



**FINANCE COMMITTEE**  
Monday, March 28, 2022  
Special Meeting  
Council Chamber & Virtual  
5:30 PM

***Supplemental Reports Added***

Pursuant to [AB 361](#) Palo Alto City Council and Committee meetings will be held as “hybrid” meetings with the option to attend by teleconference/video conference or in person. To maximize public safety while still maintaining transparency and public access, members of the public can choose to participate from home or attend in person. Information on how the public may observe and participate in the meeting is located at the end of the agenda.

## **HOW TO PARTICIPATE**

### **VIRTUAL PARTICIPATION**

**[CLICK HERE TO JOIN](https://cityofpaloalto.zoom.us/j/99227307235)** (<https://cityofpaloalto.zoom.us/j/99227307235>)

**Meeting ID: 992 2730 7235      Phone:1(669)900-6833**

The meeting will be broadcast on Cable TV Channel 26, live on YouTube at <https://www.youtube.com/c/cityofpaloalto>, and streamed to Midpen Media Center at <https://midpenmedia.org>.

### **PUBLIC COMMENTS**

Public Comments will be accepted both in person and via Zoom meeting. All requests to speak will be taken until 5 minutes after the staff’s presentation. Written public comments can be submitted in advance to [city.council@cityofpaloalto.org](mailto:city.council@cityofpaloalto.org) and will be provided to the Committee and available for inspection on the City’s website. Please clearly indicate which agenda item you are referencing in your email subject line.

## **CALL TO ORDER**

### **ORAL COMMUNICATIONS**

*Members of the public may speak to any item NOT on the agenda.*

## **ACTION ITEMS**

1. Revenue Generating 2022 Ballot Measures: Review Feedback from the Ballot Measure Community and Stakeholder Engagement Plan and the Second Round of Polling; Review Draft Ballot Measure Language; and Recommend to Council Further Refinement of Potential Measures Adopting a Business License Tax and Confirming the Gas Utility General Fund Transfer ***Late Packet Report***

## **Presentation**

## FUTURE MEETINGS AND AGENDAS

### ADJOURNMENT

### PUBLIC COMMENT INSTRUCTIONS

Members of the Public may provide public comments to virtual meetings via email, teleconference, or by phone.

1. **Written public comments** may be submitted by email to [city.council@cityofpaloalto.org](mailto:city.council@cityofpaloalto.org).
2. **Spoken public comments using a computer or smart phone** will be accepted through the teleconference meeting. To address the Council, click on the link below to access a Zoom-based meeting. Please read the following instructions carefully.
  - You may download the Zoom client or connect to the meeting in- browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Or download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the Meeting ID below
  - You may be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
  - When you wish to speak on an Agenda Item, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
  - When called, please limit your remarks to the time limit allotted.
  - A timer will be shown on the computer to help keep track of your comments.
3. **Spoken public comments using a phone** use the telephone number listed below. When you wish to speak on an agenda item hit \*9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name before addressing the Council. You will be advised how long you have to speak. When called please limit your remarks to the agenda item and time limit allotted.

[Click to Join](#)    **Zoom Meeting ID: 992-2730-7235    Phone: 1(669)900-6833**

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# City of Palo Alto

## Finance Committee Staff Report

(ID # 13981)

**Meeting Date: 3/28/2022**

**Title: Revenue Generating 2022 Ballot Measures: Review Feedback from the Ballot Measure Community and Stakeholder Engagement Plan and the Second Round of Polling; Review Draft Ballot Measure Language; and Recommend to Council Further Refinement of Potential Measures Adopting a Business License Tax and Confirming the Gas Utility General Fund Transfer**

**From: City Manager**

**Lead Department: Administrative Services**

### RECOMMENDATION

Staff recommends that the Finance Committee:

- A. Receive a progress report on the Community and Stakeholder Engagement Plan and consider the results as the Committee continues to evaluate potential revenue generating ballot measures;
- B. Review, provide feedback, and forward to the City Council: (i) initial draft of the ballot question, and (ii) initial draft ordinance language ratifying the Gas General Fund Transfer;
- C. Review refined calculations of a potential square footage-based business license tax:
  - i. Consider staff's revised proposal to modify "option 3", (a flat fee of \$50 for the first 5,000 square footage occupied and apply a monthly tax rate per square foot beyond the 5,000 threshold with exemptions for grocery stores and businesses subject to the transient occupancy tax) to include an exemption for the first 5,000 square feet of space occupied by a business and administer the Business Registry Certificate (BRC) Program concurrently with the Business License Tax,
  - ii. Recommend to Council a monthly rate per square footage,
  - iii. Review and consider staff's additional refinement for the annual CPI adjustment Council directed previously; and
- D. Recommend the City Council direct staff to proceed with a third round of polling based on the draft ballot language and refined business license tax calculations.

### EXECUTIVE SUMMARY

On January 24, 2022, the City Council directed staff to continue preparation of a potential Business License Tax Measure and a Gas Funds Transfer Measure for the November 2022

election ballot. Council direction in January also included development and execution of an additional poll by the City's polling consultant, FM3, and for staff to launch the Community and Stakeholder Engagement Plan. This staff report presents progress of these efforts with the goal of providing the Finance Committee information needed to recommend a Business Tax rate, solidify desired tax characteristics, and to provide guidance to staff on next steps. The following items are discussed in this staff report for discussion and recommendation to the Council:

1. Summary and progress report on the Community and Stakeholder Engagement Plan, which includes:
  - a. A summary of the results of the second poll (**Attachments A and B**),
  - b. Results of the online and mailed feedback survey (**Attachment C**),
  - c. A progress report on the business and community focus groups conducted by the City's consultant, Public Dialogue Consortium (**Attachment D**);
2. Components of a ballot measure(s):
  - a. Business license tax, discussion on ordinance status,
  - b. Measure to affirm the Gas Funds Transfer draft ballot question and ordinance (**Attachment E**); and
3. Business license tax additional analysis

For reference, **Attachment F** of this staff report includes a summary of work done to date on the potential revenue generating ballot measure(s).

## BACKGROUND

The Finance Committee serves as the public body to review periodic progress reports and allow for structured public discussion for feedback and recommendations on potential revenue generating ballot measures. The Summary of Prior Work on Potential Ballot Measures can be found in **Attachment F**.

Staff presented updated analysis and other information for a potential utility on-bill tax at the Finance Committee's December 7, 2021 meeting ([Agenda Item #2, begins on p. 55, CMR 13728](#)). For continuity of work by the 2021 Finance Committee, the 2021 Committee met on January 18, 2022 to review the third round of analysis of a potential business license tax ballot measure ([Agenda Item #1, p. 3, CMR 13875](#)), along with a report of Initial Polling Results ([Agenda Item #1, p. 31, CMR 13875](#)) and staff's draft Community Engagement and Outreach Plan.

Following the two meetings with the Finance Committee, discussion on January 24, 2022 with the City Council ([CMR 13770, p. 385 and CMR 13963, p. 462](#)) considered the Finance Committee's recommendation to further explore a business license tax, develop a proposal for a utility tax, and amend the Ballot Measure Workplan to include three polls, and proceed with staff's proposed Community and Stakeholder Engagement Plan. The following is Council's direction to staff and the Finance Committee on January 24<sup>th</sup>:

- A. Pursue preparation of a square footage business license tax with the following characteristics, as recommended by the Finance Committee:
  - i. Continue to review the rates, adding option 3 (flat fee of \$50 for first 5,000 square footage occupied and apply a monthly tax rate per square foot beyond the 5,000 threshold) as a starting point;
  - ii. Exemptions for businesses subject to the Transient Occupancy Tax and grocery stores;
  - iii. Annual escalator uses CPI as a basis;
- A. Develop a proposal for voter ratification of the existing gas General Fund Equity Transfer and eliminate the UUT option, with exploration of whether to cap growth of the transfer to be explored via polling;
- B. Amend the workplan to three polls, with the second poll developed and executed by the City's polling consultant, and the third to test potential ballot language; and
- C. Launch the Community and Stakeholder Engagement Plan, as outlined in the staff report.

**MOTION PASSED 6-1 (Tanaka no)**

## DISCUSSION & ANALYSIS

### **Community and Stakeholder Engagement Plan and Second Poll Status and Update**

Staff and its consultants engaged the community in February and March to obtain feedback on the fiscal sustainability work plan and potential ballot measures. Staff used over nine (9) communications channels, including: a utility bill insert, a page in the spring Enjoy! Catalog, a citywide mailer, the Uplift Local electronic newsletter, other electronic newsletters and community e-mail lists, a public landing page on the City's webpage to access all information ([www.cityofpaloalto.org/fiscalsustainability](http://www.cityofpaloalto.org/fiscalsustainability)), and the City Manager's blog and public comments. Community members were invited to fill out an [online feedback form](#)<sup>1</sup> or an identical paper version. As of March 22, 2022, there were 358 responses (174 online responses and 184 mailed feedback forms). In addition, staff executed a second round of polling of the voter population testing various characteristics and areas the Council identified for additional feedback from the voters. Below is a summary of these projects.

### **Results of Second Round of Polling**

In their January 24<sup>th</sup> meeting, Council directed staff to amend the Ballot Measure Workplan to include an additional poll. The City's consultant, FM3, completed the second poll in mid-March 2022. Over 427 residents responded, an intentional smaller sample than the initial poll, to the survey using emailed online surveys and phone outreach. The survey included questions to test tax concepts in more specificity than the initial poll, clarify spending priorities of the voter population, and test support of multiple measures on the November 2022 ballot. FM3's

<sup>1</sup> <https://us.openforms.com/Form/07db0c33-8339-497b-839b-6aab75e1f635>

presentation of the poll results is in **Attachment A**, and the detailed poll results are in **Attachment B**. FM3 will present **Attachment A** at the committee meeting.

A few highlights of the responses:

- Respondents identified the following community priorities in priority order:
  - Public safety priorities as important or extremely important: “Improving police response to violent crime,” “Improving the speed or reliability of ambulance services,” and “Improving police response to property crimes
  - Affordable housing and homeless services were also priorities, with respondents identifying as important or extremely important: “Expanding outreach to people experiencing homelessness,” and “Funding affordable housing”
  - Climate action and grade separations were also priorities.
  
- For the business license tax, three in five voters support the business license tax concept that was tested (a deference for the first 5,000 square feet occupied plus a \$0.10 per square foot monthly rate).
  - Voters were comfortable with the concept of increasing the tax representing up to a \$0.10 per square foot monthly rate
  - Likely to support a measure that exempts small-square footage businesses while less likely to support a measure that exempts hotels.
  - Voters are more likely to support the business license tax to fund new investments.
  
- For the affirmation of the Gas Fund transfer, support remains high when voters hear a more detailed explanation of the measure.
  - Voters are divided on whether they would prefer a measure for new revenue dedicated to new investments or to improving existing services.

*Community Feedback Survey (Online and Mailed)*

The feedback forms asked residents to prioritize some of the unfunded community investment needs and City service gaps previously discussed by Council and the Finance Committee. The highest priorities for the respondents are consistent with the results of the second poll:

- “Maintaining basic services” was one of the top three priorities
- “Repairing streets/roads” and “Investing in community-owned assets like roads and community centers” were each one of the top three for about 55 percent of respondents
- “Adding public safety services such as police, fire, and emergency medical” was a top three priority for 46 percent of respondents
- This was followed by “Funding affordable housing and homeless services” (34 percent)

The complete results from the online survey, including all written comments, are summarized in **Attachment C**.

### Community and Business Focus Groups

Staff and the City's consultant, Public Dialogue Consortium (PDC), kicked off a series of community focus groups in February and continued through March. The focus groups provided information about the City's fiscal sustainability efforts and the two potential ballot measures, allow attendees to ask clarifying questions of staff, and elicit feedback on City service priorities and various aspects of the ballot measures. Staff and PDC conducted five focus groups, four with the business community and one with the community at large. There were 27 attendees in total at the business focus groups representing a range of business perspectives, including the Chamber of Commerce, small retail and restaurants, hotels, major employers in the Stanford Research Park, Stanford University, the Stanford Shopping Center, real estate companies, law firms, and senior housing. The community focus group had six attendees, primarily local nonprofits focused on housing and youth services. A memo from PDC regarding the focus group process and results is included in **Attachment D**.

Some of the key takeaways from the business focus groups included:

- Several attendees expressed concern that the CPI escalator could cause the tax to grow significantly in coming years unimpeded leaving forecasting to be difficult for them and the potential for exponential financial ramifications, especially given current levels of inflation.
- Many attendees expressed a preference for having some certainty about the way the funds would be spent.
- Attendees asked that funds be spent on purposes that benefitted the business community. Police services, economic development, affordable housing, and planning and development services were all listed as priorities.
- There was also feedback that the timing was bad for a new tax. Businesses were still recovering from the pandemic-related economic downturn. The new tax could impact business decisions about their long-term operations as they adjusted to new post-pandemic economic conditions.
- There was minimal feedback on affirming the gas utility transfer, with some attendees saying it sounded reasonable and others saying they did not know enough to have a position.

Feedback from the community focus group emphasized the challenges for the employees of local nonprofits in finding affordable housing and parking, and support for the use of funds for affordable housing.

### Components of a Ballot Measure

As the workplan outlining a path for Council evaluation of potential ballot measures for the voter population consideration in November 2022 continues, the below section begins to more formally provide an overview of the components associated with a ballot measure that staff has or will begin working on and are bringing forward for Council consideration as appropriate over the coming months.

For each local measure, the official ballot includes the following:

- a letter designation generated by the County Registrar of Voters;
- the ballot question (a clear, accurate statement that describes what the measure will do, not to exceed 75 words); and
- space for voters to mark their vote for or against.

In advance of the election, registered voters receive a Voter Information Guide that includes additional information, including:

- an impartial analysis of the measure prepared by the City Attorney;
- the full text of the measure; and
- arguments for and against.

The City Council approves the key components of each local measure: the ballot question and the text of the measure. The City Council also will adopt a resolution (which does not become a part of the ballot) calling a local election and sending the measure or measures to the County Registrar of Voters. The current workplan includes Council formal and final action on these items in June 2022. This report includes initial draft of a ballot question and an initial draft of the full text of the measure ratifying the Gas Utility Transfer. A draft of the text for the potential Business License Tax measure as ballot question is being prepared and will be presented at a future meeting. Key concepts that require additional definition are listed here for Committee discussion and direction.

*Measure to Affirm the Gas Funds Transfer Draft Ordinance*

Staff has prepared the following initial draft ballot question:

Shall the measure affirming the City of Palo Alto's past practice of annually transferring from the City's gas utility an amount up to \_\_\_% of the gross revenues of the gas utility to the City's general fund for general government use, to be paid for by the retail gas rates and providing approximately \$ \_\_\_\_\_ annually until ended by voters, be adopted?

This draft is 58 words long, allowing up to 17 additional words. As noted above, many local revenue measures include additional detail on projects and services that may be funded by the measure, such as public safety, emergency response, parks, etc. Committee input on the ballot question is appropriate, though final decisions on this language will not be needed for several months.

The primary decision points for this measure include 1) the percentage of gross revenues to transfer, and 2) the uses to note in the ballot measure question. Transferring 18 percent of gross revenues would be consistent with the current transfer, but as gas rates rise in coming years would exceed the current transfer. In consultation with our legal counsel, this rate must either be based on a flat rate or a percentage and cannot be a blend. Therefore, staff recommend keeping the measure simple and consistent with similar agencies and provide the



voters consideration of a percentage, current practice would reflect an 18 percent of gross revenues. For the Finance Committee’s feedback and consideration, the draft ordinance for the measure can be found in **Attachment E**.

*Business License Tax Draft Ballot Question and Ordinance*

Staff is actively working on a ballot question and full text of the measure for a Business License Tax. Key policy choices regarding the details of the business license tax design were introduced in the January 18, 2022 Finance Committee staff report ([CMR 13875, p. 11 and 28](#)). A summary of the key elements identified and being worked on by staff include:

1. Definition of “business” and various considerations.
2. Definition of square footage occupied.
3. Definition of Grocery Stores or Supermarkets.

Below is a brief status update on these definitions and areas where further definition will be necessary

*Definition of Business.* Staff expects to align the definition of business with the definition already identified in the Business Registry Certificate Program terms. For seasonal or transitory businesses that occupy square footage and conduct business activity over a short duration (such as seasonal sale lots, special events, concerts, performances, circuses, filming, and party rentals). Staff recommends exempting businesses that occupy space in the City for less than an identified period of time such as 90 days.

*Definition of square footage.* Staff expects to align with existing examples of other jurisdictions as well as documents already in existence such as lease documents. Some variability and definition will be necessary for ownership versus leased, as well as common space versus shared space usage as well.

*Definition of Grocery Stores or Supermarkets.* There are multiple ways and varying levels of details in defining a grocery store and this has proved the likely be one of the more complex exemptions under consideration. The Edible Food Recovery Requirements includes a definition of grocery stores as

“a store primarily engaged in the retail sale of canned food; dry goods; fresh fruits and vegetables; fresh meats, fish, and poultry; and any area that is not separately owned within the store where the food is prepared and served, including a bakery, deli, and meat and seafood departments, or as otherwise defined in 14 CCR Section 18982(a)(30).”

Staff is also evaluating a definition that may include a numeric threshold for food products, such as “a retail business where at least three-quarters of the floor area open to the public is occupied by food products sold for consumption off-site.”

Participants of the focus groups conducted in March, sought to clarify the definition of grocery stores. Their questions demonstrated that the measure should indicate whether retail stores, including drug stores or convenience marts that sell grocery items, or bakeries that sell baked good onsite, will fall into the grocery store exemption.

### **Revised Square Footage Business License Tax Modeling**

Staff modeled a baseline scenario for a square footage business license tax and three options for the Council’s consideration. Council directed the Finance Committee and staff to continue to review rates for a square footage business license tax using Option 3 as a starting point:

<b>Table 1: Summary of Square Footage Business Tax Baseline Model and Options</b>	
<p><b>Baseline Scenario: No Exemptions</b></p> <ul style="list-style-type: none"> <li>Excludes properties likely to be exempt per CA law (banks, healthcare, religious, education property types)</li> <li>Est. revenues: \$15M to \$59M</li> </ul>	<p><b>Option 1: Exemption for Retail (less than or equal to 5,000 sf) and all grocery stores</b></p> <ul style="list-style-type: none"> <li>Est. revenues: \$14M to \$57M</li> </ul>
<p><b>Option 2: Tiered Rates</b></p> <ul style="list-style-type: none"> <li>Flat fee for businesses less than or equal to 5,000 sf (\$50/year)</li> <li>For all others, assume monthly rate per square foot</li> <li>Est. revenues: \$14M to \$56M</li> </ul>	<p><b>Option 3: Tiered Rates After Square Footage Threshold, <u>exempting grocery stores and hotels</u></b></p> <ul style="list-style-type: none"> <li>Flat fee for first 5,000 sf (\$50/year) and apply monthly rate/sf beyond threshold</li> <li>Est. revenues \$11M to \$43M</li> </ul>

Staff has updated the model for this option to assume exemptions for businesses subject to the City’s Transient Occupancy Tax and grocery stores. On further review, staff recommends that the intent of Option 3 be implemented as follows:

1. Exempt the first 5,000 square feet of space occupied by a business
2. Apply the monthly tax rate per square foot (to be determined, between \$0.05 and \$0.20 per square foot) to footage beyond 5,000 square feet (on square foot 5,001, the rate would be applied), and
3. Administer the Business Registry Certificate (BRC) Program concurrently with the potential business license tax, requiring all businesses, including those that occupy less than 5,000 square feet, to register with the BRC at its current rate of \$50 per year.

This refined structure decreases estimated business license tax revenue by \$21,000 (see **Table 2** below).

