



City of Palo Alto

City Council Staff Report

(ID # 14907)

Meeting Date: 11/7/2022

Report Type: Study Session

Title: Comprehensive Economic Development Strategy Update and Study Session

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that the Council receive this report and discuss the economic development activities currently underway.

Executive Summary

Several milestones have recently been completed reflecting the City's priority of economic recovery and transition, including selection and onboarding a consultant (Streetsense) and hiring a dedicated staff position. This report and study session highlight economic development activities underway, provides an update on preparation of a comprehensive economic development strategy, and seeks Council input.

As recognized by the Council when it directed staff to draft a comprehensive economic development strategy, Palo Alto has a unique economic ecosystem. This ecosystem is dependent on interconnected elements including residents, local businesses, Stanford, employees, large employers, business travelers, and other visitors. Through a comprehensive economic development strategy, the City will work not only to maintain the vibrancy of our local economic ecosystem, but also better position to attract and retain businesses that contribute to a sustained, desired community experience.

Streetsense and their subcontractor HdL will present preliminary findings on emerging global, national, and regional trends. This includes factors such as spending, retail recovery trends, impacts from hybrid work schedules, and changes to travel – both business and leisure – as the world emerges from the pandemic. This study session provides Council an opportunity to participate in the information collection and interpretation phase that informs the drafting of the comprehensive economic development strategy. Perspectives on challenges, areas seen as opportunities, and areas of key focus will be incorporated in staff and consultant work underway.

Background

Since 2019, the City of Palo Alto has actively engaged in conversations regarding economic development, economic vitality, and the need for a dedicated economic development function in the City. The COVID-19 pandemic highlighted this, as the City took actions to support business and engaged with community stakeholders. In 2021, the City Council adopted Community and Economic Recovery as one of its four priorities for that year. The workplan for that priority included refining the scope of the City's economic development activities.

In FY 2022, the City contracted with the Good City Company to develop a scope of work to create an economic development strategy and an internal staffing plan. The goal of the Economic Development strategy is to sustain and enhance the economic vitality of Palo Alto through short-term and longer-term projects. The scope of work approved by the City Council in 2021 (Attachment A) was incorporated into the consultant search and the recruitment of a staff position.

In February 2022, the City Council reaffirmed this area as a priority, choosing Economic Recovery and Transition as one of the four City Council priorities for 2022. On April 4, the City Council approved a workplan through [CMR 14103](#). That workplan included 13 different work items that are currently planned or underway. Brief updates on each of those work items is included as Attachment B of this report; the full update on all work items for each of the four City Council priorities has been included as a separate packet item for November 7. Additionally, a number of other related initiatives are underway.

At the end of August 2022, the City hired its first staff position dedicated to economic development since 2016. In September 2022, the City Council awarded the contract for development of a comprehensive economic development strategy to Streetsense's public sector/non-profit team through [CMR 14724](#).

A full timeline of the City's previous discussions regarding economic development through the past few years at City Council is included as Attachment C to this report.

Discussion

The November 7 Study Session highlights economic development activities underway, provides an update on the drafting of a comprehensive economic development strategy, and seeks Council input on that comprehensive strategy. Streetsense and their subcontractor HdL will present their preliminary findings on emerging global, national, and regional trends.

This study session provides Council an opportunity to participate in the Immersion and Discovery (information collection and interpretation) phase and inform the drafting of the comprehensive economic development strategy. Specifically, staff seeks Council feedback on the following areas:

- Areas presenting challenges for economic development,
- Areas seen as opportunities for economic development, and
- Areas of key focus and consensus for prioritizing resource allocation.

Feedback, especially areas of general consensus from Council will be incorporated into the ongoing staff and consultant work. As a study session, staff anticipate broad discussion on this important topic. In anticipation of wide range of interests, the Council may wish to confirm consensus through “straw polls” on priorities.

Economic Development Activities Currently Underway

In addition to the 13 work items detailed in the Economic Recovery and Transition workplan, a number of economic development activities are taking place throughout the organization.

The recently hired Economic Development Coordinator has immediately contributed to these efforts, helping departments connect and engage with partners. This has helped departments align on various projects and enhanced outreach to various stakeholders, including residents, businesses, and others.

