582,838

The sales and use tax revenue attributable to employment in Palo Alto includes three distinct spending types. Worker spending, business spending, and business-to-business sales each generate sales and use tax revenue for the City.

Worker Spending

This analysis estimates worker spending based on spending patterns reported in the well-regarded study *Office-Worker Retail Spending in a Digital Age*, a research publication from the

¹¹ The American Community Survey reports 2014 median household income in Palo Alto was approximately \$151,000 per year, while average household income is about \$207,000 per year.

International Council of Shopping Centers (ICSC).¹² Similar to household spending data, these survey data were reviewed to identify taxable spending.¹³ The analysis estimates that each worker in Palo Alto spends about \$9,300 annually on taxable sales in the vicinity of their workplace. Because this spending is known to be near work, this analysis assumes that 80 percent of the taxable spending by Palo Alto workers occurs within the City's boundary. The taxable spending captured in Palo Alto is multiplied by the number of workers who commute in to Palo Alto (about 92 percent of employees), since spending by resident workers already is captured by the household spending estimate described above.¹⁴

Business Spending

There are two types of business spending considered by this analysis, business-to-business spending and business spending on local retail. Business-to-business spending is a major category of sales and use tax revenue in the City of Palo Alto. As part of this analysis, EPS reviewed recent City sales and use tax revenue records and determined that business-to-business sales tax revenues have fluctuated in the range of 8 percent to 21 percent of total sales tax revenue in recent years.¹⁵ Using these data, in combination with information from CoStar Group concerning the existing commercial building stock in the City, this analysis estimates that office and industrial land uses generate an average of roughly \$20 per square foot in business-to-business sales, which translates to \$0.20 per square foot in sales tax revenue. In addition, businesses spend at local retail establishments on office supplies and personnel perks. This analysis assumes \$500 in local, taxable business spending per employee, which equates to sales of about \$2 per square foot of workspace and \$0.02 per square foot in sales tax revenue.

Figure 17 summarizes sales and use tax revenues estimates attributable to employment. Detailed calculations for each scenario are provided in the **Appendix A** to this report.

¹² Michael P. Niemira and John Connolly, International Council of Shopping Centers. "Office-Worker Retail Spending in a Digital Age," 2012. Accessed online at: https://www.downtowndevelopment.com/pdf/icsc-report_office-worker-spending.pdf

¹³ See **Appendix B** for a sensitivity analysis of worker spending.

¹⁴ According to LEHD Census data accessed through OnTheMap (www.onthemap.ces.census.gov), 92.3 percent of those employed in Palo Alto live outside of Palo Alto.

¹⁵ City of Palo Alto Sales Tax Digest Summaries from 2013 and 2014.

Figure 17 Sales Tax Revenues from Businesses in 2030 (2015\$)

Retail Spending	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Taxable Spending Per Worker	\$9,270	\$9,270	\$9,270	\$9,270	\$9,270	\$9,270
Unique Workers	\$14,182	\$9,026	\$11,687	\$14,182	\$8,124	\$8,124
Local Sales Capture Rate	<u>80%</u>	<u>80%</u>	<u>80%</u>	<u>80%</u>	<u>80%</u>	<u>80%</u>
Total Taxable Retail Spending by Workers ('000s)	\$105,173	\$66,935	\$86,670	\$105,176	\$60,248	\$60,248
Business-to-Business Taxable Sales ('000s)	\$4,349	\$3,851	\$4,575	\$5,272	\$3,172	\$3,172
Business Spending at Retail Establishments ('000s)	<u>\$4,349</u>	<u>\$3,851</u>	<u>\$4,575</u>	<u>\$5,272</u>	<u>\$3,172</u>	<u>\$3,172</u>
Total Taxable Spending ('000s)	\$153,016	\$109,296	\$136,990	\$163,167	\$95,136	\$95,136
Total Local Sales Tax Revenue	\$1,530	\$1,093	\$1,370	\$1,632	\$951	\$951

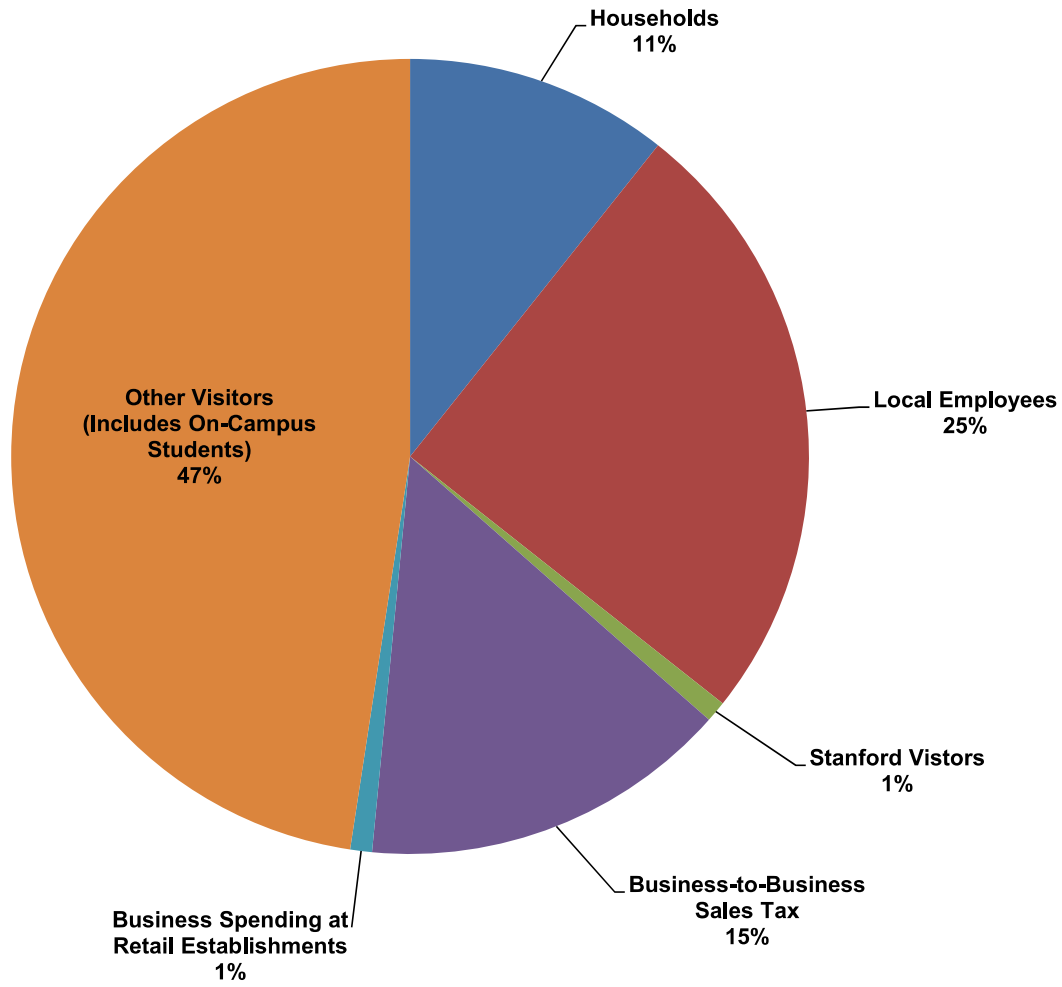
Sales and Use Tax Current Conditions Estimate

Based on the data and assumptions relied upon to estimate Sales and Use Tax revenue under each Comprehensive Plan scenario, a current snapshot of sales tax generation by source is provided for reference in **Figure 17**. The purpose of the current conditions estimate is to illustrate the outputs of the fiscal model in the context of Palo Alto today. This illustration is intended to help with model interpretation and to provide another lens through which model assumptions may be evaluated.

The current conditions estimate relies on current household counts, employment counts, business-to-business sales tax revenue data, and an economic impact analysis from Stanford University to illustrate current retail spending and tax revenues.¹⁶ In this estimate of current conditions, "other visitors" are estimated as a residual retail sales generator. That is, after quantifiable sources of demand have been accounted for, the remainder is attributed to other visitors. The estimate indicates that in 2015 about 11 percent of the City's sales tax revenue is attributable to resident households, while about 41 percent of sales tax revenue is attributable to local businesses. The remaining 48 percent of sales tax revenue is attributable to visitors, including those who come to the City for shopping and leisure, students attending Stanford University who live outside of the City, and visitors to Stanford.

¹⁶ Stanford University Economic Impact Study, 2008. Prepared by The Pacific partners Consulting Group, Inc. Published by Stanford University Office of Public Affairs. Accessible online at: <http://web.stanford.edu/dept/govcr/documents/economic-impact-study.pdf>

Figure 18 Estimated Sales Tax Generation by Spending Source 2015



Source: Economic & Planning Systems, Inc.

Transient Occupancy Tax

Transient Occupancy Tax Forecast

Hotels in Palo Alto generate significant revenue for the City's General Fund through the local Transient Occupancy Tax (TOT), which is a 14 percent tax on local hotel room revenue. Rather than attribute all of the TOT revenue to employment uses, this analysis seeks to identify the demand driver that stimulates the need for local lodging. The analysis relies on relevant hospitality literature and recently-collected primary data from Menlo Park.

For residential demand, the analysis assumes that each residential unit in the City will generate demand for two room nights per year. This assumption is generally consistent with literature on visiting friends and relatives (VFR) which indicates that nationally about 12 percent of hotel demand is attributable to VFR.¹⁷ In Palo Alto, where Stanford University is a significant driver of hotel demand, household-generated might be a somewhat lesser share of total demand. While 12 percent of hotel demand in Palo Alto equates to approximately 70,000 room nights generated by the City's nearly 29,000 households, this analysis estimates that about 60,000 room nights are attributable to Palo Alto households.

The analysis estimates commercial demand for hotel rooms using a factor of three room nights per year per local employee. This factor is consistent with informal survey data collected from Menlo Park hotel entities by the Stanford University Office of Land, Buildings, and Real Estate. The analysis also assumes that 90 percent of the locally-generated hospitality demand is supplied locally in Palo Alto.

Figure 19 presents estimates of room night demand and TOT revenue. Detailed calculations for each scenario are provided in the **Appendix A** to this report.

¹⁷ Braunlich, C. and N. Nadkarni, The Importance of the VFR Market to the Hotel Industry, The Journal of Tourism Studies Vol. 6, No. 1, May 1995.

Figure 19 Annual Room Night Demand and Transient Occupancy Tax Revenue

Land Use	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
<u>Room Night Demand</u>						
Residential Uses						
Dwelling Units	2,720	2,720	3,546	4,418	3,546	6,000
Room Night Demand	5,440	5,440	7,092	8,836	7,092	12,001
Employment Uses						
Employment	15,482	9,853	12,758	15,482	8,869	8,869
Room Night Demand	46,446	29,560	38,275	46,446	26,607	26,607
Total Room Night Demand	51,886	34,999	45,366	55,282	33,698	38,607
Palo Alto Capture	46,697	31,499	40,830	49,754	30,328	34,746
<u>Room Revenue and TOT ('000s)</u>						
Annual Revenue	\$11,207	\$7,560	\$9,799	\$11,941	\$7,279	\$8,339
Total TOT Revenue	\$1,569	\$1,058	\$1,372	\$1,672	\$1,019	\$1,167
Residential	\$164	\$164	\$214	\$267	\$214	\$363
Non-Residential	\$1,271	\$796	\$1,038	\$1,271	\$740	\$740

Transient Occupancy Tax Current Conditions Estimate

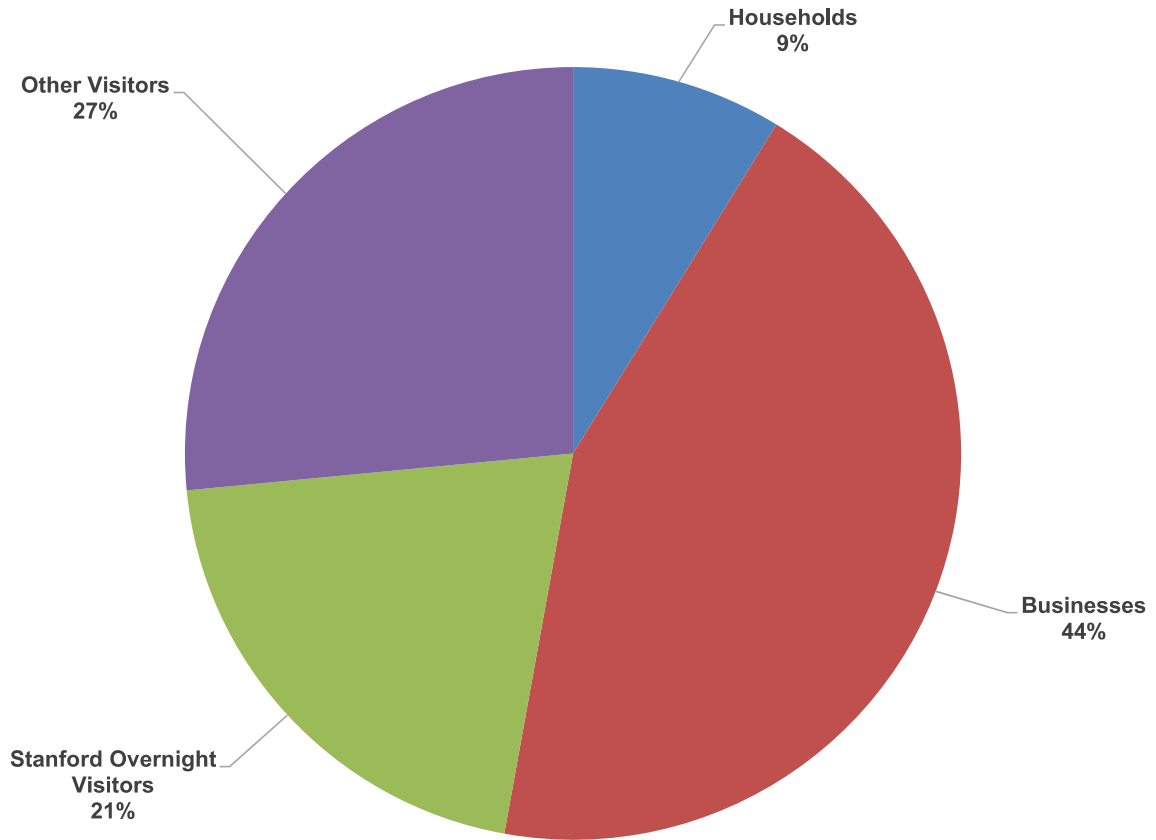
Similar to the Sales and Use Tax snapshot presented above, this analysis provides a current conditions estimate of transient occupancy tax generation by source. The purpose of the current conditions estimate is to illustrate the outputs of the fiscal model in the context of Palo Alto today.

The current conditions estimate relies on current household counts, employment counts, and an economic impact analysis from Stanford University to illustrate current retail spending and tax revenues.¹⁸ In this estimate of current conditions, “other visitors” are estimated as the residual TOT generator. That is, after quantifiable sources of demand have been accounted for the remainder is attributed to other visitors.

The current conditions estimate indicates that in 2015 about nine percent of the City’s transient occupancy tax revenue is attributable to resident households, while about 44 percent is attributable to local businesses. The remaining 47 percent of transient occupancy tax revenue is attributable to visitors to the region, including those who come for leisure but are not visiting friends and relatives and visitors to Stanford University.

¹⁸ Stanford University Economic Impact Study 2008
(<http://web.stanford.edu/dept/govcr/documents/economic-impact-study.pdf>)

Figure 20 **Estimated Transient Occupancy Tax Generation by Demand Source 2015**



Utility Users Tax

The fiscal analysis uses an average revenue approach to estimate per-capita Utility Users Tax revenue. The analysis applies average revenue generation factors to future residents and employees to project tax revenues under each of the Comprehensive Plan scenarios.

The Fiscal Year 2015 City General Fund revenue forecast put the Utility Users Tax revenue at about \$11.3 million. Data from City of Palo Alto Utilities indicates that during Fiscal Year 2015, approximately 70 percent of Utility Users Tax revenue was attributable to commercial and industrial uses, while the remainder was attributable to residential uses. Based on these data, as well as current population and employment inputs, this analysis establishes that average per-capita tax revenues are about \$52 per resident and \$83 per employee.



Figure 21 presents estimates of Utility Users Tax revenue. Detailed calculations for each scenario are provided in the **Appendix A** to this report.

Figure 21 Utility Users Tax Revenue

Land Use	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Total	\$1,621	\$1,155	\$1,491	\$1,820	\$1,169	\$1,460
Residential Uses	\$340	\$340	\$435	\$539	\$435	\$726
Employment Uses	\$1,281	\$815	\$1,056	\$1,281	\$734	\$734

5. GENERAL FUND COSTS

Summary of Costs

This fiscal analysis estimates City General Fund costs in 2030 for each of the planning scenarios. The scenarios generate between \$5.1 and \$8.0 million in new cost by 2030 (2015\$). The bulk of the increased cost is attributable to public safety services. **Figure 22** summarizes General Fund costs by departmental category for each scenario. This section of the report describes the data, assumptions, and calculations used to generate these cost estimates.

Figure 22 Summary of Costs by Comprehensive Plan Scenario in 2030 (2015\$, '000s)

City Function/ Department	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
City Administration¹	\$575	\$462	\$594	\$729	\$516	\$742
Residential	\$264	\$264	\$338	\$419	\$338	\$564
Non-Residential	\$310	\$197	\$256	\$310	\$178	\$178
Community Services	\$847	\$804	\$1,029	\$1,273	\$1,000	\$1,623
Residential	\$729	\$729	\$932	\$1,155	\$932	\$1,556
Non-Residential	\$118	\$75	\$97	\$118	\$67	\$67
Library	\$120	\$110	\$141	\$175	\$135	\$215
Residential	\$94	\$94	\$120	\$148	\$120	\$199
Non-Residential	\$27	\$17	\$22	\$27	\$15	\$15
Planning and Community Environment	\$364	\$292	\$376	\$461	\$326	\$469
Residential	\$167	\$167	\$214	\$265	\$214	\$357
Non-Residential	\$196	\$125	\$162	\$196	\$112	\$112
Public Safety²	\$4,446	\$3,270	\$4,214	\$5,153	\$3,400	\$4,435
Residential	\$1,210	\$1,210	\$1,546	\$1,917	\$1,546	\$2,581
Non-Residential	\$3,237	\$2,060	\$2,667	\$3,237	\$1,854	\$1,854
Public Works	\$176	\$133	\$171	\$210	\$142	\$191
Residential	\$58	\$58	\$74	\$92	\$74	\$124
Non-Residential	\$118	\$75	\$97	\$118	\$67	\$67
Total Cost Estimate	\$6,527	\$5,071	\$6,525	\$8,002	\$5,519	\$7,676
Residential	\$2,522	\$2,522	\$3,224	\$3,996	\$3,224	\$5,381
Non-Residential	\$4,005	\$2,549	\$3,300	\$4,005	\$2,294	\$2,294

[1] Includes Administrative Services; City Attorney; City Auditor; City Clerk; City Council; City Manager; Non-Departmental; Office of Sustainability; and People, Strategy and Operations

[2] Includes Fire; Police; and Office of Emergency Services

Responses to Growth

The fiscal analysis estimates the costs attributable to population and employment growth in the City of Palo Alto by characterizing how expenses will change for each department. For some departments, population and employment growth in the City will not dramatically alter operations. For example, administrative functions in the City are not likely to scale up significantly to accommodate the roughly 10 to 16 percent growth that is contemplated by the Comprehensive Plan scenarios. Alternatively, departments that provide services directly to residents and businesses likely will increase their operations and costs to accommodate new populations.

It is important to note that a range of external factors may influence responses to growth and cost effects in the future. Examples of factors that are beyond the control of the City and its departments that may act to magnify or reduce department costs over time include:

- Regional growth;
- Technology;
- State and federal policies; and
- Environmental factors.

This study does not speculate regarding the potential effects of such exogenous influences on the general fund expense budget. It focuses only on those factors attributable directly to the population growth, employment growth, and land use changes inherent in the six scenarios.

The fiscal analysis model relies on characterization of the likely budgetary response to population and employment growth for each department. For major City departments (discussed in detail below), the analysis uses department self-assessments to establish their likely response to growth. For other departments, EPS relies on professional experience and input from City staff to establish analytical assumptions. The anticipated response to growth is expressed for fiscal modeling purposes in terms of “fixed expenses” and “variable expenses” within the department budget.

The fixed expenses are the portion of a City department’s budget which is not affected by population and employment growth. Even a department which is anticipated to grow largely in step with the City’s populations likely would have some fixed cost. For example, in most cases each department has only one director position, which is a fixed expense for the department. While the department may increase staffing to accommodate growth, the department will not add another director.

The variable expenses of a department are those that do increase with growth. As the City grows, increased demand for services requires some departments to scale up operations to meet new demand. The portion of a department’s budget that scales up is identified as the variable share of the budget. **Figure 23** presents the categorization of each major City department by expense variability. As shown, it is anticipated that for most departments costs are largely fixed, and thus the cost effects from growth will be relatively modest.

Figure 23 Expense Variability by Department

Low Expense Variability 10% - 25% *	Medium Expense Variability 25% - 75% *	High Expense Variability >75% *
Administrative Services	Community Services	Police Department
City Attorney	Development Services	Emergency Services
City Auditor	Planning & Community Environment	
City Clerk	Fire Department	
City Council		
City Manager		
Library		
Office of Sustainability		
People, Strategy and Operations		
Public Works		
Non-Departmental		

* Percentages refer to the portion of the General Fund expenditure budget that is anticipated to be affected by growth in the City.

Cost Recovery

To the degree possible, using readily available data from the Fiscal Year 2015 Budget, this analysis removes revenues for services provided and other revenues generated by each department. Known as “cost recovery,” department revenues from charges for service, taxes and fines, and permits and licenses are likely to grow with city population and employment. By removing department cost recovery revenue from the analysis, this study focuses on the net effect of each department on the General Fund. This approach reduces the potential to overestimate the cost burden attributable to new residents and employees in Palo Alto.

Cost Burden Allocations

An essential element of this fiscal analysis is the consideration of the relative effects of residential versus business growth on the City’s General Fund. To establish the cost burden of residents and employees on department expenses, this study employs a two-tiered approach. For those City departments with significant general fund expenses, including Police, Fire, Community Services, Public Works, and Library, the study effort included department interviews

and department-specific data analyses to determine service population cost burden characteristics. For departments with less significant general fund expenses, this analysis uses an industry-standard service population analysis that weights the cost burden of a local employee at 50 percent of one resident. **Figure 24** presents the assumptions regarding cost burdens that are applied in this fiscal analysis. A detailed discussion of the department-specific cost factors and the service population calculation is described later in this section of the report.

Figure 24 Cost Burden Allocations by Department

Department	Cost Burden	
	Residential Uses	Employment Uses
Community Services	87.1%	12.9%
Library	85.0%	15.0%
Public Safety - Fire	63.7%	36.3%
Public Safety - Police	30.0%	70.0%
Public Works	44.4%	55.6%
All Other Departments	57.9%	42.1%
Total	56.4%	43.6%

Estimated Cost Burdens

Relying on the variable cost estimates and residential versus employment cost burden split, this analysis calculates per-resident and per-employee marginal costs. These per-capita cost burdens represent the additional cost that each new resident and each new worker in Palo Alto will generate for each department. The analysis applies these per-capita cost estimates to the Comprehensive Plan scenarios to estimate the aggregate cost burden in 2030. The per-resident cost burdens range from \$0.36 per person per year to pay for additional costs borne by the Office of Sustainability to almost \$112 per person per year to pay for additional costs borne by the Police Department. The per-employee cost burdens range from \$0.18 per employee per year for the Office of Sustainability to over \$180 per employee per year for Police Services. **Figure 25** presents the per-resident and per-employee cost burdens relied upon by the fiscal analysis. Detailed calculations are provided in **Appendix A**.

Figure 25 Estimated Marginal Cost Burden on City General Fund (2015\$)

Item	Per-Resident	Per-Employee
Administrative Services	\$8.73	\$4.36
City Attorney	\$2.94	\$1.47
City Auditor	\$1.31	\$0.66
City Clerk	\$1.50	\$0.75
City Council	\$0.53	\$0.26
City Manager	\$3.16	\$1.58
Community Services	\$110.50	\$7.60
Library	\$14.17	\$1.72
Non-Departmental	\$17.56	\$8.78
Office of Sustainability	\$0.36	\$0.18
People Strategy and Operations	\$3.99	\$1.99
Planning and Community Environment	\$25.36	\$12.68
Public Safety - Fire	\$64.36	\$25.28
Public Safety - Police	\$112.43	\$180.51
Public Safety - Office of Emergency Services	\$6.54	\$3.27
Public Works	<u>\$8.81</u>	<u>\$7.60</u>
Total	\$382.24	\$258.69

Departmental Trends and Analytical Assumptions

For key City departments, including Police, Fire, Community Services, Public Works, and Library, this analysis estimates department-specific cost increases associated with resident and employment growth by evaluating historical cost budget trends, cost variability factors, the relative cost of residents versus employees, and potential future changes in department operations. EPS obtained quantitative and qualitative inputs from each of the key departments during in-person interviews and through follow-up activities including data requests and conference calls. This section describes in detail the basis for the cost assumptions relied on by the fiscal analysis.

EPS commenced research on department costs by reviewing historical data from City of Palo Alto Adopted Budget documents and City of Palo Alto Comprehensive Annual Financial Reports (CAFRs) from 2000 to 2015. The City CAFRs contain information on actual Fiscal Year expenditures, department operating indicators, and employment (in Full Time Equivalents, "FTEs"). EPS charted these factors for the largest city departments to understand the relationship between staffing and other operational factors and department costs.

After reviewing readily available data, EPS conducted interviews with the five key departments.¹⁹ The department interviews sought to gather information about how operating costs likely would be affected by service population growth. Interview topic areas included:

- Overview of department expenditure trends;
- Key factors driving departmental costs;
- Fixed versus variable department costs (i.e., which costs are likely to increase with growth);
- Attribution of cost burden to residential land uses versus employment land uses; and
- Potential changes to department cost structure (i.e., are current operations representative of future operations).

Interviews resulted in both qualitative and quantitative information concerning department costs. This analysis uses information from the departments coupled with EPS experience in fiscal analysis to make informed assumptions concerning each department's cost response to growth, including both residential and employment increases in Palo Alto.