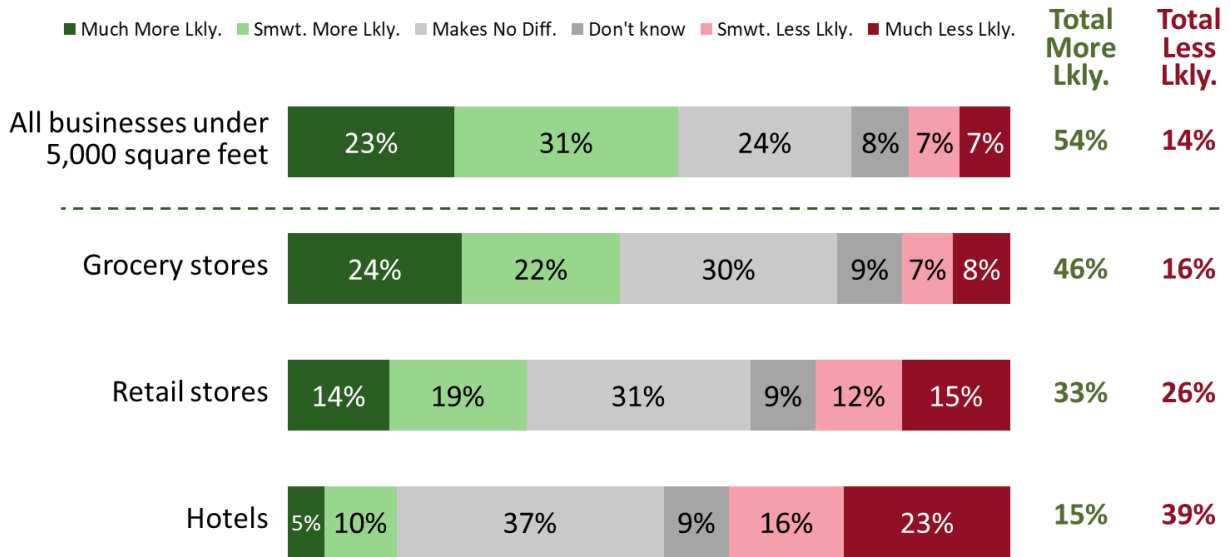
The proposed exemption for grocery stores and hotels reduces the estimated generated revenue from a range of \$12 to \$47 million, to \$11 to \$43 million, approximately 8 percent. Below is a summary table outlining details for the Baseline Scenario and the three options. Option 3 has been revised to exclude grocery stores and properties in the hospitality category. Based on the results of the second poll, voters are comfortable with a measure that would increase average monthly rent for a business by up to \$0.10 per square foot. As shown in **Table 2**, the estimated revenue generated by a monthly \$0.10 per square foot rate is up to \$21.7 million. These estimates continue to reflect gross revenues estimates. There will be administrative costs as well as some likely leakage that will ultimately reduce these figures.

<b>Table 2: Business License Tax Baseline Scenario and Options</b>						
	Property Count	RBA w/ Vacancy	Estimated Annual Revenue Based on Rate per Square Foot (tax rate shown as rate per square foot per month)			
			\$0.05/sf	\$0.10/sf	\$0.15/sf	\$0.20/sf
<b>Option 3: Flat Fee for a Defined Threshold (assumes \$50 for first 5,000 sf) and Apply Monthly Rate Beyond Threshold</b>						
100-5,000 sf	411	1,137,822	\$20,550	\$20,550	\$20,550	\$20,550
5,001-20,000 sf	450	4,171,323	\$1,179,684	\$2,336,604	\$3,493,668	\$4,650,816
20,001-100,000 sf	270	10,675,292	\$5,608,638	\$11,203,848	\$16,799,094	\$22,394,256
100,001+ sf	41	7,007,785	\$4,083,742	\$8,165,374	\$12,247,090	\$16,328,746
<b>Total</b>	<b>1,172</b>	<b>22,992,222</b>	<b>\$10,892,614</b>	<b>\$21,726,376</b>	<b>\$32,560,402</b>	<b>\$43,394,368</b>
<i>Estimated Monthly Fee:</i>						
5,000 sf business			\$4.20	\$4.20	\$4.20	\$4.20
30,000 sf business			\$1,250	\$2,500	\$3,750	\$5,000
100,000 sf business			\$4,750	\$9,500	\$14,250	\$19,000

As discussed in [Attachment A of CMR 13875, p. 17](#), there are eight grocery stores in the City that were identifiable in the CoStar real estate database, totaling 139,580 square feet (see Table A5 in above mentioned staff report). In addition, Table A8 of this staff report lists 1,410,260 square feet for addresses in the hospitality category, totaling 30 properties. The property count for the hospitality properties corroborates the City's transient occupancy tax records.

Business license exemptions were tested in the second round of polling (see **Attachment A**) and summarized in Chart 1 below. Based on these results, an exemption for businesses less than 5,000 square feet will more likely gain support, followed by grocery stores, with retail and hotels being less likely to gain support by voters.

### Chart 1: Second Round Polling - Exemptions

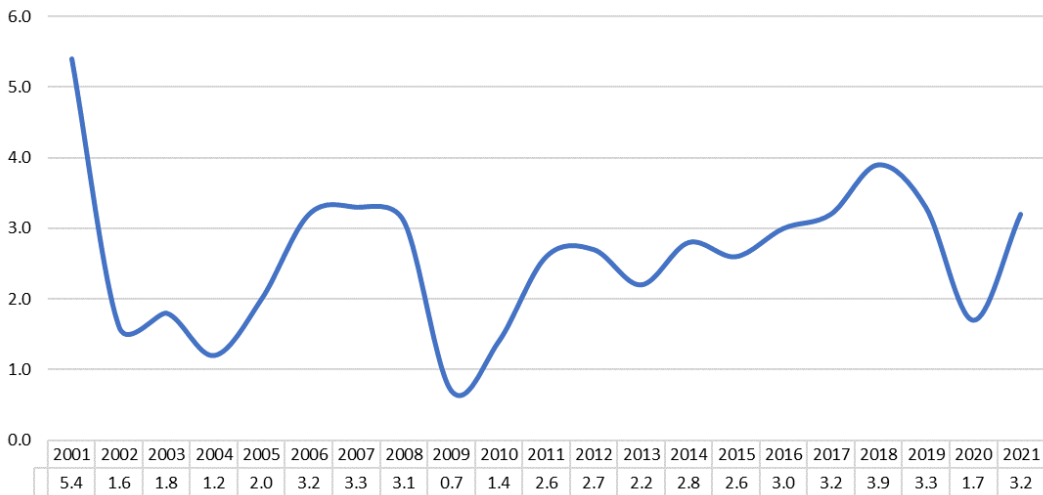


#### Options for an Annual Escalator

To assist in further refining the direction for consideration of a CPI escalator, staff researched the annual CPI for San Francisco-Oakland-Hayward for all urban consumers for the past 20 years. The 20-year average shown in Chart 1 below is 2.6 percent, the highest being 5.4 percent in 2001 (dot.com boom) and the lowest being 0.7 percent in 2009 (Great Recession). The 2021 average CPI was 3.2 percent.

### Chart 2:

Annual CPI for All Urban Consumers (CPI-U)



Staff would recommend consideration of a structure similar to recent measures approved by the voters such as the Storm Water fee, which identifies a CPI escalator with a 6% annual cap

on the growth. It should also be noted an alternative found in research done by Matrix Consulting in 2019 (CMR 10655) would be to cap units of measure for a business license tax, rather than capping CPI as some other agencies have done.

Conclusion & Next Steps

The Finance Committee’s further refinement of tax characteristics and policy guidance, taking into consideration results from the second round of polling, the community survey, and focus groups, is critical so that staff can continue advancing the Ballot Measure Workplan, as approved by the Council in August 2021. As discussed in this staff report, the Committee’s feedback and recommendation to Council of tax characteristics (monthly rate and CPI) and guidance on policy decisions for the ordinance that will be adopted by Council in June are critical at this stage of the process. These further refinements will assist staff in continued planned engagement with stakeholders including more specific feedback both on the measures as well as the administrability of them.

**TIMELINE**

The below table recaps future items for the Ballot Measure Workplan, as approved by the City Council in August, based on the process and discussion so far, and amended to include a second round of polling.

Ballot Measure Workplan Timeline	
March 2022  <b>★ TONIGHT</b>	<i>Finance Committee:</i> <ul style="list-style-type: none"> <li>- Progress report of the Community and Stakeholder Engagement Plan, including review of the results for               <ul style="list-style-type: none"> <li>○ Second round poll</li> <li>○ Community wide survey</li> <li>○ Focus groups</li> </ul> </li> <li>- Review draft ballot questions and ordinance language for the business license tax and the measure to affirm the Gas Fund transfer</li> <li>- Consideration of additional refinements for the potential business license tax proposal</li> </ul>

Ballot Measure Workplan Timeline	
April 2022	<p><i>City Council:</i></p> <ul style="list-style-type: none"> <li>- Formalized discussion of funding resource/spending allocation</li> <li>- Progress report of the Community and Stakeholder Engagement Plan, including results of               <ul style="list-style-type: none"> <li>o Second round poll</li> <li>o Community wide survey</li> <li>o Focus groups</li> <li>o Community Listening Session</li> </ul> </li> <li>- Review of draft ballot questions and ordinance language for the business license tax and the measure to affirm the Gas Funds Transfer</li> <li>- Direction to staff and polling consultant to execute final poll:               <ul style="list-style-type: none"> <li>o Review of outline for final poll, with a focus to test ballot question(s)</li> </ul> </li> </ul>
May 2022	Second Round of Polling launched (early May)
June 2022	<p><i>Council:</i></p> <ul style="list-style-type: none"> <li>- Results of second round polling reported</li> <li>- Final Approval of November 2022 Ballot Measures, including ballot measure language</li> </ul>
August 2022	Language submitted to Santa Clara County Registrar of Voters
November 2022	Election

### **FISCAL/RESOURCE IMPACT**

Implementation of this workplan to develop a revenue generating local ballot measure will require significant resources that include internal staff, consultant expertise, as well as stakeholder engagement. Resource needs will scale proportionately based on the ballot measure option and the complexity of the measure that the Finance Committee and City Council direct staff to pursue. It is important that the scope of the potential ballot measure(s) be clearly defined and effectively narrowed for staff to successfully progress through the workplan.

This initiative has required an equivalent of approximately two full time dedicated staff positions, however, as work continues to progress a significant increase in staffing resources including additional focused executive support from the Executive Leadership Team has begun to ramp up. This will have an impact on other projects. In addition, support is required from outside consultants and engagement with internal stakeholders in key departments. The City Council appropriated funding for this activity as part of the FY 2022 Preliminary 1<sup>st</sup> Quarter. Additional contracts and/or proposed budget amendments will be brought forward for approval as appropriate.

The Santa Clara County Registrar of Voters estimates that placing two measures on the November 2022 election ballot will cost approximately \$160,000, or \$80,000 each. Appropriation for these funds will be brought forward in the FY 2023 Proposed Budget.

Staff plans to bring forward an amendment to the professional services agreement with Fairbank, Maslin, Maullin, Metz & Associates (FM3) in a separate staff report this spring to include the second round of polling, which requires approval by the City Council, based on contract authority set forth in the Palo Alto Municipal Code. In addition to this, additional outreach for print and mailing would be needed as well.

### **STAKEHOLDER ENGAGEMENT**

The Ballot Measure Workplan integrates stakeholder engagement through constituent polling and stakeholder outreach. Staff, throughout the process and from previous conversations, has solicited input and feedback with the Finance Committee, the City Council, residents, and the business community. The City has engaged with FM3 to perform polling, Lew Edwards Group for stakeholder engagement planning, and the Public Dialogue Consortium (PDC) for stakeholder engagement. Staff received direction to proceed with initial polling at the November 8, 2021 Council meeting and reviewed results with the Finance Committee on January 18 2021 ([CMR 13875](#)). In addition, staff received direction from the City Council at its January 24, 2022 meeting to launch the Community and Stakeholder Engagement Plan, which is currently underway, and received direction for the City's polling consultant, FM3, to develop and execute a second round of polling. This staff report summarizes staff's progress to date of this component of the workplan.

A landing page on the City's website has been created to provide the community and stakeholders information and a variety of ways to engage in this conversation. Please visit [www.cityofpaloalto.org/fiscalsustainability](http://www.cityofpaloalto.org/fiscalsustainability) for more information.

### **ENVIRONMENTAL REVIEW**

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

#### **Attachments:**

- Attachment A: Palo Alto Ballot Measure Survey Analysis
- Attachment B: Palo Alto Ballot Measure Refinement Survey (Tracking)
- Attachment C: Summary of Online Survey Responses
- Attachment D: Public Dialogue Consortium Focus Groups Progress to Date
- Attachment E: Draft Ordinance for Measure to Affirm Gas Fund Transfer
- Attachment F: Summary of Prior Work on Potential Revenue Generating Ballot Measures



# Updating Palo Alto Voter Views of Potential Ballot Measures

*Key Findings of a Survey of Palo Alto Voters  
Conducted March 8-14, 2022*








OPINION  
RESEARCH  
& STRATEGY

220-6319



# Survey Methodology

<b>Dates</b>	March 8-14, 2022
<b>Survey Type</b>	Dual-mode Voter Survey
<b>Research Population</b>	Likely November 2022 Voters in Palo Alto
<b>Total Interviews</b>	427
<b>Margin of Sampling Error</b>	(Full Sample) ±4.9% at the 95% Confidence Level (Half Sample) ±6.9% at the 95% Confidence Level
<b>Contact Methods</b>	 Telephone Calls  Email Invitations  Text Invitations
<b>Data Collection Modes</b>	 Telephone Interviews  Online Interviews

*(Note: Not All Results Will Sum to 100% Due to Rounding)*

# Survey Goals and Approach

## *BLT and Utility Fund Measures Rotated*

**Business License Tax**

**Utility Fund Transfer Ratification**

**Vote on One, Both, Neither?**

**Utility Fund Measure Explanation**

**BLT Amounts and Exemptions**

**Uses of Funds**

## *Message Blocks Rotated*

**Pro-BLT Messages and Re-Vote  
Anti-BLT Messages and Re-Vote**

**Demographics**

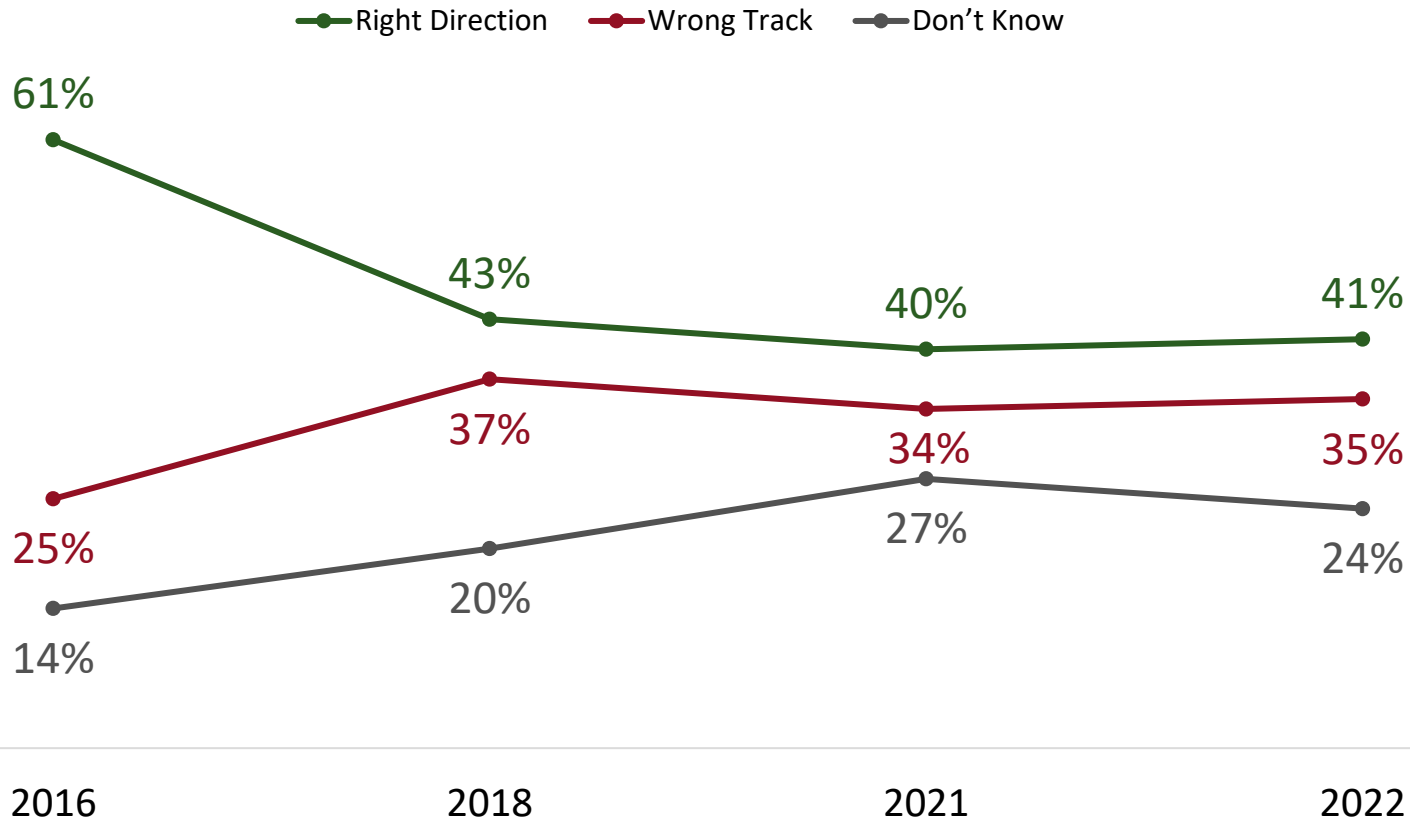
- Assess voter reactions to two potential ballot measure concepts: a business license tax and a measure to ratify utility fund transfers.
  - ✓ Voters randomly heard either the BLT or utility measure first.
- Evaluate voters' priorities for uses of funds.
- Check the impact of campaigns for and against the BLT measure specifically. These were also rotated to give us a look at the measure's "floor" and "ceiling."



# Context

# Voters continue to be pessimistic about the direction of the city.

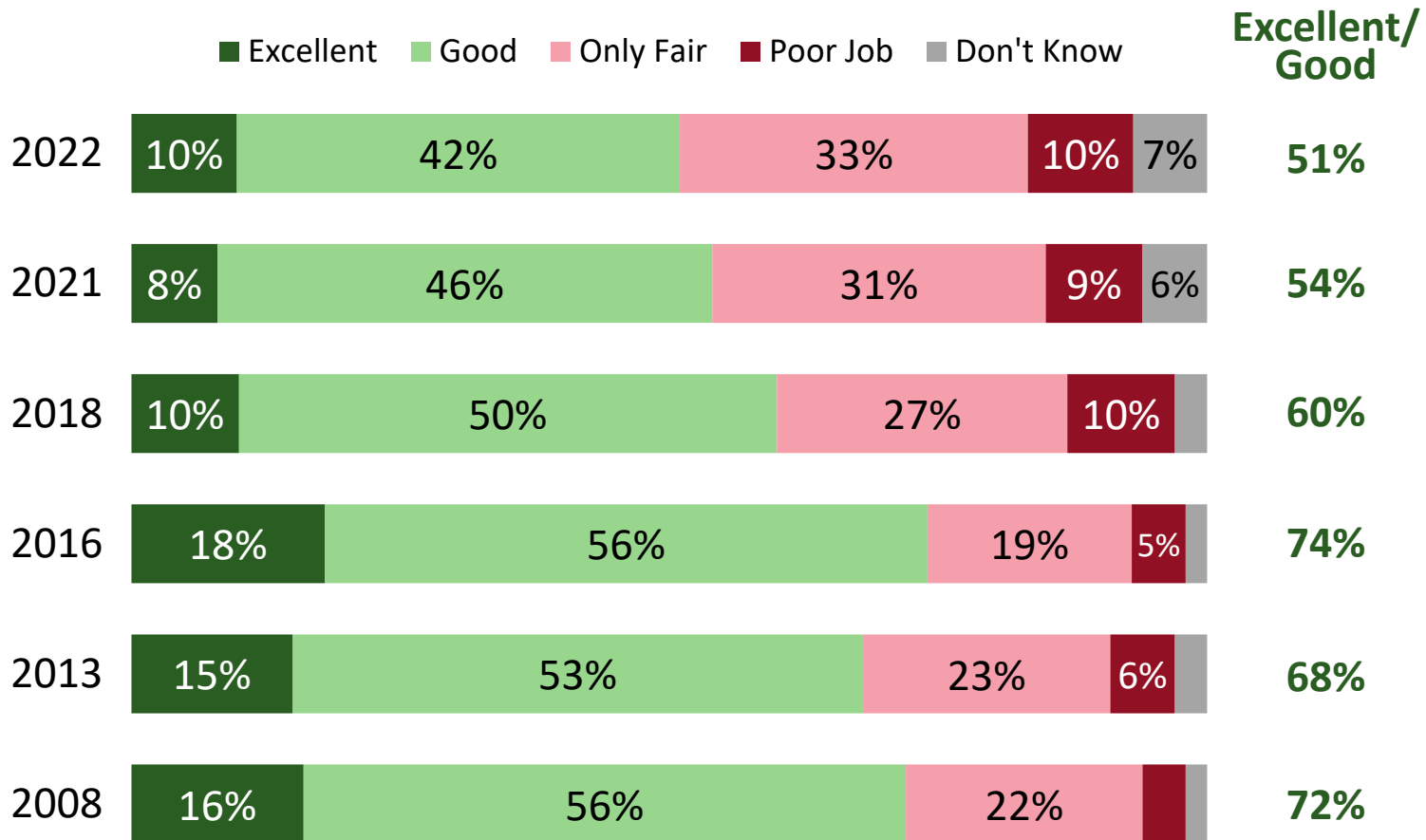
*Would you say that things in Palo Alto are generally headed in the right direction, or do you feel that things are headed in the wrong direction?*



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# A majority rates City services as “excellent” or “good” – a slight erosion compared with prior years.