Priorities Underway/Ongoing:

- In partnership with the Palo Alto Chamber of Commerce, staff are coordinating with local restaurants and retail to increase community awareness about opportunities to support local businesses throughout the holidays. Building on experience gained in 2020 and 2021, the City will use “Uplift Local” platforms to showcase holiday promotions to connect customers with local businesses.

Local businesses wishing to participate in this effort can contact citymgr@cityofpaloalto.org with “Holiday Promotion” as the subject for more information.

- Staff is in direct contact with various members of the community and connecting with businesses and residents. This is being done through one-on-ones, small groups, focus groups, and “on the street” visits. Engagements have resulted in responding to questions and requests for assistance from the business community, proactively understanding needs, coordinating and sharing information about city projects and initiatives, and addressing new issues.
- Through this engagement, community feedback has been incorporated into active City initiatives such as the permanent parklet program, alternatives for California Avenue, and enhancing University Avenue.

Introduction to Streetsense: Comprehensive Economic Development Strategy

Streetsense and staff from HdL will share their in-progress work on November 7:

- The purpose and goals of the comprehensive economic development strategy,

- The phases and timeline of the development of the City’s economic strategy, and
- Initial considerations and findings from work to date.

As noted, Streetsense will share their preliminary findings on emerging global, national, and regional trends. This includes factors such as spending, retail trends, impacts from hybrid work schedules, and changes to travel – both business and leisure – as the world emerges from the pandemic.

Palo Alto’s geographic location in the heart of Silicon Valley complicates the challenge the City faces. The City has not seen its daytime population return to pre-pandemic levels. Furthermore, the City faces steep competition up and down the Peninsula and in the greater Bay Area, not only for attracting employees but also for attracting and retaining unique retail and restaurant experiences.

As part of addressing this competition, Streetsense will discuss the concept of commercial districts’ ‘Life Cycles’. This discussion will highlight some attributes of competitive “Class A” commercial districts compared to Palo Alto’s districts. Streetsense will provide any needed clarification on their preliminary findings, their process, and timeline.

This study session format provides a forum for engagement with Council on this important strategy development process and inform next steps.

As Council approved in the RFP scope of work and subsequent contract, Streetsense’s process includes three phases:

- 1) Immersion and Discovery (current phase),
- 2) Diagnostics - includes Strengths, Weaknesses, Opportunities, and Threats (SWOT) assessment, and
- 3) Recommended Strategies - the comprehensive economic development strategy.

As part of the Immersion and Discovery (information collection and interpretation) phase, in September StreetSense collected observations and conducted interviews with stakeholders including residents, businesses, City staff, and others. Streetsense has also engaged additional stakeholders through phone calls, video calls, and e-mail. They have been reviewing numerous documents such as the Comprehensive Plan and pandemic-period reports, and synthesizing how global, national, and regional trends are impacting Palo Alto.

Timeline

Streetsense anticipates completing all three phases outlined in the scope of services by summer 2023. At the study session, Streetsense will review the timeline, interim milestones and work products for creating a comprehensive economic development strategy. Staff anticipates the next discussion with the Council will be scheduled in the first quarter of calendar year 2023 and will focus on the Diagnostics phase.

Resource Impact

Although the discussion on November 7 is not anticipated to affect immediate resource needs, the resources allocated to Economic Development are an important consideration. The City has ongoing funding for the Economic Development coordinator role and some ongoing funding for limited consultant support (less than \$25,000 annually). As the City refines the scope of its economic development function, scaling to align may require further budgetary action.

Staff will work with Streetsense to develop proposals that appropriately scale the City's economic development function to align with Council's feedback and will return with proposals for consideration through the development of the FY 2024 budget.

Policy Implications

The discussion, and ultimate adoption, of a comprehensive economic development strategy is consistent with existing City policies, including the Business and Economics Element of the Comprehensive Plan. That element of the comprehensive plan includes goals and policies related to a thriving economy, compatibility and interdependence of businesses, a culture of innovation and business diversity, efficiency and predictability from the City government, and retail centers and business employment districts. This work also addresses the 2022 Council priority of Economic Recovery and Transition.

Stakeholder Engagement

Community stakeholders, including residents and representatives from various business sectors, including restaurants, retailers, hoteliers, property owners, and others, have been engaged consistently through the City's recent work on economic development. Throughout the COVID-19 pandemic, the City hosted roundtables with local businesses to hear areas of concern, connected businesses with grant opportunities, and created new channels to connect local patrons with local businesses.