Police Department

Police Department expenditures have risen steadily since 2000, with modest spikes in 2008 and 2012. Adjusted for inflation, 2014 expenditures were approximately 39 percent higher than 2000 expenditures, with an average annual growth rate of



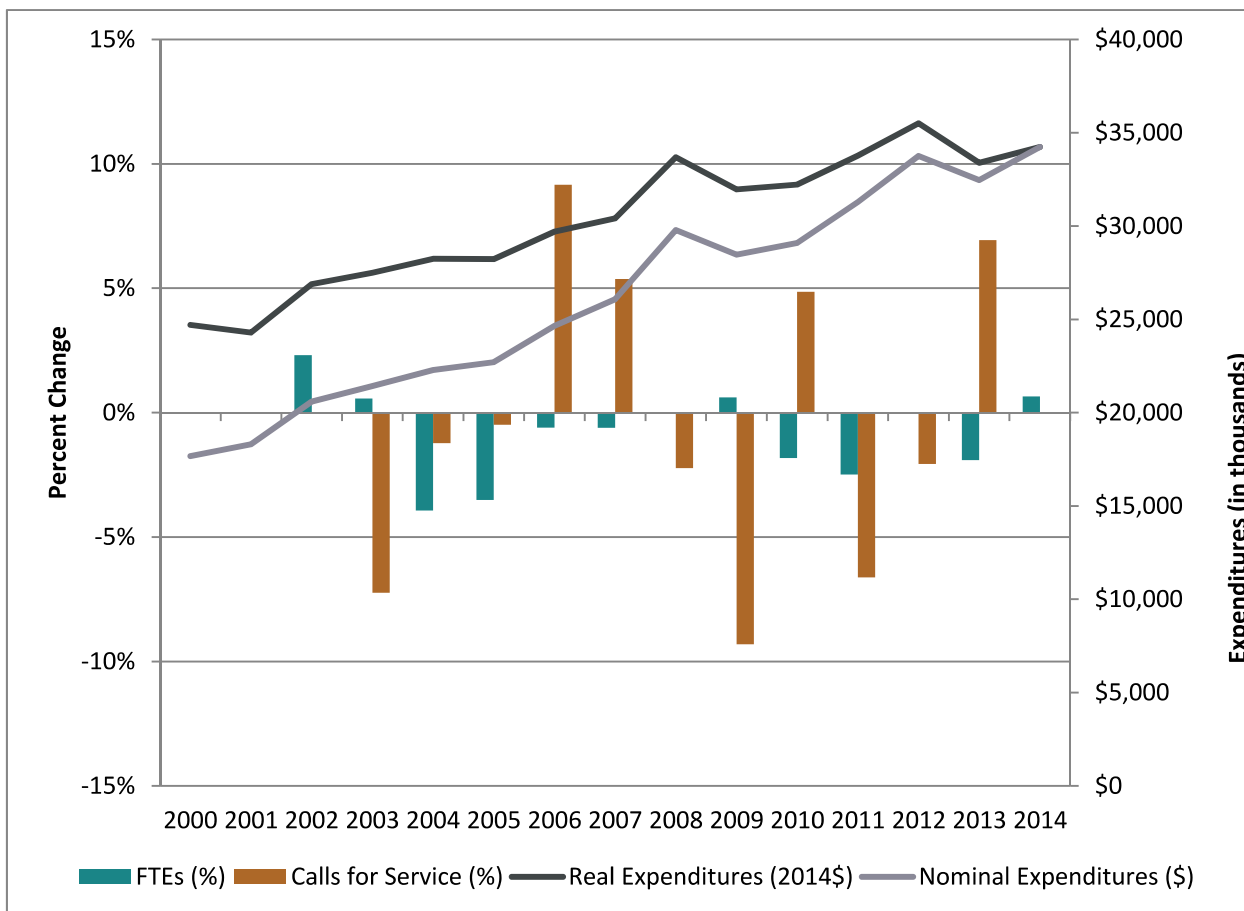
Source: City of Palo Alto

¹⁹ EPS interviewed Ian Hagerman, Senior Administrator for the Police Department; Eric Nickel, Fire Chief, Catherine Capriles, Fire Captain, and Amber Cameron, Fire Department Strategic Operations Manager; Monique leConge Ziesenhenné, Library Director; Rob de Geus, Director of Community Services, Daren Anderson, Open Space, Parks and Golf Division Manager, and Lam Do, Community Services Senior Management Analyst; and Mike Sartor, Director of Public Works.

approximately 3 percent. FTEs dropped from 173 FTEs in 2000 to 155 FTEs in 2014. As shown in **Figure 26**, expenditure increases are not clearly tied to increases in FTEs or calls for service.

From the interview with the Police Department, EPS understands that FTEs fluctuate for various reasons, including due to time lag that can occur between an officer’s retirement and the hire of a new officer. The department also indicated during the interview that while calls for service are related to department efforts and associated service costs, calls for service may fluctuate over time due to external factors, including police response policies.

Figure 26 Police Expenditures and Operating Indicators



Variable Costs

Police Department operating expenses are highly variable. With growth in the City’s service population, staffing below the rank of Captain would increase to accommodate the need for additional service. Some overhead costs, such as the dispatch services provided by the Police Department to other departments (Fire, Public Works, Utilities, Animal Services, Parking) and for Stanford are likely to be fixed costs. Aside from high-ranking police officers and fixed overhead and facilities costs, the department is likely to grow to accommodate the need for police services attributable to new populations. This analysis assumes that 80 percent of police operating costs are variable.

Resident versus Employee Costs

The Police Department indicates that the majority of calls for service are related to activity occurring within Palo Alto's Downtown area, peaking on weekend evenings.²⁰ According to the Police Department, the driver of Downtown activity and the calls for service there is commercial activity. The retail, restaurants, and office uses Downtown support a vibrant urban center, which is attractive to criminals. For example, auto burglary is a significant issue in commercial areas such as Downtown, owing to the presence of retail shoppers and business travelers who leave items in their cars.

The Police Department analyzed crime data to estimate cost burdens attributable to residential and employment land uses. For each category of crime recorded by the Department, the Police Department identified whether the type of crime is primarily attributable to residential- or employment-related land uses, with employment-related crime including those likely to occur in commercial areas of the City.²¹ Based on the data review, the Police Department indicates that approximately 70 percent of variable department costs are attributable to employment land uses, while 30 percent are attributable to residential land uses.

Police Department Operating Structure

The City is moving forward with plans for a new Police Station. The new station is not anticipated to have an impact on the operational structure of the Department. The Police Department did note that the new station could involve a potential reorganization of the Department's information technology (IT) services, but this modification is unlikely to have significant cost implications.

²⁰ Though a commercial area, California Avenue has significantly lower levels of calls for service than the Downtown Core. In addition, Stanford is not a driver of crime in Palo Alto.

²¹ Employment land use-related crime includes all crimes in employment areas, regardless of perpetrator or victim residential/workplace status.

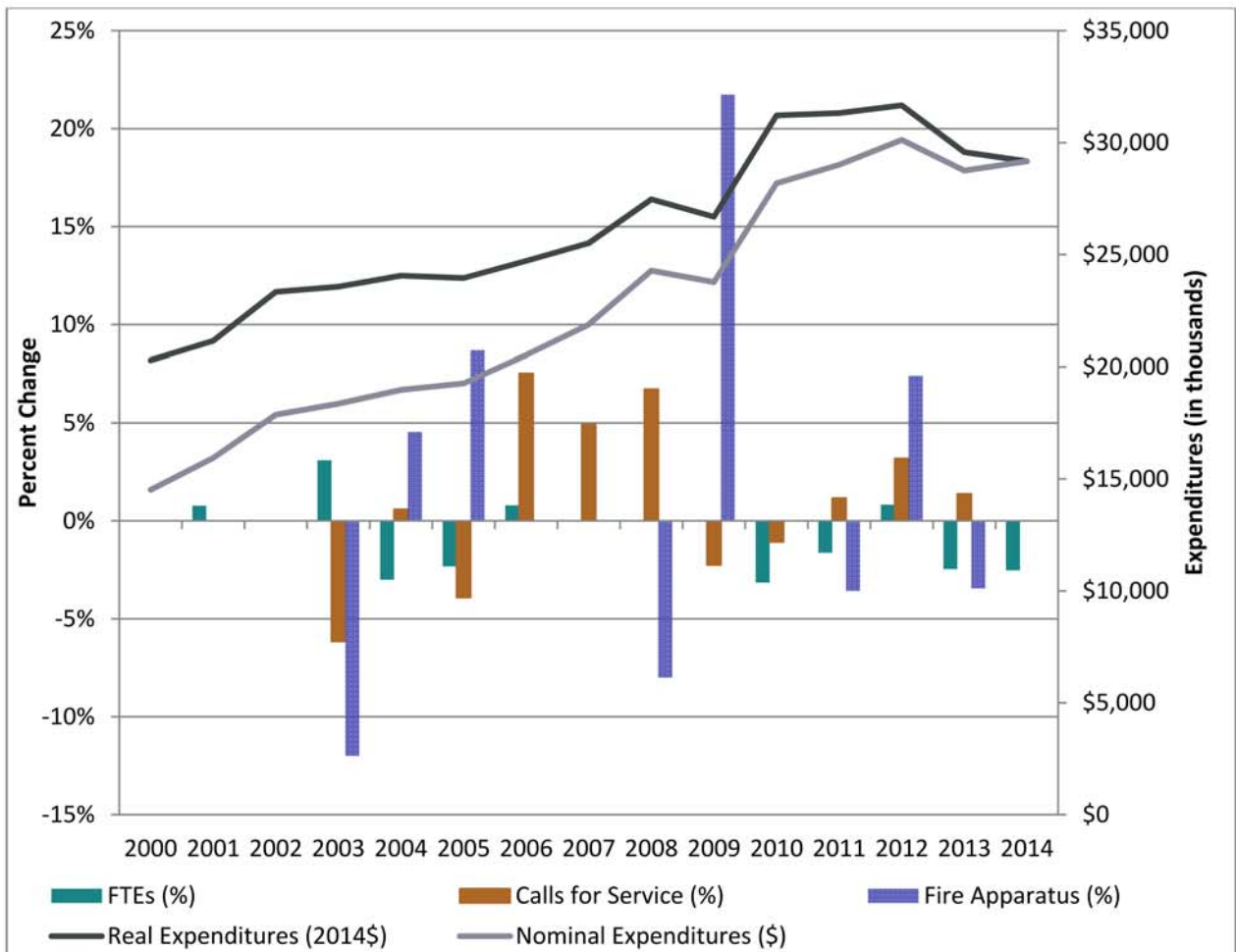
Fire Department

Fire Department inflation-adjusted expenditures have risen 44 percent since 2000, an average annual growth rate of approximately two percent. During the same period, Fire Department FTEs decreased by about nine percent. Most of the staffing reductions have occurred in recent years, with the Fire Department cutting seven FTEs between 2009 and 2014. This reduction in staff is primarily attributable to the closure of the SLAC National Accelerator Laboratory and operational adjustments. The trend in calls for service has been irregular, but overall call volume has increased at an average rate of one percent per year. **Figure 27** presents department operations trends.



Source: City of Palo Alto

Figure 27 Fire Expenditures and Operating Indicators



Variable Costs

In recent years, the primary services provided by the Fire Department have shifted toward emergency medical services (EMS). With increased fire safety (e.g., mandatory building sprinklers) and education programs, the risk of building fires has decreased dramatically. Out of approximately 100 to 200 fire calls (150 budgeted for Fiscal Year 2015), there are only about ten

fires per year, including only one or two severe fires. Accordingly, traditional firefighting is increasingly a small share of the department's overall efforts. EMS, educational outreach, and technical rescue have become the Fire Department's main focus areas. With population growth and an aging population, the Department expects to see increasing costs due to increasing demand for EMS.

While Department costs will grow with population growth, there is a significant amount of cost recovery from EMS transport fees. EMS revenue has been responsible for most of the Department's revenue growth in recent years. The fiscal analysis assumes that cost recovery continues in future years.

Similar to the Police Department, Fire Department operating expenses are likely to be somewhat variable. Based on input from the Fire Department, this study estimates that about 41 percent of operating costs are variable, and will increase with growth in the service population.

Resident versus Employee Costs

The Fire Department analyzed calls for service data to establish the relative cost burdens of residential and employment land uses. The Department's analysis, based on data from 2014, reveals that approximately 3,300 calls for service were attributable to local residences, while 1,900 calls for service were attributable to businesses. Based on these data, this analysis assumes that 64 percent of Department costs are attributable to residents and 36 percent of costs are attributable to employees in Palo Alto.²²

Future Considerations

The outcome of the City of Palo Alto Fire Department's bid to continue the provision of fire services to Stanford University is unknown at this time. Accordingly, this analysis assumes that the Fire Department's current operations and associated cost structure, which reflect the current agreement with Stanford, is an appropriate basis for the projection of future operations under the Comprehensive Plan Scenarios.

Community Services Department Costs

The Community Services Department (CSD) offers a wide range of recreation and leisure services to Palo Alto residents, workers, and visitors. CSD is organized into divisions, including:

- Open Space, Parks, and Golf – operating open space preserves, parks and fields, and the City golf course;
- Recreation – operating three community centers, classes and activities, and team programs;
- Arts and Sciences – operating the Children's Theatre, Palo Alto Art Center, Junior Museum & Zoo; and

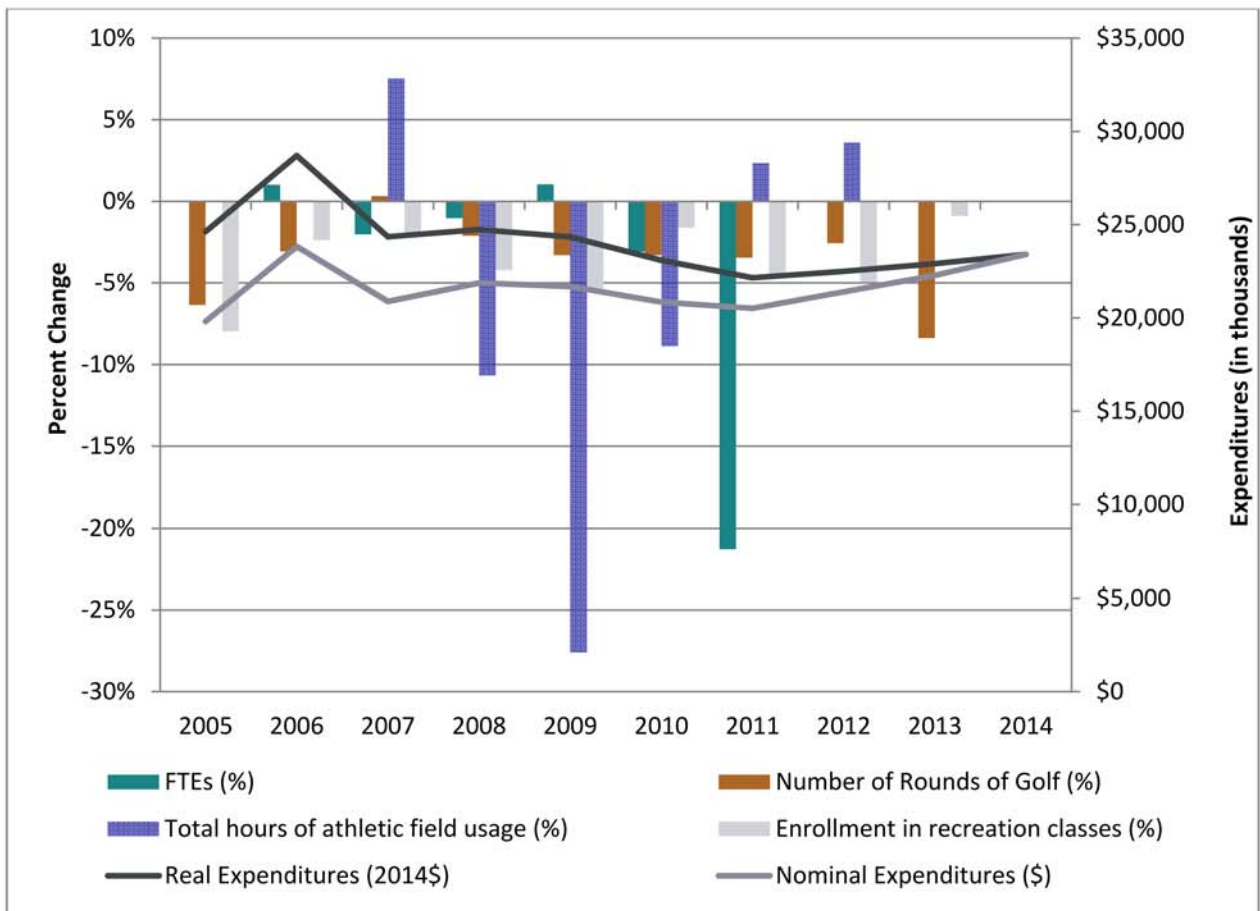


²² See **Appendix B** for additional information from a follow-up interview with Fire Department representatives.

- Administration and Human Services – providing social services including homeless services.

CSD expenditures have remained relatively flat over the past fifteen years, decreasing slightly during the 2008-09 recession but rebounding more recently. Enrollment in recreation classes and the usage of the golf course has declined steadily. However, the total hours of athletic field usage increased in 2011 and 2012 after decreases during the recession. CSD cut a significant number of FTEs in 2010, and while CAFR-reported FTEs have remained unchanged since that time CSD increasingly has relied on temporary employees to provide services.

Figure 28 Community Services Expenditures and Operating Indicators



Variable Costs

A cost analysis conducted by CSD indicates that the Department’s costs are likely to be moderately variable with future growth in the city. Parks and open spaces require some increased operations and maintenance activity as usage increases. In addition, increased park usage causes facilities to deteriorate faster, increasing department costs. CSD estimates that roughly 40 percent of its costs are variable.

Many CSD classes and workshops are fee-based. However, fee revenue generated by these programs does not fully recover costs, so a portion of CSD costs have the potential to be influenced by future demand for services from new residents and workers.

Resident versus Employee Costs

CSD considered the range of facilities and programs offered by their divisions separately in their determination of cost attribution to residents and workers. For Parks and Recreation, the allocation relies on survey data collected during the Department's Nexus Study for Development Impact fees.²³ These assets and programs largely are used by residents, particularly so for youth and teen programs. Open space and parks costs are assigned 45 percent to residents, 18 percent to workers, and the remainder to visitors, according to survey data. Recreation costs are assigned 73 percent to residents, seven percent to workers, and the remainder to visitors, based on survey data.

For other CSD functions, staff provided guidance concerning the allocation of costs to employees and residents. Human services costs are assigned entirely to the residential population, since these programs are specifically for Palo Alto residents. Arts and Sciences costs are assigned largely to residents, based on data from CSD. Arts and Sciences, specifically the Palo Alto Art Center and Junior Museum & Zoo are regional destinations that attract large numbers of non-residents. However, nonresidents are believed to be largely visitors rather than workers, due to the nature of the programming. Just five percent of the Arts and Sciences program cost burden is assigned to local employees, because the programs largely are geared toward youth.

Future Considerations

Palo Alto is undertaking golf course improvements which are slated to begin in 2016. The course currently is open but demand is down because the course has been altered in advance of construction and there is a misconception that the course already is closed for renovation. When the golf course is fully operational it runs like an enterprise and is expected to be fully cost recovering. This analysis adjusts the CSD budget, including both costs and revenues, to remove the effect of the golf course from the analysis.

Because Palo Alto is largely built-out, there are few if any opportunities to increase the open space managed by CSD. However, CSD currently is completing a Parks and Recreation Master Plan that will inform possible future use of reprogrammed land near the Golf Course. The need for the reprogrammed parkland is generated by citywide demand, and is not considered to be attributable to new growth in the City.

In an interview with CSD, Department staff expressed concern that the Fiscal Year 2015 expenditure budget is insufficient. For this reason, staff recommended that this analysis rely on the proposed Fiscal Year 2016 budget, which it does.

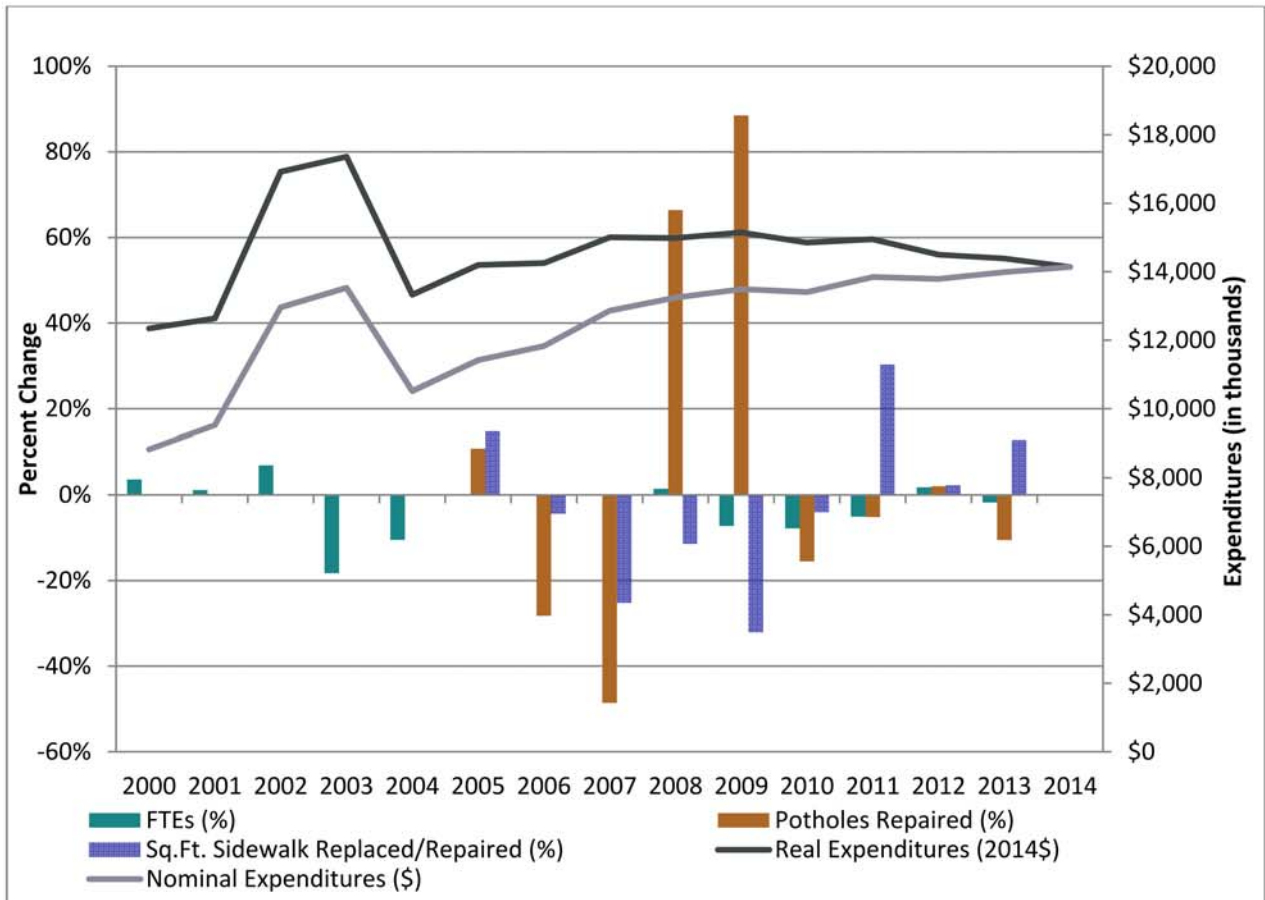
²³ DMG-Maximus, City of Palo Alto – Parks and Community Facilities Impact Fees, 2001.

Public Works Department

Public Works Department expenditures increased overall between 2000 and 2007, and then leveled off. In real terms, Public Works expenditures declined slightly between 2009 and 2014. Since 2000, FTEs declined from 83 to 56 in 2014, a 33 percent drop. Operating cost indicators include potholes repaired and square feet of sidewalk replaced/repaired. In an interview, Department staff explained that these indicators are driven by resource availability, more so than need or service population.



Figure 29 Public Works Expenditures and Operating Indicators



Variable Costs

Public Works maintains the City's existing public buildings, streets, and sidewalk facilities. Department operating costs could increase with population and employment growth if new City buildings and/or street/sidewalk facilities (including trees) are required to accommodate that growth. Under the Comprehensive Plan Update scenarios, it is not anticipated that the street network or public facilities would change substantially. That is, future growth is anticipated to be supported by existing Public Works-maintained infrastructure and facilities.

While new growth will not require new public infrastructure and facilities, increases in population and employment likely will lead to more intensive use of existing infrastructure and facilities. The effect of this intensification is accelerated depreciation, which has implications for the Public Works Department's streets maintenance and repair budget.

To estimate the cost of increased street usage, this analysis calculates the marginal cost of a new roadway user to the system. It is assumed that a new user will have a marginal cost of 50 percent of the department's current per-capita street maintenance cost. The department's streets budget comprises 22 percent of the total department budget. This analysis assumes that half of that budget, or 11 percent of the total budget, is variable cost that will increase with the addition of residents and employees.

Cost Attribution

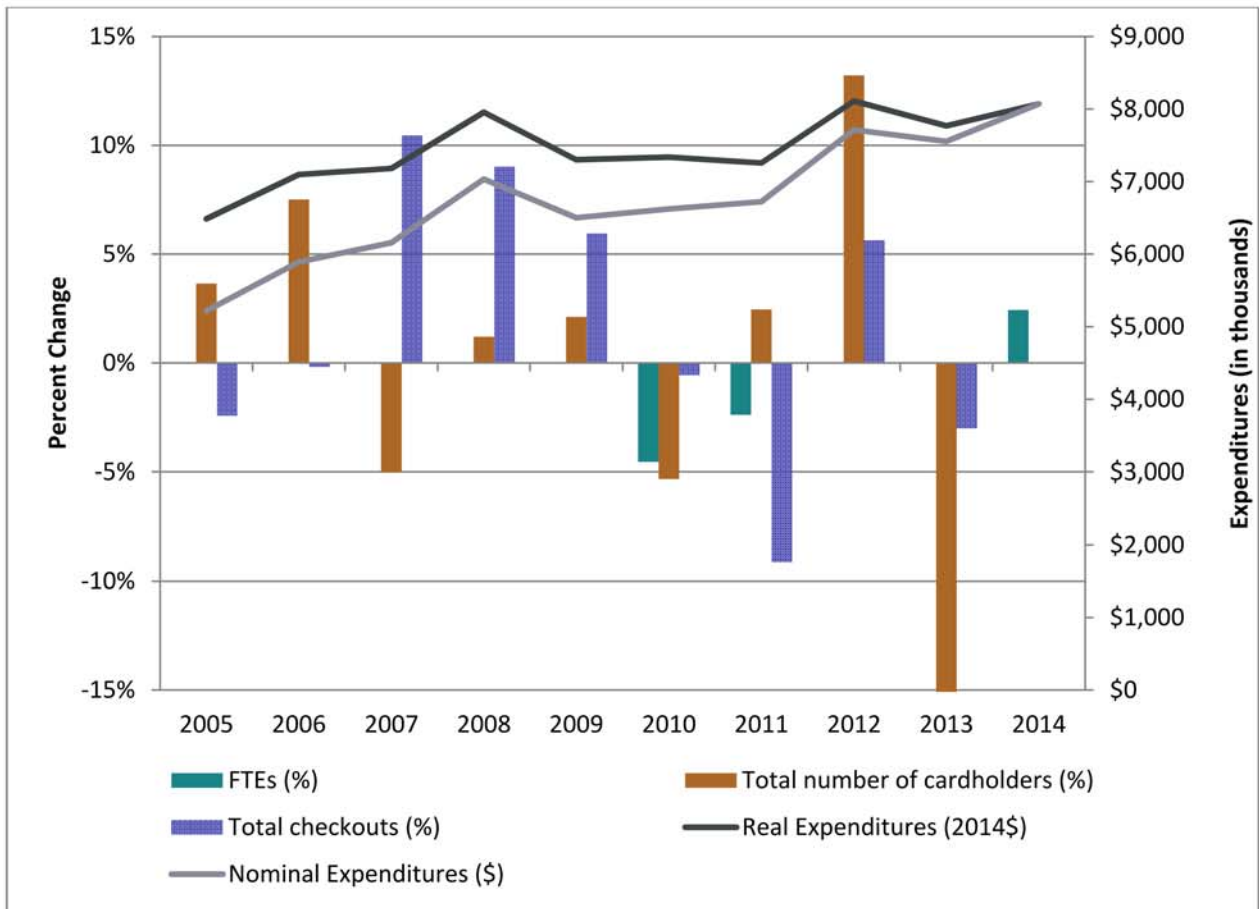
Since the Public Works Department's variable costs relate specifically to increased street usage, cost attribution assumptions for the Department are based on trip generation rates provided by the City's Environmental Impact Review consultant (Hexagon Transportation Consultants, Inc.). Household and employee trips per day (8 and 3, respectively) are weighted by the current number of household and workers in Palo Alto to determine cost attribution. Based on these data, household automobile trips account for 44 percent of total annual automobile trips, while worker trips account for 56 percent of total trips generated. Accordingly, this analysis allocates 44 percent of Public Works variable costs to residential uses and 56 percent to employment land uses.

Library Department

The Palo Alto library system offers five library branches, all of which have been constructed or renovated in the past ten years. This boom in facility renovation puts the City libraries in a good position to serve current and future residents, employees, and visitors in Palo Alto. Total circulations and library cardholders vary from year to year, but overall, circulations have increased 15 percent since 2004. Inflation-adjusted expenditures have increased 24 percent since 2005.



Figure 30 Library Expenditures and Operating Indicators



Variable Costs

According to Library staff, if new growth necessitated extending Library hours to meet new demand then staffing and associated costs would increase. However, increases in circulation and/or cardholders that occur without an increase in hours would not increase staffing needs or costs. A substantial increase in circulations and/or cardholders may necessitate a change in classification of workers rather than an increase in the number of workers. Library operations are largely fixed and can scale up services with minimal staff or service cost increases. Library staff notes that if growth in circulation occurs in e-books, then department costs would be higher as e-books are more labor intensive to teach cardholders to use. However, e-books remain a small

Palo Alto Comprehensive Plan Update Summary of the EIR Scenarios & the “Preferred Scenario” for Description in the Final EIR

This document summarizes the planning scenarios included in the Draft Environmental Impact Report and the Supplement to the Draft EIR on the City’s Comprehensive Plan Update, and staff’s recommendations for a “preferred scenario” for description in the Final EIR. Staff’s recommendations are based on Council’s input on the Land Use & Community Design Element as well as other elements they have reviewed. Given that the Council has not completed their review, corrections and adjustments to the recommendations below are anticipated!