*How would you rate the overall job being done by Palo Alto City government in providing services to the city’s residents? Would you say the City is doing an ...?*



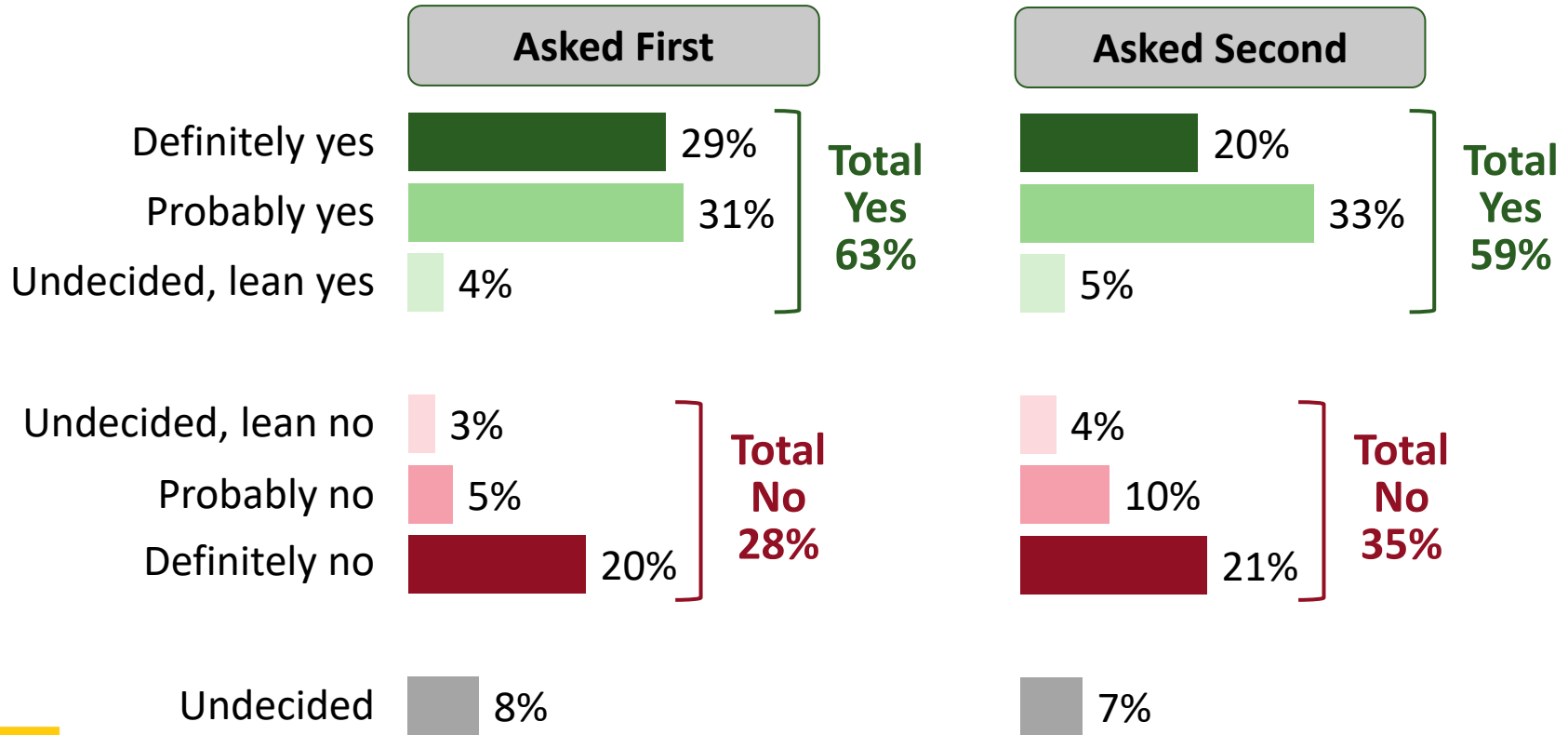


# Voter Views of Ballot Measure Concepts

Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# About three in five support a business license tax conceptually.

*The measure would deal with a business license tax. This measure would create a business license tax on commercial property in the city of \$50 per year for the first 5,000 square feet occupied, plus 12 cents per square foot per month for space occupied over 5,000 square feet, adjusted annually for inflation. The funds would pay for City services such as police, fire and emergency medical services, affordable housing and support for the unhoused, parks and recreation, transportation, the City’s climate action plan, and other public services.*



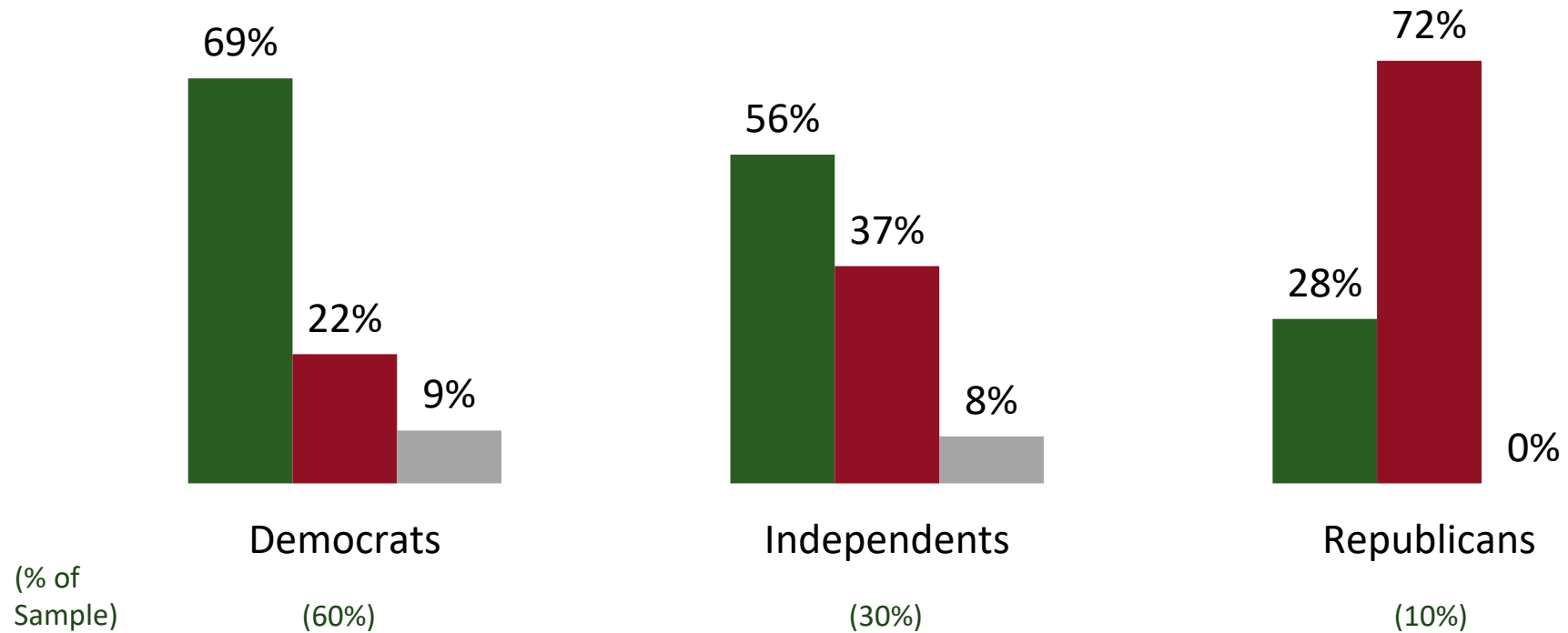
Q3a & b. Do you think you would vote yes or no on such a measure?

Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# Nearly seven in ten Democrats support this measure, as does a majority of independents.

Initial Business License Tax Vote by Party

■ Total Yes ■ Total No ■ Undecided



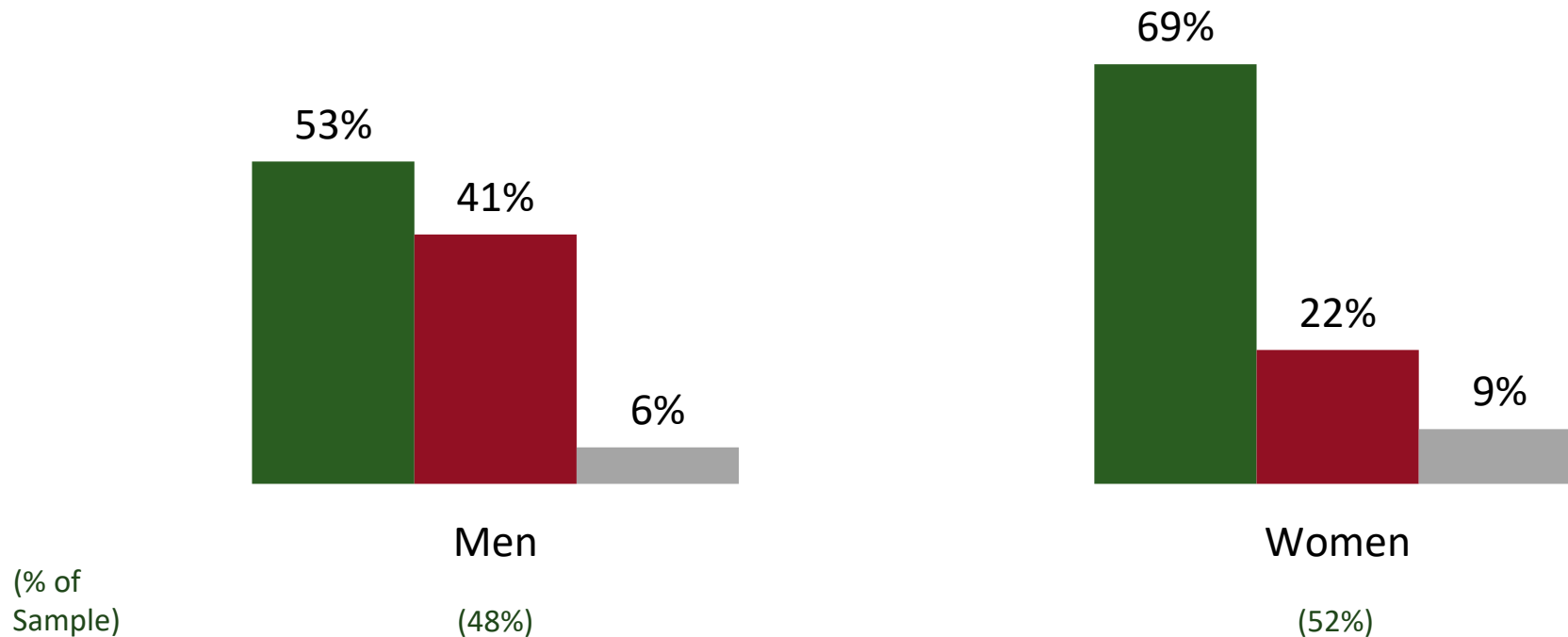
Q3. (Total) Do you think you would vote yes or no on such a measure?



# Women are stronger supporters than men, though the measure has majorities across gender lines.

*Initial Business License Tax Vote by Gender*

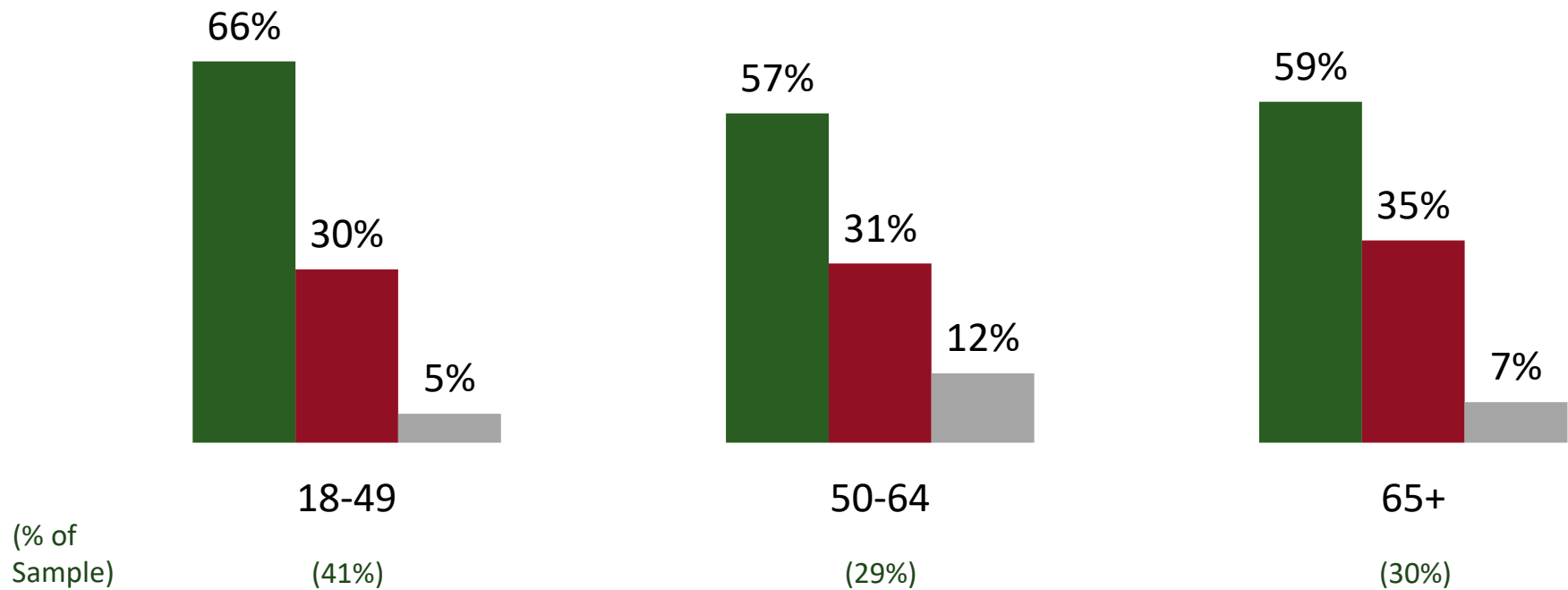
■ Total Yes ■ Total No ■ Undecided



# Two-thirds of voters under 50 back the measure, as do nearly three in five over 50.

*Initial Business License Tax Vote by Age*

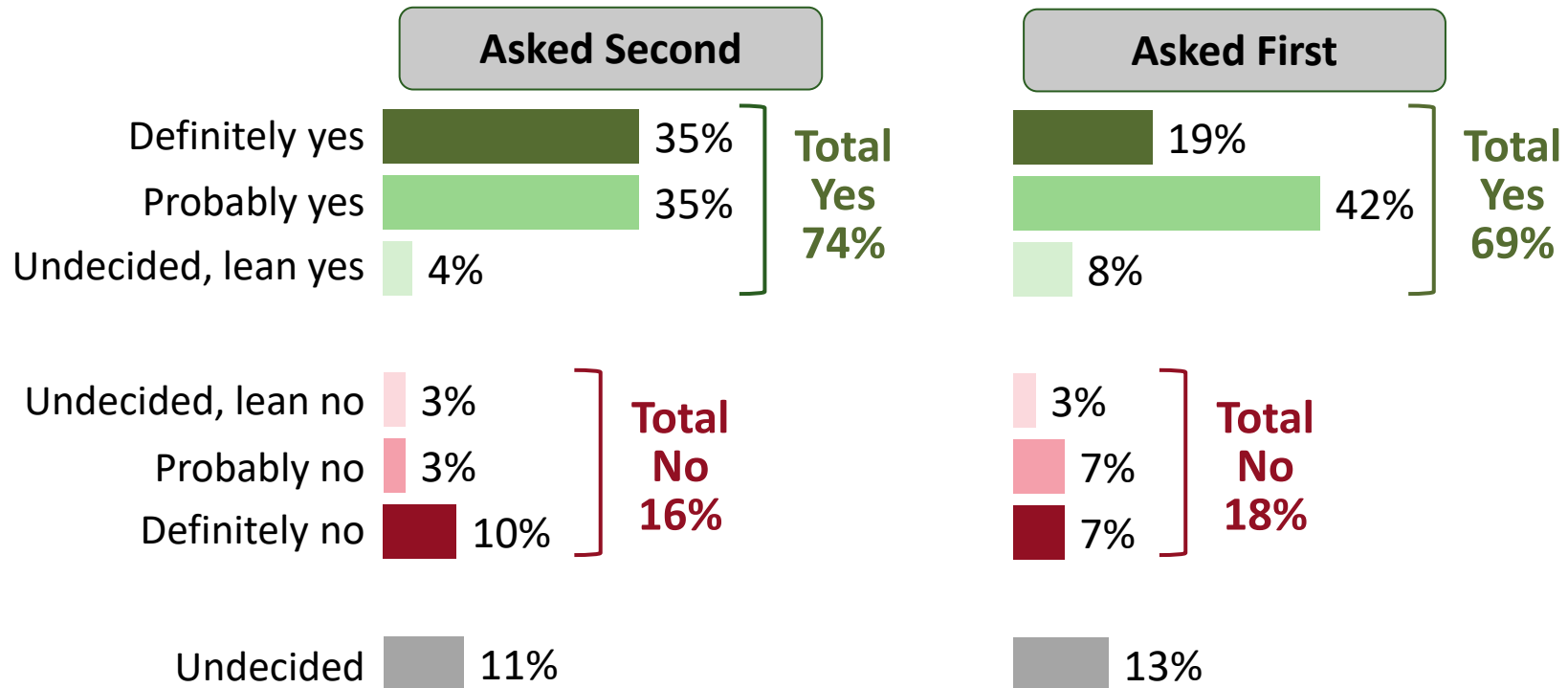
■ Total Yes ■ Total No ■ Undecided



Q3. (Total) Do you think you would vote yes or no on such a measure?

# The utility fund measure has support from at least seven in ten voters.

The **FIRST/SECOND** measure would deal with utilities. As you may know, the City of Palo Alto provides natural gas service to residents and businesses. As part of its routine budget practices, the city annually transfers some money from the utility fund to the general City budget which maintains core services. This measure would confirm the existing practice of transferring not more than 18% of City of Palo Alto Utilities' gross annual sales of gas, providing over \$7 million annually to needed investments like police, fire and emergency medical services; affordable housing and support for the unhoused; parks and recreation; transportation; the City's climate action plan; and other public services. This measure would not increase utility rates.