As the City transitions out of the pandemic, staff will continue to engage residents and businesses in meaningful dialogue to help inform and maintain the City's economic vibrancy.

Environmental Review

Neither the City's current economic development activities nor development of a comprehensive economic development strategy of the type anticipated here will directly or indirectly cause physical changes to the environment and therefore this study session is not a project under the California Environmental Quality Act (CEQA).

Attachments:

- **Attachment2.a:** Attachment A - Streetsense Scope of Services
- **Attachment2.b:** Attachment B - Economic Recovery and Transition Priority Workplan Updates

- Attachment2.c: Attachment C - Previous Economic Development CMRs

EXHIBIT A SCOPE OF SERVICES

CONSULTANT shall provide the Services detailed in this Exhibit A, entitled “SCOPE OF SERVICES”.

CONSULTANT will produce an Economic Development Workplan for the City of Palo Alto, a roadmap for interventions and strategies that can be implemented in the near-term (within three years) and iterated upon for longer-term success by providing the services outlined below:

Task 1.0 – Define Economic Development Goals and deliver a summary memo of the goal setting workshop

Task 1.1 – Document Review

- CONSULTANT will review any publicly available data and relevant background data, including – but not limited to - area and comprehensive plans, business surveys, previous demographic/market studies, and real estate industry reports (including that of competitive submarkets) to inform understanding of conditions in Palo Alto.
- CONSULTANT will seek to identify gaps in background information and resolve with the CITY at kickoff meeting.

Task 1.2 – Site Visit

- CONSULTANT will conduct a site visit to gather field data based on predefined study area boundaries, including an observational assessment of the public realm public realm/storefronts/access/visibility.
- CONSULTANT’s site visit will include stakeholder interviews.

Task 1.3 – Kickoff Meeting

- CONSULTANT will facilitate a kickoff meeting with all project stakeholders (as mutually determined with the CITY) to establish baseline expectations for ongoing work.
- Kickoff meeting will cover topics including: communication channels to ensure timely and high-quality delivery of project tasks, defining key commercial districts, discussing aspirational markets for comparison, and aligning project objective s methodology, schedule, deliverables, and protocols.
- Project managers will be identified for both the CONSULTANT and the CITY.

Task 1.4 – Goal Setting Workshop

- CONSULTANT will facilitate a visioning session with the steering committee of key stakeholders in the City of Palo Alto to determine a set of measurable economic development goals (or Key Performance Indicators (KPIs)).
- CONSULTANT will work to elicit feedback from stakeholders on KPIs, which typically measure impact through numbers or ratios, e.g. a 20% increase in overnight stays.
- The workshop will also identify potential tools for measuring those goals and lead partners to measure the KPIs.

Task 2.0 – Economic Conditions Snapshot; Strengths, Weaknesses, Opportunities, and Threats (SWOT) Matrix; Presentation Deck for public Distribution

Task 2.1 – Physical Environment Assessment

- CONSULTANT will gather field data on existing conditions of key commercial districts and corridors through site visit and stakeholder conversations
- CONSULTANT will assess major economic assets such as office campuses, manufacturing facilities, lodging facilities, and visitor destinations.
- CONSULTANT will assess the strengths and weaknesses of the public realm, private, realm, and accessibility/visibility of each economic cluster
 - CONSULTANT will evaluate the public realm, including roadways, sidewalks, rails & trails, and public spaces that support access to, and mobility within and across, communities
 - CONSULTANT’S evaluation of the public realm shall include conditions and accessibility of existing open spaces that offer people places to gather and participate in economic activity
 - CONSULTANT will evaluate the private realm, including private assets, properties and buildings, and the balance of the physical environment.
 - CONSULTANT’S evaluation of the private realm will consider existing built assets and the location and site location characteristics (access to customer base, proximity to existing nodes, the ability to create sufficient concentration of offerings to support a new node) of underutilized opportunity sites as well as underlying ownership.