Brief Description of the Six Scenarios

1. “Business As Usual” – the “business as usual” scenario shows the results if the City continued to operate under the existing Comprehensive Plan with no changes to goals, policies and programs. Any new housing built would be constructed under existing zoning and no innovations in housing or new approaches to address the high cost of housing would be explored. No new growth management measures are anticipated, and any transit or traffic improvements would come from the existing infrastructure plan for the City. This scenario uses a local forecast of housing growth based on the City’s past performance (a long term average of about 150-160 new dwelling units per year), and ABAG’s 2013 projection of job growth.
2. Scenario Two, or the “Growth Slowed” Scenario, would slow the pace of job growth when compared with Scenario One by moderating the pace of office/R&D development throughout the city. Scenario Two would also ensure that the modest amount of housing growth expected under Scenario One would be built-out as small units and other housing types appropriate for seniors and the Palo Alto workforce. Transportation investments in this scenario would include implementation of the County’s expressway plan.
3. Scenario Three, or the “Housing Tested I” Scenario, would implement a growth management regime similar to the interim annual limit on office/R&D adopted by the City Council in 2015 for the fastest changing areas of the City and would eliminate housing sites along San Antonio and South El Camino. In place of these housing sites, Scenario 3 would increase housing densities on other housing sites Downtown, near California Avenue, and in other locations in the City close to transit and services. Policies, regulations, and incentives would be designed to ensure smaller units for the working professional and senior populations of the City. Transportation investments would include grade separating the Caltrain crossings at Meadow and Charleston by placing the railroad tracks in a trench.

4. Scenario Four, or the “Sustainability Tested I” Scenario, assumes the most growth in housing and employment, consistent with ABAG projections. Rather than moderating the pace of development, this scenario would seek to limit the impacts of development. Housing sites along San Antonio and South El Camino would be eliminated and replaced by both increased densities on other housing sites and by the addition of new sites along the El Camino Real frontage of the Stanford Research Park and the Stanford Shopping Center. Potential policies and regulations would be enacted to advance sustainability objectives, including free transit passes for residents in transit-served areas, achieving LEED platinum certification for new development, maximizing local solar energy production, foregoing new natural gas hookups, and utilizing drought-tolerant landscaping. Transportation investments would include grade separating the Caltrain crossings at Meadow and Charleston by placing the railroad tracks in a trench, and incorporating mix flow bus rapid transit on El Camino Real (with curbside stations and queue jumping for transit vehicles).
5. Scenario Five, or the “Sustainability Tested II” Scenario, would implement a growth management program to limit the pace of office/R&D development and convert some commercial development potential (Floor Area Ratio or FAR) to residential FAR in Downtown and the California Avenue area. Scenario 5 would eliminate housing sites along San Antonio and South El Camino and in place of these sites, would increase housing densities on sites Downtown and in the California Avenue area close to transit and services. Policies, regulations, and incentives would be designed to ensure smaller units for the working professional and senior populations of the City. Potential policies and regulations would be enacted to advance sustainability objectives, including free transit passes for residents in transit-served areas, achieving LEED platinum certification for new development, maximizing local solar energy production, foregoing new natural gas hookups, and utilizing drought-tolerant landscaping. Transportation investments would include grade separating the Caltrain crossings.
6. Scenario Six, or the “Housing Tested II” Scenario, would also implement a growth management program to limit the pace of office/R&D development and would convert some commercial development potential (Floor Area Ratio or FAR) to residential FAR in Downtown, the California Avenue area, and along the El Camino Real corridor. Scenario Six would not eliminate housing sites along San Antonio and South El Camino and would both increase housing densities in other areas of the City close to transit and services, and add new housing sites along the El Camino Real frontage of the Stanford Research Park and the Stanford Shopping Center. Additional housing sites in the Research Park could also be considered. Policies, regulations, and incentives would be designed to ensure smaller units for the working professional and senior populations of the City. Potential policies and regulations would be enacted to advance sustainability objectives, including free transit passes for residents in transit-served areas, achieving LEED platinum certification for new development, maximizing local solar energy production, foregoing new natural gas hookups, and utilizing drought-tolerant landscaping. Transportation investments would include grade separating the Caltrain crossings and

incorporating mix flow bus rapid transit on El Camino Real (with curbside stations and queue jumping for transit vehicles).

Under all scenarios, some changes to the City’s zoning ordinance are anticipated to implement the goals and policies of the Comprehensive Plan Update. Table 1, 2, and 3 describe the basic characteristics of the scenarios, including some of the principal policy changes that will influence the amount of growth that occurs, and explain how the preferred scenario would relate to the other scenarios based on the Council direction received to date.

Table 1. Summary of EIR Scenarios: Population & Housing

Scenario	Net Change 2015-2030 (City of Palo Alto Only)		Notes
	Population	Housing (DU)	
1. Business as Usual	6,600	2,720	Assumes no change in housing sites or policies (historic growth rate)
2. Slowing Growth	6,600	2,720	Assumes no change in site; adds policies to favor small units
3. Housing Tested I	8,435	3,545	Assumes elimination of San Antonio sites & increased densities downtown/Cal Ave
4. Sustainability Tested I	10,455	4,420	Same as Scenario 3 but also adds additional sites along El Camino
5. Sustainability Tested II	8435	3,546	Same as Scenario 3
6. Housing Tested II	13,737	6,000	Keeps sites on San Antonio, increases densities downtown/Cal Ave, adds sites along El Camino and considers sites elsewhere in the Research Park and near SUMC
Draft Preferred Scenario	10,455-13,737	4,420-6,000	The Preferred Scenario would fall between Scenarios 4 and 6 because it assumes elimination of San Antonio sites & increased densities; adds policies to favor small units; adds sites along El Camino and considers new sites elsewhere in the Research Park and near SUMC

Source: Palo Alto Department of Planning & Community Environment, March 2017

Table 2. Summary of EIR Scenarios: Non-Residential Square Footage & Jobs

Scenario	Net Change 2015-2030 (City of Palo Alto Only)		Notes
	Non-Res Sq. Ft. ¹	Jobs	
1. Business as Usual	3.3M	15,480	Assumes cap in Policy L-8 is not a constraint and job growth continues per ABAG Projections 2013
2. Slowing Growth	3.0M	9,850	Assumes cap in Policy L-8 is a constraint and the interim annual limit on office/R&D is extended citywide
3. Housing Tested I	3.5M	12,755	Assumes cap in Policy L-8 is increased and the interim annual limit on office/R&D continues to apply to a subset of the City
4. Sustainability Tested I	4.0M	15,480	Assumes cap in Policy L-8 is eliminated and there is no annual limit on office/R&D
5. Sustainability Tested II	2.4M	8,868	Same as Scenario 2 with more constraints on job growth
6. Housing Tested II	2.4M	8,868	Same as Scenario 2 with more constraints on job growth
Draft Preferred Scenario	3M	9,850-12,755	The Preferred Scenario would perpetuate and update the cap in Policy L-8 and would therefore result in square footage similar to Scenario 2. Job growth would be between Scenario 2 and 3 because the annual limit on office/R&D would be citywide minus the Research Park

Notes: (1) The square footage shown for all Scenarios includes 1.3M square feet already approved at SUMC.

Source: Palo Alto Department of Planning & Community Environment, March 2017

Table 3. Summary of EIR Scenarios: Jobs/Housing Balance

Scenario	Jobs/Housing Balance in 2030 ¹
1. Business as Usual	Jobs/Employed Residents Ratio of 3.20
2. Slowing Growth	Jobs/Employed Residents Ratio of 3.04
3. Housing Tested I	Jobs/Employed Residents Ratio of 3.04
4. Sustainability Tested I	Jobs/Employed Residents Ratio of 3.04
5. Sustainability Tested II	Jobs/Employed Residents Ratio of 2.93 ²
6. Housing Tested II	Jobs/Employed Residents Ratio of 2.71
Draft Preferred Scenario	Jobs/Employed Residents Ratio of 2.76 to 2.96 ²

Notes: (1) The ratio of jobs to housing is expressed as the ratio of jobs to employed residents. The proportion of employed residents in 2030 is estimated at approximately 48% of total population based on ABAG Projections 2013. The ratio of jobs to employed residents in this column assumes a 2014 base of 65,685 people and 95,460 jobs.
(2) Based on the population and jobs numbers identified in Tables 1 and 2.

Source: Palo Alto Department of Planning & Community Environment, March 2017

The tables that follow describe other key policy and implementation-related characteristics of the six EIR scenarios and identify those characteristics staff believes the Council supports for inclusion in the “preferred scenario” based on Council direction on January 30, 2017 and earlier discussions with the Council, which are identified with an arrow in the right margin beside Tables 4, 5, and 6 below.

Table 4. Summary of Housing-Related Policies & Zoning Changes^a

Summary of Housing Policies & Zoning Changes	Scenarios					
	1	2	3	4	5	6
Maintain All Existing Housing Sites	√	√				√
Eliminate Housing Sites on San Antonio and South El Camino			√	√	√	
Increase residential densities on sites in Downtown, the California Ave Area and along El Camino Real			√	√	√	√
Add new housing sites to the El Camino frontage of the Research Park and the Shopping Center				√		√
Consider additional sites near SUMC or in western portion of the Research Park						√
Convert some commercial development potential (FAR) to residential FAR		√	√	√	√	√
Reduce constraints on the addition of Accessory Dwelling Units		√	√	√	√	√
Adopt policies to avoid the loss of existing housing and displacement		√	√	√	√	√
Adopt regulations and potential incentives to create smaller units		√	√	√	√	√
(a)This list is not a complete listing of possible policy and zoning changes, but includes major initiatives required to reach the housing projections of each scenario. There is some overlap between these and the zoning changes summarized later. Attributes of the Preferred Scenario are identified with arrows.						

Source: Palo Alto Department of Planning & Community Environment, March 2017

Table 5. Zoning Code Amendments for the EIR Scenarios

Proposed Zoning Code Amendments ^a	Scenarios					
	1	2	3	4	5 ^a	6 ^a
Planned Community (PC) zoning district provisions would be reformed.	√	√	√	√	√	√
Strategies to preserve retail would be enhanced for the city’s neighborhoods.	√	√	√	√	√	√
Incentives would be considered for small lot consolidation along El Camino Real.	√	√	√	√	√	√
A Conditional Use Permit (CUP) would be required for new office and R&D uses in order to regulate employment densities.		√	√	√		
An alternate mechanism would be explored for moderating employment densities, either through regulation or revenue collection.					√	√

Proposed Zoning Code Amendments ^a	Scenarios						
	1	2	3	4	5 ^a	6 ^a	
Allowable commercial densities would be reduced and replaced with residential densities.		✓	✓	✓	✓	✓	←
Reduce the allowable FAR in the CC-2 district from 2.0 to 1.5.					✓		←
Modest exceptions to the City's 50-foot height limit would be permitted for projects with ground floor retail and residences above.			✓	✓		✓	
Allowable residential densities would be increased downtown and near California Avenue, possibly by adding the PTOD ^b zoning designation to downtown and streamlining the permitting process to allow for residential development in the PTOD zone with modified regulations. Another possibility would be to eliminate maximum dwelling unit densities and use minimum densities and FAR to encourage more, smaller units.			✓	✓	✓	✓	←
Allowable residential densities would be increased on the El Camino Corridor, possibly by adding the PTOD ^b zoning designation to pedestrian "nodes" along the corridor with modified regulations to encourage use of the designation. Another possibility would be to eliminate maximum dwelling unit densities and use minimum densities and FAR to encourage more, smaller units.				✓		✓	←
Mitigation and sustainability measures would be adopted to minimize impacts of new market rate housing and new non-residential development by requiring mitigation, monitoring, and enforcement.					✓	✓	←
Performance based zoning strategies would be adopted to minimize impacts of new market rate housing and new non-residential development.						✓	
Coordinated area plans (or "precise plans") would become a routine planning tool					✓	✓	←
<p>(a)The suggested zoning changes listed here do not include all of the sustainability measures or mitigation measures which could be applied to the scenarios. Attributes of the Preferred Scenario are identified with arrows.</p> <p>(b) The Pedestrian and Transit-Oriented Development (PTOD) combining zoning district is intended to allow higher density residential dwellings on commercial, industrial, and multi-family parcels within a walkable distance of Caltrain stations, while protecting low density residential parcels and parcels with historical resources.</p>							

Source: Palo Alto Department of Planning & Community Environment, March 2017

Table 6. Infrastructure Investments for the EIR Scenarios

Summary of Infrastructure Investments ^a	Scenarios					
	1	2	3	4	5	6
New Public Safety Building	✓	✓	✓	✓	✓	✓
Bicycle Bridge over US 101	✓	✓	✓	✓	✓	✓
Bicycle/Pedestrian Plan Implementation Projects	✓	✓	✓	✓	✓	✓
Byxbee Park	✓	✓	✓	✓	✓	✓
California Avenue Parking Garage	✓	✓	✓	✓	✓	✓
Downtown Parking Garage	✓	✓	✓	✓	✓	✓
Fire Stations	✓	✓	✓	✓	✓	✓
Small improvements within existing rights-of-way to provide for traffic calming or relatively small increases in roadway capacity by adding turn lanes or making other intersection adjustments	✓	✓	✓	✓	✓	✓
El Camino Real intersection and pedestrian safety/streetscape improvements	✓	✓	✓	✓	✓	✓
Downtown mobility and safety improvements	✓	✓	✓	✓	✓	✓
Middlefield Road corridor improvements	✓	✓	✓	✓	✓	✓
Grade separations Option 1: trench below Charleston and Meadow; other improvements along the corridor.			✓	✓		
Grade separation Option 2: grade separate all grade crossings; other improvements along the corridor					✓	✓
Geng Road extension to Laura Lane						✓
County Expressway Plan Implementation Option 1 (additional lane on Page Mill Road is not HOV)		✓				
County Expressway Plan Implementation Option 2 (additional lane on Page Mill Road is for HOV)					✓	
Bus Rapid Transit on El Camino Real in mixed-flow lanes with the addition of queue jumping and curbside stations.				✓		✓
(a) This list is not a complete listing of the City's infrastructure plan, but includes those investments highlighted in EIR Scenarios						
(b) The Preferred Scenario would include all of the listed investments with the HOV option on Page Mill Road and grade separations at all Caltrain crossings.						

Source: Palo Alto Department of Planning & Community Environment, March 2017



**COMPREHENSIVE PLAN UPDATE
CITIZENS ADVISORY COMMITTEE
DRAFT MINUTES**

TUESDAY, February 21, 2017
Rinconada Library – Embarcadero Room
1213 Newell Road
Palo Alto, CA 94303
5:30 PM TO 8:30 PM

1 **Call to Order: 5:30 P.M.**

2 **Co-Chair Garber:** Alright folks. Let's get started. Can I ask Staff to call roll?

3 Present: Garber, Filppu, Glanckopf, Hetterly, Hitchings, Keller, Kleinhaus, Levy, McDougall,
4 McNair, Moran, Nadim, Packer, Peschcke-Koedt, Summa, Uhrbrock, van Riesen

5
6 Absent: Sung, Titus, Uang, Nadim

7

8 **Oral Communication:**

9 **Co-Chair Garber:** Thank you. We have three cards for oral communications. Peter Taskovich, if I am
10 pronouncing your name correctly, you'll have three minutes.

11 **Peter Taskovich:** Hello, my name is Peter Taskovich. I'm a lifelong resident of Palo Alto and I just want to
12 talk briefly about the City's Council decision (inaudible) aside from all programs from the new
13 Comprehensive Plan. This is simply put, a slap in the face of all of you on the Citizen's Advisory
14 Community, who worked so diligently for many, many months debating, developing and approving
15 these programs. A Comprehensive Plan with only goals and policies but no programs is a toothless
16 document and simply portrays its name. A Comprehensive Plan without any stated programs to
17 implement at stated goals and policies can hardly be called Comprehensive at all. Sadly, it's a bad joke
18 that unfortunately, a slim majority on our City Council appears to want to (inaudible) on the citizens of
19 Palo Alto. I, therefore, will support all efforts by the members of the Citizen Advisory Committee to
20 reinstate all the programs your committee has already approved back into the new Comprehensive Plan.
21 The programs along with the goals and policies are an essential part of a meaningful and well-crafted
22 Comprehensive Plan and they must be stored back into the Comprehensive Plan so we all can have an
23 updated Comprehensive Plan that all of us can be proud of. Thank you.

24 **Co-Chair Garber:** Thank you. Next is Rita Vrhel. Vrhel, Rita.

25 **Rita Vrhel:** Good evening. I won't put it as eloquently as the first speaker, that was lovely. My feelings
26 are the same. I was there at the meeting and I just couldn't believe how 7, 8- years of work including a
27 year and a half or so of your work, was just gutted. Some people have said in a fashioned maneuver that



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1 was predetermined. I wouldn't go that far because I don't know but I know at the City Council retreat a
2 few days before the City Council meeting on 1/30, there was a discussion of transparency and the very
3 low and discouraging number of citizens who believe in the City Council. For the last 2-years, anyone
4 who complained to me about the City Council, I would say no, actually they will listen to you. You have
5 to show up. You have to tell them your concerns but they will listen. You know, I 'm not sure that I can
6 say that anymore and in fact, I haven't. I know that this Committee or I feel this Committee is deeply
7 divided on the issue of whether the 1/30 episode was appropriate and what the long term meaning of it
8 is. I've taken the time to listen to the 1/30 transcript over and over and over again and I have handed
9 out something to Dan, which I think you have, and its part of the transcript verbatim because the 1/30
10 transcript from the City will not be ready for probably another month or so. It's my opinion that items
11 under H, which where the Land Use Element content based on Council Member's Comments on
12 November 28th and it has all the letters under the land use; I didn't give you that part. There was a vote
13 to discuss but then that vote was taken and transformed into a yes or no vote on the item. I have sent
14 this transcript to the City Attorney, to all Members of the City Council, to the City Manager, and to the
15 City Clerk and they have not gotten back to me yet but I, like the first speaker, would encourage anyone
16 on the CAC who believes that their efforts were short changed or anybody in the Community who is
17 listening who feels that a Comprehensive Plan has to have something in it beside the promise of items
18 coming up for later discussion. If items are going to be coming up for later discussion, I would encourage
19 everybody to press the City Council as to when they are going to be coming up and also, ask for a full
20 meeting that doesn't start at 6 o'clock at night and go on – I mean, I left at 11:30 and I think they hadn't
21 even started on transportation. Thank you for taking my comments seriously.

22 **Co-Chair Garber:** Thank you, Rita. Sheri Furman.

23 **Sheri Furman:** Good evening everyone on this rainy night. I'm Sheri Furman and a Co-Chair of Palo Alto
24 Neighborhoods and I'm speaking on behalf of our executive Committee as empowered by the
25 organization itself. I first want to say that we support the issues raised in recent letters we've received
26 from several of your fellow CAC Members and I really hope I am preaching to the choir here. First the
27 definition of Comprehensive: Complete, including all or nearly all elements or aspects of something.
28 Removing programs surely weakens the idea of a Comprehensive Plan. Decoupling programs from their
29 related policy and placing them outside the body of the element weakens the policies whose programs
30 are supposed to support. Policies indicate what is to be achieved and programs provide how. Without
31 the specifics of programs to inform decisions and measure impacts, policies are simply wish lists that can
32 be interpreted and implemented in any number of ways depending on who's doing the interpretation.
33 Both residents and those doing business in the City will have no clear idea of what to expect. Finally, the
34 process. 5 people should not have the power to undo years of work with no discussion nor input from
35 you, the Staff and the public. The idea that programs will only move forward if a Council Member or
36 Staff suggests these should, is absurd. Staff is far too busy with the current issues (inaudible) and
37 program initiation should not be subject to the political make-up of the Council. The January 30th action



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1 by the bare majority of the Council and the way it was done belies a commitment to an inclusive and
2 open City government. We urge you to do two things. First, discuss the pros and cons of removing
3 programs from the Land Use and Transportation Elements and placing them in an appendix or separate
4 document. Council and the public need to understand whether and why such a move is or is not a good
5 idea. Second, petition the Council to agendaize and restore the programs to the Comp. Plan. Thank you.

6 **Co-Chair Garber:** Thanks, Sheri. Betty Jo Chang to be followed by Annette Ross. That's our last speaker
7 unless somebody else would like to speak and if so, please hand in a card.

8 **Betty Jo Chang:** My name is Betty Jo. I fully support the open letter to the Council from CAC Members
9 requesting that the Council reconsider its high-handed and foolhardy action. Stripped implementation
10 programs from the Comp. Plan with neither consideration nor debate. A plan without programs can't
11 even construct the paper that it's written on, much less provide the guidance needed for our City to
12 navigate the challenges we face. The Council wholesaled its positions of these programs. Rejects out of
13 hand without public debate. Years of work from dedicated City Staff and citizen volunteers to develop a
14 proactive plan to address the issues of greatest importance to our citizens. The manner in which this
15 decision was made also dismisses the value of collaborative and consensus-driven government. This is a
16 democracy and we ought to stand up for it. I fear both Council and community will live to rue the day
17 when such cavalier disrespect for both democracy and its citizens, drives away those volunteers who do
18 so much to make this a community in which we wish to live. I know how much effort has gone into this
19 CAC work. I thank you all for your service and I value the quality of the work product you've produced. I
20 want and expect the Council to respect it as well. Thank you.

21 **Co-Chair Garber:** Thank you. Annette Ross and that's the last card I have.

22 **Annette Ross:** Good evening. My name is Annette Ross and I'm here just as myself. I'm not representing
23 any particular group of people. My remarks concern what Council did on the Land Use Element at its
24 January 30th meeting. Even if you like the outcome, it was arrived at wrongly and that is critical. This CAC
25 was not formed as some sort of random good idea. Rather it's formulation response precisely to the
26 public participation statutory requirement that is set forth in the State's General Plan Guidelines. You all
27 did your job. By removing the programs and disallowing discussion on the action, Council not only undid
28 your work, it violated several provisions of the government code that apply to the General Plan. A
29 document that is regarded as a Constitution for land use development and as former Mayor Pat Burt
30 pointed out, what Council did was a tremendous departure from this City's established approach to
31 thing – to such things, excuse me. It appears that our Mayor and those who supported him in this are
32 banking on residents not paying sustained attention to what goes on at City Hall. It also appears that
33 there is an absolute disregard for the opinions of those not aligned with the majority on Council. Rather
34 than engage and discussion for the purpose of identifying common ground and reaching a workable
35 compromise in areas where there are differences, as you all did, the Council majority made the
36 unprecedented move of unilaterally eliminating the very programs that provide substance and guidance



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1 to the City's Comp. Plan. Council Member Wolbach encouraged this, saying it's simpler the document.
2 This is despite the fact that the law says that the plan must address building an [inaudible] and
3 population densities. Think about this, some documents work best when the details are clearly defined.
4 That's what programs do for General Plans. Said differently, it is the programs that make such plans
5 comprehensive. Removing the programs from the Land Use Element is both wrong and short sighted.
6 Council Members come and go. This Committee will disband. Plans endure, at least they should. That is
7 how we achieve consistency and smart planning. Without the programs, this City will develop according
8 to the whims of Staff and whoever holds the majority on City Council. This time around, you may be ok
9 with that. Next time, maybe not. We need to look no further than Washington for merit examples of
10 what happens when tides shift. I urge you to come together with a uniform voice and asked City Council
11 to reconsider their actions of January 30th. Thank you.

12 **Co-Chair Garber:** Thank you. That's the last card we have. Before we get started, I would like to
13 acknowledge a couple of folks. Doria Summa, who has joined us, who wasn't here last time think but
14 congratulations on joining the PTC and now being our ex-officio member and representative of that.
15 Susan [Monk], I understand that you have been recently elected or appointed to the PTC, welcome and
16 former Mayor Pat Burt, thank you for joining us.

17 **Staff Comments:**

18

19 **Co-Chair Garber:** Staff, you have come comments to start us off?

20 **Hillary Gitelman:** I do. Thank you. First, for the Committee, I'm sure you noticed that Joanna and Elaine
21 are not here this evening. They are both on well-deserved vacations so Elena, Greg, Ashley and I are
22 here to fill in for them as best we can. I also just had one housekeeping item before we launch into the
23 discussion – the next discussion item on the Comp. Plan programs and organization and that related to
24 Brown Act Compliance. If you remember at the beginning of this process, we talked about the Brown
25 Act and we adopted some guild lines. One of the core principles of the Brown Act is that we must hold
26 meetings in public with proper notice and when members of the Committee post comments online or
27 contribute letters to the editor and all that, we start to run the risk of a non-noticed meeting. If – let me
28 just spell out how that would happen. It would happen if more than a quorum of this group were to
29 participate in the same forum and exchange ideas through that forum. It only becomes a problem when
30 it's more than a quorum but it's the first person who starts it and then the second person and third
31 person so everybody kind of has to be careful not to let this happen. It's happened a few times because
32 passions are running high, I understand that but I'm asking for your forbearance for the remainder of
33 the CAC process. If you have important things to say, send them to Staff. We'll distribute them in the
34 packet. We'll talk about them here at the meeting but if you could please reframe from the media
35 conversation, which could turn into a noticed meeting. That's the only housekeeping. Should I launch
36 into the first item?



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1 **Co-Chair Keller:** Just a clarifying question? If one person posts something and a majority of the
2 Committee read it, is that a violation?

3 **Hillary Gitelman:** That is not a violation. The violation happens when more than a quorum are
4 participating but we as a group agreed that we wouldn't do this because it's not fair for the first person
5 to get to use the public forum and then the 9th person doesn't get to. I'm just reminding everybody of
6 the rules that we agreed on in the very beginning.

7 **Co-Chair Keller:** Ok because I thought that – I thought it one person post and even if everybody reads it,
8 that that's a – it's called a serial meeting. Anyway.

9 **Hillary Gitelman:** Should we move on?

10 **Agenda Items:**

11 **1. Discussion: January 31, 2017 City Council Meeting**
12

13 **Co-Chair Garber:** Yes, let's go to agenda item number 1. Discussion of the January 31st – 30th actually,
14 2017 City Council meeting and Hillary I believe have come comments to open up this item.

15 **Hillary Gitelman:** I do, thank you. I hope everybody had a chance to read our short memo. It's actually --
16 the Staff memo actually touches on two items that we wanted the Committee to be aware of. One is the
17 availability of a supplement of the Draft EIR. Those of you that have been paying attention know we
18 published a Draft EIR that analyzed forced planning scenarios. The Council asked us to analysis an
19 additional two so that supplement is now available for those who wish to dig in deep on the details.
20 We're in the public comment period so anybody who wants to can either submit oral comments at one
21 of the public hearing that's coming up or written comments by the close of the comment period and
22 there's a notice that I provided in your packet with the dates and deadlines for that. I have a quick
23 question?

24 **Shani Kleinhaus:** (Inaudible)

25 **Hillary Gitelman:** Yeah, it makes it clear in the notice that I provided. We're excepting comments on the
26 supplement to the Draft and the original Draft. Anything you have, either come to one of the public
27 hearings or submit those comments in writing.