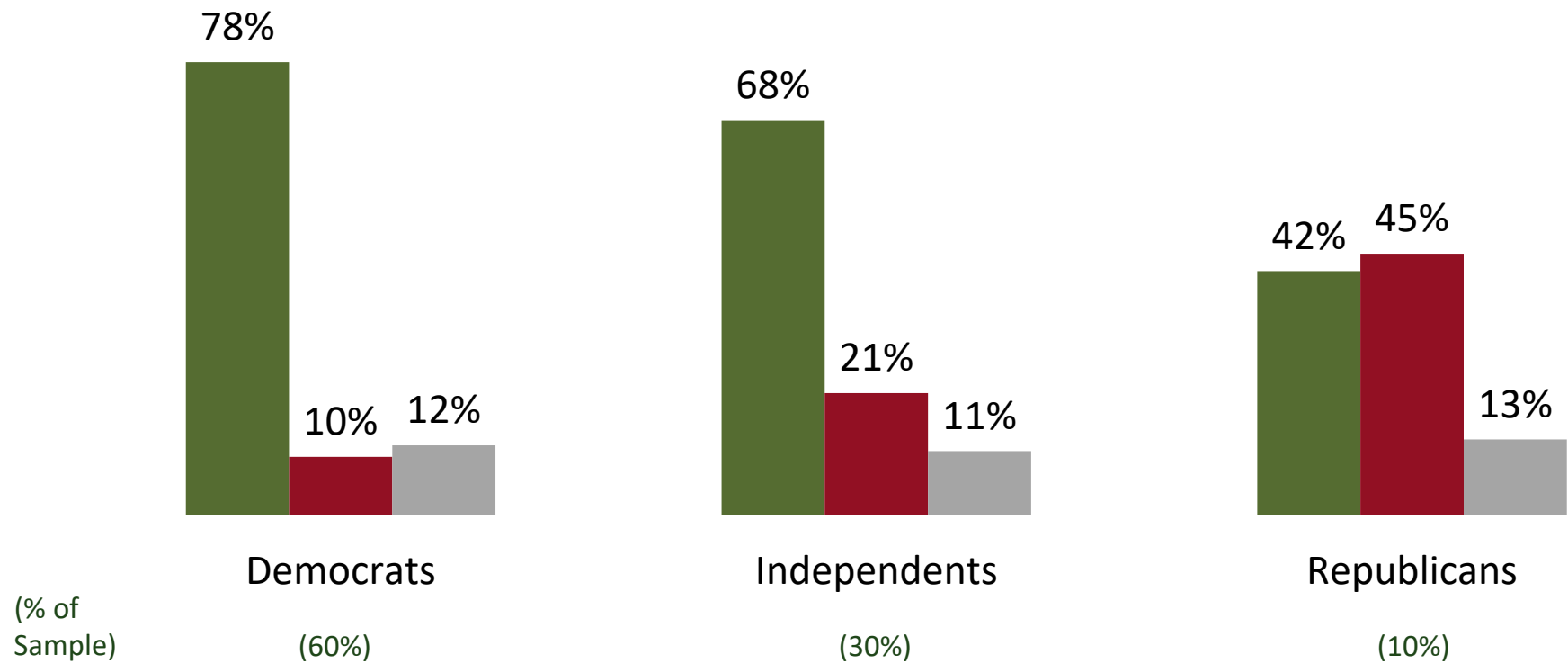
Q4a & b. Do you think you would vote yes or no on such a measure?

Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# Nearly four in five Democrats and more than two-thirds of independents support it.

Initial Utility Measure Vote by Party

■ Total Yes ■ Total No ■ Undecided

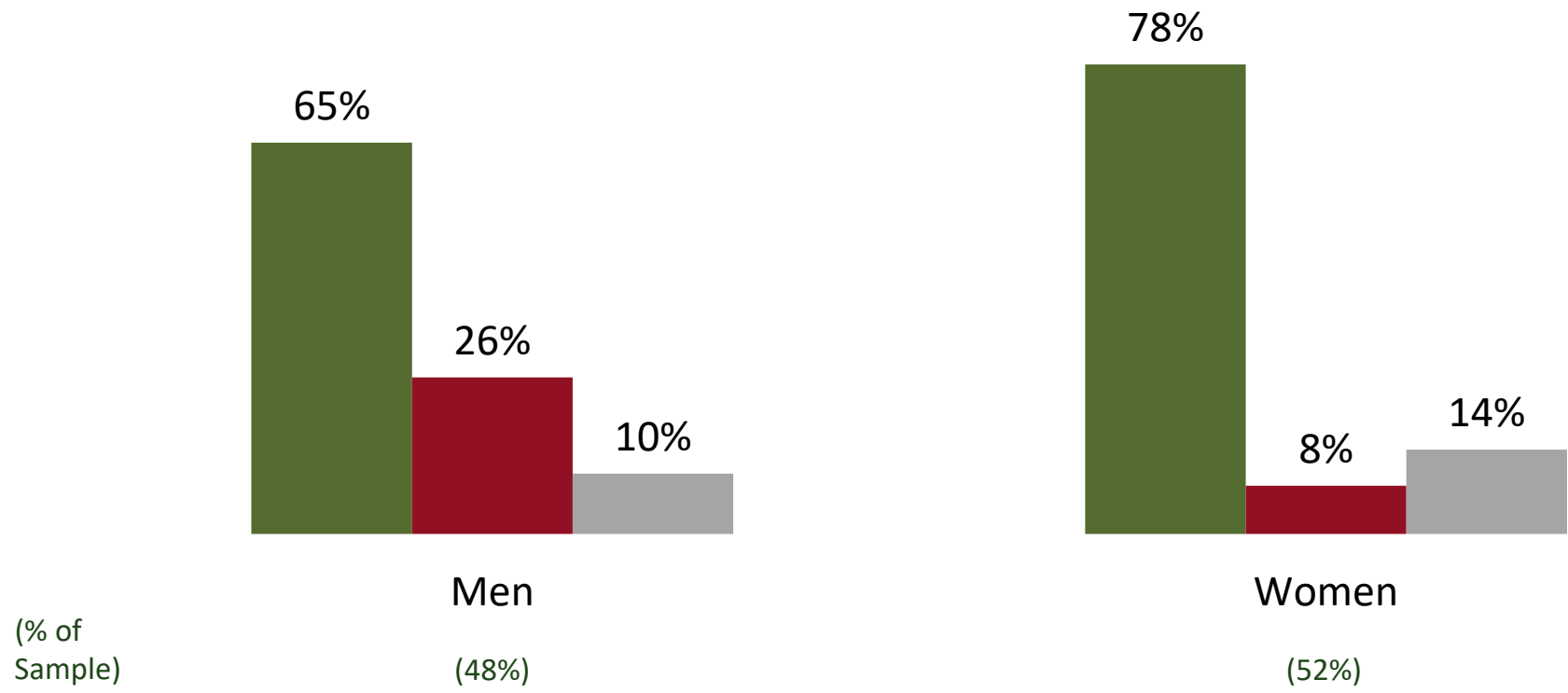


Q4. (Total) Do you think you would vote yes or no on such a measure?

# Women support the measure by a 70-point margin.

Initial Utility Measure Vote by Gender

■ Total Yes ■ Total No ■ Undecided

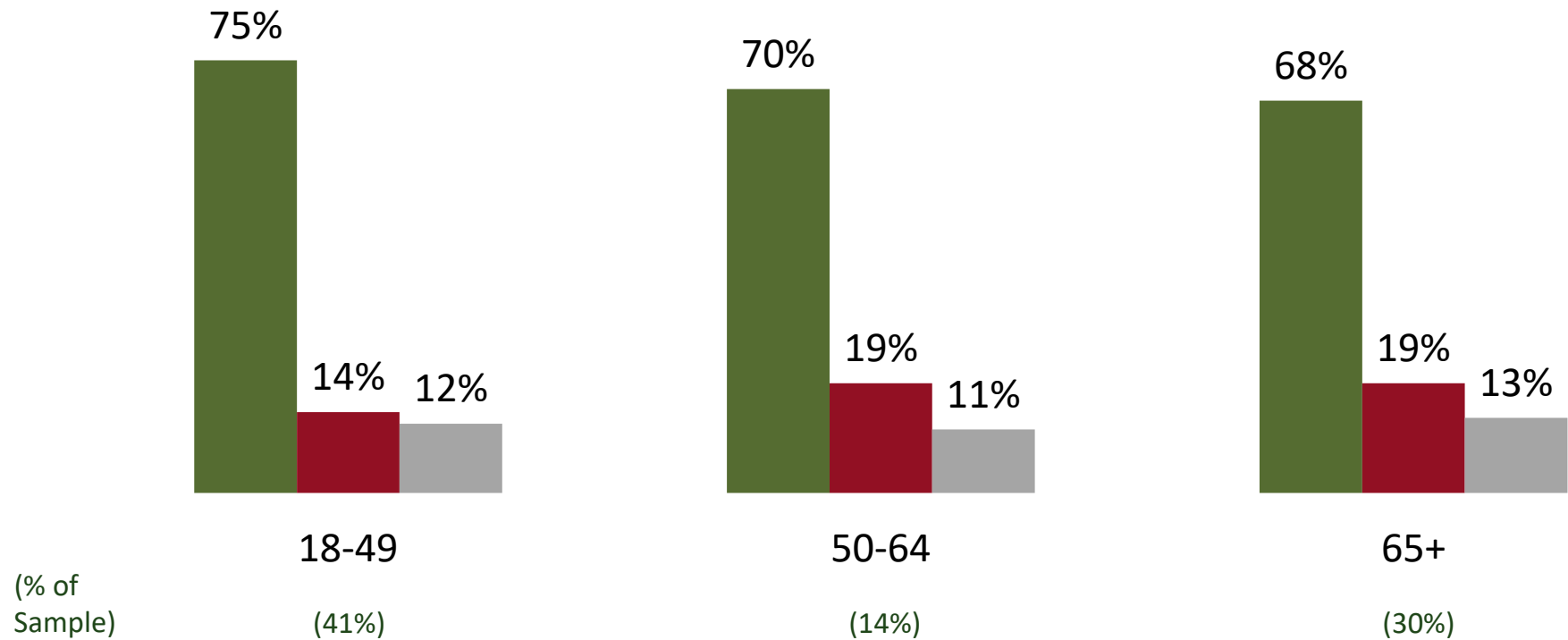


Q4. (Total) Do you think you would vote yes or no on such a measure?

# Support is very broad across age categories.

Initial Utility Measure Vote by Age

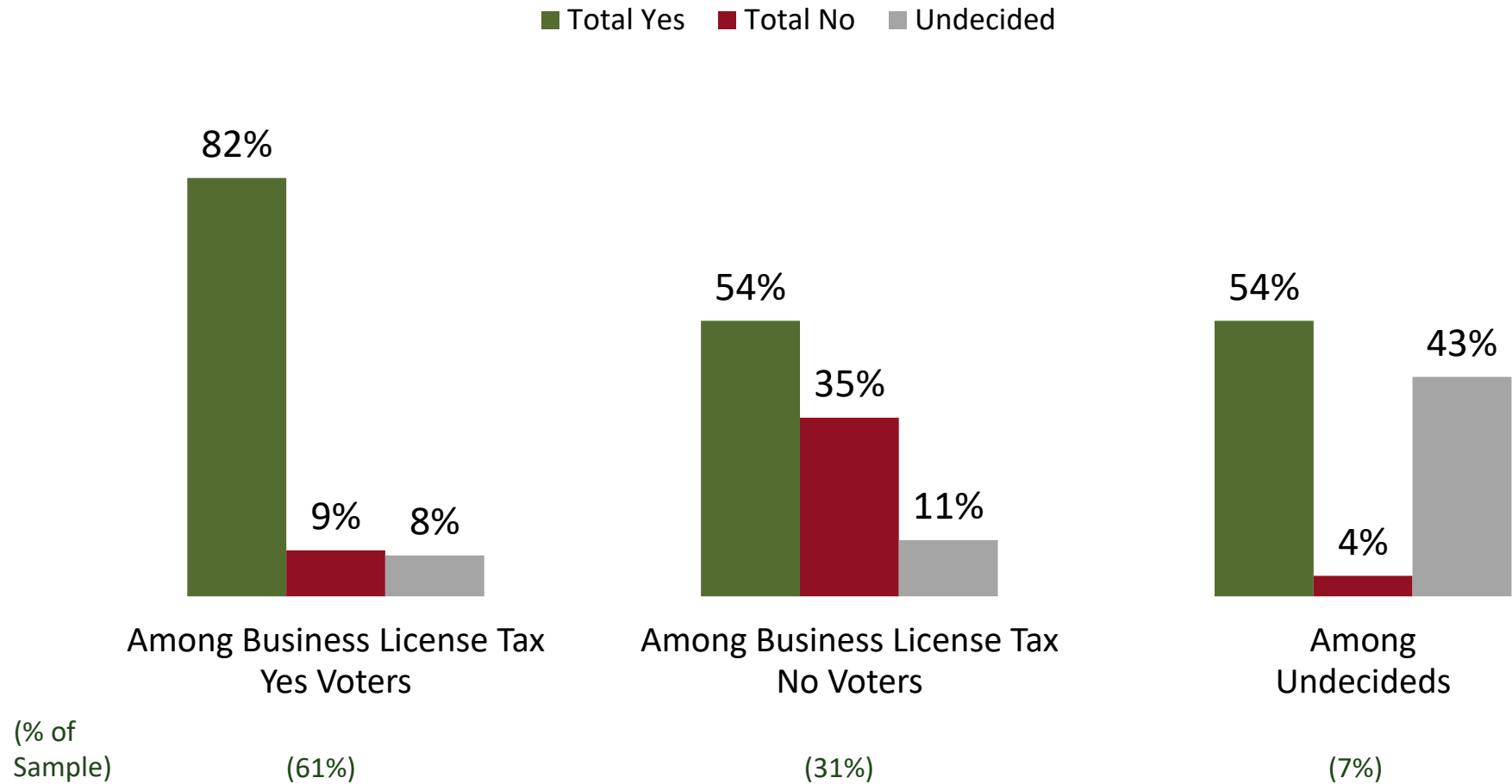
■ Total Yes ■ Total No ■ Undecided



Q4. (Total) Do you think you would vote yes or no on such a measure?

# A majority of those voting “no” on the business license tax support the utility measure.

*Initial Utility Measure Vote by Initial Business License Tax Vote*



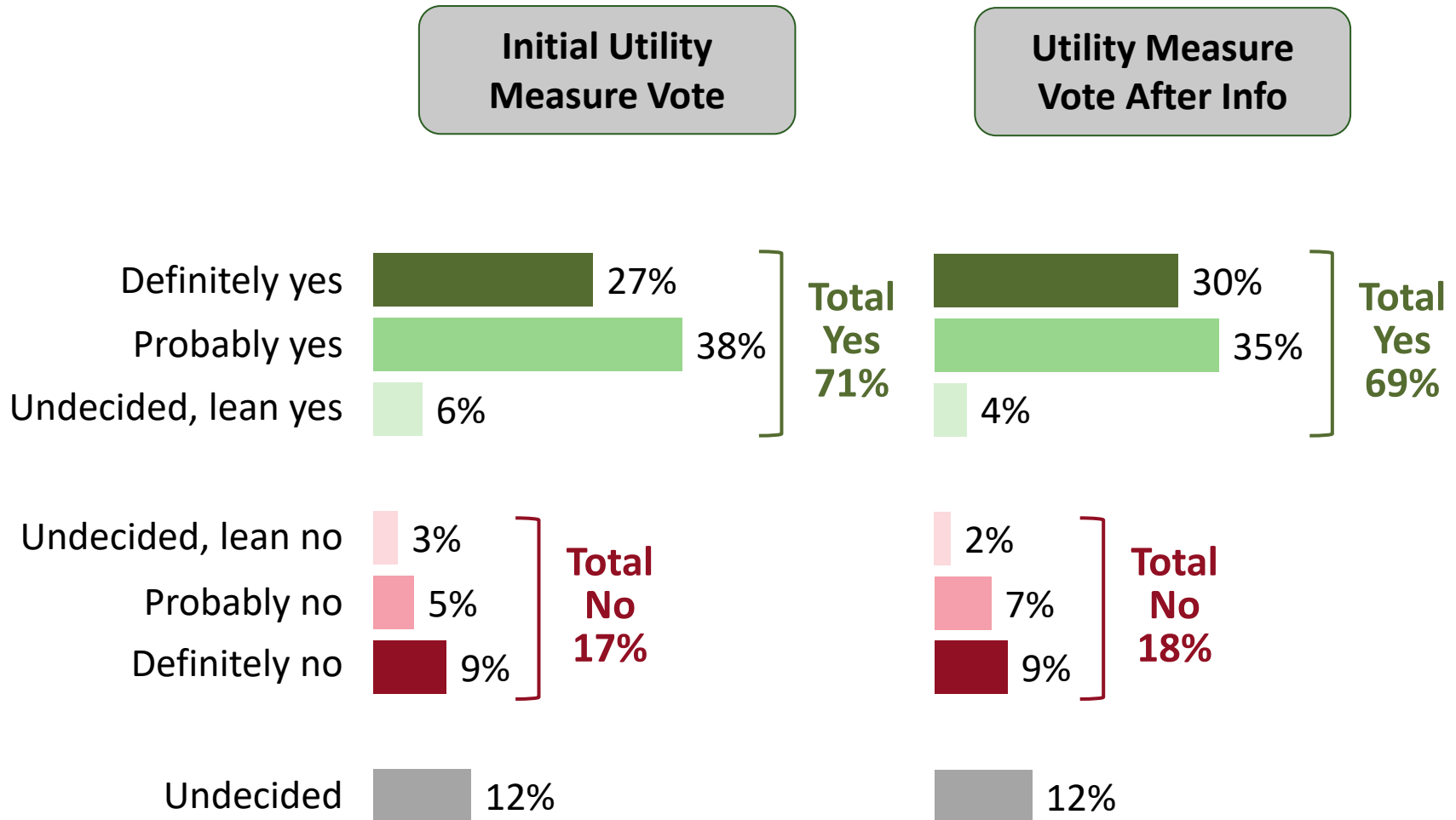
Q4. (Total) Do you think you would vote yes or no on such a measure?

## Next, voters were provided more context on the utility fund measure.

Investor-owned utilities like PG&E that provide natural gas service transfer some funds from their utility to shareholders. Cities like Palo Alto that own their own utilities do not have shareholders, so many cities instead transfer some funds from the utility to pay for City services like police, fire, transportation, parks and other public services. Palo Alto received voter approval for these kinds of transfers in its municipal Charter in 1950; however, this practice has been challenged legally, and voter approval may be required for it to continue. As a result, the City may place this measure to reconfirm this practice on the November ballot.



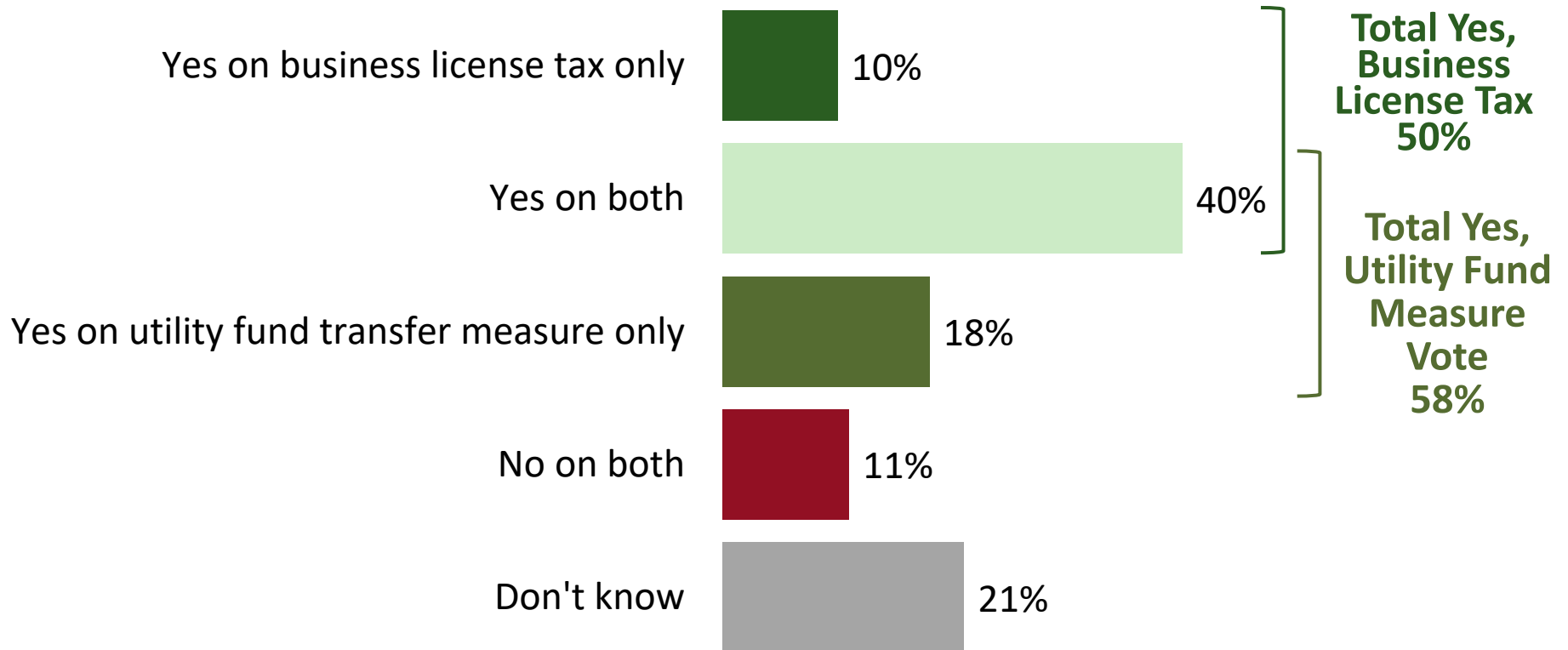
# This did not shift patterns of support.