Task 2.2. – Business Environment (Economic Activity) Assessment

- CONSULTANT will explore and analyze the “Drivers” of the Palo Alto economy, including the anchors/destinations, concentrations/clusters of business activity (economic clusters), and local business mix and employment
- CONSULTANT will assess each cluster and develop asset maps that identify key business anchors (Across sectors and industries) that drive economic activity and influence tenant mix within each area.
- CONSULTANT will analyze the sales tax growth/contraction against baselines before COVID and during COVID and conduct an economic base analysis to estimate general rate of growth of business activity across sectors
- CONSULTANT will determine if there are any competitive sectors/industries that would benefit from a focused strategy by the CITY in the future

Task 2.3 – Commercial Real Estate Market Assessment

- CONSULTANT will analyze qualitative and quantitative data to understand the supply and demand of commercial real estate in the region
- CONSULTANT will identify if, and how much, latent demand exists in the Palo Alto submarket for new office, retail, and industrial development based on historic real estate performance
- CONSULTANT will factor in submarket vacancy rates, construction rates, product type, price points, quality of space, and future competition into its analysis of latent demand

Task 2.4 – Produce Economic Development Brochure

- CONSULTANT will produce a succinct (two (2) to ten (10) page) brochure that can serve as a marketing tool to help generate interest in Palo Alto as a business location from potential businesses, investors, funders, and founders.

Task 2.5 – Regulatory/Administrative Capacity Assessment

- CONSULTANT will analyze the organizational capacity of the CITY to execute and implement economic development programs and initiatives
- CONSULTANT will identify local leaders and partners (including anchor businesses and institutions such as local non-profit organizations) engaged in economic development
- CONSULTANT will identify additional resources and funding that may be needed to successfully support implementation of strategies
- CONSULTANT will assess the existing regulatory framework (including, but not limited to, zoning and permitting/licensing processes) that shape what can be built where
 - CONSULTANT will identify aspects of the regulatory framework that may impeded economic development or encourage market distortion
- CONSULTANT will research and identify other operating challenges to local businesses through stakeholder conversations and business survey input

Task 2.6 – SWOT Matrix of Assessment Findings

- CONSULTANT will organize key findings from the assessments of the physical environment, businesses environment, commercial real estate, and administrative capacity into a SWOT matrix
- CONSULTANT will facilitate a discussion of the SWOT matrix with the CITY to focus on priority areas for improvement

Task 2.7 – City Council Presentations

- CONSULTANT will present Economic Scan to City Council and conduct City Council outreach through coordination with CITY's project manager
- CONSULTANT will provide at least three City Council updates throughout the process at City Council meetings

Task 3.0 - Summary Memo of Global and National Economic Trends

- CONSULTANT will research industry-wide changes in business operations, business travel, and trends that serve as indicators for how consumer tastes/preferences are evolving
- CONSULTANT's trend assessment will analyze secondary data from a variety of sources, including, but not limited to,
 - Real Estate Brokerage Experts (via CBRE)
 - Real Estate Market Outlook Reports (e.g. JLL, Colliers, Newmark)
 - San Francisco Travel Association
 - World Travel and Tourism Council
 - Destination Analysts

- Tourism Economics (Annual Economic Impact Reports)
- Destination Palo Alto's subscription data
- Other publicly available reporting

Task 4.0 – Draft Report of Strategies for Economic Development, Revisions, and Final Report of Strategies for Economic Development

Task 4.1 – Research and Draft Report of Strategies for Economic Development

- CONSULTANT will draft an economic development plan and strategy that prioritizes readily implementable short- and long-term actions and projects.
- CONSULTANT will clearly outline key steps that the CITY and stakeholders can take to implement any project or recommendation.
- CONSULTANT will include geographic focus areas of investment which may include economic clusters or specific opportunity parcels or sites.
- CONSULTANT's draft report recommendations may include, but is not limited to, the following areas:
 - Redevelopment in the public realm: Includes any improvements to existing transportation networks, public utility extensions, placemaking/tactical improvements, public space capital projects, and signage and wayfinding.
 - Redevelopment in the Private realm: includes programmatic interventions to support and/or incentivize private sector investments in real property improvements.
 - Business retention and attraction: includes programs that support business attraction, expansions, and relocation (e.g. workforce training, relocation incentives, and other)
 - Marketing and Promotion: includes tolls that will increase visits and raise awareness of the City's assets and retail/dining offerings, particularly through digital platforms.
 - Administrative capacity: includes strategies to address issues of capacity that might otherwise impede implementation of strategies (including capacity-building programs and partnerships with anchor businesses) as well as recommendations to address regulatory or zoning issues that may impede business growth and vitality.