28 **Don McDougall:** (Inaudible)

29 **Hillary Gitelman:** Public comments on a public – that – no. You'll submit those to Elaina and we will
30 collate them and it will be fine. Ok. The item de jure, getting beyond that issue was the Council's
31 direction to Staff on January 30th and included in the packet a copy of the action minutes so you can kind



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1 of read through the motion, amendment, vote, all of that stuff and in the memo, we also tried to
2 summarize in bullet points what the Council's direction was. I'd be happy to answer any questions about
3 the specifics there but the direction to us that has gotten the most attention is the one about the
4 organization of the document and the suggestion and direction by a majority of the Council to place
5 programs in a separate document or an 'appendix' to the plan unless they are 'legally required'. It was
6 clear to me that we would need – we as Staff would need to follow up with the Council to understand
7 what it is exactly they were asking after we had an opportunity to assess that questions of what is legally
8 required. We have been doing some thinking about this. We, of course, have been reading your
9 thoughts and getting input from you and from others on this question. I liked – I don't know – I always
10 try and find the middle path so there's a spectrum of possibilities here. One end of the spectrum is pull
11 all those puppies out of the plan, put them in a separate document, put it on the shelf and never look at
12 it again. The other end of the spectrum is leaving it exactly the way it is, with all the programs built into
13 the plan, exactly as the CAC has delivered to the Council. I think there's a middle approach and we will
14 be exploring this approach and providing a recommendation to the Council on March 20th. That's the
15 next time we have an opportunity to agendize with the Council a discussion of this issue. All of their
16 agendas are jammed packed so that's the soonest we can get back to them. It's the same day we're
17 going to have the public hearing on the EIR that I just spoke about. It's going to be a Comp. Plan
18 appaloosa of an evening. I'll tell you just a little bit more about how we're exploring this middle path and
19 I hope that we will enjoy your support by the time we define this. Basically, our thought is we can
20 achieve the objectives of the majority of the Council to be just a little – play with the organization of the
21 document and be a little explicit that we can't possibly accomplish all of these programs but put them in
22 a format like the Implementation Plan in the current Comp. Plan. If you have seen the Implementation
23 Plan in the current Comp. Plan, it's terrific. We would put the programs in that kind of format. Maintain
24 the linkage to the policies so they would maintain their numbers and their linkage and they would have
25 a relative priority in that setting. Now, we are going to need some help from the subcommittee of the
26 CAC in crafting just what that would look at and I understand that the Chairs have formed the
27 membership of that subcommittee and we have a meeting scheduled with them next week to start that
28 work. Our thought is that we will discuss with the subcommittee, then with the Council and then with
29 this full group at your next meeting on the 21st. This kind of middle approach where we have an
30 Implementation Plan in the Comprehensive Plan update. Includes all the policies that you've help to
31 develop with the changes that the Council has wanted. If you have been paying attention, they've added
32 some, they've subtracted some and that I'm expecting that your subcommittee is also going to want to
33 help us add and subtract a little because there's a lot of redundancy in there. Once you see them all in
34 one place, you'll see that we can do a little trimming. In that context, we would try and prioritize. Just a
35 little piece of background, this was going to go out in the report to the subcommittee later this week but
36 we looked at all the programs from the last Comp. Plan, there were 266 or something like that, and I say
37 that we can say definitively that we have accomplished about 15% of them. In the Comp. Plan update
38 that we've been working on. There are slightly more than 400 that we've proposed and I think it's



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1 unrealistic to think that we're going to do more than 15% of those so we're going to ask the
2 subcommittee and ultimately this group to help us develop a prioritize recommendation for the Council.
3 Then they can take our recommendation or not but we will at least discharge our responsibility, I think,
4 in suggesting to them what we think the relative priority of these things are and then to the extent that
5 all of you can help us also get rid of the redundancies, that would be great. I think it would be an easier
6 sell to the Council if we didn't have 400+ of these programs; If we could get it down in number a little
7 bit. That's a little bit about what I think we're going to be doing with the subcommittee of the CAC and
8 where I hope we're going to end up with this process. I think our goal as Staff and I think the Mayor
9 articulated this in the State of the City Address is to end up at the end of the day with a Comp. Plan that
10 very much perpetuates the values in the existing Comp. Plan and that is completely compliant with State
11 Law and with our historic practice. The programs have a role in that and I think – I hope the Staff
12 recommendation as we develop it will help achieve that and that the Council will accept our
13 recommendation. Always with some changes but in the majority, I hope they will accept it. I'd be happy
14 to answer questions. I know this group has been longing for an opportunity to discuss this issue and
15 potentially whether you want to take a position or just continue to come to the Council meetings to
16 offer your individual support or opposing.

17 **Co-Chair Garber:** Let's entertain just clarify questions here because we'll get an opportunity to all
18 express ourselves. Stephen and then Bonnie.

19 **Stephen Levy:** First of all –ok. One, will Staff be able to give the subcommittee and then the Council and
20 the Committee's some idea of the relative workload involved in these items? I mean, priorities are
21 what's important to the community but if we pick four items at that each takes you a year?

22 **Hillary Gitelman:** Very good question. What we're shooting towards is a matrix or list of all the
23 programs with relative priority and relative level of effort.

24 **Stephen Levy:** Good.

25 **Hillary Gitelman:** We're not going to get into detail but we're going to say, one dollar sign, two-dollar
26 sign or three dollar signs. Just to try and at least, get out there what we think the relative level of effort
27 is.

28 **Stephen Levy:** The second question is will City Council weigh in on this question, I don't know much
29 about, is what is required by law? I heard that raised. I don't quite know what that means.

30 **Hillary Gitelman:** I think as Staff, we feel like that's one of the pieces of information we'll be providing
31 to the Council when we make a recommendation.

32 **Stephen Levy:** Not the subcommittee necessarily? Not enough time.



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1 **Hillary Gitelman:** We can talk about that in the subcommittee as well. Happy to do that. I would just
2 say, several – the government code requires implementation measures, terminology is important, in a
3 couple of the elements and certain things. One of the speakers referred to land use densities and
4 intensities so there are certain requirements in the government code but the government code also says
5 you can organize your General Plan any way you want to so you can put it into different chapters.

6 **Co-Chair Garber:** Thank you. Bonnie and then Arthur and then Annette. Lisa, you also had a question?

7 **Bonnie Packer:** I watched the video that you gave us. The link to that portion of the City Council meeting
8 and at the end, the City Manager said something about how in essences, this is an interactive, ongoing
9 process. This is not a done deal. They were just looking at a draft and the whole Comprehensive Plan will
10 come back to City Council. How are we taking that information into context? My second question is do
11 you – does anybody have any feeling whether this would apply to the other element, the Community
12 Services Element?

13 **Hillary Gitelman:** Thank you. I mean, I think these are – the last question about whether this applies to
14 all the elements is something we'll get clarification on, on the 20th. Hopefully, as I say, we'll be able to
15 steer towards a middle path and whatever we decide will be for all the elements. We won't treat one
16 different than the others. We'll see. In terms of the City Council, they're going to have additional
17 opportunities to weigh on this stuff and I thought the comment by the City Manager was right on. At this
18 point, what we're trying to do is give the Council the first look at all of your work products so the CAC
19 had worked hard on these things. We want the Council to take the first look. Prepare some revision
20 before it gets transmitted to the PTC for their work and their recommendation. Then what the PTC does,
21 goes back to the Council and it's not until that point that they finally have to adopt the actual final
22 language. There's still a long way to go.

23 **Co-Chair Garber:** Thank you. Just before we go on, I will acknowledge, Judy [Klineburge] having joined
24 us; the previous Mayor. Annette and then Lisa and then Jen.

25 **Annette Glanckopf:** Maybe you just clarified it but I understand what you've said about this concept of
26 meeting them halfway and putting together an appendix with programs, priorities and relative effort but
27 I'm still very concerned about how the programs actually get implemented because specifically, and I
28 also transcribed the entire Section H, when – you just repeated almost exactly what Mayor Scharff said.
29 He asked for that but he said – so I'm concerned about how stuff moves forward just because it's an
30 Implementation Plan and we have all the stuff listed because there's still not linking back. He said, the
31 way I understand this would work is that there would be an implementation section where all the
32 programs would be but they wouldn't actually mean that we would do them. Staff would have to come
33 forward and say, now we're going to implement programs such and such or we should implement a
34 program such and such or Council Members could write a colleague's memo or whatever, at which point
35 there would be the implementation of that that would move forward. Staff wouldn't have to spend the



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1 time on it and move forward on if there was no push from either a Council Member or from Council or
2 Staff driven. There would be no move to forward that. Again, I'm really concerned. We can do all this
3 work, we can prioritize if it were – the programs were in place, that would be part of the vision that we
4 could all refer to. Now, they're just going to be stuck away and even though there'll be a list of priorities
5 etc. I still am very unclear – to me, this is really the nut, besides the process, on actually how things will
6 be brought forward. Is it going to be cherry picking where some Council Members says gee, I really like
7 these three priorities or it is going to be Staff that has to take the time and effort to say these are our
8 top priorities? Maybe you could clarify that?

9 **Hillary Gitelman:** Yeah, really good question. First, let me clarify, I think that we're developing a
10 recommendation in which the programs would not be in an appendix. I think that is a word that is kind
11 of loaded and diminishes the importance of the programs that you've been working on. I think our
12 recommendation is going to try and find a way to perpetuate the Implementation Plan that's in the
13 current Comp. Plan. I mean that's what it is called. It's called the Implementation Plan and it's a list of
14 programs -- and our thought is that the introductory text of which the subcommittee and then this
15 CAC and then the Council will get to weigh in on will explain how the programs will be implemented. I
16 think it is sobering that only 15% of the programs in the last Comp. Plan were actually implemented
17 and so I think we have an opportunity to frame the table and the list of programs with the introductory
18 text to the Implementation Plan that makes it clear. Some of these programs are on-going and some of
19 these programs are already resourced. Some of these programs are not resourced but they're not costly
20 and don't require a lot of work. Some of these programs are costly and will require a lot of work and will
21 have to be budgeted in an annual budget cycle etc. We're all going to work on this explanation together
22 and I hope at the end of the day, it will be clear to folks that we've developed a suite of programs, we've
23 tried to prioritize them as best we can, we've acknowledged that priorities change over time but we've
24 given the community and the Council a clear view of how we think this Comp. Plan and its policies and
25 goals should be implemented over the life of the plan. Hope that made it a little clearer.

26 **Co-Chair Garber:** Thank you. Lisa and then Jen.

27 **Lisa Peschcke-Koedt:** Actually, two questions, just clarifying stuff. The Implementation Plan, I've
28 forgotten, it is an official required part of a Comp. Plan or it's discretionary whether it's there or not?
29 That's question one, sorry. The law doesn't call out the need for an Implementation Plan but it does
30 require implementation measures in some of the elements and this how we've chosen to implement
31 that locally.

32 **Lisa Peschcke-Koedt:** Ok. This is more – not to get into the debate of it but more – is there – did Council
33 specifically say or was there some downside to having said the top priority programs in the official
34 element and in the Implementation Plan? I think what you're saying is based on what Council is saying
35 that it would only be in the Implementation Plan?



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1 **Hillary Gitelman:** That could be something that they discuss on the 20th. I don't know where the
2 majority will be on the 20th. I think it could either way.

3 **Co-Chair Garber:** Thank you. Jen and then Arthur and that's the last – oh, I've got Alex, Shani, and
4 Hamilton.

5 **Jennifer Hetterly:** I just have a couple questions. First is that we have several programs that are EIR
6 mitigation measures and I wonder if those are ultimately, considered requirements – State requirement
7 even though – obviously the EIR has not yet been adopted?

8 **Hillary Gitelman:** Our position would be yes. The Council asked us to maintain existing legal
9 requirements and it we've identified something as a mitigation measure, it would fall into that category.

10 **Jennifer Hetterly:** The next question is as far as putting them all into an implementation chapter, how is
11 that any different from what the existing Comp. Plan does because the current implementation chapter
12 does attempt to prioritize among the programs. It's – what it sounds like to me is by removing them
13 from the elements, putting them into an Implementation Plan, which is not an adopted plan element.
14 That the only – we're not doing anything but removing the programs and adding a ramble saying we
15 really hope you're going to look harder at these than you might have.

16 **Hillary Gitelman:** I guess what I'm suggesting that the Implementation Plan would be part of the
17 adopted Comprehensive Plan. It would be part in parcel of the plan like it is today. I don't think anyone
18 would look at the Comp. Plan today and say oh, there's that implementation chapter in the back of the
19 book; it doesn't count. I think we consider that part of the Comprehensive Plan.

20 **Jennifer Hetterly:** Just to may clarify then because I want to make sure I understand what the situation
21 is. In the current plan, the programs exist within the adopted plan elements; they are enumerated there.
22 They also exist in the implementation chapter which describes how those programs will be implemented
23 over time. It seems to me if they are removed from the adopted plan elements, that the Implementation
24 Plan then no longer – then the Comp. Plan no longer provides authorization for Staff to pursue those
25 programs without further Council action. Despite the existence of an Implementation Plan that says if
26 you want to do this, these are what we think might be more important than others.

27 **Hillary Gitelman:** I guess I'm suggesting that there's another way to do that. That if you have an
28 Implementation Plan where all of the programs are located with the numeric attributes that related
29 them to the policies. All you've done is reorganized the document but you still have an Implementation
30 Plan that's part of the Comprehensive Plan like it is today.

31 **Co-Chair Garber:** Thank you. Alex then Shani. Hamilton and then Arthur.

32 **Alex Van Riesen:** (Inaudible) till I read this so I'm – this is all pretty new. I just want to see if I get this and
33 what I'm ultimately – maybe you can't say this – what drove the decision to do it this way? Was is surely



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1 the amount of programs that were suggested? Was it – I guess I’m wondering why instead of a
2 comment to the CAC to go back and say why don’t you prioritize the programs? Why this way of voting
3 on the City Council and really -- even giving the effect and obvious response of the city, why not just give
4 it back to us and say do this verses have a vote which elicits this sense of corruption in the government
5 about not – about violating the public process. Do you know why it went down this way?

6 **Hillary Gitelman:** I really can’t speak to the conduct of the meeting or – it was a noticed discussion of
7 the Land Use and Transportation Elements and the votes that happened where in that context. I also
8 can’t predict what’s going to happen on March 20th but I do know that we’re going to agendize another
9 discussion of this issue, which is garnered a lot of intense and emotional input...

10 **Alex Van Riesen:** Yeah.

11 **Hillary Gitelman:** ...and I hope at that time we’ll get clarity and my prediction or my hope is that we’ll
12 end up in the middle somewhere. In a place where people hate what they did on the 30th and people
13 who love what they did on the 30th can realize hey, there’s some common ground here and there’s a
14 way to get to the finish line with a plan that respects the current plans value and structure.

15 **Co-Chair Garber:** Shani and Hamilton. Arthur.

16 **Shani Kleinhaus:** I do not think we need the middle ground. I think there’s nothing that enforces or that
17 the City has to implement every one of the programs. It’s their choice which ones they want to
18 implement and they can always prioritize. The flexibility that they get by us not prioritizing things is a lot
19 wider than if we did. If we now go and prioritize programs and in 3-years there’s the (inaudible) and a lot
20 of vacancies and no problems to find housing, everything changes. We should not put priority in a
21 General Plan. We should be providing a big palette of programs the City can then prioritize when the
22 time comes as needed. If you look at what other Cities do for prioritization. The City of San Jose, their
23 prioritization is on the 28th. Other Cities have had it recently. They have different ways to do it. In San
24 Jose, the City Council and Staff can come up with memos. These are things that are important to us...

25 **Co-Chair Garber:** Shani?

26 **Shani Kleinhaus:** ...and that’s how they should do it.

27 **Co-Chair Garber:** Forgive me. You’re making comments which you are welcome to do in a moment but
28 it you have a clarifying question?

29 **Shani Kleinhaus:** I guess my question is why and I don’t have an answer to that and I want to – again,
30 like the letter we sent, register that this is a wrong way to do it. I wrote so many people to come here
31 and speak whether it’s the disabled community, the people who spoke for trees, all sorts of things. This
32 is just not right.



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1 **Co-Chair Garber:** Thank you. Hamilton and then Arthur and Annette also wanted a -- one more.

2 **Hamilton Hitchings:** I have clarifying a question. You may have essentially, in assertion, that being in the
3 Implementation Plan was equivalent legally to being in the Land Use or Transportation Element but my
4 understanding and I'm not an expert, is that it is not the same legally. That if it's in the plan then
5 ordinances and zoning and other things the City does has to be consistent with it but if it's in the
6 Implementation Plan, it does not have to be. Could you speak a little bit about the subtle differences
7 between being in the elements versus being in an Implementation Plan? Thank you.

8 **Hillary Gitelman:** Well, this is one of the issues that I think we are going to have to carefully investigate
9 and present to the Council on the 20th. First of all, I should say that we've talked -- we've to look at what
10 the other jurisdictions do and many other jurisdictions put the implementation measures in another
11 chapter at the end of the book in a separate plan. It's been our practice here in Palo Alto to include
12 those in -- under the policies that they are intended to implement and I think that's a perfectly fine
13 approach. My personal feeling is that it's -- when we evaluate programs for consistency with the plan,
14 we're really looking at the goals and policies of the plan and whether an implementation action like a
15 new development proposal or a new ordinance would further the goals and policies of the
16 Comprehensive Plan or whether they conflict with the goals and policies of the plan. The
17 implementation measures are another way to implement the goals and policies of the plan. Normally we
18 implement the Comprehensive plan through our day to day decision making on ordinances, on capital
19 improvements, on development projects and we also implement the Comprehensive Plan through the
20 specific measures that are identified in the plan, which again, call for ordinances and actions on the part
21 of the City. That's kind of a convoluted answer but I hope I got to your questions.

22 **Co-Chair Garber:** Yeah, we'll do Arthur first and then we'll go around. Can we pick up your question as
23 part of the surround?

24 **Annette Glanckopf:** (Inaudible)

25 **Co-Chair Garber:** Alright.

26 **Bonnie Packer:** (Inaudible)

27 **Co-Chair Keller:** I think that it would be good too -- we've had a lot...(crosstalk)

28 **Co-Chair Garber:** Let's -- yeah.

29 **Co-Chair Keller:** ... of questions. Why don't we do that when we go around the room. You can ask
30 questions while going around the room too. I think that we've just -- this is getting a little bit out of hand
31 with lots of questions. We expected a few of them, not half the room making comments -- questions and
32 some comments. Let me follow-up on Hamilton's question. I had a chat with Mayor Scharff, who agreed
33 that having the programs not be in the elements but have them be in the Implementation Plan did not



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1 have the same legal weight as having them in the element. Having them in an Implementation Plan has
2 less legal weight than having them in the elements. In particular, the fact that the EIR requires them to
3 be in the elements indicated that there is a distinction. The second thing is that when I was on the
4 Planning and Transportation Commission, I saw development proposals that said that policies – goals,
5 policies and programs were in support of those development proposals. I am wondering whether if the
6 programs are not in the element but instead in the Implementation Plan, will developers who say that –
7 not say that these Comp. Plan things are in favor of the development? Will they no longer list programs
8 and now only list policies – goals and policies and those handful of programs that are retained for legal
9 reasons – I think that that’s a useful distinction that I think would help people.

10 **Hilary Gitelman:** Thank you for that question again, Arthur. I think I’m saying to Hamilton and I’ll say to
11 you, you have my commitment as Staff, we’re going to delve into this issue and provide from our legal
12 team and from our professional planning perspective an answer to that very question and when we go
13 back to Council on the 20th.

14 **Co-Chair Garber:** Ok. Let’s move on. A couple of things before we go around the table. I had sent out an
15 email from Arthur and myself on the appointments to the implementation subcommittee. Let me just
16 read them off here. Alex, Annette, Bonnie, Don, Elaine, Hamilton, Shani and Stephen. The ex officio
17 appointments are Doria and Whitney. Actually, Hillary, could I have you very briefly describe the rules
18 and responsibilities of the mission of that subcommittee for the benefit of some who have asked?

19 **Hilary Gitelman:** Sure. Again, we’re hoping to get a Staff report out to the Committee – the
20 subcommittee this week that includes a listing of all of the programs that the CAC has recommended in
21 each of the elements you’ve looked at so far. There are 400+ ...

22 **Male:** Oh, my gosh.

23 **Hilary Gitelman:** ...of these. We will include in them our first take – very preliminary take on relative
24 priority and relative level of effort. We’re hoping that the subcommittee will review this list with us.
25 Look for redundancies and help us scale down the list to the extent that’s feasible and help us with the
26 priorities. I’m confident that the initial take we have on it will change some and think the Committee is
27 going to be very useful in helping us do that. I hope you – those of you who are on the subcommittee
28 will either bring with you or have access to one of the later versions of the elements that we looked at
29 because we’re using the same number system. We relating the programs on the list back to the policies
30 that wherein the elements. We’ll send you copies or links?

31 **Elena Lee:** We’ll provide links to the most recent elements and we’ll also have hard copies of that – one
32 hard copy of each element at the meeting.



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1 **Hillary Gitelman:** Just to refresh what we want this subcommittee to help with – just as we did in prior
2 elements is to develop a set of recommendations, changes, that we would then bring to this full group
3 for discussion at your next monthly meeting.

4 **Co-Chair Garber:** We'll go around the table. Alex, just to give you a head up. I'm going to go first and
5 then you're next.

6 **Alex Van Riesen:** Awesome.

7 **Co-Chair Garber:** At the Council's meeting three Monday's ago, I share the Council person Phil initial
8 reaction to Wolbach's motion to remove the programs of the Land Use Element from the Comp. Plan.
9 While he shared the spirit of Wolbach's motion to make the Comp. Plan more clear and concise. He felt
10 that it was "a massive change to make without a lot more discussion." To be more direct, I wasn't
11 happy. I felt that the Council's action threatened to under mind the hard work that we've done here at
12 the CAC. I think that all of us to a greater or lesser extent believe that the Comp. Plan can stand to be
13 condensed, redundancies removed, made easier to read and speak with more clear and concise voice. I
14 recognize that the CAC is advisory. The Council can take or leave our work as they wish but Arthur and I
15 have worked our butts off to get the CAC to work together towards a consensus where we can and
16 provide clear alternatives where we cannot. In fact, everyone here has done that. It has been hard,
17 difficult work that at times has been very trying. Who here hasn't had their sense decorum challenged?
18 Who hasn't wanted to leave the Committee? Who has wished that they didn't have to deal with
19 someone else's differing view? Who amongst us hasn't complained that the CAC simple doesn't work or
20 that it can't work? We've managed to move through most of these feelings to a greater degree that I
21 think many of us have expected. We have been successful moving the Committee's work forward. I was
22 pissed that the Council was ignoring our real accomplishment. That we were finding a way to get
23 something done together as a community. I will not support an action to (inaudible) the Council for their
24 action. We rightfully need to air our thoughts and criticisms so that they are captured in the verbatim
25 minutes for the Council and the public to read. Then, assuming that the underlining issue that the
26 Council's attempting to grabble with 3-weeks ago, was how to make the Comp. Plan more clear and
27 concise. We need to focus productively on the ideas that the CAC can recommend that Council can take
28 to accomplish this. In addition to our own comments, Arthur will share some thoughts that he and I have
29 discussed along these lines. If we need to, we will present the Council alternatives for them to consider.
30 You'll note that I have handed out at your places 5 question that may help us structure our conversation
31 this evening. The questions are regarding programs location, the CAC's involvement, the continuity with
32 other elements, prioritizing programs in the work plan and the CAC's commitment to it. It's now 6:20.
33 I'm going to try and focus on seeing if we can get through this by 7:30 but let me ask a question of
34 everyone. Are there large issues that anyone wants to bring up relative to the Business Element? I'm
35 hearing that there is a lot of support for it and most people seem to be on the same page so I don't think
36 we have a long discussion there. If we need some more time, I will take some out – sometimes out of



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1 that. Otherwise, we'll try and end by 7:30 or shortly thereafter on this item. Alright. Let's move forward.
2 Alex.

3 **Alex Van Riesen:** First, can I get a copy of those 5 questions? I don't – I did not get one of those. Thank
4 you. As I stated earlier, this was relatively new information to me. I will leave it with, I think Dan, what
5 you read was well said and captured how I feel. I think I would also, had it not been inappropriate,
6 would have added my name to the letter that went to the Council. I guess I would just summarize but –
7 that at the best it seems like this was an unwise move. At worst, it seems somewhat questionable in
8 terms of motives and intentions but I don't know enough and I'd like to hear more. I'm disappointed in
9 their decision.

10 **Co-Chair Garber:** Whitney.

11 **Don McDougall:** You can say anything you like...

12 **Whitney McNair:** Sorry, I was a little confused.

13 **Don McDougall:** ...you don't have to answer Dan's damn questions.

14 **Whitney McNair:** We're just commenting about that piece of...

15 **Co-Chair Garber:** Yeah, if you have comments regarding the Council's action on the 30th. If you have
16 none, you can pass.

17 **Whitney McNair:** No, I don't have any comments.

18 **Co-Chair Garber:** Don.

19 **Don McDougall:** First off I want to say, these are incredibly, interesting and insightful questions. Thanks,
20 Dan. I want to thank Hillary for her introduction and perseverance in answering all of the questions. I do
21 want to say, Hillary, I disagree with the concept that we need to get a half way -- in between
22 compromise. I, like Dan, believe that it – working hard to come up with something that is better than
23 what we have or good or perfect or whatever, that's ok with me. Working to improve it is ok with me
24 but compromising half way in between, I hope we don't start with that. Second thing I want to say is
25 that I'm really proud to be asked by Jennifer to co-author this At Place document you have. I think it was
26 a good spirit that we did this together. The third thing I want to do is echo what Dan said. I am very
27 proud – more proud than co-authoring with Jennifer. I am more proud that as part of this Committee, I
28 think we have encouraged and listened to input from the community, both through people coming and
29 participating here and through online. I think we've done a good job of listening to Staff and their
30 Council. I think we've done a particularly good job of listening to one another and I think now, we do
31 have something that is a balance. It's not determined to go one way or the other; whatever issue it is.
32 I'm proud of that conclusion but I would say that the process – I'm concerned that the process we used



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1 was to look at each element, to work with what Council gave us at the vision for that element and what
2 Council gave us as a first draft, I would say, of the goals throughout that element. Then we were
3 challenged to having those goals to come up with the policies and programs that fall into that space. We
4 could have approached this totally different and I suspect that as we compare our results to other
5 communities, that might be part of the difference that people come up with. Let's agree on what all of
6 the elements are and then let's agree with the vision for all those elements. Then let's agree with all of
7 the goals through every element. Then let's come up with all of the policies and then go back and come
8 up with all of the programs. If you were doing a Business Plan in a startup or whatever, that's probably
9 how you would do it. You would put up policies on the wall. You'd get all them right and then you would
10 figure out, what programs do I need to do to implement that? We didn't do it that way. I suspect that if
11 we did it that way, we would come up with a very, very different output and that's one of the reasons
12 I'm reluctant to just simply say, let's take the programs out and put them elsewhere because I really
13 believe that we created those programs in the context of the plan we were given. The fourth or the fifth
14 thing however – whatever – however we're counting is I'm really concerned that any of the CAC work is
15 considered transparently and separating the policies out does not constitute transparency or separating
16 the programs out from the policies does not constitute transparency. I would like to finish a couple more
17 points. One is that has been viewed as a small minority of the Council or whatever and like Dan, I'm not
18 particularly interested in admonishing particular members of the Council or whatever. I do remember –
19 you probably remember me coming back to this body a year ago, saying, we just went to Council. I sat
20 on the – I sat up there with Staff and had Council Members say, you need to create a document that is
21 wishy-washy so that we have more flexibility. That was not one of the current majority. The purpose of
22 what they did last – on the 30th or 31st was again, to give them more flexibility. My biggest concern, both
23 last year and this year is that flexibility is another word for ignore and that's why I am reluctant to
24 encourage that they get separated out.

25 **Co-Chair Garber:** Don?

26 **Don McDougall:** I don't see it as partisan, I see it as a dangerous way to set up the Comp. Plan for not
27 just last year's Council or this year's Council but 5-years and 10-years from now where everything gets
28 separated and you give them, even more, flexibility.

29 **Co-Chair Garber:** Don? Don? Forgive me.

30 **Don McDougall:** I'll stop.

31 **Co-Chair Garber:** Ok. Thank you. Whitney, you had a brief comment?

32 **Whitney McNair:** I do, I'm sorry. Thank you for indulging me. I did get a chance to look at the questions
33 for the CAC to consider and I do support the things that Dan, you said. I don't feel comfortable sending a
34 letter admonishing the Council. It was maybe something that was done. It wasn't very eloquent or – the
35 way it was done but I don't know if I believe by stripping out the implementation measures and – or the



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1 programs and making an Implementation Plan that diminishes them in some way. It's like an EIR. You
2 guys have seen those, EIRs? At the end of an EIR, you have a mitigation monitoring and reporting
3 program. You have a collection of all of the programs and all the requirements. It says when you're
4 going to get them done, who's responsible for them and it gives you an easy checklist that you carry
5 with you. That you follow all of those things to make sure that they're implemented. It's easier to
6 prioritize them. It's easier to see them all in one place. You can – if you look at some different Cities,
7 they prioritize them over a time period or by funding mechanisms but there's a way that you can kind of
8 sort them and see them together versus just within a document. I'm not sure I would actually ask that
9 you have the City Attorney review to see the way that it's done. I don't know if I support or agree with
10 the comment that by having it in an Implementation Plan, it doesn't carry the same legal weight. It's still
11 is adopted by ordinance or by resolution so I think you could make sure that implementation of it does
12 carry the same weight as the Comp. Plan. I do think we should continue as a CAC. It's been challenging
13 at times but the group has worked well together. I think the subcommittees have been very effective at
14 really diving into an issue. We should continue to look at those programs and develop them as we see fit
15 through the document and still carry those forwards in whatever it is the CAC takes forward to Council.