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# In a head-to-head test, two in five said they would vote "yes" on both measures.

*If both of these measures were on the same ballot, would you vote "yes" on both, for just one, or for neither?*



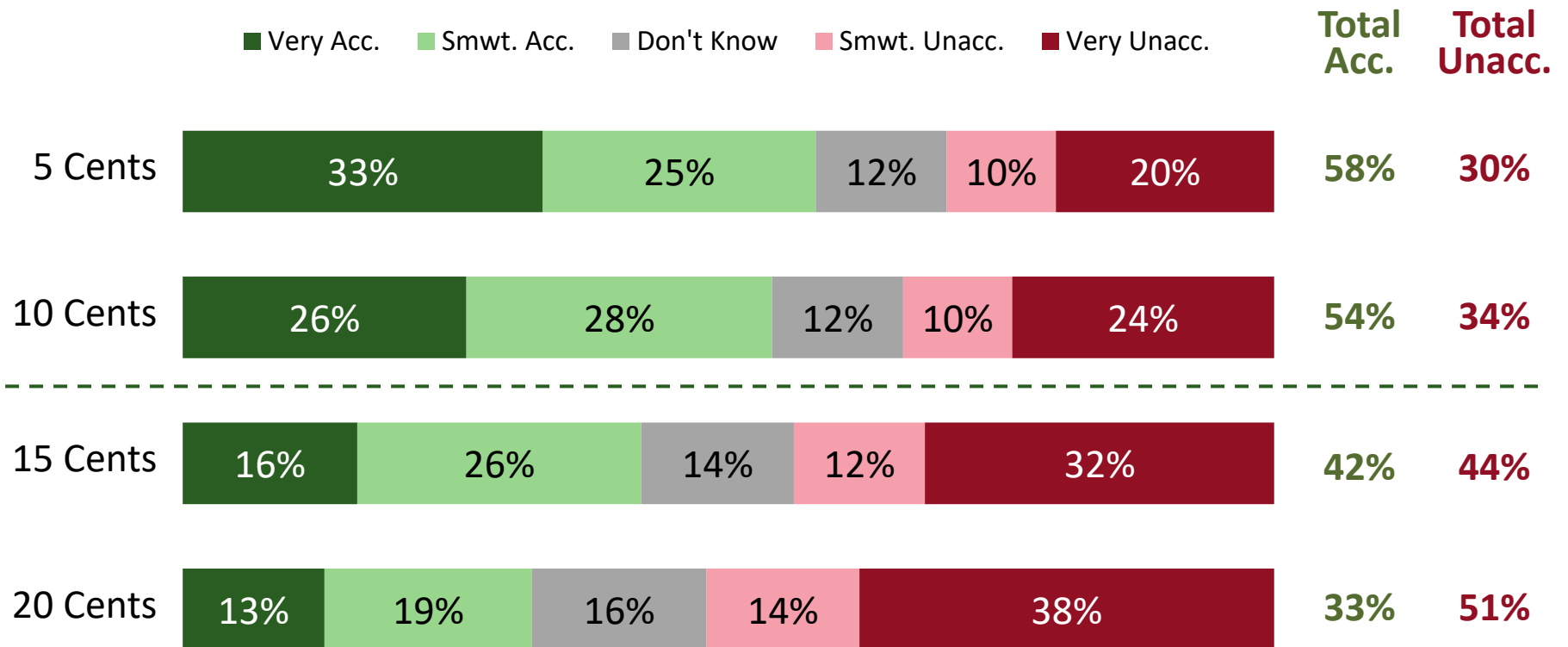


# Structuring a Business License Tax

Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

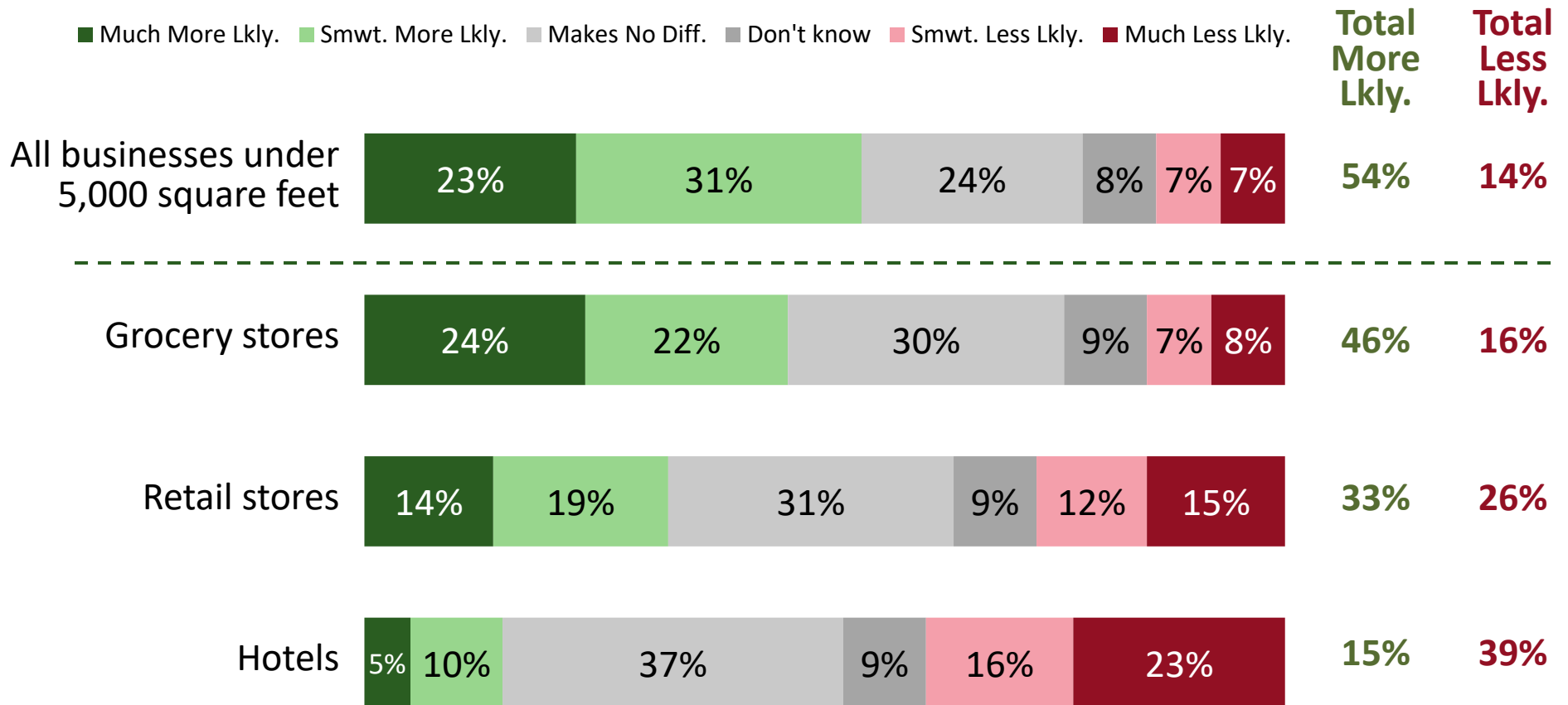
# Majorities are comfortable with a rate that would increase rent by 10 cents per square foot.

*The structure of this measure has not been finalized. Currently, average monthly rents for businesses range from \$4.10 to \$6.40 per square foot per month for retail and industrial space and \$7.10 to \$8.50 per square foot per month for office space. Would a measure that increased monthly business rent by roughly \_\_\_ per square foot be an acceptable or unacceptable amount?*



# Exemptions for small-square-footage businesses are a plus; an exemption for hotels is more of a minus.

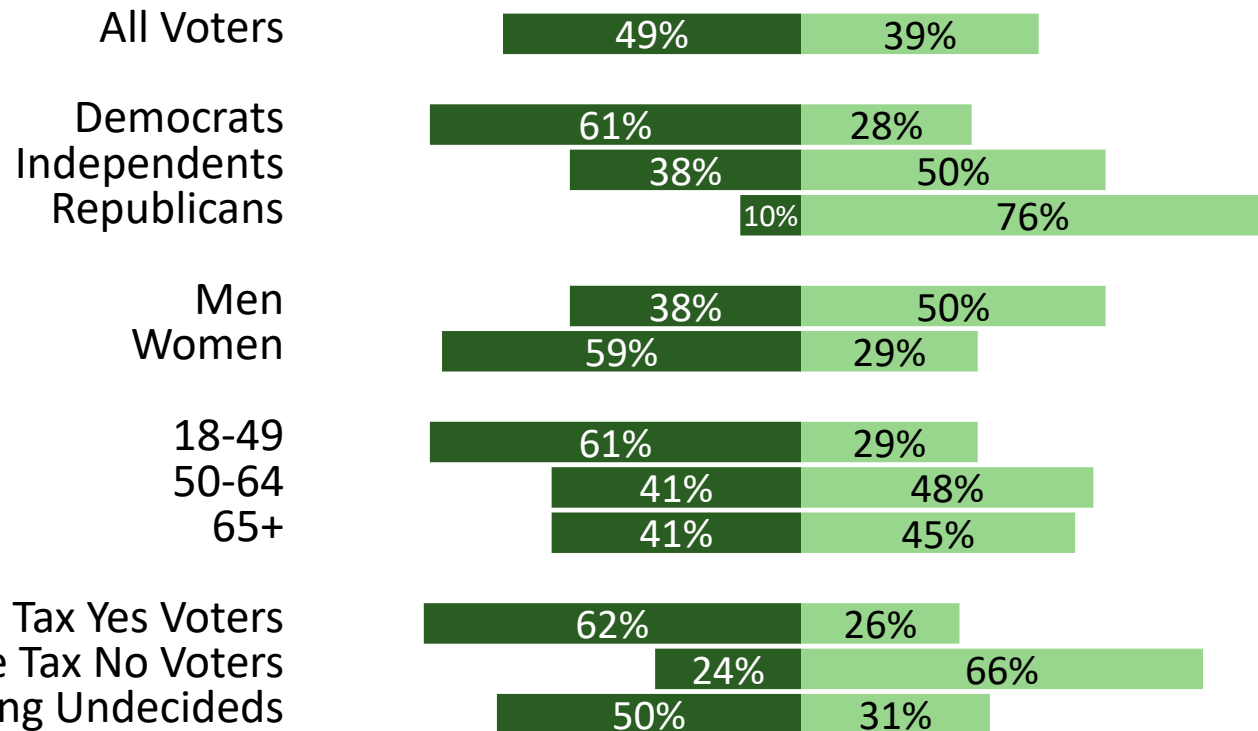
*If it were written to exempt \_\_\_\_\_ from the tax, would you be more likely to support it or less likely to support it? If it makes no difference, you can tell me that instead.*



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# Voters are split on their desired focus for new revenue, with a strong preference for major new investments among Democrats.

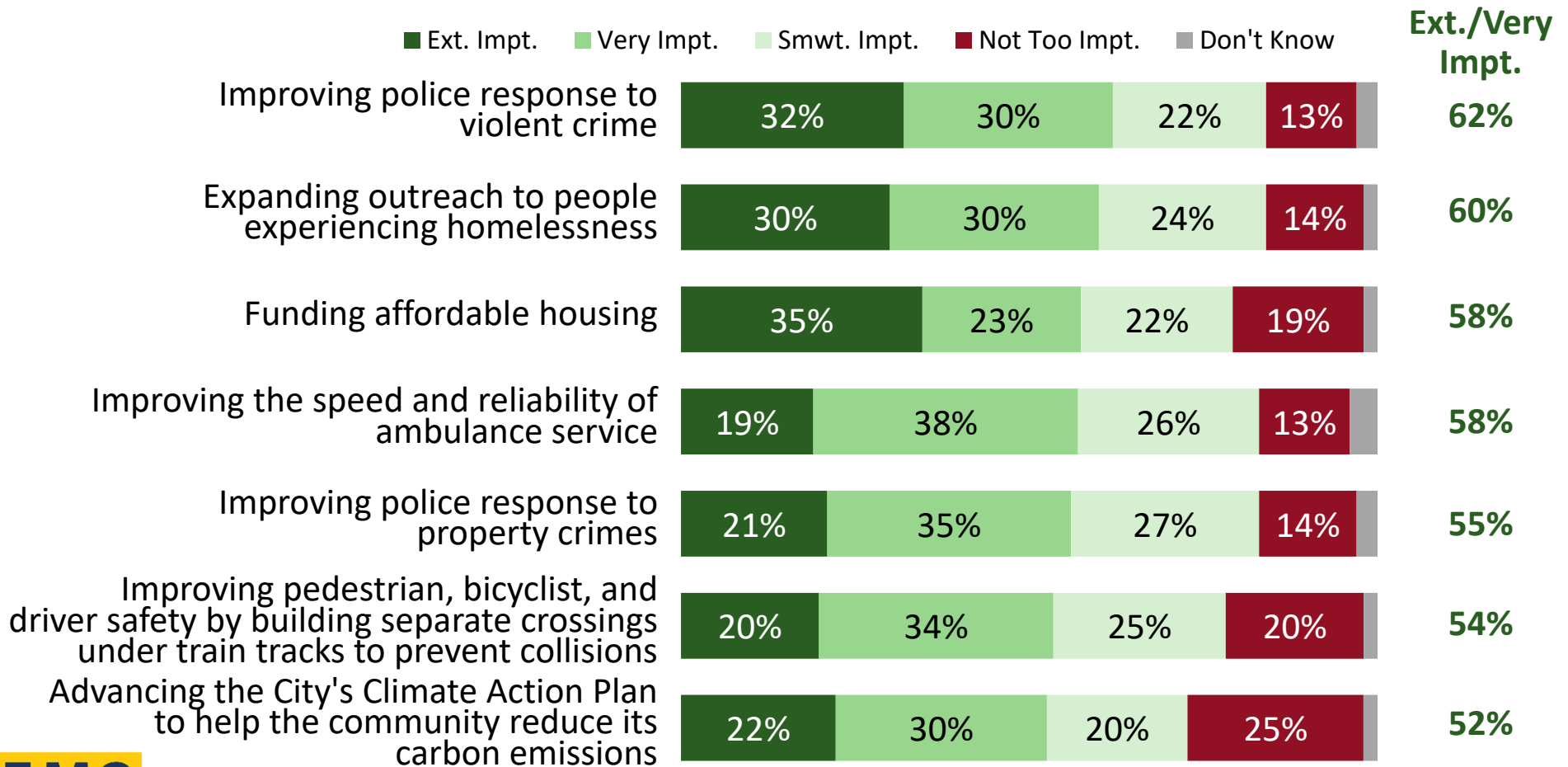
Offering major new City services, such as affordable housing, climate change reduction efforts, improving the safety of rail crossings, transportation services such as shuttles, or support for the unhoused	<b>OR</b>	Improving the quality and reliability of core City services such as fire and emergency services, and parks and recreation
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	---------------------------------------------------------------------------------------------------------------------------



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981) : Ballot Measure

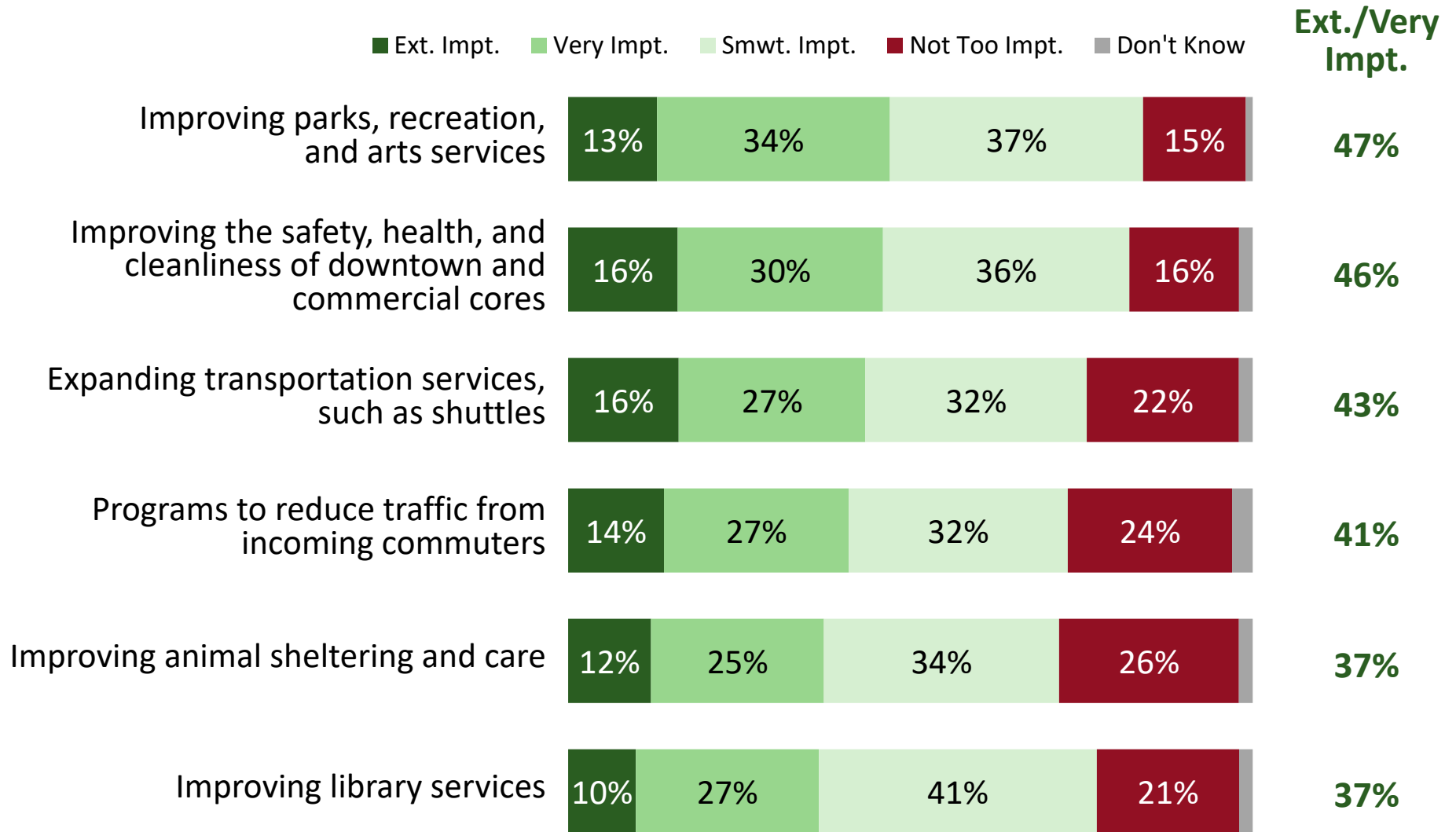
# Improvements to public safety, homelessness and housing services are seen as most important.

*I am going to read you a list of more-specific ways in which funds generated by a tax could be spent. Please tell me how important each item is to you personally: extremely important, very important, somewhat important, or not too important.*



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# Voters value library services, animal sheltering, and transportation with less intensity.



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure



Q9. I am going to read you a list of more-specific ways in which funds generated by a tax could be spent. Please tell me how important each item is to you personally: extremely important, very important, somewhat important, or not too important.