Task 4.2 – Feedback from the City of Palo Alto

- CITY shall provide feedback on the draft report provided by CONSULTANT
- CONSULTANT will facilitate a City Council working session on draft strategies after CITY feedback has been incorporated

Task 4.3 – Finalize and Present Report of Strategies for Economic Development

- CONSULTANT will incorporate feedback from the working session City Council to create a Final Report on Strategies for Economic Development

Task 5.0 – Research and Draft Retail Market Analysis Report, Draft Tax Analysis Report, Revisions, and Final Market Analysis Report and Final Tax Analysis Report

Task 5.1 – Research and Draft Retail Market Analysis Report and Draft Tax Analysis Report

- CONSULTANT will identify additional revenue opportunities through Market Analysis Report and Draft and Final Tax Analysis Report
- CONSULTANT will analyze market-supported retail demand for the past five years through the City’s core commercial cores (Downtown, Stanford Shopping Center, California Ave., and neighborhood shopping centers)
- CONSULTANT will develop a comprehensive analysis of sales tax performance (including a breakdown by major business categories and across each commercial core)
- CONSULTANT will transmit draft versions of:
 - A sales tax gap leakage analysis: includes consumer demand and market supply assessment to evaluate sales tax performance within Palo Alto and ability to draw consumers from nearby communities and the greater trade area.
 - Assessment of Palo Alto’s major sources of tax revenue (sales tax, property tax, and transient occupancy tax) for pre-pandemic revenues, current revenues, and a three-year projection.
 - A SWOT analysis for Palo Alto to identify challenges and constraints along with opportunities to recognize going challenges as well as future threats to the Palo Alto retail marketplace
 - A void analysis to identify market opportunities for Palo Alto to attract new retail and restaurant possibilities that would be a good fit with the Palo Alto market place and market analytics make-up
- CONSULTANT shall submit draft reports to the City of Palo Alto

Task 5.2 – Feedback from the City of Palo Alto

- CITY will provide feedback on draft reports to the CONSULTANT

Task 5.3 – Finalize Retail Market Analysis Report and Tax Analysis Report

- CONSULTANT will incorporate CITY feedback into final versions of Retail Market Analysis Report and Tax Analysis Report

Task 6.0 – Research and Produce Draft and Final Hospitality Market Analysis ReportTask 6.1 – Research and Draft Hospitality Market Analysis Report

- CONSULTANT will investigate and determine potential for hotel development in core commercial districts based on diagnostic assessment of submarket
 - Assessment will consider quality and quantity of existing hotel rooms, year-over-year occupancy rates, price points, and future competitions
- CONSULTANT will determine any viable demand gaps in the market and provide estimates for RevPAR and occupancy levels

- CONSULTANT will develop a comprehensive set of recommendations to reinforce the City's branding to travelers, increase overnight stays and visitor spending, and bolster existing community assets and priorities
- CONSULTANT will research questions around changes in corporate travel policies through iterative conversations and a survey instrument with key companies, institutions, and stakeholders.
- CONSULTANT will convene a focus group discussion with corporate stakeholders to uncover potential competitive advantages from the perspective of business travel.
- CONSULTANT will prepare a draft a report synthesizing findings related to the hospitality market which may include, but is not necessarily limited to:
 - Strategies for growing demand from visitors: includes raising awareness of existing assets through marketing, promotion, and branding, as well as strategies that improve the accessibility and visibility of the region's offerings.
 - Strategies to improve supply of visitors and hospitality: includes the quality and quantity of offerings that are unique to Palo Alto, with an emphasis on strategic destination drivers that reinforce the brand of Palo Alto and further differentiate the City from other regional destinations. May include capital investments to specific assets and/or public realm enhancements that improve the visitor experience.