16 **Co-Chair Garber:** Thank you. I want to make clear that my comments were no way criticizing the letters
17 that have been written or the letters to the editor or anything of that sort. All I was talking about was
18 this body formally taking a position of admonishing the Council. Julia.

19 **Julia Moran:** I agree that 400+ programs are too many but like Dan, I think that there are ways that we
20 can trim it down and make it more concise and make it more usable and this was disappointing. I also, I
21 mean Dan touched upon, I think we are a huge Committees that probably too big to be as functional as
22 it could be but we also represent such a huge breath of the community and I think that the work that
23 we've done here -- there are times that we've been incredible divisive but we've also come together a
24 lot and really compromised and worked, especially, on those subcommittees. I think that's valuable and
25 it's created a document that's not perfect to any of us but really has a place in the City.

26 **Co-Chair Garber:** Shani.

27 **Shani Kleinhaus:** I want to the City of San Jose to ask for a certain project to move forward. It wasn't
28 high priority for them, it was for me. Their City manager brought out their Comprehensive Plan or
29 General Plan and said this is a book of conflicts. That's what I have to deal with. Everything is in there
30 and I have to pick and choose and your project is not something I feel is a high priority. We went to City
31 Council and I'm not going to go through that but there is a different process. The Comprehensive Plan is
32 not a Comprehensive Plan outline. It is a Comprehensive Plan, everything is in there. The City's priorities
33 are given to City Council. How do other Cities do this? Some of them have a priority session where
34 different City Council Members, as well as Staff, come up with – these are our priorities for the next 6-
35 months or year and then they vote and then they choose the ones they want to move forward with.
36 Other Cities do – Sunnyvale, they've had a study issue system, where anyone can propose a study issue.



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1 It can be somebody from the public or somebody on City Council or Staff and then they go through
2 these in a certain manner and they have to get at least 3 votes or 2 votes to get through this first step
3 and then they go on. Just to take all those programs out, to me, is quite offensive; I'm offended. I
4 reached out to communities – the people who came from the disabled community are people who I
5 notified and I told them, this is another opportunity. You might want to come again and speak to us. A
6 lot of what they spoke about when into – a lot of the programs are not going to be a high priority for
7 Staff. They probably are a high priority for the community but they are not really big things that take a
8 huge amount of work and a lot of resources; they are really important to keep there. I don't know that
9 we can't have in the implementation chapter that something puts all these programs together but I'm
10 really opposed to removing them from where they are. At least those that had consensus and did not
11 have a huge opposition here. The ones that are controversial, those really should be prioritized
12 potentially, City Council should pay attention. All of the rest of them really should stay where they are.

13 **Co-Chair Garber:** Thank you. Doria.

14 **Doria Summa:** I want to start out by thanking everyone who's already spoken about this very elegantly
15 and eloquently. I have to say, I was there that night as where some of my colleagues. Co-Chair Dan and I
16 were there till the end and it was shocking to me. I've been to a lot of City Council meetings and I've
17 never quite seen anything happen that way. I realize that we're a recommending body and the Council
18 can do whatever they want with us but I frankly, was a little bit ashamed that they would so cavalierly
19 through away the work of so many people including Staff, the Co-Chairs and this body with no
20 discussion; no warning. I surely would – if I had known anything like that was going to happen, I surely
21 would have taken an opportunity to speak, whereas I didn't think I had to speak that evening because I
22 thought it was time for other people in the community who have not been able to have as much
23 influence over the process as I did, to speak and there were already many speakers. I would also like to
24 say that I was not able – I did not think since I'm back here as the representative from PTC, I did not
25 think it would be appropriate for me to sign onto the letter that 6-people sent in but I was very proud of
26 them. I'm proud to know people like that, that aren't afraid to speak up and write so plainly and well
27 about things. I really appreciate Alex's simple question. Why did the Council do this? Sure, maybe it was
28 for flexibility but I don't think flexibility should be built into the Comp. Plan. I think the Comp. Plan
29 should serve Council's that have majorities or minorities that have different priorities. The Comp. Plan
30 should serve those of us in the community that is more pro-growth, faster growth, and those of us who
31 believe in slower growth. I don't see how tearing the programs out of the Land Use Element makes for
32 an elegant document across the board unless we take the programs out from all the elements and I
33 don't think anyone's suggesting that. I also believe that the process of us developing this would have
34 been totally different if we had taken the programs out. I think it would have been a tighter and cleaner
35 process. I think we would have written policies that had – that were more precise, relevant and well
36 written and I think it's a very disappointing turn of events. I don't know what to do to remedy it except



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1 to ask the larger community, all of Palo Alto, to share in thanking the Staff and the Co-Chairs and my
2 colleagues for the work we did and to ask the Council to better respect us and the process. Thank you.

3 **Co-Chair Garber:** Thank you. Len.

4 **Len Filppu:** Yes Hillary, I have a question and was told that we could – it's ok. I was patient. Is the
5 compromise idea that you're talking about, has that been floated by the Council at all? Is that...

6 **Hillary Gitelman:** You know, I just – I didn't want to suggest that something is fully baked. What I
7 wanted to impart to this group is our thought process as we're trying to put together a report – a Staff
8 report to the Council for March 20th. We are investigating how other jurisdictions do it. Putting some
9 thought into what's happened in this community in the past. In other words, the structure of the current
10 Comp. Plan and how that's worked and what some various approaches might be. I think there are a
11 number of ways that this could have finally be resolved and ultimately, it's going to be up to the Council.
12 What we have so far is this slim majority telling us they want us to put the programs in a separate
13 chapter. I'm trying to suggest, I guess, that there's a way to do that and not lose the value of the work
14 that's happened so far. I don't know whether the Council will reconsider their position. I think some of
15 the comments that you all are making are not just passionate but insightful. We probably would have
16 approached this task a little differently if we'd know that the structure was going to be different. We'll
17 see on March 20th what the Council says and what the Staff comes up with in terms of a final
18 recommendation, whether it's this kind of compromise or one extreme or the other, will be available to
19 everyone 11 days before the meeting.

20 **Len Filppu:** Thank you for that and thank you also for making this item number 1 on the agenda; for
21 changing that, I greatly appreciate that. It's the elephant in the room that we're very glad to be able to
22 talk about. I think the Council, you know, they're a political body and I think they made a political
23 decision. A slim sliver of a majority voted to remove the programs and this is after years of work by
24 other Councils, citizens, CAC members, Staff and as others have mentioned, input from citizens, input
25 from the community of Palo Alto. Often when I was speaking for programs and – that helped to define
26 the meaning and the intent of the policies, that was based on input from the soccer mom or the --
27 whomever, out in the community who doesn't have time to watch all this but does wish to have a voice.
28 I would urge the CAC, all of us here, to push back on Council. I don't – I think they threw the baby out
29 with the bathwater. I don't believe that they expected the kind of impact and result and reaction that
30 their getting. Not just from some of us in the CAC but also from the community and the speakers who
31 were here tonight. I believe that as a political body they will pay attention and I'd rather have them pay
32 attention to the importance of the entire community participating in input on this plan and have them
33 reconsider their position. I would urge us to – as they've thrown the baby out with the bathwater, I think
34 we should try to save the baby. Thanks.

35 **Co-Chair Garber:** Thank you. Jen.



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1 **Jennifer Hetterly:** I don't support a middle ground approach. I think -- I don't have confidence that this
2 new Implementation Plan would carry the same weight as what we currently have in the existing Comp.
3 Plan in terms of the direction the programs offer to Staff and to the community. I think the context of
4 putting the programs and the policies together – if you take them apart, you lose the context and that
5 makes it more difficult not only for Staff and for Council to figure out what's implementing what -- what
6 measure is related to what policy? It makes it impossible for the community to get a holistic view of
7 what exactly the City is trying to do. I also think that the policies without the program, like others, have
8 said before, was – we built those together as representatives of a balance and I think separating them
9 without going back through and reconsidering every single set of policies and programs, it—there's just
10 – it doesn't represent the consensus. I think it's a false representation of what the CAC has put forth. I
11 don't think that we need to admonish Council though I would love to personally, but that doesn't mean
12 that we can't ask them to reconsider what was an imprudent move. I think that – I think and hope that
13 the CAC would have a unified voice in requesting that, rather than supporting some middle ground that
14 doesn't meet our needs.

15 **Co-Chair Garber:** Thanks. Annette.

16 **Annette Glanckopf:** Thanks. I – my comments are going to echo a lot of what everyone had said. I really
17 think its 100% acceptable for us to go back and say, you know, this whole thing only took ten minutes of
18 your time, it came in the middle of the night, there was no one there, it wasn't noticed. I think you need
19 to reconsider after some thought and here is our number of letters etc. that really flush out the
20 situation. I actually, also think that we all need to call our Council Members and tell them what we think
21 so we need to be proactive. They still haven't said anything about the programs in the other elements so
22 now it's both transportation and land use. This really talks about transparency in government, which
23 really is a concern. This major decision happening in ten minutes. There were a lot of questions. People
24 said – even Council Member Phil says that gosh, I've got a couple minutes to think about it? I'm very
25 concerned that even though this might be the perfect solution, how the whole public, and I think other
26 people talked about this, are going to reflect on it. Reflect on our time and reflect on the work that
27 we've done. In the process, I think people have mentioned this but again, this should have been done –
28 if we were going to do it this way and I understand that other Cities have done it this way, we should
29 have been given this direction on day one because if you look at the policies, they're – we really have –
30 we would have flushed them out like what was described earlier but the way we've got it now is some of
31 the policies are really programs, some of the programs are really policies and they are all sort of
32 intertwined. I think it would have been dramatically different, as pointed out if we had been given a
33 different direction initially. The other problem with putting it into an appendix, which we're going to do
34 anyway, which I don't support. I mean, I support the appendix the way Hillary described it but I think
35 you need to have the programs under the policies. Even Council Member Phil says that I would like to
36 see the programs under the policies. How am I going to compare this program by this aspect of the
37 policies? The policies are really the meat, they are the specifics that talk about how it – the programs are



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1 the specifics that talk about how the policy is going to be implanted. A Julia Child cookbook doesn't
2 work here so the question that I was going to ask is how are you going to relate all this if you don't have
3 it right there and that doesn't make any sense. I'm also against this idea that oh, let's do it – that came
4 out -- oh, it was done at the CCAP, let's do it here. I don't think there was any comparison between the
5 CCAP and the Comp. Plan. This is our document – legal document. This is our vision of the future and
6 again, the programs do flush out our vision. Even Council Member Holman said when someone comes –
7 Hillary, you talked about this early. When someone comes to the Planning Commission or Council, they
8 refer to this program and this policy. I think it's just totally diluted if you hide the programs off
9 somewhere which – and you don't tie them all together, which is what I'm thinking. Again, I'm running
10 out of time. I'm not so concerned about doing every single program. That's ok but again, there is vision
11 so you can have a vision but you don't have to fulfill it. I end up with the recommendation that we
12 respectfully ask them because there wasn't enough public input because it wasn't noticed etc., for them
13 to rethink this and have a more robust discussion on where we should go from here.

14 **Co-Chair Garber:** Thank you. Ellen.

15 **Ellen Uhrbrock:** I'm really in favor of splitting out the programs into a separate list and having them very
16 well cross referenced to the policies because they support them and they give each other meaning.
17 Actually, I think this is a move which gives the Staff considerable power because what you do is move
18 the programs off into a separate treasure chest, which they can go back to and look and see what fits
19 and what we do next. I think it could be advantageous for the Staff. I think that it will, in fact, make it
20 easier to read the plan for the citizens -- for us because you read back and forth. What I do each time is I
21 first study the vision and then I study the goals and I look at the programs, in order to see how they
22 support the goals. I think that's not a usual way to examine a business problem, which this is. We don't
23 want to throw out the baby with the bath water. We want to save the baby no matter how informed it
24 may be. It's taken a lot of thought and time and you treasure this and you have it in your supply kit that
25 you can then go ahead and give good direction and good plans for the Council. I think that – I've spent
26 most of my time on this Committee, even before it was a Committee, working hard in order to get the
27 voice of the seniors heard by the City Council and to also help them know how you can share your
28 opinions and be heard so they're writing letters and all the things – maybe they can't come here for one
29 reason or the other. I think that the improvement of the – I will look back as my greatest
30 accomplishment and contribution to this group. I am in favor. I can see why this happened and at the
31 end of the meeting, the agenda didn't allow enough time in order to really discuss the programs at all
32 and actually, they moved right along. I was listening to it late at night and it was a way of moving
33 forward. No, you don't reprimand them for it. You say gosh, you know, it's true. You couldn't really think
34 about that. Let's do it and let's see what's best. My own recommendation split them off as an
35 organization problem and see how it will work – an operation problem.

36 **Co-Chair Garber:** Thank you. Bonnie.



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1 **Bonnie Packer:** This is a difficult issue. If what the City Council did was actually throw away the
2 programs as some here have said, then I would be vehemently opposed. They didn't throw the
3 programs away so I think that's a miss characterization and its one to get – one could easily be
4 emotional about. What they did do is recommend a separation and it's a separation that most of us are
5 concerned with and what that separation of the programs from the policies means. I agree with what
6 others have said that if we had known this from the get-go, everything would have been written very
7 differently. The policies might have reflected – would have said, this should be our policy to be – for
8 example, this and then had the programs under, we would have written it differently. When you
9 separate the programs out from the policies, you lose a lot and I see that's a problem. We also don't
10 know, until we get a legal opinion about this, what weight the programs have if they are located
11 someplace else. I don't think they would lose weight but in the way, people respond to documents if
12 could happen. I think – when I – I was about to agree with whatever – either thing in the letter but then I
13 went and listened again – well, it was really the first time I had listened to the YouTube transcript and I
14 don't think that the City Council meant to throw away our work. They said that several times. They
15 actually used the word – somebody used the words, this is not a slap in the face of the CAC. I don't think
16 that was their intent but I also think that they did not understand the consequences or the unintended
17 consequences of the separation and that's what I think needs to be reconsidered. Some policies have
18 certain kinds of programs that you could take away and it wouldn't hurt and other policies have
19 programs that – it's very complicated and so do you separate, what you don't, could create so much
20 work for the Implementation Committee that it could slow down the whole Comp. Plan process; that is
21 may not be worth it. I would agree that we respectfully ask them to reconsider and that we should also
22 recognize, I think, that they really didn't mean to throw it away. I think they respect our work and I think
23 we should acknowledge that and feel grateful – I don't know if grateful is the right word. Just except
24 that they liked us. That's -- what I'd like to know is what the impact – I mean, they have to understand
25 the impact of the location of the programs. Oh, did the – my time is up? My time is up?

26 **Co-Chair Garber:** Please, complete your thought.

27 **Bonnie Packer:** I was just going to say, when I was on the Planning Commission, I remember that there's
28 an exercise that we have to go through to see whether the Comp. Plan – the implementation process is
29 going. We do that annually; do you still do that on the Planning Commission? Do an analysis and the
30 15% of the program from the existing Comp. Plan is kind of – turns you into a cynic. Maybe the result of
31 all this discussion is that we urge and keep on urging the City Council Members to direct Staff to give
32 them tools so that these things can be implemented. Look at all the programs that say, change the
33 zoning code to do X, Y and Z. Go and do that. That doesn't cost anything. It's just a few more hearings
34 and you have a zoning code change, I mean, you don't have to build anything. Why can't we do those
35 things? Remember when we did minimum densities in the House Element? That's been sitting there for
36 3-years, nobody has done anything, right? To change the zoning code. That's where – that's it.



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1 **Co-Chair Garber:** Thank you. Hamilton.

2 **Hamilton Hitchings:** What this Committee has accomplished is truly impressive. We've managed to
3 come to a consensus on all the policies and programs in every element except the land use. Even in the
4 Land Use Element, we worked together to queue up options for the City Council to vote on. This
5 remarkable achievement meant that we had crafted a Comprehensive Plan that truly represented our
6 City and community. Many of these programs took significant discussion to thoughtfully craft. When I
7 look at the work of the Transportation Element, Environmental, Community Services and Public Safety, I
8 see a brighter future because of the programs in those elements. By removing the programs from the
9 Comprehensive Plan, the City Council has discarded much of the community consensus. Community
10 consensus is important. Not including the programs in the Land Use and Transportation Element,
11 weakens their weight and loses context. One of the biggest concerns I had with that City Council
12 meeting on 1/30 is that removing all the programs was not publicly noticed and that was a dramatic
13 change. As a fundamental shortcoming in transparency and open government. It's one thing to publicly
14 notice it and then remove it, it's another not too. Some of the justifications that were given where that
15 the old Comprehensive Plan had conflicting programs yet not a single conflicting program was cited in
16 the current one and of course if they had, we would have eagerly worked to remedy that as Staff has
17 been very diligent with this plan. The second was flexibility but I believe this makes the program less
18 nimble. I know a lot about management. The biggest problem with micromanagement is the lack of
19 bandwidth resulting in items not getting done and when they do, not being properly thought out at the
20 level they deserve. The City Council should be working at a higher level on the big issues like moving the
21 ball on transportation and housing, not on these individual programs. City Council's come and go. Do we
22 want to divide, hostile town for the next 15-years or do we want to – or do folks have the foresight to
23 pursue community consensus based approach that will form a much stronger, longer lasting and a more
24 effective foundation for the City. When I think about the programs in our Comprehensive Plan, I think
25 about things like the Fry's Coordinated Area Plan, which is a program. The – reducing and measuring
26 single occupancy vehicles – let me just give you an example of a specific program. Private – Walk and
27 Roll have been tremendously successful and there is a program in there to do it for private schools. That
28 will never see the light of day and get time on the City Council agenda but it's a great program that City
29 Staff can easily implement if it was in the Comp. Plan. There are numerous programs concerning public
30 safety, environment, community services and specifically to help the child, elderly and the disabled, that
31 will be lost as a result of this. This is not about admonishing the City Council. It's about adopting
32 community consensus for the future of this City. Thank you.

33 **Co-Chair Garber:** Thanks, Hamilton. Stephen.

34 **Stephen Levy:** Thanks, Ellen, for your work for seniors. What I hear is a lot of distressed of an
35 ambiguous Council statement that I happen to, with Bonnie, trust that they meant what they said that
36 the programs were not discarded. I think that lack of trust is not helpful to a civil discussion going ahead.



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1 I think that what Hillary proposed is my version of what reconsideration means. Reconsideration doesn't
2 mean putting all 400 programs back in the Comp. Plan, Land Use Element willy-nilly. Reconsideration
3 means -- I think, what the Council meant, was time for the community to come in and give feedback on
4 the priority question here. For Staff to give feedback on implementation; time of Staff. I am struck that
5 only 15% of the program were ever implemented. That suggests to me that our subcommittee and our
6 Committee and the Council work with Staff to give Council on recommendations on what priorities are,
7 what timeframe is reasonable for people to work on. I think we are doing with the implementation
8 subcommittee exactly what reconsideration means. We'll give them either a set of consensus
9 recommendations or a set of options like we did with the policies and life will go forward. I don't think
10 admonishing anybody -- I don't think this sense of outrage which was never there when the last Council
11 passed vote after vote that was 5-4, when the last Council routinely dismissed the recommendations of
12 the Planning and Transportation Commission and admonished them. I think we can cool that all down.
13 Council's come and go. The Council that gave us direction was unseated in a sense. If the new Council
14 wanted to give us direction when we wanted to work for another year, that would be this sitting
15 Council's direction, not the last Council's direction. I think we have to muddle through and try and get
16 through this with some civility as best I can. I hope the Implementation Committee finds a middle
17 ground because we are a divided group. We are a divided community if we're not going to continue to
18 have 5-4 and letters of people being appalled. We need to find some middle ground to identify the
19 programs that are a priority. Get Staff and Council working on them. I don't whether they're in the
20 element or in an Implementation Plan. I'm not a lawyer but I'd like the implementation subcommittee to
21 have the scope to weigh in on these issues.

22 **Co-Chair Garber:** Thank you, Stephen and Lisa, just before you go and if I can ask Hillary to help me out
23 here. Unfortunately, I'm going to need that light. There we go, thank you. I was just checking back on
24 the draft action minutes just so that we're not going around and around on this topic. I believe that the
25 last action that the Council did and I'm going to read it here from the motion on this top is Council
26 Member Wolbach moved, seconded by Council Member Fine to direct Staff to remove from the final
27 draft of the Comprehensive Plan update all programs in the Land Use Element not required by State law.
28 To be taken up at future dates a policy discussion and use the implementation section of the plan to
29 indicate the relative cost and priority of each program. Am I understanding that they were taking it out
30 of the element and then putting it into the -- they were not -- ultimately, they didn't take it out of the
31 Comp. Plan but they putting them just in the Implementation Plan?

32 **Hillary Gitelman:** I think that's one reading of it and I think on March 20th we'll confirm whether that is
33 the will of the majority of the Council.

34 **Co-Chair Garber:** Ok. Lisa, thank you.

35 **Lisa Peschcke-Koedt:** I have very much similar views I think to what has been shared, a couple of
36 differences but I want to share my views and then a recommendation also of what we would do going



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1 back to Council to see if we agree on it. I don't think it would necessarily be unanimous but maybe close
2 and apologize in advance, I might just go slightly over but I'll try not to. First of all, kind of like Don was
3 saying, I've also been an exc. In tech. companies for decades now and we always do what we call VSEM,
4 which is vision, strategy, execution and metrics. You set your long-term visions and your goal is kind of
5 the big picture that should last a long time. Strategy is usually a more mid-term, it could be 5 or 10-years
6 whatever but that kind of goes I think to the goals and to some extent our priorities and then the
7 execution isn't just what you're going to do today and in the next year. It really is the big buckets of stuff
8 we're going to go which I've always thought as what we were doing in the programs and they care out
9 that vision and strategy. Then when you've got that, you also need your metrics to see if you're on track
10 and what matters and what you're going to measure but you normal then, also have your 1-2-year
11 priority list. The stuff you're going to do first. Most critical including with resources and such. You can't
12 do everything at once, what are we going to do there? I've always thought the Comp. Plan was
13 something very similar to that and it worries me a lot if we take the programs, which I think are kind of
14 our execution and even a little bit of our strategy, out of the element. Legally or not, I have my own
15 opinion but I think it doesn't have the same weight to only be in the Implementation Plan. My personal
16 view is I think we should have the most important, maybe more long range programs in the element,
17 including the land use -- any element but including the land use and then the stuff that we think is most
18 important to do first would be in the Implementation Plan and clearly there would be duplicates. The
19 Implementation Plan, what are you going to do now kind of thing? I think taking them out and I
20 apologize but I don't think that middle ground of only being in the implementation -- again, if where my
21 discussion, I don't think it carries the same weight and there where various comments about it gets it
22 more -- it's not a comprehensive and I also don't think it's coordinated very well that way. That's my
23 personal view. As far as the Council and I -- it's hard because I didn't go that meeting and I've certainly
24 been at meetings where it's late at night and someone give you a mountain of work to do and you just
25 kind of go, I can't deal with it.

26 [Video skipped a section of Lisa's speech]

27 **Lisa Peschcke-Koedt:** [Video started back up mid-sentence] ... policies and leave a lone the visions and
28 goals. That was our original charter. We questioned it and they said no, that's what we want to do. If
29 now the Council -- if they are truly saying and we're now going to take those programs out and not give
30 them the right weight, I do think that's disrespectful. I'm not saying they intended it to be because I
31 have no -- I'm guess that everyone was just tired, right? I have certainly had nights like that. I don't mean
32 it in that sense and it's not personal but I would think that if we could ask the Council to clarify and if
33 we're understanding correctly, the majority interpretation here, then to reconsider and come back and
34 tell us. It is a new Council. If they don't want us involved, they can tell us that. If they do want us
35 involved, what can we do to help? I would ask them to reconsider -- sorry, if it's not just a clarification
36 like yeah, Lisa, we actually agree with everything you just said, this is just a clarification. Assuming it's
37 not then they have to reconsider is that the Council could ask us -- number 1 was really think through



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1 that shouldn't at least the key programs be part of the elements and a prioritized sub-set of those – and
2 it may be that they aren't 400 by the time we've done that but whatever the smaller number are also in
3 the Implementation Plan so that we can give it back to the Council and say this is what we, the
4 community input to us and the CAC as a whole, this is what we think is most important. Here Council,
5 this is really it and you shouldn't leave them out of the elements. The other thing I think around the
6 prioritization is that was something we all talked about when we first forming is that there is so many
7 things to do here. Shouldn't we have a, across the whole plan, a prioritize list? I think that's a valuable
8 thing if the Council wants it from. The last is again, not deeming bad intent or assuming it, is I think if the
9 Council comes back and says no, we don't need to clarify. You guys understood us and no we're not
10 going to reconsider, I would formally propose that we disband. I think that we have no role to play then.

11 **Co-Chair Garber:** Thank you. Arthur.

12 **Co-Chair Keller:** Thank you. First thing is I'm going to make a couple comments but before that, I'm
13 going to make a question of Hillary and the question is in the current Comp. Plan that was done is 1998,
14 what's in the Implementation Plan? My understanding is that it has all the programs and some sort of
15 prioritization or ranking or something in there already. Is that what's in there? Am I correct about that?

16 **Hillary Gitelman:** Yeah. It also identifies who would be responsible for the programs and there are
17 another number of columns but essentially, that's it.

18 **Co-Chair Keller:** If I understand the recommendation of the motion by the Council majority, it is
19 retaining that Implementation Plan as it is, without change and to remove the programs from the Comp.
20 Plan. Am I understanding that correctly?

21 **Hillary Gitelman:** Again, you heard the transcript that Dan read from. We're all trying to parse and then
22 understand exactly what the Council's directions was. I think that is certainly one reading of it and we
23 will get further clarification on the 20th.

24 **Co-Chair Keller:** Great, thank you. As I mentioned, I had some conversations – it was actually at the
25 Chinese New Year Celebration at Mitchell Park Community Center and Mayor Scharff, who is a real
26 estate attorney, said that not having the programs be in the Land Use Element means that they have
27 less legal weight. He did make a clear statement to that affect to me. In addition, Council Member
28 Wolbach said that their decision was not final. That the – he wanted feedback from the CAC. That's what
29 the CAC is for is to give feedback to the Council and give advice to the Council. He wanted our advice as
30 to what to do and he said that the idea of removing the programs from the Comprehensive Plan was a
31 new idea. Its hadn't occurred to him in previous times that the – this had gone before the Council, for
32 example, last year and that's why he hadn't brought it up. It was a new idea that he had. The item does
33 come back to Council on both land use and transportation as Hillary mentioned on March 20th. I'm not
34 sure what the compromise is. A compromise sounds to me like Solman splitting the baby, using a
35 metaphor that other people had talked about but in fact, I don't see a compromise. Either the programs



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1 are in the elements – and housing element – I’m sorry in the Land Use Element or they’re not in the
2 Land Use Element. They can’t be half in except for maybe the ones required by the EIR are in and the
3 ones not required by the EIR are out. That’s – either there in or out. You can’t be half pregnant. Either
4 there in or out. That’s pretty clear to me. I, like Bonnie, participated in the PTC when we did the zoning
5 ordinance update and that was not cost free. It took a lot of Staff time and some consultant time. It also
6 took up PTC time that we could have done on other things. It was a multi-year process. We did that.
7 Also, as we mentioned by quite a number of people, the program – if we had the opportunity to
8 understand that we were no going to have the programs as part of the Comp. Plan, that only policies
9 would be part of the Comp. Plan. We would have written the programs differently and the policies
10 differently, we would have done that. In particular, one of the things mentioned at the Council meeting
11 was the idea that Council Members where to have the opportunity to select programs that they wanted
12 to reinstate as policies. I think that as they are now, programs are – there wasn’t a motion but it was in a
13 narrative. If you actually listen to the video, there was a comment about that. That people can – Council
14 Members can bring that back when the item comes back to them on March 20th. It seems to me a
15 couple of things. First of all, programs explain policies where they appear. We’ve written them that way.
16 We’ve written the programs – we haven’t – we made the policies and programs redundant. We’ve made
17 it so that the programs elucidate the policies that they appear under. I think that’s the way we wrote
18 them. If we knew the programs where going to be differently – where located somewhere else and not
19 in the body of the element, we would have written the policy to be self-contained and not rely on their
20 interpretation for the programs. It seems to me that there are two options. The options are either put
21 the programs back, which by my count there are 14 voting members of the CAC present today and 11 of
22 those people said that they wanted the programs put back into the Comp. Plan. I counted only 3 people
23 who said otherwise. Secondly, the other option is that if the Council persists in the notion of having the
24 programs be in – not in the Comp. Plan and only in the Implementation Plan, which they have long been
25 in the current 1998 Comp. Plan. Then the CAC, as a recommending body and as the citizens – and as the
26 embodiment of the citizen’s inputs into the Council for the Comp. Plan should have to opportunity to
27 change programs into policies and reword policies to make them clearer where they are not clear as
28 being separated from the programs. I think we should have the same opportunity to do that as it’s being
29 given to Council. If that means that we have to stretch things out, I hope that those of you on the
30 Implementation Plan – a subcommittee will be participating in that because I think it’s important work
31 but in a fact, it furthers our work in an important way. I think that’s – when you change things around
32 it’s not cost free. For us, the cost is that we have to spend more time on the Implementation Plan than
33 we otherwise might and I’ve been thinking about this for some time that the Implementation Plan,
34 having one meeting about it wasn’t sufficient in the first place. Now that the Implementation Plan might
35 have a whole bunch more weight than when otherwise and then the implementation subcommittee
36 actually should decide if the programs are removed from the Comp. Plan Element and only in the
37 Implementation Plan that decision as to realigning some programs as policies should be recommended



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1 by the Implementation Plan and this – to the CAC as a whole and then more forward from that. I think
2 that’s the alternative solution we should consider. Do you want to weigh in Hillary before?