# Messaging and Movement

Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# Support Messages Tested

*(Ranked in Order of Effectiveness)*

<b>46%</b>	<p><b>(FAIR SHARE)</b> Palo Alto currently registers businesses of all sizes for \$50. That means a mom-and-pop coffee shop pays the same as a tech company with thousands of employees. This measure is a sensible way to ensure large businesses pay their fair share for the services the City provides and that their employees enjoy, like road repairs and police and fire protection.</p>
<b>31%</b>	<p><b>(COMPARISON)</b> Palo Alto does not have a business license tax, unlike most communities in California. Several nearby communities have significant taxes on business, such as East Palo Alto's tax of \$2.50 per square foot annually on commercial office space over 25,000 square feet and San Francisco's business tax of \$2.85 to \$5.60 per \$1,000 of gross receipts annually. This tax would align Palo Alto's tax system with those of other cities in the area.</p>
<b>30%</b>	<p><b>(TAX BASE)</b> This measure is not a tax on homeowners or shoppers, but on the city's largest businesses. Sales taxes continue to decline in Palo Alto, and by diversifying the City's tax base with a thoughtfully designed business license tax, we will be better able to weather future financial crises without having to raise taxes on everyday residents.</p>
<b>27%</b>	<p><b>(ACCOUNTABILITY)</b> This measure will be subject to strict accountability provisions like annual financial audits; full public disclosure of all spending; and a requirement that all funds be spent locally in Palo Alto. This will ensure funds are used efficiently, effectively, and as promised.</p>
<b>23%</b>	<p><b>(SAFETY)</b> The recent economic downturn had significant impacts to funding for police and emergency services. Recently the community has seen increases in property crimes impacts to fire and emergency medical services. This measure would provide funding for police and emergency services to address these issues.</p>

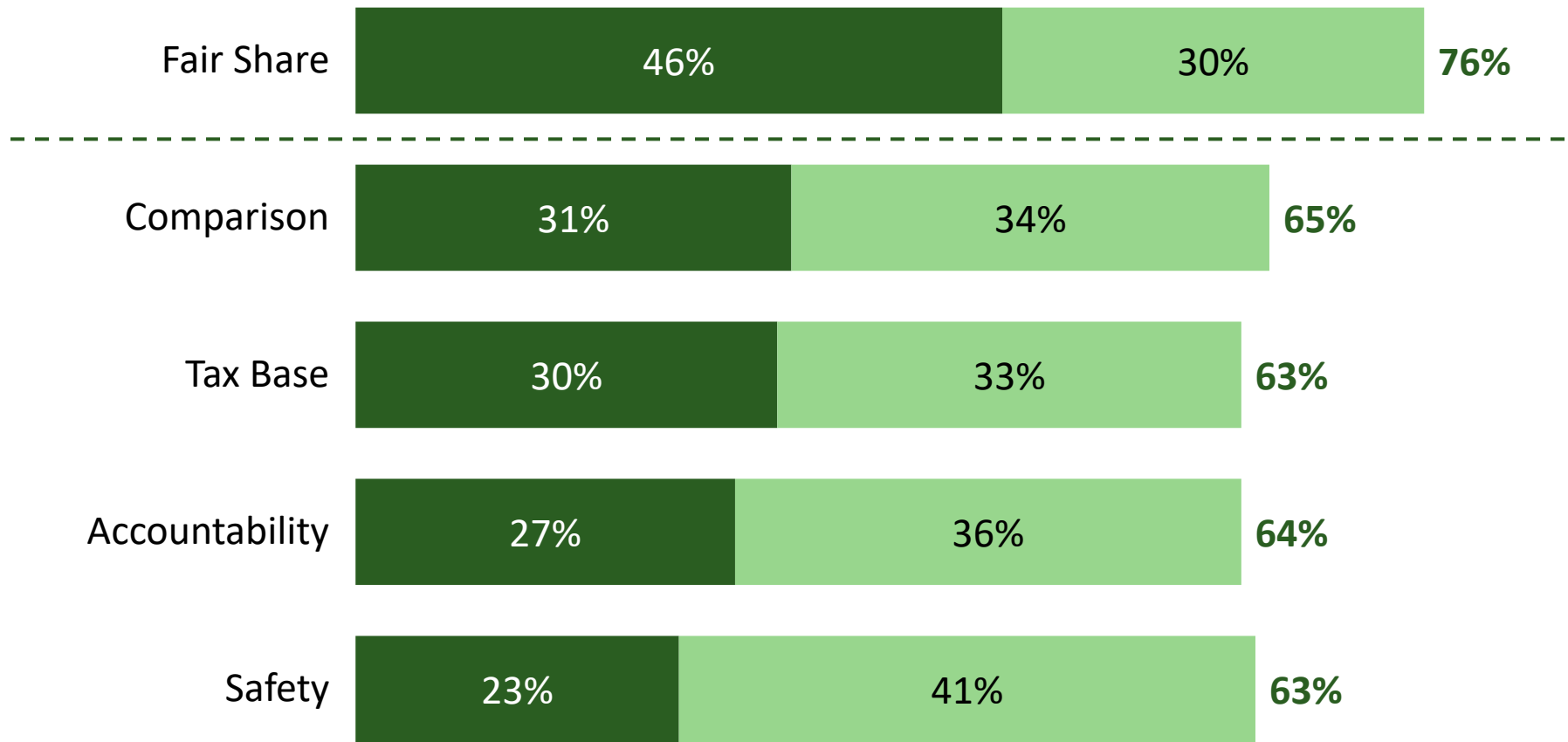
Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure



Q11. I am going to read you some statements from people who support the measure. Please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to support the measure.

# The most compelling message in favor of the measure explains how this would be fairer to small businesses than the status quo.

Very Convincing    Somewhat Convincing



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure



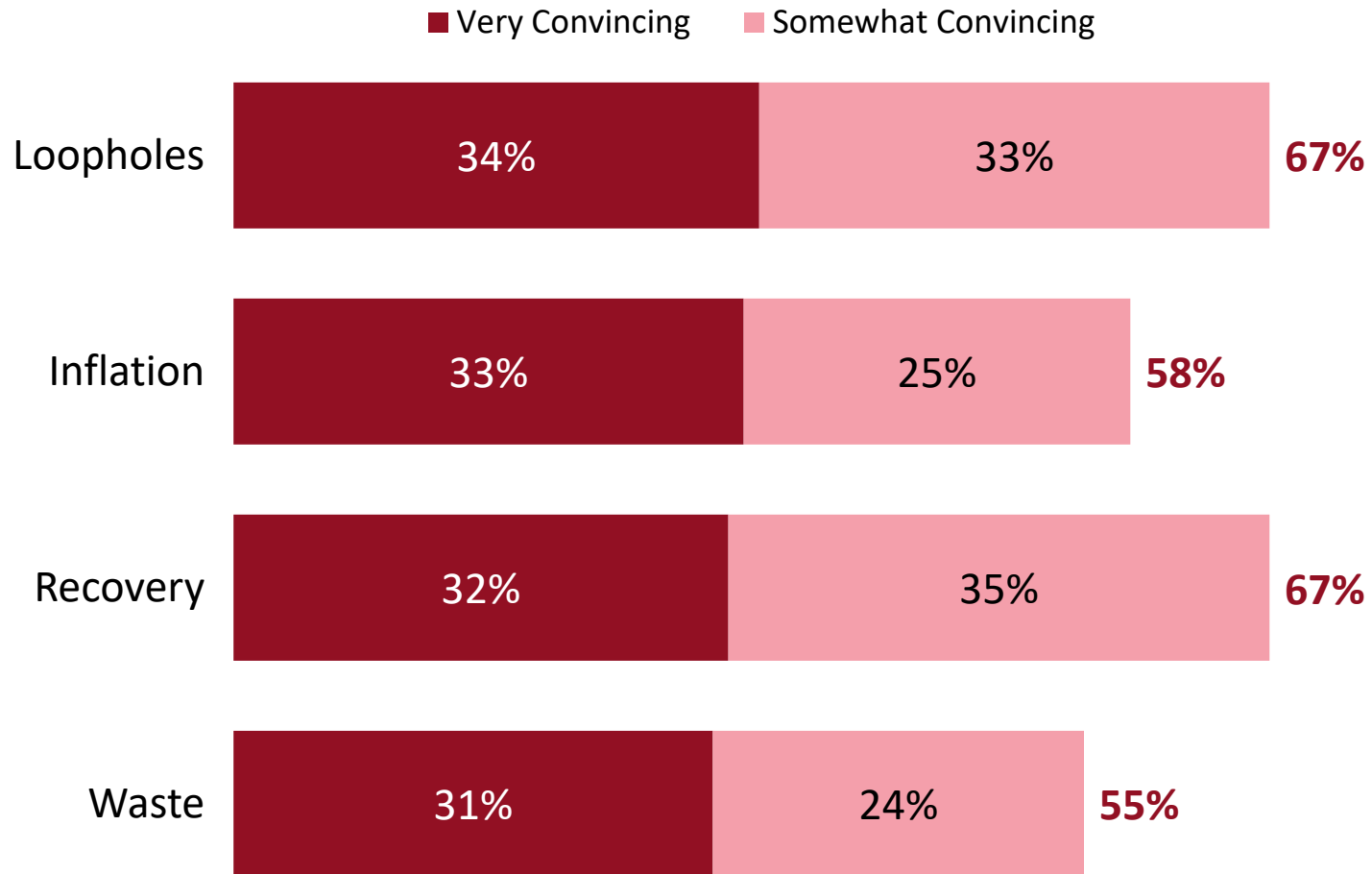
Q11. I am going to read you some statements from people who support the measure. Please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to support the measure.

# Opposition Messages Tested

(Ranked in Order of Effectiveness)

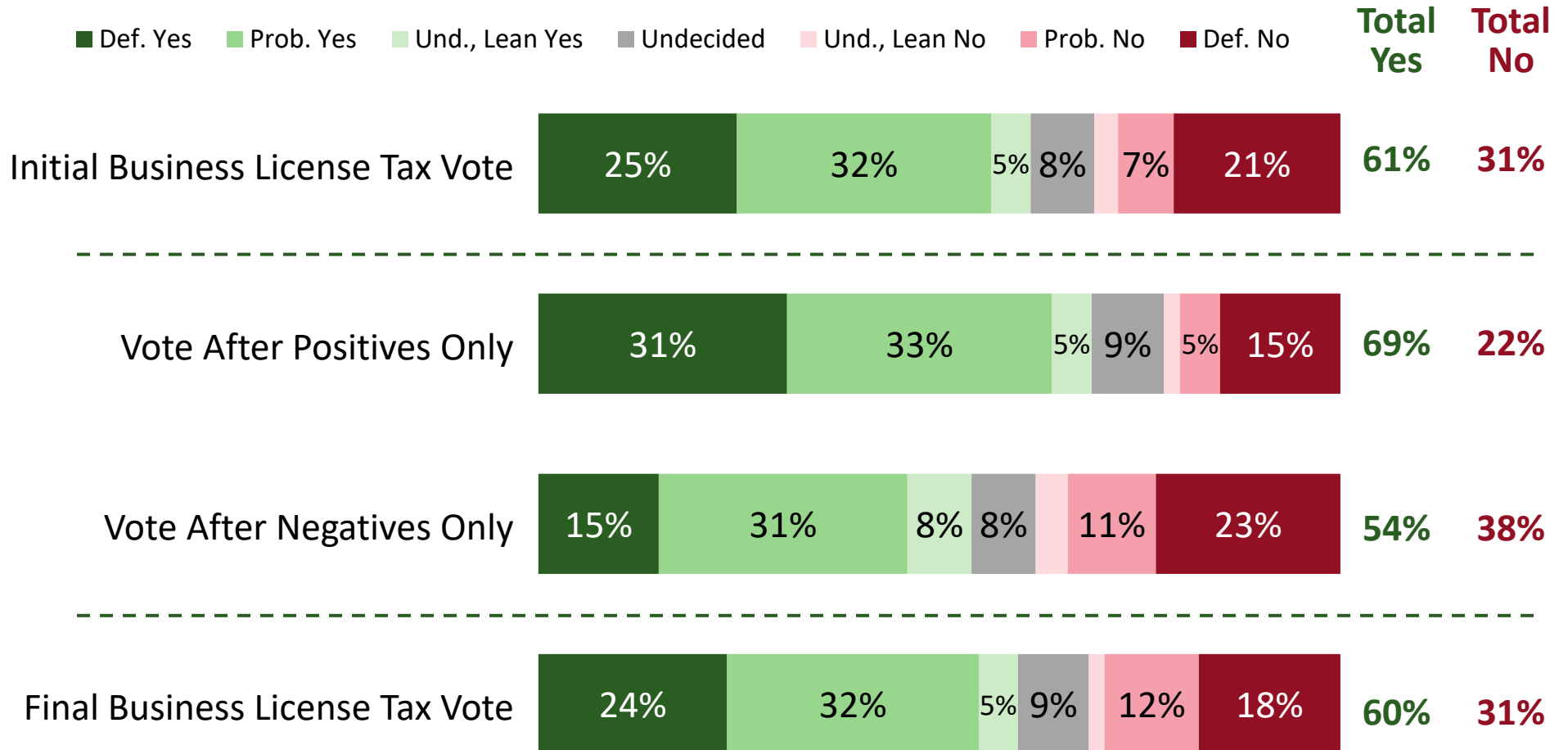
34%	<b>(LOOPHOLES)</b> Just like any tax, this will fall hardest on small and medium businesses already struggling with labor shortages, inflation, and high commercial rent. Meanwhile, the largest companies will find creative loopholes to get out of paying their fair share.
33%	<b>(INFLATION)</b> The cost of living is out of control and inflation is on the rise. With the price of groceries and gasoline increasing and an interest-rate hike on the way, now is simply not the time to be raising taxes.
32%	<b>(RECOVERY)</b> COVID-19 restrictions have already pushed many local businesses to slash hours or even close. The last thing we need to do is drive up prices with a tax that hurts local businesses just as we start to recover.
31%	<b>(WASTE)</b> Given the amount of money we already pay in city, county, and state taxes, and the amount we pay for expensive employee pensions, salaries, and healthcare benefits, City government simply needs to tighten its belt, work together, and do a better job with the dollars they already have.

# A variety of negative messages resonate broadly.



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure

# A majority supports the measure throughout exposure to pro and con messages.



Attachment: Attachment A: Palo Alto Ballot Measure Survey Analysis (13981 : Ballot Measure



# Conclusions



# Conclusions

- The mood of the city continues to be mixed, as it is in many cities around region. A slim majority rates City government’s performance as “excellent” or “good” (51%).
- Three in five back the business license tax concept we tested, which – pending a more detailed exploration of a more specific concept and associated ballot language – has consistent majority support.
- Voters are comfortable with a measure that would increase average monthly rent for businesses by up to 10 cents per square foot. They are more likely to support a measure that exempts small-square footage businesses, and are less likely to support one that exempts hotels.
- A measure ratifying utility fund transfers polls at 71%; support remains high when voters hear a more detailed explanation.
- Voters are divided on whether they would prefer new revenue be dedicated to major new investments or to improving existing services – however, those who support the BLT are more likely to favor new investments.
- Voters are most enthusiastic about allocating funding toward public safety, affordable housing, and outreach to the unhoused.



# For more information, contact:



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**Miranda Everitt**

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MARCH 8-14, 2022



**CITY OF PALO ALTO BALLOT MEASURE SURVEY**  
**220-6319 WT**  
**N=427**  
**MARGIN OF SAMPLING ERROR ±4.9% (95% CONFIDENCE LEVEL)**  
**A/B & C/D SPLITS**

Hello, I'm \_\_\_\_\_ from \_\_\_\_\_, a public opinion research company. I am definitely not trying to sell you anything. We are conducting an opinion survey about issues that interest people living in the City of Palo Alto and we are only interested in your opinions. May I speak to \_\_\_\_\_? **(YOU MUST SPEAK TO THE VOTER LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED, OTHERWISE TERMINATE).**

A. Before we begin, I need to know if I have reached you on a cell phone, and if so, are you in a place where you can talk safely without endangering yourself or others? **(IF NOT ON A CELL PHONE, ASK: Do you own a cell phone?)**

Yes, cell and can talk safely ----- 90%  
 Yes, cell but cannot talk safely ----- **TERMINATE**  
 No, not on cell ----- 10%  
**(DON'T READ) DK/NA/REFUSED----- TERMINATE**

1. **(T\*)** First, would you say that things in Palo Alto are generally headed in the right direction, or do you feel that things are headed in the wrong direction?

	<u>2016</u>	<u>2018</u>	<u>2021</u>	<u>2022</u>
Right direction-----	61%	43%	40%	41%
Wrong track-----	25%	37%	34%	35%
<b>(DON'T READ) DK/NA -----</b>	<b>14%</b>	<b>20%</b>	<b>27%</b>	<b>24%</b>

2. **(T)** And how would you rate the overall job being done by Palo Alto City government in providing services to the city's residents? Would you say the City is doing an ...? **(READ RESPONSES AND RECORD)**

	<u>2016</u>	<u>2018</u>	<u>2021</u>	<u>2022</u>
<b>EXCELLENT/GOOD -----</b>	<b>74%</b>	<b>60%</b>	<b>54%</b>	<b>51%</b>
Excellent-----	18%	10%	8%	10%
Good -----	56%	50%	46%	42%
<b>FAIR/POOR -----</b>	<b>24%</b>	<b>37%</b>	<b>40%</b>	<b>42%</b>
Only fair-----	19%	27%	31%	33%
Poor job-----	5%	10%	9%	10%
<b>(DON'T READ) Don't know ----</b>	<b>2%</b>	<b>3%</b>	<b>6%</b>	<b>7%</b>

Attachment: Attachment B: Palo Alto Ballot Measure Refinement Survey (Tracking) (13981 : Ballot Measure Engagement, Draft Measure

**NOW I WOULD LIKE TO ASK YOU A FEW QUESTIONS ABOUT TWO MEASURES THAT MAY APPEAR ON THE PALO ALTO BALLOT IN THE NOVEMBER ELECTION.**

**(SPLIT SAMPLE A ONLY: Q3 THEN Q4)**

**(SPLIT SAMPLE B ONLY: Q4 THEN Q3)**

3. The **FIRST/SECOND** measure would deal with a business license tax. This measure would create a business license tax on commercial property in the city of 50 dollars per year for the first 5,000 square feet occupied, plus 12 cents per square foot per month for space occupied over 5,000 square feet, adjusted annually for inflation. The funds would pay for City services such as police, fire and emergency medical services, affordable housing and support for the unhoused, parks and recreation, transportation, the City’s climate action plan, and other public services.

Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: “Is that definitely or just probably?”)** **(IF UNDECIDED, ASK: Do you lean toward voting yes or no?)**

	<b>SPLIT A</b>	<b>SPLIT B</b>	
	<b>Q3</b>	<b>Q3</b>	
	<b><u>FIRST</u></b>	<b><u>LAST</u></b>	<b><u>TOTAL</u></b>
<b>TOTAL YES</b> -----	<b>63%</b> -----	<b>59%</b> -----	<b>61%</b>
Definitely yes-----	29%-----	20%-----	25%
Probably yes-----	31%-----	33%-----	32%
Undecided, lean yes-----	4%-----	5%-----	5%
 <b>TOTAL NO</b> -----	 <b>28%</b> -----	 <b>35%</b> -----	 <b>31%</b>
Undecided, lean no-----	3%-----	4%-----	3%
Probably no-----	5%-----	10%-----	7%
Definitely no-----	20%-----	21%-----	21%
 <b>(DON'T READ) DK/NA</b> -----	 <b>8%</b> -----	 <b>7%</b> -----	 <b>8%</b>

Attachment: Attachment B: Palo Alto Ballot Measure Refinement Survey (Tracking) (13981 : Ballot Measure Engagement, Draft Measure

**(SPLIT SAMPLE A ONLY: Q3 THEN Q4)**  
**(SPLIT SAMPLE B ONLY: Q4 THEN Q3)**

4. The **FIRST/SECOND** measure would deal with utilities. As you may know, the City of Palo Alto provides natural gas service to residents and businesses. As part of its routine budget practices, the city annually transfers some money from the utility fund to the general City budget which maintains core services. This measure would confirm the existing practice of transferring not more than 18 percent of City of Palo Alto Utilities’ gross annual sales of gas, providing over 7 million dollars annually to needed investments like police, fire and emergency medical services; affordable housing and support for the unhoused; parks and recreation; transportation; the City’s climate action plan; and other public services. This measure would not increase utility rates.

Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: “Is that definitely or just probably?”)** **(IF UNDECIDED, ASK: “Do you lean toward voting yes or no?”)**

	<b>SPLIT A</b>	<b>SPLIT B</b>	
	<b>Q4</b>	<b>Q4</b>	
	<b>LAST</b>	<b>FIRST</b>	<b>TOTAL</b>
<b>TOTAL YES</b> -----	<b>74%</b> -----	<b>69%</b> -----	<b>71%</b>
Definitely yes -----	35 %-----	19 %-----	27 %
Probably yes -----	35 %-----	42 %-----	38 %
Undecided, lean yes -----	4 %-----	8 %-----	6 %
 <b>TOTAL NO</b> -----	 <b>16%</b> -----	 <b>18%</b> -----	 <b>17%</b>
Undecided, lean no -----	3 %-----	3 %-----	3 %
Probably no -----	3 %-----	7 %-----	5 %
Definitely no -----	10 %-----	7 %-----	9 %
 <b>(DON'T READ) DK/NA</b> -----	 11 %-----	 13 %-----	 12 %

**(RESUME ASKING ALL RESPONDENTS)**

5. If both of these measures were on the same ballot, would you vote “yes” on both, for just one, or for neither? **(IF YES ON ONE, ASK: Which one would you vote “yes” on: the business license tax or the utility fund transfer measure?)**

<b>TOTAL YES</b> -----	<b>69%</b>
Yes on both -----	40 %
Yes on business license tax only -----	10 %
Yes on utility fund transfer measure only -----	18 %
 No on both -----	 11 %
<b>(DON'T READ) DK/NA</b> -----	<b>21 %</b>

6. Now I will provide you some additional background information on this measure. Investor-owned utilities like P-G-and-E that provide natural gas service transfer some funds from their utility to shareholders. Cities like Palo Alto that own their own utilities do not have shareholders, so many cities instead transfer some funds from the utility to pay for City services like police, fire, transportation, parks and other public services. Palo Alto received voter approval for these kinds of transfers in its municipal Charter in 1950; however, this practice has been challenged legally, and voter approval may be required for it to continue. As a result, the City may place this measure to reconfirm this practice on the November ballot. Having heard this, do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, ASK: "Do you lean toward voting yes or no?")**

<b>TOTAL YES</b> -----	<b>69%</b>
Definitely yes-----	30%
Probably yes-----	35%
Undecided, lean yes-----	4%
 <b>TOTAL NO</b> -----	 <b>18%</b>
Undecided, lean no-----	2%
Probably no-----	7%
Definitely no-----	9%
 <b>(DON'T READ) DK/NA</b> -----	 <b>12%</b>

**THE REST OF MY QUESTIONS ARE ABOUT THE BUSINESS LICENSE TAX MEASURE.**

7. First, the structure of this measure has not been finalized. Currently, average monthly rents for businesses range from \$4.10 to \$6.40 per square foot per month for retail and industrial space and \$7.10 to \$8.50 per square foot per month for office space. Would a measure that increased monthly business rent by roughly **(READ EACH ITEM)** per square foot be an acceptable or unacceptable amount? **(IF ACCEPTABLE/ UNACCEPTABLE, ASK: "Is that very or somewhat ACCEPTABLE/ UNACCEPTABLE?") (READ IN ORDER) (ROTATE TOP-TO-BOTTOM AND BOTTOM-TO-TOP)**

	<u>VERY ACC</u>	<u>SMWT ACC</u>	<u>SMWT UNACC</u>	<u>VERY UNACC</u>	<u>(DK/NA)</u>	<u>TOTAL ACC</u>	<u>TOTAL UNACC</u>
[ ]a. 5 cents-----	33%	25%	10%	20%	12%	58%	30%
[ ]b. 10 cents-----	26%	28%	10%	24%	12%	54%	34%
[ ]c. 15 cents-----	16%	26%	12%	32%	14%	42%	44%
[ ]d. 20 cents-----	13%	19%	14%	38%	16%	33%	51%

Attachment: Attachment B: Palo Alto Ballot Measure Refinement Survey (Tracking) (13981 : Ballot Measure Engagement, Draft Measure

8. If it were written to exempt \_\_\_\_\_ from the tax, would you be more likely to support it or less likely to support it? If it makes no difference, you can tell me that instead. **(IF MORE/LESS, ASK: Is that much MORE/LESS LIKELY, or only somewhat?) (RANDOMIZE)**

	<u>MUCH MORE LKLY</u>	<u>SMWT MORE LKLY</u>	<u>SMWT LESS LKLY</u>	<u>MUCH LESS LKLY</u>	<u>MAKES NO DIFF</u>	<u>(DON'T READ) DK/NA</u>	<u>TOTAL MORE LKLY</u>	<u>TOTAL LESS LKLY</u>
[ ]a. Retail stores -----	14%	19%	12%	15%	31%	9%	33%	26%
[ ]b. <b>(T)</b> Grocery stores -----	24%	22%	7%	8%	30%	9%	46%	16%
[ ]c. All businesses under five thousand square feet -----	23%	31%	7%	7%	24%	8%	54%	14%
[ ]d. Hotels -----	5%	10%	16%	23%	37%	9%	15%	39%

9. Next, I am going to read you a list of more-specific ways in which funds generated by a tax could be spent. After I read each one, please tell me how important each item is to you personally: extremely important, very important, somewhat important, or not too important. **(RANDOMIZE)**

	<u>EXT IMP</u>	<u>VERY IMP</u>	<u>SMWT IMP</u>	<u>NOT TOO IMP</u>	<u>(DON'T READ) DK/NA</u>	<u>EXT/VERY</u>
[ ]a. Improving police response to property crimes -----	21%	35%	27%	14%	3%	55%
[ ]b. Improving police response to violent crime -----	32%	30%	22%	13%	3%	62%
[ ]c. Improving the speed and reliability of ambulance service-----	19%	38%	26%	13%	4%	58%
[ ]d. Improving pedestrian, bicyclist, and driver safety by building separate crossings under train tracks to prevent collisions-----	20%	34%	25%	20%	2%	54%
[ ]e. Expanding transportation services, such as shuttles -----	16%	27%	32%	22%	2%	43%
[ ]f. Advancing the City's Climate Action Plan to help the community reduce its carbon emissions -----	22%	30%	20%	25%	2%	52%
[ ]g. Programs to reduce traffic from incoming commuters-----	14%	27%	32%	24%	3%	41%
[ ]h. Expanding outreach to people experiencing homelessness-----	30%	30%	24%	14%	2%	60%
[ ]i. Improving the safety, health, and cleanliness of downtown and commercial cores-----	16%	30%	36%	16%	2%	46%
[ ]j. Funding affordable housing -----	35%	23%	22%	19%	2%	58%
[ ]k. Improving parks, recreation, and arts services-----	13%	34%	37%	15%	1%	47%
[ ]l. Improving animal sheltering and care -----	12%	25%	34%	26%	2%	37%
[ ]m. Improving library services-----	10%	27%	41%	21%	2%	37%

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10. Next, if a ballot measure to provide additional funding were approved by voters, would you prefer that the money be dedicated to: **(ROTATE)**

[ ] Offering major new City services, such as affordable housing, climate change reduction efforts, improving the safety of rail crossings, transportation services such as shuttles, or support for the unhoused----- 49%

**OR**

[ ] Improving the quality and reliability of core City services such as fire and emergency services, and parks and recreation----- 39%

(DON'T READ) Both-----2%  
 (DON'T READ) Neither -----2%  
 (DON'T READ) Don't Know/NA-----8%

**NEXT, HERE ARE SOME STATEMENTS FROM SUPPORTERS AND OPPONENTS OF THE POTENTIAL BUSINESS TAX WE HAVE BEEN DISCUSSING.**

(SPLIT SAMPLE C ONLY: Q11/Q12/Q13)

(SPLIT SAMPLE D ONLY: Q13/Q12/Q11)

11. First, I am going to read you some statements from people who support the measure. After hearing each statement, please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to support the measure. If you do not believe the statement, please tell me that too. **(RANDOMIZE)**

	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DK/NA)</u>	<u>VERY/ SMWT</u>
[ ]a. <b>(COMPARISON)</b> Palo Alto does not have a business license tax, unlike most communities in California. Several nearby communities have significant taxes on business, such as East Palo Alto's tax of \$2.50 per square foot annually on commercial office space over 25,000 square feet and San Francisco's business tax of \$2.85 to \$5.60 per 1000 dollars of gross receipts annually. This tax would align Palo Alto's tax system with those of other cities in the area. -----	31%	34%	23%	6%	6%	65%
[ ]b. <b>(ACCOUNTABILITY)</b> This measure will be subject to strict accountability provisions like annual financial audits; full public disclosure of all spending; and a requirement that all funds be spent locally in Palo Alto. This will ensure funds are used efficiently, effectively, and as promised. -----	27%	36%	22%	10%	4%	64%

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	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DK/NA)</u>	<u>VERY/ SMWT</u>
[ ]c. <b>(SAFETY)</b> The recent economic downturn had significant impacts to funding for police and emergency services. Recently the community has seen increases in property crimes impacts to fire and emergency medical services. This measure would provide funding for police and emergency services to address these issues. -----	23%	41%	24%	9%	4%	63%
[ ]d. <b>(FAIR SHARE)</b> Palo Alto currently registers businesses of all sizes for 50 dollars. That means a mom-and-pop coffee shop pays the same as a tech company with thousands of employees. This measure is a sensible way to ensure large businesses pay their fair share for the services the City provides and that their employees enjoy, like road repairs and police and fire protection. -----	46%	30%	14%	5%	4%	76%
[ ]e. <b>(TAX BASE)</b> This measure is <u>not</u> a tax on homeowners or shoppers, but on the city's largest businesses. Sales taxes continue to decline in Palo Alto, and by diversifying the City's tax base with a thoughtfully designed business license tax, we will be better able to weather future financial crises without having to raise taxes on everyday residents. -----	30%	33%	20%	13%	4%	63%

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(SPLIT SAMPLE C ONLY: Q11/Q12/Q13)  
(SPLIT SAMPLE D ONLY: Q13/Q12/Q11)

12. Now that you've learned more about it, would you support or oppose a measure that would create a business license tax on commercial property in the city of 50 dollars per year for the first 5,000 square feet occupied plus 12 cents per square foot per month for space occupied over 5,000 square feet, adjusted annually for inflation, to pay for City services such as police, fire and emergency medical services, affordable housing and support for the unhoused, parks and recreation, transportation, the City's climate action plan, and other public services? Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, ASK: "Do you lean toward voting yes or no?")**

	SPLIT C AFTER SUPPORT ONLY	SPLIT D AFTER OPPOSE ONLY
<b>TOTAL YES</b> -----	<b>69%</b> -----	<b>54%</b> -----
Definitely yes -----	31 %-----	15 %-----
Probably yes -----	33 %-----	31 %-----
Undecided, lean yes -----	5 %-----	8 %-----
 <b>TOTAL NO</b> -----	 <b>22%</b> -----	 <b>38%</b> -----
Undecided, lean no -----	2 %-----	4 %-----
Probably no -----	5 %-----	11 %-----
Definitely no -----	15 %-----	23 %-----
 <b>(DON'T READ) DK/NA</b> -----	 9 %-----	 8 %-----

(SPLIT SAMPLE C ONLY: Q11/Q12/Q13)  
(SPLIT SAMPLE D ONLY: Q13/Q12/Q11)

13. Next, I am going to read you some statements from people who oppose this potential ballot measure. After hearing each statement, please tell me whether you find it very convincing, somewhat convincing, or not convincing as a reason to oppose the measure. If you do not believe the statement, please tell me that too. **(RANDOMIZE)**

	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DK/NA)</u>	<u>VERY/ SMWT</u>
[ ]a. <b>(INFLATION)</b> The cost of living is out of control and inflation is on the rise. With the price of groceries and gasoline increasing and an interest-rate hike on the way, now is simply not the time to be raising taxes. -----	33 %	25 %	31 %	7 %	4 %	58 %
[ ]b. <b>(LOOPHOLES)</b> Just like any tax, this will fall hardest on small and medium businesses already struggling with labor shortages, inflation, and high commercial rent. Meanwhile, the largest companies will find creative loopholes to get out of paying their fair share. -----	34 %	33 %	21 %	7 %	5 %	67 %

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	<u>VERY CONV</u>	<u>SMWT CONV</u>	<u>NOT CONV</u>	<u>DON'T BEL</u>	<u>(DK/NA)</u>	<u>VERY/SMWT</u>
[ ]c. <b>(WASTE)</b> Given the amount of money we already pay in city, county, and state taxes, and the amount we pay for expensive employee pensions, salaries, and healthcare benefits, City government simply needs to tighten its belt, work together, and do a better job with the dollars they already have. ....	31%	24%	32%	8%	5%	55%
[ ]d. <b>(RECOVERY)</b> COVID restrictions have already pushed many local businesses to slash hours or even close. The last thing we need to do is drive up prices with a tax that hurts local businesses just as we start to recover. ....	32%	35%	23%	6%	4%	67%

14. Sometimes over the course of a survey like this, people change their minds, and sometimes they do not. Let me ask you one more time about the measure to create a business license tax on commercial property in the city of 50 dollars per year for the first 5,000 square feet occupied, plus 12 cents per square foot per month for space occupied over 5,000 square feet, adjusted annually for inflation, to pay for City services such as police, fire and emergency medical services, affordable housing and support for the unhoused, parks and recreation, transportation, the City's climate action plan, and other public services.

Do you think you would vote yes or no on such a measure? **(IF YES/NO, ASK: "Is that definitely or just probably?") (IF UNDECIDED, ASK: "Do you lean toward voting yes or no?")**

	<u>SPLIT C</u>	<u>SPLIT D</u>	
	<u>OPPOSE</u>	<u>OPPOSE</u>	
	<u>LAST</u>	<u>FIRST</u>	<u>TOTAL</u>
<b>TOTAL YES</b> .....	<b>60%</b>	<b>60%</b>	<b>60%</b>
Definitely yes .....	23%	24%	24%
Probably yes .....	33%	31%	32%
Undecided, lean yes .....	5%	5%	5%
<b>TOTAL NO</b> .....	<b>30%</b>	<b>33%</b>	<b>31%</b>
Undecided, lean no .....	3%	1%	2%
Probably no .....	11%	12%	12%
Definitely no .....	15%	20%	18%
<b>(DON'T READ) DK/NA</b> .....	<b>10%</b>	<b>8%</b>	<b>9%</b>

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**HERE ARE MY LAST QUESTIONS, AND THEY ARE FOR STATISTICAL PURPOSES ONLY.**

15. Do you own a business in Palo Alto?

Yes -----6%  
No -----91%  
**(DON'T READ) DK/NA** -----3%

16. Do you own or rent your place of residence?

Own -----58%  
Rent -----32%  
**(DON'T READ) DK/NA** -----11%

17. What was the last level of school you completed?

High school graduate or less-----3%  
Some college/vocational school -----10%  
College graduate (4 years) -----41%  
Post graduate work/Professional school -----44%  
**(DON'T READ) DK/NA** -----2%

18. With which racial or ethnic group do you identify yourself: Latino or Hispanic, African American or Black, White or Caucasian, Asian or Pacific Islander, multiracial, or some other ethnic or racial background? **(IF ASIAN OR PACIFIC ISLANDER, ASK: "Are you Vietnamese, Chinese, South Asian or East Indian, or of some other Asian background?")**

Latino/Hispanic -----4%  
African American/Black-----1%  
Caucasian/White -----60%  
Vietnamese-----1%  
Chinese -----9%  
South Asian/East Indian -----7%  
Other Non-Asian/Pacific Islander -----1%  
Other Asian/Pacific Islander-----3%  
Multiracial -----6%  
**(DON'T READ) DK/NA** -----8%

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**THANK AND TERMINATE**

**GENDER (BY OBSERVATION):**

Male----- 48 %  
Female----- 52 %

**PARTY REGISTRATION:**

Democrat----- 60 %  
Republican ----- 10 %  
No Party Preference----- 28 %  
Other----- 2 %

**FLAGS**

P16----- 54 %  
G16 ----- 72 %  
P18----- 58 %  
G18 ----- 74 %  
P20----- 70 %  
G20 ----- 95 %  
BLANK----- 3 %

**AGE**

18-24 ----- 10 %  
25-29 ----- 6 %  
30-34 ----- 7 %  
35-39 ----- 4 %  
40-44 ----- 6 %  
45-49 ----- 8 %  
50-54 ----- 9 %  
55-59 ----- 11 %  
60-64 ----- 10 %  
65-74 ----- 14 %  
75+ ----- 16 %

**PERMANENT ABSENTEE**

Yes ----- 90 %  
No ----- 10 %

**HOUSEHOLD PARTY TYPE**

Dem 1 ----- 33 %  
Dem 2+ ----- 17 %  
Rep 1 ----- 5 %  
Rep 2+ ----- 1 %  
Ind 1+ ----- 20 %  
Mix----- 23 %

**MODE**

Phone ----- 51 %  
Online ----- 49 %

Attachment: Attachment B: Palo Alto Ballot Measure Refinement Survey (Tracking) (13981 : Ballot Measure Engagement, Draft Measure

## Summary of Responses to Online Community Feedback Survey

*Status update, March 28, 2022*

Starting February 15, 2022, the City provided an online feedback form regarding the City's Fiscal Sustainability efforts. Community members could rank their priorities for community services, provide suggestions for additional service priorities, and pose questions about the City's fiscal sustainability efforts and revenue measures.

As of March 28, 2022, the [Fiscal Sustainability Community Conversation survey](#) may still be accessed.<sup>1</sup>

### Survey Contents

Community members were asked the following questions:

*The City of Palo Alto is engaging the community around long-term fiscal sustainability and community priorities. Below are some of the key priorities Palo Alto residents have historically identified as key to their quality of life. Please give us your feedback by ranking the following priorities from 1 to 8, with "1" being the most important. We will review all comments to ensure that the City continues to address the community's priorities in its long-range planning.*

#### 1. Priorities to be ranked:

- *Expanding City Services*
- *Maintaining basic services*
- *Improving services such as longer library hours*
- *Adding public safety services such as police, fire and emergency medical*
- *Investing in community-owned assets like roads and community centers*
- *Funding affordable housing and homeless services*
- *Repairing streets/roads*
- *Maintaining after school/summer youth programs*

#### 2. Suggestions for additional service priorities:

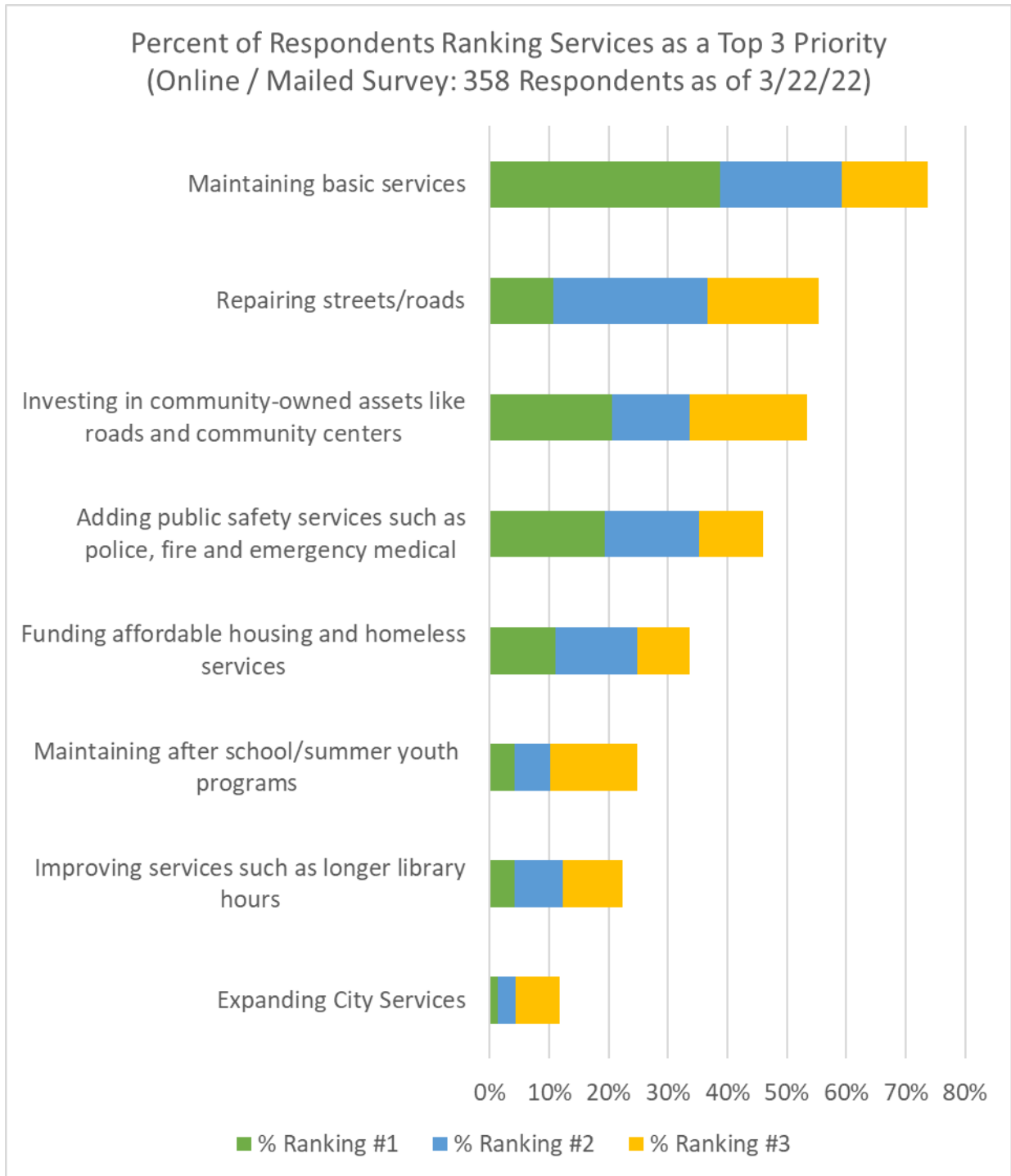
#### 3. I have the following questions:

### Survey Responses

There were 358 responses as of March 22, 2022 (174 online survey responses and 184 mailed survey responses). The most highly ranked priorities for the survey respondents were "Maintaining basic services," "Repairing streets / roads," "Investing in community-owned assets," "Adding public safety services such as police, fire, and emergency medical," and "Funding affordable housing and homeless services," as shown in Table 1. Table 1 shows the percentage of respondents who ranked each priority first, second, or third.