Task 6.2 – Feedback from the City of Palo Alto

- CITY will provide feedback on the draft report to the CONSULTANT

Task 6.3 Finalize Hospitality Market Analysis Report

- CONSULTANT will incorporate CITY feedback into final version of Hospitality Market Analysis Report

Task 7.0 – Summary Memo and Business Profile of the City based on business registry

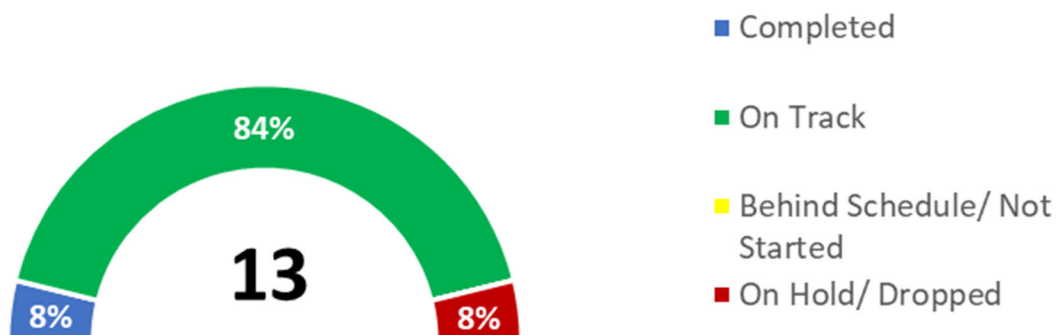
Task 7.1 – Assess Business Registry

- CONSULTANT will analyze and identify 'gaps' in the retail mix through examining the existing supply/landscape of businesses
- CONSULTANT will identify gaps in information currently detailed in the business registry for future revisions

Task 7.2 – Business Profile for the City of Palo Alto

- CONSULTANT will compare information from the business registry and other research to accurately determine any unmet market demand and potential new retail opportunities/expansions
- CONSULTANT will prepare a summary memo detailing their findings

ERT - ECONOMIC RECOVERY AND TRANSITION



ERT1. Downtown Business Improvement District (BID)

Status: **On Track** Progress: 25%

Update: Staff is working in partnership with the Chamber to re-establish support for the BID, and explore options for the future of BID management, and the re-establishment of the BID levy. On June 6, 2022 Council voted not to levy assessments against businesses within the Downtown Palo Alto Business Improvement District or FY 2023. Staff will continue work on this item and return to City Council for consideration of next steps for FY 2024.

ERT2. Economic Development Request for Proposal (RFP)

Status: **Completed** Progress: 100%

Update: The contract for the development of a near-term and longer-term Economic Development Strategy was brought before the City Council on September 12, 2022 and approved unanimously. Streetsense was the firm selected and they will be participating in a study session to discuss the creation of a comprehensive economic development strategy at the City Council meeting on November 7.

ERT3. Economic Development Committees for Downtown and California Avenue

Status: **On Track** Progress: 60%

Update: Staff is working on the establishment of Economic Development Committees, one focused on the University Avenue downtown area and another for the California Avenue area. Outreach to potential members of the committees has begun and scheduling of the first committee meetings will be the next step.

ERT4. Retail and Retail-Like Land Uses and CUP Thresholds:

Status: **On Track** Progress: 85%

Update: Staff brought a permanent ordinance before the Planning & Transportation Commission (PTC) for their recommendation to City Council on August 31, 2022. PTC recommended extending the interim ordinance, allowing more time to holistically address the City's retail recovery strategy before adopting

a permanent ordinance. It is anticipated that this will be brought before City Council in November 2022 with a recommendation to conclude this effort and focus more on ERT12 and ERT13.

ERT5. University Avenue Streetscape Design Project

Status: **On Track** Progress: 10%

Update: Staff has begun the work to implement the community engagement strategy, complete data collection, develop concept alternatives, and prepare cost estimates, per the scope of work approved by Council in the consultant contract.

ERT6. California Avenue Closure (closed to vehicular traffic)

Status: **On Track** Progress: 40%

Update: Council has asked staff to return with a short-term recommendation on an interim design strategy for California Avenue to explore whether the streets should remain closed or should open to vehicular traffic. This work is underway, and staff anticipates returning to City Council with a progress update in winter 2022 or early 2023. A longer-term recommendation is pending a consultant Alternatives Analysis study.

ERT7. Ramona Street Closure (closed to vehicular traffic)

Status: **On Track** Progress: 40%

Update: Council has also asked staff to return with a short-term recommendation on whether Ramona should remain closed to vehicular traffic or should open to vehicular traffic. Staff anticipates that the work for Ramona will be in tandem with the work for California Ave., building on lessons learned from the pandemic and preliminary engagement. As with California Ave., this work is underway, and staff anticipates returning to City Council with a progress update in winter 2022 or early 2023. A longer-term recommendation for Ramona is also pending a consultant Alternatives Analysis study.