3 **Hillary Gitelman:** (Inaudible)

4 **Co-Chair Keller:** In terms of this, I think that makes sense. I also raise the question in (inaudible) number
5 3 – question number 3, continuity with the other elements. If all programs are removed from the Land
6 Use Element and also, there was a motion to remove them from the Transportation Element in reaction.
7 Does it make sense to have them with the housing natural environment, safety, community services and
8 business and economics because there’s some inconsistency there. Well, there’s a little kind of glitch
9 that happens with that. If the decision is made to remove them from everywhere, they can’t legally be
10 removed from the housing element because that’s an approved housing element by the housing – HCD
11 (Housing and Community Development) department of the State of California. Therefore, that can’t
12 even be touched so that’s one element that has all of its programs and then the other elements don’t
13 have any programs? Somehow there’s some weirdness going on there that is -- I think we have to
14 understand that better. That may make us go back and want to revisit all the elements in terms of these
15 programs and put the policies back – put programs back as policies, that’s going to be a lot more work. I
16 think that – to me those – the recommendations that I’d like to see and may I make a motion to that
17 effect?

18 **Co-Chair Garber:** Why don’t you hold it until after Hillary has a chance.

19 **Co-Chair Keller:** Ok, I’ll let Hillary give her comments and then if I may make a motion to that effect I
20 will.

21 **Hillary Gitelman:** Just because I such a stickler about the Brown Act earlier, we noticed this for
22 discussion rather than action but I think – let me see if I can try and ...

23 **Co-Chair Garber:** Summarize.

24 **Hillary Gitelman:** I think you all have made incredibly insightful and important comments. I recognize
25 the passion with which some of them were delivered and I think your suggestions and your Council are
26 much appreciated. I would love to transmit the full transcript of this to the Council with a summary that
27 says a majority of those present requested that the Council reconsider – clarify and reconsider their
28 direction. I think it’s clear that a majority of you feel like the programs – you would have done this
29 differently if the programs were going to be separated and that the programs you crafted had some
30 purpose in being just opposed with the policies they were implementing. I would hope that you would
31 trust the Staff to characterize your input in that way and we’ll also transmit the full transcript because I
32 know there some folks who didn’t agree with everything I just said and I don’t want to diminish those
33 comments. I think you have our commitment, as Staff. We’ll transmit your comments, characterize them
34 carefully. We will provide the Council with answers to some of the questions we weren’t quite able to



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1 handle this evening and we are fully committed to working with the subcommittee on implementation
2 to review the Implementation Plan and bring it back to this group for further discussion. Just looking
3 ahead, your next meeting is March 21st, I believe, which is the night after the Council meeting so we will
4 have an opportunity to understand and react if the Council does or doesn't reconsider their action based
5 on your request.

6 **Co-Chair Garber:** Thank you. Let's take a couple of questions if people have and then maybe, rather
7 than creating a motion because you're right, it wasn't noticed. Maybe we find it appropriate to take a
8 straw poll if that's appropriate or if that's a desired thing. I've got Stephen, then Lisa, then Hamilton, and
9 the we had Bonnie, Len. Anyone else? Alright. Stephen, go ahead.

10 **Stephen Levy:** If I remember the roll call, there are 14 present of what 21 or 22 members?

11 **Co-Chair Garber:** Actually, because of the [phonetics][netristion], we're at 17 so there are 3 members
12 that are not here.

13 **Stephen Levy:** Right, but

14 **Co-Chair Garber:** 2. 3, yeah.

15 **Stephen Levy:** When the element that we're talking about was considered, there are a number of
16 members who weighed in on that element who are not present and their voices should be represented.
17 They worked as hard as anyone else on that element so it's not really 14 out of 17 who worked on the
18 element. Isn't that correct?

19 **Co-Chair Garber:** That is correct.

20 **Stephen Levy:** Secondly, I thought we had a long discussion several meetings ago about taking votes and
21 the sense of the room was not to take votes. If we start taking votes, I have a whole lot of votes that I'd
22 like to go back and have taken. I think that's a path that's probably not prudent. Isn't that correct that
23 we decided as a body to give options and not take votes?

24 **Hillary Gitelman:** If I can...

25 **Co-Chair Garber:** Please.

26 **Hillary Gitelman:** I don't want to speak for the Co-Chair but I think what Dan is suggesting that we
27 simply take everyone temperature and make sure that my characterization of the majorities views is
28 accurate.

29 **Stephen Levy:** I support what Dan said, that's why I raised the point about the people who are not here.
30 Amy is not here, Elaine is not here. I've talked to both of them. Adrian is not here. Lots of people who
31 worked on the element are not here.



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1 **Hillary Gitelman:** Am I right Dan? You just – we’re going to take a straw poll to make sure that I had
2 appropriately characterized the views of those present.

3 **Co-Chair Garber:** That is correct. We can – we don’t even have to raise our hands but I think it is
4 appropriate for us to find out who feels what about what topic. I don’t think that is creating a motion or
5 formalizing, which is what we had avoid doing previously. For instance, when we had submitted –
6 correct me if I am wrong Hillary. When we had submitted the Land Use Element, we did have some
7 notices to how many people spoke for which of the alternatives where supported. Right? There...

8 **Stephen Levy:** We did when there where options. We absolutely did when there are options.

9 **Co-Chair Garber:** I think the idea here – Shani?

10 **Shani Kleinhaus:** (Inaudible)

11 **Co-Chair Garber:** Don, I was hoping to get back to you because I cut you off but...

12 **Don McDougall:** (Inaudible)

13 **Co-Chair Garber:** Right.

14 **Don McDougall:** (Inaudible)

15 **Co-Chair Garber:** Mic.

16 **Don McDougall:** I am a perfectly willing to support an effort to improve this. As I – I want to repeat, I
17 don’t like the idea of let’s compromise as oppose to find a way to make it better, if we all agree. In any
18 priority activity, I think you have to except that – except for the issue of the housing – all programs come
19 out and I don’t think that as much as I’m on that Committee, I don’t think the implementation
20 Committee should decide priorities. The whole CAC should and there should be some way of polling or
21 whatever that you do that you need to come up with.

22 **Hilary Gitelman:** Again, we’re going to transmit the full transcript so everyone’s input will be presented
23 to the Council.

24 **Co-Chair Garber:** Yeah, it’s looking like our straw poll is quickly being blown by the wind here. Thank
25 you, Stephen. Lisa, you had some comments as well? No. Hamilton? Then Bonnie and then Len.

26 **Hamilton Hitchings:** Sure. I think it’s not fair to characterize this as an issue about trust because I spend
27 over an hour, very carefully transcribing word by word what Greg Scharff and Cory and other folks said
28 at the Council meeting to try and understand and accurately interpret what they were saying. I think I
29 got a pretty clear idea afterwards which was that the intention was to remove the programs from the
30 plan and not only would they be removed, there would be a significant barrier to get them implemented



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1 because you'd have to come back in front of the Council and get the Council's approval. It's – I'm literally
2 just reacting to what Greg and Cory said. The thing to keep in mind here, these were not the
3 controversial programs. We cued up the controversial programs for votes because that's the idea. There
4 the City Council, they get to decide on – this was the stuff that we agreed on. Maybe not everything is
5 100% but that's part of what being – coming to consensus was on it. I think that's pretty powerful that
6 we had a consensus on that. The – I think that there – we're talking about whether we trim them down
7 and prioritize them. I think it's a really big effort to go through it and cut, let's say, the programs in half. I
8 mean I basically think that's biting off more than we can chew but I do think it's the purview of the
9 Council and the Staff to pick the programs that they believe are important and prioritize those but I
10 don't think it's appropriate to do it for the next 15-years. Does anyone in this room honestly think things
11 aren't going to change dramatically in the next 2-3 years in ways that we might not even be able to
12 imagine? We have major changes going on at the federal level just for starters. Certainly, changes we
13 couldn't anticipated a year ago, I don't think prioritization is the right tool here. I think the right tool is to
14 recognize that the programs will be prioritized based on the current Council and Staff, based on the
15 conditions that are local at that time. We should put them back in but maybe even acknowledge
16 formally within the plan something to that effect. Those are my comments.

17 **Co-Chair Garber:** Thank you. Bonnie and then Len.

18 **Bonnie Packer:** One thing I think would inform our discussion and maybe also the Council's discussion
19 when they do reconsider is a full understanding of the role of the Comprehensive Plan. People here –
20 some people said that the authority of the Comp. Plan and I don't know that the Comp. Plan has
21 authority in the same way the ordinances do so I think we need to understand that the relationship
22 between the Comp. Plan and how the Council makes decisions. I always understood that the Comp. Plan
23 is something that they can measure their decisions against as opposed to the plan that dictates what the
24 decisions are. Maybe it goes back and forth but I think we need a little clarification and maybe the City
25 Council needs clarification on that. I don't know. The other thing about all the different people touching
26 the different parts of the elephant and I think the elephant was a discussion that the City Council had
27 about this issues and each of us had read it somewhat differently, which just shows how in artful they
28 were in – I think the motion was poorly drafted and their discussion on it was poorly drafted so none of
29 us really knows what they intended for anyone to do. That's a concern and I hope that would be
30 reflected in the transcript that they read when you send it to them. In terms of your summary, Hillary, of
31 what we are talking about. I think the issue is programs in or programs out? It's not so much you
32 reconsider. I think the sense of many people here is that when we did this work, we understood that the
33 programs were going to be with the policies and that's what the whole thing was based on. Had we
34 known it differently – and they even said that in their discussion; well, we had told them this a year ago,
35 we should have done that but they didn't so now they have kind of created a mess and it's going to
36 delay – their goal – one of their priorities is to finish the Comp. Plan and they've kind of just thrown in a
37 monkey wrench because it's going to take a too long to unravel what it is they did, which they may have



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1 thought was going to be streaming but looks like maybe not. I just hope that that goes into your
2 transcript.

3 **Co-Chair Garber:** Ok, so clearly, we're not going to be taking a poll or anything of that sort, however,
4 let's make sure that anybody else that would like to speak to this – and I've got Len and Annette. It's
5 already 7:30. We'll go perhaps another 10-minutes or so unless somebody else needs to speak. Len, go
6 ahead.

7 **Len Filppu:** My comment or question was going to be how would you characterize the term majority
8 thinking on this issue tonight when you talk to City Council? That's been talked about and – but I think
9 that it is important for, at least for me, to say that I believe that we should push back and keep the
10 programs in the Comprehensive Plan. To fully reflect the input of years of work, not just from Staff and
11 Council and the CAC but citizens, residents, the community of Palo Alto, many of whom were here today
12 to speak on this issue. Probably more speakers than we've ever had and all of whom were sad to learn
13 about the Council actions. Thanks.

14 **Co-Chair Garber:** Just before I go to Annette, let me just ask in general, I think there's – most of us here
15 are – our first recommendation is to keep the programs where they are and keep the plan in place as
16 we've had it so that we don't have to revisit the damn thing. If the Council comes back and says no. Do
17 we want to consider additional recommendations about how we would deal with that now or is that
18 something we would deal with in a – as part to the Implementation Committee or what? Later.

19 **Len Filppu:** Later. Just to continue on my time, I would say later. I think that you put the ball in their
20 court.

21 **Co-Chair Garber:** Ok. Thanks. Annette. I'm hearing that later from several voices in the room here.

22 **Annette Glanckopf:** I really want to be clear about this and I'm definitely an advocate of leaving the
23 programs in. I think we've made – people have been very eloquent tonight. I think a lot of us have been
24 trying to second guess what Council is intending and I don't want to have any false facts. Hamilton said
25 this but I think it's really important to restate it. They were in credible clear on what they meant and
26 Hillary, you asked Mayor Scharff, 'can I clarify the motion? Is it to illuminate the programs' and Greg
27 Scharff said, '(inaudible) in the implementation section', so he did talk about relative cost and priority
28 which is great, 'and see the way I understand this would work is that it would be an implementation and
29 that's where all the programs would be but they wouldn't actually mean that we would do them.' That's
30 very clear to me. 'Staff would come forward and say, now we're going to implement program such and
31 such or we should implement program such and such or Council Members could write a colleague's
32 memo or whatever at the point there would be implementation of that, would move forward.' Now that
33 to me, is very, very clear so we shouldn't have any false facts. This was their intention as far as I'm
34 concerned, that they really wanted to be able to be the people that selected what gets moved forward. I
35 want to see the programs still in the Comp. Plan and I think the implementation section should be as – I



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1 think one of use described it, to start off with – in each element some sort of 2-year plan, 3-year plan
2 and have the high priority items of the element. To me, it's incredibly clear what the Council intentions
3 where. Scharff goes on to say, 'There are a bunch of programs that a lot of people put time and work
4 into and thought we should do but none of these have been vetted by Council.' They want to dump
5 them out. 'Frankly, by Council and a careful and thoughtful discussion of each one of them and if Staff
6 wants to move them forward or a Council Member thinks we should move them forward, then we'll
7 move them forward.' To me, I think we should – that was very clear to me what he actually – what his
8 intent was. I don't think we should be false and try to second guess it. You can't be clearer than that.

9 **Co-Chair Garber:** ok, thank you. Alex. Stephen, you want to speak again but Alex.

10 **Alex Van Riesen:** I just wanted to say, as one of the folks who initially did call in to question, I think the –
11 whatever the Council's motivations where. I want to say I agree. I want – I can back pedal from that. I
12 don't know what those where. I think it still would be interesting to hear them reflect on that but even if
13 you take that out of the equation. I guess what I want to say that it seems clear to me tonight, if we
14 remove all intention and motive out of it. What's been uniformly said is that the way this was done and
15 even that it has been done is highly suspect by the vast majority of this group. Even if you through in
16 some of the people who are no longer here or not here tonight. Even if the comments could speak for
17 themselves, it would be pretty obvious that it's at least twice the number of people. That it's a pretty
18 strong feeling on this team. I feel like I just wanted to make that clear.

19 **Co-Chair Garber:** OK. Stephen.

20 **Stephen Levy:** How does Staff decide what programs to move forward in? I'm wondering where they are
21 talking about a serious issue of contention here or whether in reality Staff takes direction from Council
22 on what programs to pursue and in what order. I really don't know the answer.

23 **Hillary Gitelman:** At present, we'll be working with the Implementation subcommittee and this CAC on
24 the programs that you have identified and put in the plan.

25 **Stephen Levy:** I meant in general.

26 **Hillary Gitelman:** Ultimately, in the future...

27 **Stephen Levy:** No, in the past. Just in general. Do you do programs on your own without Council asking?

28 **Hillary Gitelman:** I think when the Committee looks at the programs next month, you'll see some of
29 these things are ongoing already so they've already been budgeted and they're in play. Some of them
30 have not been budgeted and will take very little effort and some of them have not been budgeted and
31 will take a lot of effort.

32 **Stephen Levy:** I was asking a different question. Let's take the ones that are in play. Did..



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1 [Greg ??:] (Inaudible)

2 **Stephen Levy:** Do you do programs when Council doesn't ask for one? Do you do them when – in the
3 order that Council asks for them? How are – how is your work on programs developed?

4 **Hillary Gitelman:** We have an annual budget and an annual capital improvement plan that's adopted by
5 the Council (inaudible)(crosstalk)

6 **Stephen Levy:** Right so it's Council, right? Programs – right, so this whole idea that somehow you do
7 programs that Council doesn't want, that just sticks me as strange so wherever they are – it sounds to
8 me like the programs you work on are ones that are in the Capital Plan or the annual budget or the
9 annual thing that you take direction from Council on the programs. This is a mountain in a molehill it
10 seems to me. Anyhow.

11 **Co-Chair Garber:** Arthur.

12 **Co-Chair Keller:** Firstly, I don't think that on the adopted budget it says you're going to implement X, Y,
13 and Z programs and budget for them. I understand it gives budgets to the various Staff departments and
14 as Staff departments will then figure out in terms of the programs they do based on those budgets and
15 there's – but I've never seen in the budget saying we're going to do program number L -3.1.4, for
16 example. I've never seen such a thing and I don't think it occurs. In terms of – there was a mention that
17 was made of the authority of the Comp. Plan. Well, I have seen things where it says this is consistent
18 with the Comp. Plan or this is not consistent with the Comp. Plan. If the program is part of an element is
19 it considered whether it's consistent with the Comp. Plan. The program is not part of an element and
20 somewhere else like the Implementation Plan, then it is not considered whether it is consistent with the
21 Comp. Plan. That's my understanding of when Mayor Scharff said it is not have the same value so that's
22 my understanding. I think that that's a question that Hillary should ask of the City Attorney when Hillary
23 gives the information to the Council. I think that's a question that she should raise. We have not, in our
24 City, encountered the environment in which we have no programs in the Land Use Element so there will
25 only be speculation other than Mayor Scharff saying, it doesn't have the same legal value. I think in
26 terms of Alex's comment that says that it's hard for us to understand what the Council says. Actually,
27 Dan and I had invited several Council Member. We had invited originally the Mayor and the Mayor
28 couldn't make it and then Council Member Wolbach he could make it but he said it depends on whether
29 Staff says its ok. Also, Council Member Holman was invited and they both did a contingent on whether
30 Staff said it was ok. Staff said it was inappropriate to have Council Members give us information of only
31 two of them considering that it's a 9-member Council so that was not done but that's, in some sense,
32 why we are in continuing to speculate. I see it as the sense and an overwhelming consensus of this body
33 that it is our considered recommendation to put the programs back into the Comp. Plan. I think some of
34 us and I've mentioned this as a fall back and I think others of us do not want to have a fall back measure
35 but as a fall back measure, if they choose not to do that. I think it makes sense to give the CAC the



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1 opportunity to change programs into policies just as was given to Council Members at that meeting to
2 come back on March 20th. I think that means that essentially, the schedule will have to be stretched out
3 to give us an opportunity to do that and we'll have to take that – to do that because we're the ones who
4 are closest to those programs. They're supposed to be high level. We – our job was to tee up questions
5 for the Council to decide a high level and in particular its inconsistency's. For example, there where
6 motions made by the Council to include programs. There was a motion made by the Council to include a
7 program to consider increasing FAR for hotels from either 3.0 or 2.5, where ever it is. Does that program
8 now go into the Implementation Plan after they made a motion to include it? This – clearly, they were
9 not even self-consistent in that meeting. I'm confused as to what they are doing but I think there's
10 clarity in this Committee and I think that that's pretty clear, the sense of what we should put forward to
11 the Council Thank you.

12 **Co-Chair Garber:** Bonnie, I am going to take your comments and then I want, to sum up and move on
13 here. Go ahead.

14 **Bonnie Packer:** I don't disagree with the last part of what you said but I think Arthur, you were
15 misleading us by saying – by implying the Implementation Plan was not part of the Comprehensive Plan.
16 The Implementation Plan is very much a part of the Comprehensive Plan. This is why the Council
17 Member's keep on saying, it was a formatting issue. They were just moving the programs into the
18 Implementation Plan. Now, I think a lot of us think that the programs belong with the policies for a lot of
19 other reasons because of the way they work together. The way the inform each other but the
20 implementation – I just had – the Implementation Plan is also the Comprehensive Plan and I don't think
21 we want to say – I think it would be wrong...

22 **Hamilton Hitchings:** (Inaudible)

23 **Bonnie Packer:** Well, he may not have been correct but I mean, when he said it that way but the Comp.
24 Plan has an Implementation Plan as part of the Comp. Plan, I mean that's what it is.

25 **Co-Chair Garber:** Bonnie, may I interrupt? Hillary, could you offer some clarification but I want to move
26 past this.

27 **Hillary Gitelman:** I think that the Implementation Plan can be adopted by the resolution that adopts the
28 Comprehensive Plan and can be part of the Comprehensive Plan as Bonnie says. I did not go back and
29 check out how the resolution reads. In the current Comprehensive Plan, it's a little bit moot because the
30 programs, as people have pointed out, are sprinkled throughout so it's a little bit different but the
31 question is, if the implementation program were separated out into an Implementation Plan they could
32 be adopted as part of the Comp. Plan.

33 **Co-Chair Garber:** Let's a – we need to – we're going to move on here because we've got something else
34 that we have to discuss but let me make this one suggestion and that is Staff has gotten a very good idea



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1 of where the CAC is on this topic. I would also like to suggest that with the establishment or the
2 Implementation plan if there are the further direction that the Council does make that that be
3 considered in the implementation subcommittee and their recommendations brought to the larger CAC
4 for direction/action and/or other thoughts. With that, we're going to move on. Someone in this room
5 would like to take a 3-minute break. We will be back here in 3 minutes.

- 6 **2. Action: Business and Economics Element**
- 7 **a. Introduction of revised Business and Economics Element**
- 8 **b. Report from Business and Economics Element Subcommittee**
- 9 **c. Discussion of Draft Element**

10 **Co-Chair Garber:** Alright, we are at item #2. Although I – we do still have one member of the public here.
11 If anyone would like to speak on this topic, please give me a card but I'm not seeing any. Staff will
12 introduce this so Elena?

13 **Elena Lee:** Thank you. Following the January CAC and February business and economics subcommittee
14 meeting, the element was revised with narrative goals, policies, and programs. The vision statement was
15 revised to provide a more balanced tone between businesses and neighborhoods. The 6 existing goals
16 were retained although the position for the first and second goals were changed and one new goal was
17 added on fiscal responsibility and that is now Goal B-2. Other changes include seeking to clarify that
18 start-ups and entrepreneur are highly valued. Redundant policies and programs were removed as they
19 are already discussed in Land Use and Safety Elements and that was specifically identified in the report.
20 The word character was replaced with neighborhoods. Other changes included languages added to
21 recognize the value of local serving retail. Language about livability was replaced with specific
22 neighborhood concerns such as traffic and parking. The natural environment was also specifically
23 identified as a significant asset for the local economy. In Goal B-6 it now includes the word retail so it's
24 clear is about retail centers and not just centers. Those represent some of the changes that were made
25 reflected in the revised element. Staff now requests that the CAC forward this revised element to
26 Council. Thank you.

27 **Co-Chair Garber:** Ok. I think we can start by going around the table.

28 **Co-Chair Keller:** (Inaudible)

29 **Co-Chair Garber:** Ok. Lisa, can we start with you?

30 **Lisa Peschcke-Koedt:** Overall, I like it. I think it's a – the subcommittee did a great job and it's more
31 balanced to me, given our comments last time so overall, positive. Just reviewing the comments – the
32 other comments that came in, most of mine agreed with, I think, Bonnie's specific changes and such so
33 just for the record. I had a couple of important comments and a couple that is more just questions or
34 typos but I'm just going to go through it and do it all at once. Is that ok?



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1 **Co-Chair Garber:** Yes.

2 **Lisa Peschcke-Koedt:** In the vision, second to last line, it uses the word employment areas and I didn't
3 know, is that its own term or should be districts? Just a – don't have an opinion. Just a question. In the –
4 page 2 – sorry, I'm using the redlined Attachment B as my version. In the second big paragraph where it
5 says the City is recognized as a hub. It lists out the different things. I think we should add the word
6 technology because otherwise, we don't cover HP and some other companies in the area. It's
7 substantive, it's not fall on your sword but it is substantive. Minor typos. A couple of the places where
8 the section heading where at the end of the paragraph before. It just needs to get moved down. Then I
9 had questions. I think this was in Bonnie's as well but the – on page B-9, policy B-1.1, where it talks, or
10 service requirements. I wasn't really sure what that was but I had suggested that that's the broader City
11 Goals -- I mean the Goals of the Comp. Plan and our broader goals are what I would mean by that but I
12 didn't know. Then Policy B-1.3 where it says engage with all stakeholders in the business community. I
13 might delete business because I think it's in the community. Especially since we are talking about
14 including the public. Then Policy B-1.4, I don't disagree with the focus on mobility and sustainability. It's
15 more is that all we wanted to make a priority? There are others in there. Is that a broader one? I don't
16 disagree with those two I just think it may be too few. Then I like the changes for the fiscal
17 responsibility. I think I'm near the end. Then on page B-17, Policy B-6.4, more talk about discouraging
18 development that would turn the district into a regional shopping center. I was just curious more about
19 the thinking of it. I'm not sure I have a strong opinion either way but I wanted to hear...

20 **Stephen Levy:** (Inaudible)

21 **Lisa Peschcke-Koedt:** ...what the subcommittee – I'm done. Thank you, Stephen.

22 **Co-Chair Garber:** That's fine. We will be liberal so long as you guys are willing to stick (inaudible)

23 **Stephen Levy:** Maybe if there's another round, I want to thank Hamilton especially, Don and Amy who
24 are not here and Whitney and Alex. It was a great subcommittee. I'm pleased with the draft. I'm pleased
25 with the collegiality. I'll wait to see what other comments are. Obviously, we wrote the draft so I don't
26 have any particular objections to the draft that we wrote.

27 **Co-Chair Garber:** Ok, thanks. Hamilton.

28 **Co-Chair Garber:** I really appreciated working with everybody. Stephen took a little bit of extra time to
29 work with me so I'm very grateful for that. I'm going to completely switch gears. Forgetting everything
30 that happened in the last hour and a half. Ok, here we go. Every day, it warms my heart to watch
31 parents walk their young children by my house to the local elementary school. Likewise, I take pride in
32 the fact that this City has incubated the most successful tech. companies in the world, such as Google
33 and Facebook and continues to do so with companies such as VMWare and Tesla. It is possible to have a
34 very livable neighborhood and a world class innovative technology companies in the same city as we do



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1 today. I feel this element has been improved in terms of the focus on being business friendly and does a
2 better job of emphasizing the City's fiscal health. It has definitely been watered down in terms of its
3 focus on neighborhood livability but given the productive discussion we had in the subcommittee, I
4 really only have one recommendation addition that I would like to see in this regard, which is to add
5 back in the strip policy – stripped down version of Policy B-1, from the original 2007 version of the
6 element which would not go under Goal 2 which would say, use a variety of planning and regulatory
7 tools to ensure the business change is compatible with Palo Alto neighborhoods. I have one other minor
8 point – well, actually two. Although my colleagues in the subcommittee were not enthusiastic about it,
9 I am still advocating for retaining a revised version of the policy on our City trees, which reads, Palo Alto
10 means tall tree and its flourishing tree system is part of our brand along with the other assets such as
11 great City services and its adjacency to Stanford University. Not exactly an earth shattering controversial
12 statement.

13 **Stephen Levy:** (Inaudible)

14 **Hamilton Hitchings:** Yeah, they didn't put it in so that's...

15 **Stephen Levy:** (Inaudible)

16 **Hamilton Hitchings:** ...See, so Stephen liked it too. A good reason for City Staff to put in that last thing I
17 just suggested about the trees. Lastly, I would say Palo Alto is positioned -- Lisa, this gets to the thinking
18 behind that program you commented on, sustainability and mobility. I would say that Palo Alto's
19 position to be a national leader on mobility companies. We already have Tesla, which is the leader in
20 electric vehicles and becoming a leader in autonomous driving. We have huge amounts – to be precise, I
21 think either half a billion or a billion, pouring into Stanford for anonymous driving and given our
22 particular issues around traffic, it makes a lot of sense for us to actively try to recruit pioneer companies
23 in this area. Likewise, global warming is the largest issue facing mankind's existence and Palo Alto
24 continues to be a leader – a City leader in this area and I think we should focus on attraction companies
25 that are innovative in this area. Thank you.