ERT8. Build Out Fiber Backbone as Foundation for Fiber-to-the-Premises (FTTP)

Status: **On Track** Progress: 25%

Update: On November 2, 2022 staff will present options for next steps to the Utilities Advisory Committee (CMR 14845) and will incorporate their feedback and direction into the item scheduled for City Council December 19, 2022 (CMR 14800). A joint Council/Utilities Advisory Committee study session was previously held on September 19, 2022. At that meeting, the Council and Committee discussed risks and advantages of City provided fiber and approved the current direction.

ERT9. Electronic Plan Review RFP to integrate with Accela

Status: **On Track** Progress: 60%

Update: A Request for Proposals (RFP) was posted on August 22, 2022; vendor selection is targeted for the end of November. The City Council action to award the contract is expected to be brought forward in the first quarter of 2023.

ERT10. Development of New Parking Facilities in the University Avenue Downtown (potential BMR site)

Status: **On Track** Progress: 50%

Update: The Request for Information (RFI) has been drafted and is expected to be posted no later than December 2022, with Council review expected in the first quarter of 2023.

ERT11. California Avenue Subscription Parking Program (Commercial Uses)

Status: **Dropped** Progress: 0%

Update: Recent changes to State law (AB 2097) make this effort unnecessary. Commercial and residential land uses on California Avenue within ½ mile of qualifying public transit (Caltrain & certain bus lines) are exempt from parking requirements. Land uses, starting January 1, 2023, can intensify without the need of a subscription parking program. This program was intended to create an opportunity for restaurants and other more parking-intensive land uses to establish on California Ave utilizing existing public parking resources.

ERT12. Citywide Retail Recovery Ordinance

Status: **On Track** Progress: 25%

Update: As part of the development of a comprehensive economic development strategy (ERT2) Streetsense will conduct a retail market analysis. Data gathering, including stakeholder interviews, are underway. The report will outline retail best practices and recommendations and is expected to be completed in the summer of 2023.

ERT13. Retail Preservation

Status: **On Track** Progress: 25%

Update: As part of the Citywide Retail and Recovery effort, a consultant is reviewing the City's retail preservation policy and identifying potential implications that support or hinder the City's policy interests and recommendations for change as appropriate. Consultant work is underway and expected to be shared with the Planning and Transportation commission by end of the second quarter 2023.

Previous City Manager Reports Related to Economic Development

The dates of some of the previous conversations with the City Council regarding Economic Development, dating back to November 30, 2020, are included below. These conversations shaped and informed the scope of services included the Request for Proposals.

Following the date, a brief description, the CMR number, and a link to the pertinent report is included.

November 30, 2020 – Study Session on Community and Economic Recovery Strategies (CMR 11790)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020-2/id-11790.pdf>

January 19, 2021 – Feedback and Direction on Economic Recovery Workplan (CMR 11877)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-11877.pdf>

February 2021 – The City Council adopted its calendar year 2021 Priorities, including Community and Economic Recovery (CMR 11957)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-11957.pdf>

March 22, 2021 – Community and Economic Recovery workplan adopted including item “G: Refine the scope and breadth of the city’s economic support activities” (CMR 12111)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12111.pdf>

May 3, 2021 – Update on Community and Economic Recovery (CMR 12206)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12206.pdf>

June 1, 2021 – Discussion and Direction on the Scope of Economic Development (CMR 12232)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12232.pdf>

June 21, 2021 – Update #2 Community and Economic Recovery Workplan (CMR 12362)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12362.pdf>

September 13, 2021 – Discuss and Provide Direction on a Request for Proposals (RFP) for an Economic Development Strategy Consultant and an Internal Staffing Plan to Support Economic Development Issues (CMR 13433)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2021/09-september/20210913/20210913pccsm-amended-linked-final-council-qa.pdf>

April 4, 2022 – Review and Approval of Workplans Implementing 2022 City Council Priorities (CMR 14103)
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220404/20220404pccsmamendedlinked1.pdf>

ATTACHMENT C – PREVIOUS ECON. DEV CMRS

September 12, 2022 – Approval of Contract C23183740 with StreetSense CA, LLC for Economic Development Consulting Services (CMR 14724)

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220912/20220912pccsm-amended-v2.pdf>