26 **Co-Chair Garber:** Thanks, Hamilton. Bonnie.

27 **Bonnie Packer:** Ok, thanks for the subcommittee and – oh, thanks for the subcommittee and Staff for a
28 good element. I have a – I submitted comments and I'll just focus on the substantive ones. The rest are
29 all just typos and stuff. I'd like to put in the narrative at the end of the employment section. The
30 importance of the other parts of the programs in the Land Use and Transportation Element that address
31 mobility and housing – transit and housing for the employees because this is what benefits the
32 employers and this is how we're helping keep business – economic vitality and so a reference – I had
33 some language in here. A reference in the narrative and perhaps also a policy somewhere in the plan. I
34 think under Goal B that addresses – that recognizes that we should continue the work and the programs
35 and the other elements that help employees, which then help employers. The other thing I suggested is



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1 there's a policy under Goal 5, it's 5.4, it says businesses of all kinds should be encouraged to advance
2 Palo Alto's commitment to both fiscal and environmental sustainability. That really belongs under Goal
3 B-1 so I suggest moving that policy under Goal B-1. The other substantive thing is I think you should add
4 Town and Country back in as a regional center. Just because it's described elsewhere in greater detail, all
5 you need is one sentence but to not have it there when you have all the other centers, which are also
6 addressed in the Land Use Element in different ways. Just to say, don't put it in there because we talk
7 about it elsewhere is -- doesn't make sense to me. All you have to say is recognize and preserve Town
8 and Country Villages that is an attractive retail center servicing Palo Alto and residents of the wider
9 region. That's the first sentence of the land use program or policy or whatever it is but that's all you
10 have to put in here. That's what I would recommend. My last point was adding a general policy that
11 refers to the Land Use and Transportation Element which support housing and transit opportunities to
12 support the employees and that benefits economic vitality. The rest are just some verb suggestions;
13 rewrites. Thank you

14 **Co-Chair Garber:** Thank you, Bonnie. Ellen.

15 **Ellen Uhrbrock:** All I have to say is this subcommittee for business and economics was the best
16 subcommittee and best Committee working I have ever seen in this group. I had wonderful Staff people
17 that also shared it and I'm sorry I missed the second round of when you did this but I have great
18 confidence that what you did was as good as could be done at this time so congratulations.

19 **Co-Chair Garber:** Thank you. Annette.

20 **Annette Glanckopf:** Well, I have a couple comments and I still think that this general introduction is to
21 flowery. I – unfortunately, I'm a crisp, technical writer and I think it sounds like a PR announcement from
22 the Chamber with all – apologizes to the Chamber. I don't ever remember specifically, discussing shuttle
23 serving retail centers although it's a good idea. Throughout this document there seems to be a lot of
24 emphasis on the office of economic development and up to this time, it's just really been a number of
25 bean counters and so there's a lot of implications about additional Staff like on page B-7, the office – the
26 OED plays a key role. Well, it hasn't ever so far in supporting business growth so that to me is very
27 concerned and 'the office can serve as a facilitator between residents and businesses.' I think that's
28 really a planning or building function. This is also reflected on page B-9 and go – Program B-1.1.1,
29 implement the office of economic development policy to guide business development. I would use the
30 word direct if you have to have that in there and Policy 1 – B-1.4, I think the City should attract
31 businesses and I agree, rather than OED and I think there needs to be much more areas other than
32 mobility and sustainability. There is a lot discussion about partnerships between public and private
33 space for community non- profits. I think that's a great goal but you know, as long as you're going to do
34 that, it might be good to put the concept of private sector providing meeting spaces or connecting –
35 reaching out to the community as well. There's lots of things they could do for transportation and
36 parking. I, again, saw that the tree system, because it was referenced in the Staff report, it -- I never did



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1 find it in the document and again, I support putting it back in. When I look at Goal B-2, which is sort of
2 out there -- and I am really concerned about Policy B-2.2, strong inter dependence between commercial
3 centers and surrounding neighborhoods. I'm not sure what that really means and who is going to do
4 this? To make any kind of this connection work, there really needs to be the right type of retail and a key
5 plan to have someone whether -- just to finish this point -- to reach out and work with the residents. I
6 think if we were going to focus on something, we should as a City, start trying to develop especially, in
7 the small neighborhood centers, to form a merchant's association and just -- since I am running out of
8 time. There is -- along in Goal-4, I think we really do need, Jennifer mentioned this, to really focus on
9 small independent locally serving businesses, especially in the neighborhood centers. We need to attract
10 the right business to the right location and assist in keeping them. That is very, very true but the real
11 problem these days is not -- that fact is that they're in the wrong place and we should -- and the problem
12 is the cost in rents as opposed to maybe the viability of the business or even being in the wrong place.

13 **Co-Chair Garber:** Thank you, Annette. Jennifer.

14 **Jennifer Hetterly:** I'd like to commend the subcommittee also. I think this is greatly improved from the
15 last go around. I don't think it's balanced but I think it is a vast improvement. I do think it's irresponsible
16 for us to promote a Comprehensive Plan that doesn't acknowledge -- even an interest in striving for
17 moderation in the pace of job growth and that has been eliminated from this first goal as well as Policy
18 B-2.3 I guess is the closest one in this latest draft. Seems like, with intense local and regional criticism of
19 our jobs and housing balance, it's undeniable impacts on the local and regional economy and quality of
20 life. I just don't see how we can put forward a Comp. Plan that doesn't say we're going to at least try to
21 pace job growth. That aside, I was thrilled to see the At Places comments today because I agree with all
22 three of you on virtually all of your comments so I was happy to see that consensus and I hope that Staff
23 and the subcommittee will incorporate those where there is agreement. I was sorry to see that there are
24 no policies or programs in the compatibility and interdependency section that address compatibility or
25 how the business environment will complement the residential neighborhoods so I would love to see
26 that fluffed up a little bit with something to acknowledge the compatibility piece of that heading. I also
27 noticed the street tree policy that was referenced in the Staff report is gone so I assume that's going
28 back in.

29 **Male:** (Inaudible)

30 **Jennifer Hetterly:** Ok, awesome. Great.

31 **Male:** That policy will go in there. I'm sorry.

32 **Jennifer Hetterly:** Then, under predictability and flexibility, Policy B-4.4, which was about large --
33 attracting and retaining large employers in the Stanford Research Par. I'd like to see that rewarded to
34 say concentrate large employers in the Stanford Research Park. It seems to me that it's Stanford role to
35 attract and retain leaseholders within the Research Park and it's the City's job to talk about where they



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1 want what type size. Then again as Annette mentioned, small independent and community services
2 businesses are distinct from -- just any retail business is really valuable in Palo Alto and I would like to
3 see that highlighted more and just lastly, Policy B-5.3, about strengthening the office of economic
4 development. I think it absolutely needs to be strengthen but I would go beyond just communication
5 between residents and businesses and navigating procedures and have that office serve a role in
6 attracting and retaining local serving retail and services because that's -- clearly, we're saying all over the
7 place retail is suggesting here and that's what we need is somebody that can help them bridge -- make
8 that connection. Thank you.

9 **Co-Chair Garber:** Thank you. Len.

10 **Len Filppu:** Yes, thanks. I too like this rev. a lot and I think we're definitely getting in there. On Goal B-1,
11 the policies that moderate the pace of job growth has been deleted. I'm wondering if an alternative
12 might be considered. Something along the lines of policies that support prudent growth. That's a
13 possibility and I offer it because in the meaning of prudent, showing thought and care for the future. On
14 Policy B-2.2, I agree with Annette's view. I offer -- support a strong interdependency. You could change
15 that to make it more proactive, support strong, synergistic programs between existing commercial
16 centers and surround neighborhoods. That gets us active to take advantage and leverage the
17 interdependence that exists. Not just acknowledge the interdependence. Policy B-2.3, at the end of the
18 sentence it says such as -- coordinate on shared concerns such as traffic, parking issues. I'd include
19 livability. Recognize that business and neighborhoods need to coordinate on a shared concern such as
20 traffic, parking, and livability issues. It isn't just traffic and parking, there's more involved. Then here's
21 the one that I'm wrapping up. These are the pink box comments. Some of these indicate that this
22 program has been put over to land use and if land use doesn't have any programs, then I would really
23 like to consider inserting these programs into this element. Especially, the comments that are identified
24 as JJ6, JJ8, and JJ10, all of which deal with the appearance of streets, enhancing sidewalks, preserving
25 adequate parking, widening sidewalks, narrowing travel lanes, that kind of thing so if we're going to lose
26 them in land use, let's put them in here. Thank you.

27 **Co-Chair Garber:** Thanks. Doria.

28 **Doria Summa:** Yes, great work by the subcommittee. Something that Jennifer had in her comments that
29 she didn't mention is Figure B-2 and B-3 are contradictory and that probably needs to be cleared up and
30 kind of hard to understand. In the discussion about business employment districts on page B-8, its noted
31 that 1/3 -- over 1/3 of the jobs in Palo Alto are located in the Stanford Research Park. It goes on to talk
32 about Stanford University medical center. I think it would be very helpful to know approximately how
33 many people work in the medical center also and to have those two figures in the same place. Policy B-
34 1.3, I agree with an early speaker that said just take business out, 'engage with all stake holders in the
35 community.' The tree thing is taken care of. Policy B-2.3, I agree with Len that livability should be added
36 back in and I thought B-2.1 was just written in kind of a confusing way so maybe take a look at that. B-



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1 4.4, retain and attract large employers in the Stanford Research Park. I think that the – I think there
2 should be a recognition that that’s where – the Stanford Research Park is where a large employer are
3 appropriate as opposed to other business areas in the City. In B-4.7, encourage and support the retail –
4 operations small independent retail businesses and other services that service community. I think some
5 of those – small independent is taken out. I think it should be put back in. I’m not sure if this is the right
6 place to evaluate the effectiveness of ground floor retail requirements and preserving retail space. I
7 would recommend removing that. About Goal B-5 in B-1.2, improve design guild lines to reduce
8 ambiguity more clearly – articulate design principles. I think what we really want to talk about here are
9 the compatibility rules not design. Let’s see, economic development – just some other things. Oh, I also
10 think the – B-7.3, invest – encourage investment in activity along El Camino and within the Stanford
11 Research Park that compliments the Research Park and enhances its physical appearance. It should
12 include that enhances adjacent neighborhoods to the Research Park not just the Research Park. Thank
13 you.

14 **Co-Chair Garber:** Thanks. Julia.

15 **Julia Moran:** Just a couple comments. Like Ellen said, I was only able to make the first subcommittee
16 meeting but we had a very productive meeting and I see a significant amount reflected in the revised
17 element. It’s much, much better than it was before and much less combative between living in Palo Alto
18 and working Palo Alto. The – it still feels to me a little too focused on the current economic situation of
19 Palo Alto of strained retail and very strong office space economic environment, which is what’s
20 happening today but it is not necessarily what will be happening in 10-years. I’d like to see something
21 that reflects what our policies are if there aren’t jobs here or empty office spaces. Then second, I’d also
22 – I didn’t see anything about our neighboring huge companies like Facebook, Google type companies
23 and the economic impact those have on our City and if one of those chooses to move, what that means
24 for us and just in general, what the impact of those – the significant amount of employees in those
25 companies to our downtown retail and health services and everything else. I know those are broad
26 comments but I’d like to see those reflected. Thanks.

27 **Co-Chair Garber:** Thanks. Whitney.

28 **Whitney McNair:** Great, thank you. It was a great discussion with the subcommittee. Let’s see, I agree
29 with Julia’s comments about the snap shot – the information on the pie charts; they’re just one year.
30 They don’t really show you any trends. I think it would be better to have a trend line. One of the
31 interesting trends is sales tax that – just for instance, the Research Park shows 3 million dollars in sale
32 tax revenue in 2015 but it was up to 10 million in 2013 and it’s been 6 and 10 and 4.5 so what’s the
33 trend in sales tax. You also have transfer tax, which makes that a more complete picture. The economy
34 may change. It’s currently strong but some areas it might be diminishing so if you want to – if the City
35 wants to attract certain businesses, it has to be more than just saying, that’s what I want to have come
36 here to Palo Alto. There needs to be – I like to think of it as an on switch. If you determine what kind of



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1 business you want to have, what levers can you turn on in order to encourage those types of companies
2 – that business sector to come to Palo Alto and there isn't anything in here really, that's giving you that,
3 that on switch. It still has a regulatory tone to it. To that degree, I agree with Annette's comments about
4 the office of economic development. I'm not even sure how fully Staffed it is at this point but there's a
5 lot of responsibility in the element played to OED. Just trying to consider how that would Staff its self-up
6 in order to reach out to companies, whether it's retail companies or small companies up to big
7 companies. What is it that the City can do in order to keep you here with in Palo Alto? Then a few little
8 things. Let's see, there was a program, B-5.1.4, and it says that it's revised the zoning and other
9 regulations to encourage revitalization of aging retail structures and then there was a new – just quickly.
10 There was new tag onto that, 'and encourage the preservation of Class B and C office spaces' and that
11 says it's an existing program in the Comp. Plan. I went back to the existing Comp. Plan and that last
12 piece of it is not in there at all. It was about encourage revitalization of ageing retail areas so I
13 understand there has been some discussion about trying to maintain some spaces for smaller
14 independent consultants – independent practitioners but to now, put in there something that's
15 preserving Class B and Class C office spaces. I think that goes against some of the sustainability practices
16 and some ideas about revitalizing some of these older businesses in buildings, especially like in the
17 Research Park. If you want to have smaller spaces for smaller firms then say that. I don't think that this
18 roundabout way of saying preserve Class C office buildings I the way to do it. Just be clear on what it is
19 that you want to get at. I think – oh, and I just had – just a fact on the – the business registry that the
20 City put out, indicates that the Research Park has 29,000 employees and so these pie charts are saying
21 there's 36% of the jobs are in the Research Park, which would be a lot high than that 29,000 so I just
22 don't know what that data source is. If you could just look to confirm that that percentage is actually
23 accurate.

24 **Co-Chair Garber:** Thank you. Alex.

25 **Alex Van Riesen:** I to enjoyed being on the Committee and I was unable to make the last meeting but
26 I've – the other comments that I've heard echo mine so I'll pass.

27 **Co-Chair Garber:** Arthur.

28 **Co-Chair Keller:** Firstly, I'm hearing that there are lots of tweaks. Not major changes but lots of tweaks
29 that people are asking to be made. I'm wondering – I'm going to first as Staff, does it make sense since I
30 don't think this is going to Council right way, to have the Committee do – meet one more time to reflect
31 these changes – subcommittee meet one more time to reflect these changes in the element and have it
32 come back to us on consent next time and hopeful people will just be able to review it. Then not actually
33 have us meet on it but it doesn't seem like it's 100% ready for prime time.

34 **Hillary Gitelman:** I guess let me ask a question of the group. In past elements, you were able to adopt
35 them subject to the changes that we could incorporate from the comments that were made that



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1 evening and those that we couldn't include, we were instructed to attach when we transmitted it to the
2 council. Do you not think that that would be appropriate? I'm just asking because we are chock-a-block
3 with things that we have to do like Staff reports for Council meetings and for the implementation
4 subcommittee and all the rest.

5 **Co-Chair Keller:** Well, in – ok, let me try a different thing. How about if we do not have the
6 subcommittee meet but instead Staff make the changes and bring it back to us so that we can actually
7 see them and bringing it back on consent, rather than having us not see what happens until months
8 later when it goes to Council.

9 **Co-Chair Garber:** Arthur, can I ask – Stephen, is one of the Committee Members and maybe some of the
10 other Committee Members might want to add on.

11 **Stephen Levy:** There have been two sets of what you call tweaks. One set dealing with the elements
12 that were redundant, dealing with the pattern of growth in the City, dealing with the word livability.
13 These were unanimously 6-0 approved by the subcommittee the way they are. There are other language
14 tweaks that the Staff may consider but this Committee, which everyone has praised, was very deliberate
15 and very much in unanimity on illuminating the redundant arguments. Not making this element a
16 debate about the growth of the city, which will come up in the scenarios and very consciously
17 illuminating the word livability.

18 **Co-Chair Garber:** Hamilton.

19 **Stephen Levy:** I think the comments today would go back on that.

20 **Hamilton Hitchings:** The only thing it say is – I agreed to the illumination of livability within the context
21 of adding that one policy I mentioned earlier and it didn't make it in so – and I know a number of other
22 Committee Members want to see, and I heard today, some language in there around protecting the
23 neighborhoods. It's not very controversial language. It's just saying you're going to take it into account.
24 To have – to say we're not going to put anything in there about businesses having to have any impacts, I
25 think, is a little bit much. I mean, I would like to see something added in there about that.

26 **Co-Chair Garber:** I don't want to open this up a great deal here but Hillary, do you have a suggestion
27 about how we can move through this?

28 **Hillary Gitelman:** I think there are two choices. If the Committee feels like this is close enough. That with
29 some of the changes that have been recommended you would feel comfortable recommending this to
30 the Council subject to those revisions and ask us to transmit any comments we can't include. For
31 example, comments that might conflict with the Committees discussion. That's choice number one.
32 Choice number two is Arthur's suggestion that this needs enough work that it should come back on
33 consent at your next meeting.



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- 1 **Co-Chair Garber:** Could it be that Staff makes modifications, minor they may be, and they sent a draft to
2 the subcommittee for review. They don't have to meet but could then sent back comments and then it
3 could come back to the meeting here on consent.
- 4 **Hillary Gitelman:** What I'm really trying to do is have the Staff have – and consultants have to work on
5 multiple sets of revisions. I mean in past elements; this group has felt comfortable...
- 6 **Co-Chair Garber:** You're trying to avoid that.
- 7 **Hillary Gitelman:** Giving us enough direction that we just have to update the element once and transmit
8 it to Council. Obviously, if you not comfortable doing that here, we can make the changes and bring it
9 back to the CAC but what we'd like to do in that case is not get further revisions but just get comments
10 we would enclose with the element.
- 11 **Co-Chair Garber:** Subcommittee? We're not doing motions.
- 12 **Co-Chair Keller:** (Inaudible)
- 13 **Co-Chair Garber:** Oh, that's true. I suppose it is.
- 14 **Co-Chair Keller:** (Inaudible)
- 15 **Co-Chair Garber:** I have not forgotten that. Stephen.
- 16 **Stephen Levy:** Ironically, we had an almost 2-hour discussion about reading the mind of Council
17 Members with all sorts of words like appalling and disrespecting and throwing the baby out with the
18 bath water yet when you come back with the subcommittee nearly 6-0 on every item. To which Staff
19 can report to Council a sense of the subcommittee. That (inaudible) goes out the window, you know? I
20 don't know what our subcommittee worked on if (inaudible)(crosstalk)
- 21 **Co-Chair Garber:** I think there are...
- 22 **Stephen Levy:** Now wait a minute, wait a minute.
- 23 **Co-Chair Garber:** Yeah?
- 24 **Stephen Levy:** We had a long discussion about quality of life and livability, ok? And tried, with
25 Hamilton's help, to find some way that wasn't a code work in the 1950's, 60's, 70's, 80's and 90's and we
26 did. The idea that the neighborhoods and the businesses aren't connected and need to work together is
27 all through the element. If Hamilton has a word or two to make it better but I see no reason to go back
28 and go over with the subcommittee a discussion that we had in quite depth, in two meetings on some of
29 these. There are other issues that the Staff can look at. Some wording changes about whether Town and
30 Country is in or some other stuff and make a decision.



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1 **Co-Chair Garber:** I was actually...

2 **Stephen Levy:** (Inaudible)

3 **Co-Chair Garber:** ...more focused on topics that were not having to do with livability because I think
4 there have been a number of conversations or a number of suggestions here that I think could make the
5 element better. Annette and then Hamilton.

6 **MOTION**

7 **Annette Glanckopf:** I'd just like to make a motion. I would like to make a motion that to save Staff work,
8 it comes back on consent. I think you can't think of everything in a Committee is – it's great the work
9 you've done. I heard a number of very compelling arguments that are not about livability and I think that
10 I'm very happy to see how Staff incorporates them. Bring them back on consent and ...

11 **Co-Chair Garber:** Move from there.

12 **Annette Glanckopf:** That's my motion. Bring is back on consent. Any comments would just be added to
13 the transmittal and so I hope I get a second.

14 **Co-Chair Keller:** I second.

15 **Co-Chair Garber:** Well, we have not finished out substantive comments from both Arthur or me yet. A
16 motion has been noted. It has been seconded by the Co-Chair. Let's get some discussion around this.
17 You've already spoken on your motion. Do you want to speak on it anymore, Annette?

18 **Annette Glanckopf:** No but it's 8:30 and so I don't think – this is very academic where we are going on
19 this. I think we need to cut to the chase so I'd like to call the discussion to an end.

20 **Co-Chair Garber:** The secondary to the motion.

21 **Co-Chair Keller:** I'm happy to have the vote on it. I think it will be clear but Dan and I have not made
22 substitutive comments on the substance of the element and so we should have the motion taken quickly
23 after we make our substantive comments. Firstly, with respect to University Avenue in down town and
24 California (inaudible), there's a mention (inaudible) of office in University Avenue. We really should be
25 talking about small office, profession office, not large RND. In particular, the mention that was made of
26 concentrating large businesses in the Stanford Research Park, I think that that's missing and needs to be
27 added. Julia mentioned the effect of large businesses like Google and Facebook on our retail. I also
28 wonder about the effect of Google and Facebook on our housing and their impact on Palo Alto housing
29 needs because they don't supply the housing on site. Also, with respect to not large RND within Stanford
30 – within California Avenue, Ventura, El Camino. Those are not places for RND. I think we should have
31 some policy in there about retaining local professional – serving professional services in small offices



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1 and limit their displacement, especially by large RND. I think that's something that needs to happen. I
2 think we saw that at 550 Hamilton. We're seeing that happen in the former Bank of America building
3 where people are being displaced for a large RND building. I don't think it's appropriate. Those are my
4 substantive comments and I agree entirely with Annette's motion.

5 **Co-Chair Garber:** If I may, I will make a couple of comments and then we'll go to the vote. First of all, I
6 think I support almost all of the comments that have been said but let me just point out a couple of
7 them in particular. Hamilton, I think that your revision of the tall tree piece I think is good. I mean my
8 concern initially about that was not to redo what we did in the Natural Element but the fact that it is a
9 part of what the vision, what the environment is, the branding -- although I hate to use that word -- of
10 our town, I think it's appropriate. It's an appropriate thing to do there. I do have some quibbles with the
11 vision. The word dual suggests to me that the business world and the residential world exist together
12 but in parallel and it doesn't suggest that these two parts are in fact dependent and reliant on each
13 other to for the City that we know. For me, the test is sort of simple. Without our businesses, we'd be
14 something more like Atherton. Without our neighborhoods, we'd be come -- we could become all sorts
15 of different things. A biggest East Palo Alto, a mosaic of big box stores and office or office buildings. I
16 don't know -- Yeah, Emeryville -- fine. The second piece there and this is going to be kind of controversial
17 I suspect but I think some of you know that I have been writing a history of Oregon Expressway and I
18 lecture for PAST and at other places on the history of Palo Alto. Ignoring for the moment that we have
19 had no neighborhoods if Stanford hadn't created Palo Alto over 100 years ago. There's no mention of
20 Stanford's central role in driving the vitality in innovation of Palo Alto's business community. We simple
21 wouldn't be the Silicon Valley if Stanford were not here. What we would have become possibly, was
22 the town of Mayfield, which would have like been annexed either to Menlo Park or Mountain View a
23 couple of decades ago. I don't know if that deserves to go into the vision but I think there needs to be
24 some acknowledgement that the fact is that all of our business reputation stems from that and the
25 adjacency and closeness we have with that. To Whitney's point, I was going to make the exact same
26 comment. Jennifer, thank you for the catch on the -- those two pie charts not adding up. I do think that
27 seeing that as a trend is, for me, almost the heart of this element because it gets to the question of
28 where you can start to ask, what do I get? What do I get from all that money and what is it doing for me
29 in the community? I would also like, frankly, to see another graphic in there and that is because the
30 taxes and fees are generated from the use of our land is so central to how our community sees itself as
31 well as funding more than half the general fund. That includes our community services. I would have
32 liked to have seen a graphic that trended and shows that relationship in there as well. Finally, to
33 Annette's comment about the economic development office, spot on. We have an extraordinary weak
34 to non-existent development, economic, whatever you want to call it. I have worked in a variety of other
35 cities where that role is a key in dynamic and power role and that just simple doesn't exist. I think
36 importantly for a town like Palo Alto, if can help us tie the visions and the needs of the neighborhoods to
37 the mission of the business community and that would be something of great value. With that, all those
38 in favor of the motion as its stated say aye?



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- 1 **Group:** Aye.
- 2 **Co-Chair Garber:** All those opposed? All those abstaining?
- 3 **Stephen Levy:** I don't even know what the motion is.
- 4 **Hamilton Hitchings:** (Inaudible)
- 5 **Co-Chair Keller:** The motion is to have the item to come back on consent at the next meeting – the
- 6 element.
- 7 **Stephen Levy:** (Inaudible)
- 8 **MOTION PASSED 13-0 WITH STEPHEN LEVY ABSTAINING.**
- 9 **Co-Chair Garber:** Folks, it is 8:35, thank you very much. 8:33 to the Co-Chairs watch. We are adjourned.
- 10 **Feedback for Continuous Improvement:**
- 11 **Future Meetings:**
- 12 Next meeting: March 21, 2017 – Rinconada Library (Embarcadero Room)
- 13
- 14 **Adjournment: 8:35 p.m.**



CITY OF PALO ALTO CITY COUNCIL ACTION MINUTES

Special Meeting
January 30, 2017

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:07 P.M.

Present: DuBois arrived at 5:15 P.M., Filseth, Fine, Holman, Kniss, Kou, Scharff, Tanaka, Wolbach

Absent:

Closed Session

1. CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION
Subject: Buena Vista MHP Residents Association v. City of Palo Alto, Santa Clara County Superior Court, Case No. 115-CV-284763
Subject Authority: Government Code Section 54956.9(d)(1).

MOTION: Vice Mayor Kniss moved, seconded by Council Member Wolbach to go into Closed Session.

MOTION PASSED: 8-0 DuBois absent

Council went into Closed Session at 5:07 P.M.

Council returned from Closed Session at 6:06 P.M.

Mayor Scharff announced no reportable action.

Special Orders of the Day

2. Selection of Applicants to Interview on February 1, 2017 for the Historic Resources Board, the Parks and Recreation Commission, and the Planning and Transportation Commission.

MOTION: Mayor Scharff moved, seconded by Council Member Holman to:

- A. Interview all new applicants for the Parks & Recreation Commission and the Planning & Transportation Commission; and

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- B. Interview all previously interviewed applicants for the Parks & Recreation Commission and the Planning & Transportation Commission if they would like a second interview; and
- C. Limit Planning & Transportation Commission interviews to 10 minutes.

SUBSTITUTE MOTION: Vice Mayor Kniss moved, seconded by Council Member XX to interview all new applicants for the Parks & Recreation Commission and the Planning & Transportation Commission.

SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND

MOTION PASSED: 9-0

Agenda Changes, Additions and Deletions

None.

Consent Calendar

MOTION: Vice Mayor Kniss moved, seconded by Mayor Scharff to approve Agenda Item Numbers 3-4.

- 3. Approval of the Acceptance and Expenditure of Citizens Options for Public Safety (COPS) Funds on Various Law Enforcement Equipment and Approval of a Budget Amendment in the Law Enforcement Services Fund.
- 4. Resolution 9664 Entitled, "Resolution of the Council of the City of Palo Alto in Collaboration With the Cities of Redwood City, Menlo Park, and Mountain View Directing Staff to Participate in Sub-regional Planning on Bike Routes."

MOTION PASSED: 9-0

Action Items

- 5. Comprehensive Plan Update: City Council Review & Direction Regarding the Draft Land Use & Community Design Element and the Revised Draft Transportation Element.

MOTION: Council Member Wolbach moved, seconded by Mayor Scharff to direct Staff to include in the final Draft of the Comprehensive Plan Update:

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A. Cumulative Cap:

Policy L-1.10 would maintain a Cumulative Cap of 1.7 million square feet, which is the square footage remaining under the existing cap, focus the Cap on Office/R&D uses and apply it citywide rather than only in "monitored areas." It would also exempt medical office uses in the Stanford University Medical Center (SUMC) area (the current cap does not apply to this geographic area), and require annual monitoring to assess the effectiveness of development requirements and determine whether the cap and the development requirements should be adjusted; and

B. Annual Limit:

Direct Staff to return with a permanent Ordinance addressing the Annual Limit, separate from the Comprehensive Plan Update; and

C. Downtown Cap:

Eliminate the Downtown cap found in existing Program L-8 and focus on monitoring development and parking demand.

AMENDMENT: Council Member Filseth moved, seconded by Council Member DuBois to replace Part C of the Motion with, "retain the existing Downtown Cap for 45,000 square feet and exempt retail from the Cap."

INCORPORATED INTO THE AMENDMENT WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Amendment, "and hotels" after "exempt retail."

AMENDMENT RESTATED: Council Member Filseth moved, seconded by Council Member DuBois to replace Part C of the Motion with, "Program L-1.16.4 would retain a Downtown Cap of about 45,000 square feet for Office/R&D similar to Program L-1.16.2, and would also Cap new hotel development at 50,000 square feet."

AMENDMENT AS AMENDED FAILED: 4-5 DuBois, Filseth, Holman, Kou yes

AMENDMENT: Council Member Fine moved, seconded by Council Member Tanaka to add to Motion Part A, "with the exception of the Stanford Research Park" after "apply it citywide."

AMENDMENT FAILED: 2-7 Fine, Tanaka yes

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace Part B of the Motion with, "direct Staff to make permanent the Annual Limit Ordinance of 50,000 Square Feet, separate from the Comprehensive Plan Update."

AMENDMENT: Council Member Fine moved, seconded by Council Member XX to add to Motion Part C, "and initiate a community driven Specific Area Plan for the Downtown Area."

AMENDMENT WITHDRAWN BY THE MAKER

AMENDMENT: Council Member DuBois moved, seconded by Council Member Holman to replace Part B of the Motion with, "Policy L-1.14 would perpetuate the interim annual limit of 50,000 square feet of Office/R&D and expand it to apply citywide, except that an additional 50,000 square footage allocation would be provided for the Stanford Research Park (SRP), and that allocation could be carried forward to future years if unused, up to the existing allowable square footage in the SRP. Stanford University Medical Center (SUMC) would be exempt from the annual limit. This exemption could be clarified to apply only to approved uses only if desired."

INCORPORATED INTO THE AMENDMENT WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Amendment, "establish a baseline traffic measure for the Stanford Research Park."

AMENDMENT AS AMENDED RESTATED: Council Member DuBois moved, seconded by Council Member Holman to replace Part B of the Motion with, "Policy L-1.14 would perpetuate the interim annual limit of 50,000 square feet of Office/R&D and expand it to apply citywide, except that an additional 50,000 square footage allocation would be provided for the Stanford Research Park (SRP), and that allocation could be carried forward to future years if unused, up to the existing allowable square footage in the SRP. Stanford University Medical Center (SUMC) would be exempt from the annual limit. This exemption could be clarified to apply only to approved uses only if desired. Establish a baseline traffic measure for the Stanford Research Park."

AMENDMENT AS AMENDED FAILED: 3-6 DuBois, Holman, Kou yes

MOTION AS AMENDED RESTATED: Council Member Wolbach moved, seconded by Mayor Scharff to direct Staff to include in the final Draft of the Comprehensive Plan Update:

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A. Cumulative Cap:

Policy L-1.10 would maintain a Cumulative Cap of 1.7 million square feet, which is the square footage remaining under the existing cap, focus the Cap on Office/R&D uses and apply it citywide rather than only in "monitored areas." It would also exempt medical office uses in the Stanford University Medical Center (SUMC) area (the current Cap does not apply to this geographic area), and require annual monitoring to assess the effectiveness of development requirements and determine whether the Cap and the development requirements should be adjusted; and

B. Annual Limit:

Direct Staff to make permanent the Annual Limit Ordinance of 50,000 Square Feet, separate from the Comprehensive Plan Update; and

C. Downtown Cap:

Eliminate the Downtown Cap found in existing Program L-8 and focus on monitoring development and parking demand.

MOTION AS AMENDED PASSED: 5-4 DuBois, Filseth, Holman, Kou no

MOTION: Vice Mayor Kniss moved, seconded by Council Member Wolbach to maintain the current 50 foot height limit separate from the Comprehensive Plan Update, continuing as an Ordinance.

AMENDMENT: Council Member Wolbach moved, seconded by Council Member XX to replace in the Motion, "the current 50 foot height limit separate from the Comprehensive Plan Update, continuing as an Ordinance" with "any but only existing language in the 1998 Comprehensive Plan relating to height limits."

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

AMENDMENT: Council Member Holman moved, seconded by Council Member Kou to add to the Motion, "include Policy L-6.7 and add possible, limited exceptions to the Fry's and Cubberley sites.

AMENDMENT FAILED: 3-6 DuBois, Holman, Kou yes

MOTION PASSED: 7-2 DuBois, Holman no

Council took a break at 8:49 P.M. and returned at 9:00 P.M.

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MOTION: Council Member Wolbach moved, seconded by Vice Mayor Kniss to direct Staff to exclude from the final draft of the Comprehensive Plan Update "child care" from the list of typical Neighborhood Commercial uses.

MOTION PASSED: 6-3 Filseth, Fine, Tanaka no

MOTION: Council Member Fine moved, seconded by Council Member DuBois to direct Staff to include in the final draft of the Comprehensive Plan Update:

- A. Pursue multifamily housing at the Stanford Shopping Center, provided adequate parking is maintained, as alluded to in Policy L-4.7 (the language could be strengthened); and
- B. Pursue multifamily housing in the Stanford Research Park, particularly along the El Camino Real frontage as alluded to in Program L-5.4.1 (the language could be strengthened); and
- C. Reinstate the language in previous Policy L-33 (now Policy L-4.12 and Program L-1.12.3) about housing potential in the Town & Country area; and
- D. Include a new program to pursue multifamily housing near Stanford University Medical Center (SUMC) and/or in the western part of the Stanford Research Park.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace Part B of the Motion with, "Program L-5.4.1 explore with Stanford University various development options for adding to the Stanford Research Park a diverse mix of uses, including residential, commercial hotel, conference center, commercial space for small businesses and start-ups, retail, transit hub, and other community-supporting services that are compatible with the existing uses, to create a vibrant innovation-oriented community." (New Part E)

AMENDMENT: Council Member Holman moved, seconded by Vice Mayor Kniss to add to the Motion Part C, "which would be limited to second floor office conversion."

AMENDMENT WITHDRAWN BY THE MAKER

AMENDMENT: Mayor Scharff moved, seconded by Council Member Holman to replace Part C of the Motion with, "not support housing in the Town & Country area."

AMENDMENT PASSED: 5-4 DuBois, Fine, Tanaka, Wolbach no

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace in Parts A and D of the Motion, "pursue" with "explore."

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove from Motion Part D, "and/or in the western part of the Stanford Research Park."

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part A, "and vibrant retail" after "adequate parking."

MOTION AS AMENDED RESTATED: Council Member Fine moved, seconded by Council Member DuBois to direct Staff to include in the final draft of the Comprehensive Plan Update:

- A. Explore multifamily housing at the Stanford Shopping Center, provided adequate parking and vibrant retail is maintained, as alluded to in Policy L-4.7 (the language could be strengthened); and
- B. L-5.4.1 Explore with Stanford University various development options for adding to the Stanford Research Park a diverse mix of uses, including residential, commercial hotel, conference center, commercial space for small businesses and start-ups, retail, transit hub, and other community-supporting services that are compatible with the existing uses, to create a vibrant innovation-oriented community; and
- C. Not support housing in the Town & County area; and
- D. Include a new program to explore multifamily housing near Stanford University Medical Center (SUMC).

MOTION AS AMENDED PASSED: 9-0

MOTION: Council Member DuBois moved, seconded by Mayor Scharff to direct Staff to include in the final draft of the Comprehensive Plan Update, a new program to eliminate housing sites along San Antonio Road and increase residential densities in Downtown and the California Avenue Area to replace potential units on the sites eliminated.

MOTION PASSED: 6-3 Filseth, Kniss, Kou no

MOTION: Council Member Fine moved, seconded by Vice Mayor Kniss to direct Staff to eliminate from the final draft of the Comprehensive Plan Update Development Requirements and Community Indicators.

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "direct Staff to consider a Community Indicator Program as part of the next iteration of the Annual Performance Report or another on-going monitoring effort." (New Part B)

SUBSTITUTE MOTION: Council Member Holman moved, seconded by Council Member Kou to direct Staff to include in the final draft of the Comprehensive Plan Update: to articulate the purposes and topics for development requirements in the Comprehensive Plan, but develop details later via Comprehensive Plan program and reference tables L-1 and L-2 and include Staff comments regarding these tables and include references to Vehicle Miles Traveled (VMT) wherever Level Of Service (LOS) is included in the Comprehensive Plan.

SUBSTITUTE MOTION FAILED: 4-5 DuBois, Filseth, Holman, Kou yes

SUBSTITUTE MOTION: Council Member Wolbach moved, seconded by Council Member Holman to direct Staff to include in the final draft of the Comprehensive Plan Update to articulate the purposes and topics for development requirements in the Comprehensive Plan, but develop details later via an implementation program excluding Comprehensive Plan Programs.

SECOND WITHDRAWN BY THE SECONDER

SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND

MOTION AS AMENDED RESTATED: Council Member Fine moved, seconded by Vice Mayor Kniss to direct Staff to include in the final draft of the Comprehensive Plan Update:

- A. Eliminate Development Requirements and Community Indicators in the Comprehensive Plan; and
- B. Direct Staff to consider a Community Indicator Program as part of the next iteration of the Annual Performance Report or another on-going monitoring effort.

MOTION AS AMENDED PASSED: 8-1 Holman no

MOTION: Vice Mayor Kniss moved, seconded by Council Member Holman to direct Staff to include in the final draft of the Comprehensive Plan Update to create new opportunities for retail/residential mixed use and pursue conversion of some non-retail commercial Floor Area Ratio (FAR) to

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residential FAR as alluded to in Policy L-6.12, this policy will be separated into two Programs, Program L-1.16.5, and Program L-1.12.3.

MOTION AS AMENDED PASSED: 8-0-1 Tanaka abstain

MOTION: Council Member Wolbach moved, seconded by Council Member Fine to direct Staff to include in the final draft of the Comprehensive Plan Update, Policy L-2.3 about encouraging a mix of housing types and sizes designed for greater affordability and Policy 3.4 about encouraging a mix of smaller housing types.

MOTION PASSED: 8-0-1 DuBois abstain

MOTION: Council Member Holman moved, seconded by Council Member Fine to direct Staff to include in the final draft of the Comprehensive Plan Update Policy L-3.5 and associated Program L-3.5.1 regarding ways to minimize displacement of existing residents.

MOTION PASSED: 8-0-1 Tanaka abstain

MOTION: Vice Mayor Kniss moved, seconded by Council Member Wolbach to direct Staff to include in the final draft of the Comprehensive Plan Update, policies and programs like Policy L-4.1, Program L-3.2.1, and Program L-6.12.4 about preserving ground floor retail space.

MOTION PASSED: 5-0-4 Filseth, Holman, Kou, Scharff abstain

MOTION: Council Member DuBois moved, seconded by Council Member Kou to direct Staff to include in the final draft of the Comprehensive Plan Update, maintain Policy L-3.3 and/or Policy L-3.6 (some repetition can be eliminated) and associated Program L-3.3.1 about preserving existing housing that is affordable, such as small cottage clusters, removing from Program L-3.3.1, "and the replacement of rental housing units with ownership housing units."

MOTION PASSED: 6-0-3 Kou, Tanaka, Wolbach abstain

MOTION: Council Member Wolbach moved, seconded by Vice Mayor Kniss to direct Staff to include in the final draft of the Comprehensive Plan Update, Program L-1.16.5 (we will fix the numbering problem here) or L-7.12.1 (some repetition can be eliminated) to revise or consider revising the Transferable Development Rights (TDR) Program Downtown to create bonus residential rather than commercial square footage.

MOTION PASSED: 7-0-2 Filseth, Tanaka abstain

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MOTION: Mayor Scharff moved, seconded by Council Member Tanaka to direct Staff to include in the final draft of the Comprehensive Plan Update, a program to explore increasing hotel Floor Area Ratio (FAR) from 2.0 to 3.0.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "in areas inside of Downtown and 2.5 in other areas."

MOTION AS AMENDED RESTATED: Mayor Scharff moved, seconded by Council Member Tanaka to direct Staff to include in the final draft of the Comprehensive Plan Update, a program to explore increasing hotel Floor Area Ratio (FAR) from 2.0 to 3.0 in areas inside of Downtown and 2.5 in other areas."

MOTION AS AMENDED PASSED: 5-3-1 DuBois, Holman, Kou no, Filseth abstain

MOTION: Council Member DuBois moved, seconded by Council Member Holman to direct Staff to include in the final draft of the Comprehensive Plan Update, Policy L-4.10 regarding enhancing the pedestrian environment along El Camino Real and Program L-9.4.1 specific to sidewalk widths and building design.

MOTION FAILED: 4-1-4 Fine no, Filseth, Kniss, Scharff, Wolbach abstain

MOTION: Council Member DuBois moved, seconded by Council Member Holman to direct Staff to include in the final draft of the Comprehensive Plan Update converting Policy L-4.10 regarding enhancing the pedestrian environment along El Camino Real to a Program and maintain Program L-9.4.1 specific to sidewalk widths and building design.

MOTION FAILED: 3-5-1 DuBois, Holman, Kou yes, Fine abstain

MOTION: Council Member DuBois moved, seconded by Council Member Filseth to direct Staff to eliminate from the final draft of the Comprehensive Plan Update Program L-4.2.1 regarding preparation of a Coordinated Area Plan for South El Camino (pp. L-48 through L-49).

MOTION PASSED: 6-2-1 Fine, Tanaka no, Filseth abstain

MOTION: Council Member Holman moved, seconded by Council Member Filseth to direct Staff to restore in the final draft of the Comprehensive Plan Update, existing Policy L-6 language about preserving neighborhood character ("avoid abrupt changes in scale and density between residential and non-residential areas and between residential areas of different

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densities. To promote compatibility and gradual transitions between land uses, place zoning district boundaries at mid-block locations rather than along streets wherever possible.”) This is in lieu of the new language proposed in Policy L-6.11.

MOTION PASSED: 5-2-2 Scharff, Wolbach no, Fine, Tanaka abstain

MOTION: Council Member Wolbach moved, seconded by Council Member Fine to direct Staff to remove from the final draft of the Comprehensive Plan Update, all Programs from the Land Use Element, not required by State Law to be taken up at future dates as policy discussions and use the implementation section of the Plan to indicate the relative cost and priority of each Program.

MOTION FAILED: 4-2-3 DuBois, Kou, no, Filseth, Holman, Scharff abstain

MOTION: Council Member Wolbach moved, seconded by Council Member Fine to direct Staff to remove from the final draft of the Comprehensive Plan Update, all Programs from the Land Use Element, not required by State Law to be taken up at future dates as policy discussions and use the implementation section of the plan to indicate the relative cost and priority of each Program.

MOTION PASSED: 5-4 DuBois, Filseth, Holman, Kou no

MOTION: Council Member DuBois moved, seconded by Mayor Scharff to remove all Programs from the Transportation Element.

MOTION PASSED: 6-1-2 Holman no, Filseth, Kniss abstain

MOTION: Mayor Scharff moved, seconded by Council Member Filseth to continue the Revised Draft Transportation Element to a date uncertain.

MOTION PASSED: 9-0

MOTION: Council Member Holman moved, seconded by Council Member DuBois to continue the Land Use Element to a date uncertain.

MOTION PASSED: 9-0

Inter-Governmental Legislative Affairs

None.

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Council Member Questions, Comments and Announcements

None.

Adjournment: The meeting was adjourned at 10:59 P.M.

Carnahan, David

From: Don McDougall <mcdougall.don@gmail.com>
Sent: Monday, March 06, 2017 10:57 AM
To: Council, City
Cc: Hetterly, Jennifer
Subject: Comprehensive Plan structure Discussion March 20, 2017
Attachments: CAC Comments - 2-21-17 Final .docx

Honorable Gregory Scharff, Mayor
Honorable Liz Kniss, Vice Mayor
Honorable City Council Members
City of Palo Alto
250 Hamilton Avenue
Palo Alto CA 94301

Re: March 20, 2017, Discussion of CAC Goals. Policies and Programs Structure

Dear Mayor Scharff, Vice Mayor Kniss, and City Council Members,

Please see the attached joint memo Jennifer Hetterly and I submitted to the CAC meeting of February 21st. The memo reflects our concerns about the form and structure of the Comprehensive Plan and has received attention and discussion. We are concerned that Council has seriously threatened:

- Public trust in the Council and the CAC;
- Hard-earned consensus within the CAC;
- Contextual cohesion of the Plan;
- Transparency and accessibility of the Plan; and
- The city's current and future guidance and flexibility to act.

Thank you for your consideration of our comments.

Respectfully,

Don McDougall

As Palo Alto citizens, we are appalled by Council's blanket removal or even separation of the Programs from the body of the draft Comprehensive Plan. As CAC members, we are deeply offended.

TRUST

The city told the community the Comp Plan was very important. Citizens and stakeholders were asked to sacrifice their time and invest their energy beginning with the "Our Palo Alto 2030" process so that their interests were fully represented. Citizens and stakeholders did so, by the hundreds.

The city tasked the CAC with the work of reviewing that input and striking a balance among competing interests to produce a Comprehensive Plan. The CAC has done that through 20 months of difficult and often contentious effort.

Council asked that the Plan be developed in an Element – Vision - Goals - Policies - Programs fashion. Frequently Vision and Goals were dictated by Council. That process placed Programs throughout the Comp Plan as integral and fundamental to the desired balance. In many cases, Program inclusion was the lynchpin to achieve agreement and consensus. Several Policies were designed with the expectation that the *Programs* would provide necessary detail and clarity. Without adoption of that context, staff, Council, and most importantly the community, can only speculate as to the meaning or implications of those Policies. To suggest that the Policies, taken alone, could represent CAC intentions and consensus is inaccurate and misleading.

Council's blanket approach to the Land Use and Transportation Programs belittles the effort, subverts the balance and invalidates the consensus. This is not a mere formatting change, nor can it accurately be described as "accept[ing] strong consensus where it existed."

In the name of Council flexibility, Council has damaged public trust and undermined the very work enabling them to earn it.

SPECIFICS MATTER IN A COMPREHENSIVE PLAN

Substantively, a Comprehensive Plan without Programs is barely a "Plan" at all. Yes, several Policies in the draft Comp Plan include specifics, but for many, the Programs provide important clarity about what is intended. The Comprehensive Plan must offer sufficient specifics to be actionable and for staff, Council and citizens to *know what the plan is* and get on board. The Programs inform the public what to expect and allow them to hold the city accountable – these are the keys to public trust.

In fact, the existing Comp Plan clearly states that the "Implementation Chapter is not a Plan Element," nor is an appendix. Thus, Programs located in an un-adopted chapter or appendix carry no authority for (or expectation of) action. Council has rendered them largely irrelevant.

It is also argued that because the Council chose to simplify the S/CAP by removing action items from the body of that plan, it would be equally appropriate to do so with the Comp Plan. Unlike the S/CAP, however, the Comprehensive Plan provides the underpinning for **all** city action. It is State-mandated and has much more comprehensive impacts than the S/CAP. Nonetheless, even for the S/CAP, the removal of all proposed action items from the body of the Plan necessitated

substantial modification and expansion of the Goals and Policies in several sections. Council proposed no such revisions for the draft Comp Plan.

A COMP PLAN WITHOUT PROGRAMS IS *LESS* NIMBLE

Programs adopted in a Comprehensive Plan provide direction for city staff to pursue specific efforts without undergoing an additional, lengthy legislative process. They are what makes the Plan readily actionable. According to the State's General Plan Guidelines, adopted Comp Plan Programs provide a short term mechanism for the city to "quickly respond to the demands of new funding sources, the results of their own activities, and the jurisdiction's immediate needs and problems."

By eliminating authorization for any Programs, in the name of simplicity and flexibility, Council's action actually created a significant barrier to implementation. Now, before any Program can be implemented, the city staff or Council leadership must bring it forward to be taken up by the full Council.

Several high-priority Programs may well successfully compete for limited Council time. But where the Program is non-controversial or doesn't require specific budget authorization, that legislative time is wasted and only delays implementation. The bulk of the CAC recommended Programs do not merit individualized legislative attention, but are nonetheless very important to the community. They are recommended for adoption in the Comp Plan to reflect that importance and enable staff implementation in an efficient manner. Requiring further Council review in order to act creates a significant burden on both staff and Council.

With a poorly considered action, Council has:

- 1. Threatened public trust;**
- 2. Destroyed hard-earned consensus;**
- 3. Undermined the contextual cohesion of the Plan;**
- 4. Removed Plan transparency; and**
- 5. Hindered the city's flexibility to act.**

We recommend reconsideration by Council and a unified voice of concern from the CAC.

Carnahan, David

From: Jennifer Chang Hetterly <jchetterly@gmail.com>
Sent: Wednesday, March 08, 2017 10:59 AM
To: Council, City
Cc: Gitelman, Hillary; Keene, James
Subject: March 20, 2017 Discussion of Comprehensive Plan
Attachments: Open Letter to City Council .pdf

Dear Mayor Scharff, Vice Mayor Kniss and City Council Members,

The City Council's January 30 action directing wholesale displacement of implementation programs from the Land Use and Transportation Elements of the draft Comprehensive Plan was of great concern to the CAC and to the community. Please see the attached letter outlining our concerns. A draft of this letter was shared with our fellow CAC members at our February 21st meeting. In addition to several public speakers, and throughout a two hour public discussion of the topic, the vast majority of both voting and ex officio members present expressed similar concerns.

In addition to creating confusion, we believe the decoupling of Policies and Programs threatens public trust, undermines hard earned consensus and the contextual cohesion of the Plan, and impairs the City's ability to act in an efficient manner on measures of significant importance to the community.

We hope that City Council will revisit the Land Use and Transportation Elements with a view to restoring the interconnected implementation programs required for a coherent, inclusive, and "comprehensive" Plan.

Thank you for your consideration of our comments.

Respectfully,

/ Len Filppu
/ Annette Glanckopf
/ Jennifer Hetterly
/ Hamilton Hitchings
/ Shani Kleinhaus
/ Mark Nadim
/ Alex Van Riesen

OPEN LETTER TO PALO ALTO CITY COUNCIL from members of the Citizens Advisory Committee for the Comprehensive Plan Update

We respectfully acknowledge City Council's prerogative to revise or reject policies or programs recommended by the Citizens Advisory Committee for the Comprehensive Plan (CAC). Nonetheless, we feel compelled to formally voice our objection to:

1. The wholesale removal of all implementation programs from the body of the Land Use and Transportation Elements, or any other Element of the Comprehensive Plan; and
2. The fast track voting process employed on January 30, 2017 that allowed for their removal without full opportunity for Council debate or public comment and without a clear and common understanding of the impact of that action.

The across-the-board decoupling of policies and programs in the Comprehensive Plan destroys the cohesive balance of the Plan, impairs the city's ability to act and sends a dangerous "just trust us" message to the public at the very moment comprehensive community input was rejected without review.

Rather than defining the city's path into the future based on thorough deliberation and consensus building, (as a Comprehensive Plan is intended to do), City Council's recent action leaves the public, staff, and City Council uncertain about intended strategies, lacking data to inform decisions and measure impacts, and devoid of tools for accountability for years to come. In addition, Council's fast-track disposition of all implementation programs devalues the challenging and responsible efforts of the CAC and the input of hundreds of citizens. It undermines and discourages future citizen engagement in the self-governance of the City.

We ask that Council restore implementation programs to the body of the Land Use and Transportation Elements to reinstate the cohesion, balance and accountability represented in those important chapters. Our city faces intractable challenges. In Palo Alto's current political climate, public trust is fragile. Wholesale rejection of community compromises and flying blind into the future in the name of simplicity and flexibility will not fortify it.

The CAC was appointed to reflect a diversity of views across the community. We considered hundreds of broad based pleas from community members and worked for 20 months to develop a draft Comprehensive Plan that promotes more affordable housing, addresses traffic and parking issues, and preserves our environment and residential neighborhoods while improving our business districts as we continue to grow. These top concerns were further reflected in Palo Alto's annual, statistically valid Citizen's Survey, along with declining satisfaction that citizen's interests are well represented.¹

As in most city General Plans, the policies and programs throughout the Draft Comp Plan are interdependent. Together, they were debated, negotiated and crafted by the CAC to balance

¹ On the following measures, excellent/good ratings declined by statistically meaningful percentages:

- The job Palo Alto does at welcoming citizen involvement: -11%
- How well Palo Alto government does at generally acting in the best interest of the community: -9%
- Opportunities to participate in community matters: -7%
- Treating all residents fairly: -6%

often competing citizen interests and to meaningfully address community challenges in ways that were actionable by city staff. In the few areas where the CAC was unable to achieve compromise, we put forward policy and program options for the Council to deliberate. Taken together, the policies and programs as well as the wording of the non-consensus “options” garnered the unanimous recommendation of the diverse CAC.

At its retreat on Saturday January 28, the City Council voted, in part based on the Citizen's Survey, to make Transportation and Housing two of the city's highest priorities for 2017. Yet two days later, under a fast-track voting procedure that forestalled open deliberation, Council removed *all* implementation programs from both the Transportation and Land Use Elements of the Draft Comprehensive Plan. Without public notice of that intent, there was no opportunity for public or CAC questions or comments regarding the significance and impact of the wholesale displacement of implementation programs. The community is rightfully confused and upset.

Council's action eliminates important contextual detail reflecting community priorities related to specific policies. For example:

The policy to “[p]rovide for sufficient but not excessive parking” is open to broad interpretation and lacks actionable substance without the associated program direction: “For each commercial center and employment district, conduct a parking needs assessment in consultation with business owners, employers and local residents to establish a baseline for parking need. Evaluate the need to update parking standards in the municipal code, based on local conditions, different users’ needs and baseline parking need.”

A program calling for improved code enforcement and review of regulatory tools to enhance and preserve the livability of residential neighborhoods and the vitality of commercial and employment districts helps guide interpretation and implementation of an otherwise vague policy to “[p]rovide positive stewardship of development and manage change to benefit the community.”

In addition, the blanket relegation of implementation programs to an “appendix” renders impotent several required Comp Plan Draft EIR Mitigation Measures as well as substantial content pertaining to studies, data collection, monitoring and reporting. Some examples include:

- Monitor non-residential development, tracking new square footage by use as well as commute trips by single occupancy vehicle and parking demand;
- Study the feasibility of unbundled parking for office, commercial, and multi-family residential developments that are well served by transit and demonstrated walking and biking connections;
- Collect, analyze and report transportation data through surveys and other methods, to evaluate implementation of related policies on a regular basis;
- Complete a nexus study to identify the impacts of peak period motor vehicle trips from new development and the cost of needed transportation improvements.

Finally, decoupling all programs from their related policies and placing them outside the body of the element leaves valued priorities in indefinite limbo to be taken up at whim, if at all. It eliminates authorization for significant and time-sensitive planning tools such as Coordinated Area Plans for the Fry's site area, South El Camino Corridor and Downtown/Transit Station. Furthermore, many of the recommended programs authorize valued undertakings and time-tested approaches that are too small to compete on their own for future City Council attention. Adopting them as part of the Comprehensive Plan, consistent with past practice, would have the positive impact of directing city effort towards strategies that may be less high profile, but nonetheless serve important community needs and concerns:

- Review development standards to discourage the loss of housing units and the replacement of rental housing units with ownership housing units.
- Provide better east-west connections across El Camino Real to bring the Ventura and Barron Park neighborhoods together and to improve linkages to local schools and parks.
- Encourage private schools within the community to develop Walk and Roll Maps as part of Transportation Demand Management strategies to reduce vehicle trips.
- Periodically update the Adopted School Commute Corridors Network to include updated school commute routes. Ensure these routes are prioritized for safety improvements and considered in land use planning decisions.

We sincerely hope that City Council will reaffirm its commitment to inclusive and collaborative city governance, recognize the critical interdependence of policies and programs, and value the practical and hard won balance of community interests reflected in the CAC recommendations. Please revisit the Land Use and Transportation Elements with a view to restoring the interconnected implementation programs required for a coherent, inclusive, and "comprehensive" Plan.

Respectfully submitted,

/ Len Filppu
/ Annette Glanckopf
/ Jennifer Hetterly
/ Hamilton Hitchings
/ Shani Kleinhaus
/ Mark Nadim
/ Alex Van Riesen