<sup>1</sup> <https://us.openforms.com/Form/07db0c33-8339-497b-839b-6aab75e1f635>

**Table 1: Percentage of Survey Respondents Ranking Each Priority First, Second, or Third**



There were 107 respondents who submitted suggestions for additional service priorities or additional comments and questions via the online survey. The complete comments are included at the end of this attachment, but in summary:

- 40 respondents wrote comments supporting funding for Lucie Stern Theatre facilities and staffing. Of these, 3-5 appeared to be duplicate submittals.
- 13 comments related to investments in various other types of City infrastructure
- 14 comments related to increasing policing, including code enforcement and traffic enforcement
- 10 comments related to climate action, with a couple of comments opposing City action.
- 6 comments related to affordable housing or homeless services, with a couple of comments expressing concern about setting affordable housing goals or homeless services.
- Other respondents wrote comments related to traffic safety, traffic congestion, road maintenance, parking, expanding bicycle infrastructure and other alternative transportation options, climate change (both in favor of and opposing action), electric grid reliability, fiber internet, zoning, affordable housing, employee pension costs, community and human services, and other topics.

There were 78 respondents to the mailed version of the survey who submitted additional comments or questions. The complete comments are included at the end of this attachment, but to summarize:

- 15 comments related to infrastructure, with an emphasis on roads
- 11 comments focused on increased traffic enforcement, code enforcement, or policing in general.
- 7 comments related to sustainability (climate change, tree canopy, alternative transportation)
- Other respondents wrote comments related to airplane noise, affordable housing, the animal shelter, recreation services, fiber to the home, library hours, utility services, zoning, and service levels in general.

Comments from Online Survey

The following comments were submitted in response to the two open-ended survey questions for the online version of the survey.

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
1	<p>Reducing pension and retirement benefit expenses</p> <p>Switching to a 24/7 mental health crisis team approach like cahoots using mental health and social workers. Police are only needed if there is a threat of violence which is rarely the case. We could save so much money with this approach.</p> <p>Fiber to the Home; Undergrounding utilities as promised so many years ago. Increasing police response to gangs stealing from stores - there doesn't seem to be much effort here at all.</p> <p>New Animal Shelter</p>	<p>This survey is poorly written. Most people want all of the above. But I also want. to see ways to save money. We seem to be adding more and more administrators and fewer people who actually perform the work of caring for the city. Do we really need another assistant to the City Manager? We need a new animal shelter which we could have had for a fraction of the cost of the bike bridge. Increasing library hours is so cheap - why isn't this a given? Let's get the police up to fill strength - 79 officers and then decide to get more. The poor showing of the police with only 59 officers does not mean that 79 is not enough, esp. if we outsource mental health calls.</p>
2	<p>Support our downtown retail and business operations. They provide the revenues needed to provide all services. They also provide the vibrancy we all value.</p>	<p>Why does the Council not support businesses? We need them to support our hotels, frequent our retailers, and provide quality jobs.</p> <p>Why is the Council wanting to tax businesses now with a business tax AND with a district tax?</p> <p>Why doesn't the Council incentivize housing development by a reduction its fees and an offer to expedite the permitting processes instead of keeping those as the worst in the area and adding more taxes to try and add housing itself?</p>
3	n/a	n/a
4	Law enforcement to reduce property crime	
5	<p>Please focus on managing the City and prioritize its citizens.</p> <p>Thanks for the survey.</p>	
6	<p>Providing actionable resources to Eichlers to help with green related retrofitting - for instance, I can't find a non-gas powered boiler for my radiant heating!</p>	

Attachment: Attachment C: Summary of Online Survey Responses (13981 : Ballot Measure Engagement,



Written Comment #	Suggestions for additional service priorities:	I have the following questions:
7	<p>I would also encourage the City to scrub the budget and eliminate some unnecessary items that cost too much. In my neighborhood, I can mention the Ross Road street "improvement" that cost a lot, did not do anything and created a lot of controversy.</p> <p>Also we should aim to make projects less expansive, the pedestrian overpass for 101 at the Baylands should not have costed more than \$10M, also the Mitchell Park community center should not have costed as much and taken so long. The city needs to learn how to manage these projects better.</p>	
8	Finish work at Shoreline Park	
9	Close Churchill Ave Caltrain intersection. It is too dangerous for pedestrians and bikes and cars!!!	
10	providing access to Foothills park to mountain bikes through Arastradero and create one bike trail (single track) in Foothill park	
11	Stop forcing green energy initiatives on the residents, making it more and more expensive to live in PA. These should be put to a vote by residents, not forced by city council members who think more of themselves in how they can get national publicity than supporting the residents.	
12	<p>This should be at the top of the list:                      Funding city's future obligations in terms of pensions, etc. I have heard that we haven't funded these obligations anywhere near sufficiently.</p>	What is the city doing to fund the future generous pensions that we owe?
13	<p>Delete the commercial zoning requirement, density, and height requirements on most parcels along El Camino. Especially near transportation.                      Especially for affordable housing.                      Increase zoning and density along Alma. Especially for affordable housing .</p>	
14	As a subset re public safety, consider installation of additional speed limit signage in our residential neighborhoods.	
15	Please improve bicycle infrastructure! I see many others biking as I do for transportation, but I often don't feel safe next to cars on the main road.	
16	Preparing for flooding risk.	

Attachment: Attachment C: Summary of Online Survey Responses (13981 : Ballot Measure Engagement,

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
17	Dealing with the City has become onerous. 10 years ago, staff were responsive with fewer regulations to navigate. 10 years later, and everything has become complicated - you need high-cost permits for a generator or to get solar. You have fill out forms which are returned for minor issues. Just cut out the red tape - please. And enforce city regulations on leaving trash cans out, safety in walking downtown (arrest people).	
18	Affordable housing is a huge problem and we need better solutions.	
19	It was a waste of taxpayer's money for so-called improvement of Ross Road.	
20	Addressing climate change	Is each city department maximizing each budgeted dollar?
21	<p>A. The item, Maintaining basic services, should include preparing for climate change, especially sea level rise, more frequent droughts and global warming.</p> <p>B. The item, Investing in community-owned assets ... , should include providing broadband, i.e. fiber optic, internet service to the premises.</p> <p>C. The item, Expanding City Services, should include providing better intra-city commuter options to reduce the need for individually owned cars.</p> <p>D. The item, Repairing streets/roads, should include adding new bike lanes and upgrading existing lanes to provide safe use.</p>	
22	Law enforcement	
23	Free shuttle system	
24	Increased policing and enforcement of traffic laws such as parking and speed laws	
25	<p>Improved street signage and efficient street lighting.</p> <p>Encourage CalTrans to improve El Camino road surface !</p> <p>Consider levy of small city tax on all residents -- sliding scale based on income, not to exceed \$100 / year.</p>	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
26	<p>I recommend increasing police services to contain burglaries from homes and businesses. Such crime must be addressed.</p> <p>I emphatically do not recommend increasing fire services. They are more than adequately funded and should be reduced to provide any needed emergency medical services.</p> <p>I would have given public safety services a higher ranking, but since fire services was included it was given a lower priority.</p>	
27	<p>Don't just fix the potholes on El Camino redo the street material with a mix of tires and asphalt to make them more resilient to the wear and tear. Also can you please pay attention to Barron Park Streets they are looking like very undeveloped countries</p> <p>The Barron park section of el Camino is a disaster</p>	
28	<p>City-funded housing and transportation services for seniors.</p>	
29	<p>Putting electrical wires underground.</p> <p>Replacing large lawn areas with native shrubs (but leaving areas for kids to play).</p>	
30	<p>Reduction of city management salaries. Find a hungry person to do it for a fair price.</p>	
31		<p>Why is Lucie Stern Community Center so underinvested compared to Cubberley Community Center? It's a beautiful indoor + outdoor space (and home to three award-winning performing arts companies that Palo Alto should be proud to claim as its own!) that can benefit many more community members, especially during COVID-19, if repairs and upgrades are made to the facilities.</p>
32	<p>Make it more difficult for developers/speculators to demolish livable housing to replace it with huge homes that are often not occupied. This is why housing has become unaffordable. Increase incentives to remodel/rehab existing housing stock. Build affordable/low income housing in Palo Alto Square (not sure who owns that). Stop billionaires from buying up multiple neighborhood houses and taking them out of the housing market. Decrease the number of ghost houses.</p>	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
33	Do not spend any money on public art until all the potholes in the city are fixed.	<p>How much money is CPA spending on the fiber-optic project? Why is it building this service when fiber optic is already being provided by AT&amp;T and Comcast?</p> <p>Why is a fire engine dispatched along with an ambulance for every emergency call?</p>
34	Grade Separation on the SP tracks. You can't keep all the people happy all the time. Subsidized Solar Roof plan for residents.	
35	Ease traffic congestion and provide more parking.	
36	<p>First category above (expanding...) is too vague to be useful.</p> <p>Cubberley should get sustained attention and investment, leading to purchase from the school district and total renovation, funded by long term bonds. It is a huge opportunity for the future and a pretty ugly testimonial to our confused process and thinking in the present.</p>	How do we compare to MV, RWC, Sunnyvale in per capita spending on various categories. Can we find places where we are overspending this way?
37	Nothing about utilities here. Improving the utility function is a very high priority.	
38	<p>Missing from the list: RESTORE cut funding for multi-modal transportation projects, including foot-powered transportation safety, especially at identified safety trouble spots on school commute routes. Before you "Add" public safety services, you need to restore what the city cut. The item should read, "RESTORE public safety services." The survey language is not an honest representation of where we are and what adding funds will really do. Restoration of cut services is not "adding" or "expanding" them. These are misleading options. What are "basic services", if not police, fire, road repair, etc. Utilities? Waste collection? Street cleaning? Arborist? What? The average citizen won't know this. This second item is vague and, in context of the rest of this list especially, requires explanation. This is a poor beginning to a listening exercise. I filled out the priorities so the survey would let me go beyond this page. My prioritization is meaningless because the options you offer are inaccurate and vague. My top priority, mentioned above, is not even on the list. How does one prioritize without understanding current budget constraints and the cost of these items? Too little background information to understand trade-offs and make informed choices. So...what do you really mean? Are we talking about restoration of cut services or adding services above the levels we previously had? Be more clear.</p> <p>Additional Feedback: See above.</p>	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
39	<p>The City of Palo Alto has been doing mayor improvements in certain areas, Loma Verde and Ferne, Charleston from Middlefield to El Camino and beyond but nothing has been done in the Circles, I had asked for a (ONE) STOP sign at the corner of Carlson Rd (coming from Charleston) and Redwood Circle, a very dangerous outlet from my Carlson Circle because of lack of view and speed on Redwood Circles and nothing has been done, while there are bumps on streets that don't really need them and gardens in crossroads that make them more dangerous for pedestrians and children on bikes.</p> <p>There is no police patrol near schools, example Fairmeadow. Very little patrol on Alma and around the dangerous railroad crossing on Churchill. Cars drive at 60 plus miles per hour on Alma.</p> <p>Also Alma is a shame with trash cans all week long. I have to remove my trash cans after they are serviced or somebody complains (I am 80 years old, by myself) and Alma has trash cans always by the street that looks terrible.</p>	<p>Why every neighborhood in Palo Alto does not get the same service? Louise, Ferne, Amarillo ( the road finish on Louise and Amarillo is a shame, already dirty, inadequate and I bet very expensive, it is confusing a total waste of money), Loma Verde and Professor Ville get all the improvements while the Circles get nothing, only high speed cars and even School Busses cut from Alma at full speed on Lindero and Redwood Circle. Why are there so much road construction on Charleston and Alma (almost daily) and Alma in South Palo Alto. This is just the beginning of my questions, I have gone to city meetings and I was never chosen to talk.</p> <p>I have to also say that the police department was great during my husband long illness, for about three years, they came to our house to lift him from the floor, they took him to the hospital, they were always helpful, and correct. Thanks to them.</p>
40		<p>I am concerned about the conflict between cars and bikes on the Bryant Street Bike Boulevard between Embarcadero and downtown. We have been promised a traffic circle and or other measures for slowing cars. What is the status of the traffic circle at Kingsley and Bryant Street?</p>
41	Add more police budget to make the residents feel safe.	
42	Decide what to do with Cubberley	
43	Public safety is by far the highest priority. Besides "police, fire and emergency medical", additional measures for improving public safety will also be important, e.g., community watch, using technology to improve automated surveillance...	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
44	Properly funding the trust funds for retiree pensions and medical benefits should be higher than all the priorities you've listed above. That's the most critical element in achieving fiscal sustainability. The fact that you left this off your list really worries me.	We're seeing a big uptick in crime, and many minor crimes are not followed up on by the police, leading citizens to stop reporting all of these incidents. Thus, I believe that the current crime statistics undercount the true problem. Job #1 for our local government should be maintaining order and taking actions that discourage crime. As I mentioned in suggestions above, I still can't believe cities like Palo Alto have made promises to retirees (pensions and medical benefits) that are not fully funded. This is a time bomb that will come back to bite us later on, causing a big decrease in non-essential services. I recommend we tackle this problem responsibly.
45	More funding for adult community classes	
46	Traffic enforcement. Improve tree program - natives	
47	Get a nighttime curfew for planes out/into SFO, like San Jose.	
48	You'll never be able to build enough new housing in our built-out city to even make a dent in housing costs, let alone make it 'affordable.' Don't further bankrupt the town in this futile endeavor. Every additional housing unit does not bring in the revenue to cover the cost of its increased services.	
49	Stop digging up the Charleston/Arastradero corridor every year! You keep working on it, wasting money, causing traffic jams - and make it harder to drive and bike (yes, I do both).	
50	Funding for task force to identify and eliminate local zoning regulations blocking dense housing development.  Increasing mass transit options.	What percentage of emergency services are for police vs other emergency departments?
51	I believe that all City of Palo Alto efforts related to climate change should be terminated. The existing programs will have no measurable impact on CO2 levels in the atmosphere, but will have measurable and adverse impact on the city's fiscal health. Those people who work in the programs can be re-directed to higher priorities, which I rank above.	
52	We also need to find funds to work on climate change	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
53		<p>I would like to understand how the city is measuring current program effectiveness and estimating cost effectiveness of new programs. For example, it's hard to know if we need to spend more on police/fire/medical unless we know how well those services are currently performing now and how much it would cost to make them better buy some increment.</p> <p>Also, many of these questions seem to assume the conclusion. For example, "Funding affordable housing and homeless services" is a solution, while, "increase housing affordability and reduce homelessness" is the goal. You can increase housing affordability by reducing building restrictions, no additional funding required. And are there any proven cost effective programs for reducing homelessness?</p> <p>What is the formal measurement process the city is using in evaluating service levels and cost effectiveness of potential improvements?</p>
54	<p>For the Lucie Stern Community Theater:</p> <p>Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades</p> <p>Restore a theatre facilities manager position for the Lucie Stern Community Theater</p>	
55	<p>City-owned facilities such as Lucie Stern Center are important assets and need to be maintained as much as libraries or fire stations. This is more valuable in my view than building a new police building.</p>	<p>Many of the above priorities are overlapping!</p>
56	<p>I specifically think Palo Alto should invest in our grid. It's a durable community asset, and it supports our sustainability goals through electrification.</p>	
57	<p>It's difficult for me to rank these needs, one over the other.....however I would put funding improvements to the Lucy Stern Theater near the top since it adds immeasurably to the quality of life in Palo Alto</p>	<p>Is it possible to sponsor a volunteer position for theater maintenance with cooperation from Avenidas who has a rooster of engaged, talented seniors?</p>

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
58	Abilities United used to have a therapy pool that people with disabilities and seniors could use. They no longer have that and Palo Alto could really use a good hot therapy pool. It could be open to the public, and not just disabled and senior people. There is such a big senior population in this town and I don't understand why there's not more facilities for seniors. Why don't we have a functioning animal shelter? Why doesn't the city take better care of the streets and roads? Why doesn't the city take better care of the existing parks and facilities? We don't need another gym.	Why don't we have a functioning animal shelter? Why doesn't the city take better care of the streets and roads? Why doesn't the city take better care of the existing parks and facilities?
59	I am particularly concerned about Lucie Stern Theatre. It is in dire need of maintenance (e.g. seats, plumbing..), facilities upgrade (better ventilation), and personnel to oversee its operation.	
60		G
61	Lucie Stern Theatre1	
62	We have beautiful community areas (Lucie Stern) that desperately need funding. Please budget for maintaining the resources we have!	
63	Addressing traffic congestion and noise pollution. Establishing and Strictly enforcing noise controls from motorcycles and speeding cars at night. Having the Palo Alto police use their already extensive funds in patrolling at night and break-in prevention tactics. Maintenance of our public spaces and freeway corridors - our streets and freeways are embarrassingly broken and dirty These issues have become a major concern in the safety and quality of life for us residents.	How are the current taxes and funds being utilized? How much is going toward paying administrative overhead and city officials salaries vs actual community services? What is the effectiveness score of our police and city administrators enforcing and implementing safety, noise control, community services, infrastructure maintenance and clean streets?
64	Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades Restore a theatre facilities manager position for the Lucie Stern Community Theater	
65	I am a resident of Stanford, not Palo Alto. But I would like to urge you to adequately support the Lucie Stern Theater. Brian White, 881 Tolman Dr, Stanford.	



Written Comment #	Suggestions for additional service priorities:	I have the following questions:
66	Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades Restore a theatre facilities manager position for the Lucie Stern Community Theater Add more funds to the Children's Theatre to keep a vibrant community treasure that helps our youth and builds self confidence	
67	Lucy Stern Community Center Theatre needs maintenance. Further a city employee needs to be assigned to oversee the theatre. This facility is 100 years old and is showing its age and lack of recent maintenance.	
68	Restore and repair the Lucie Stern theatre. It provides an important and necessary cultural center for this university town. It's a legacy that needs to be maintained and cared for.	
69	I suggest that city staff opportunities for training regarding interaction with citizens be made available. On two occasions, I attempted to get answers to questions: (1) regarding marking parking spaces so drivers would take up one instead of two spaces; and (2) repair of sidewalks. The responses from city staff were inadequate, in my opinion. On another occasion, when underground power was being installed in the residential area south of University Avenue, communication from the individual coordinating the operation was adequate. I think the quality of communication should be less varied.	When will the overhead power lines be taken down, now that power is delivered underground?
70	Refurbish Lucie Stern Theater Move ahead on rebuilding Cubberley Community Center	
71	Lucy Stern Theater is a vital resource for our well-respected, top-quality community opera and theater companies, West Bay Opera and Palo Alto Players, but it has been sadly neglected for many years, and is in desperate need of plumbing, heating, and lighting upgrades, as well as both basic maintenance and ongoing care.	
72	Lucie Stern facility is in particular need of upgrade, having been around for a century. Seems that #1 and #3 in my choices have some overlap. Affordable housing needs developer and probably city tax incentives/subsidies. Might be a different type of investment than other items	

Attachment: Attachment C: Summary of Online Survey Responses (13981 : Ballot Measure Engagement,

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
73	<p>Allocate funding through the Capital Improvement Project for Lucie Stern Community Theater facility upgrades.</p> <p>Restore a theatre facilities manager position for the Lucie Stern Community Theatre.</p>	
74	<p>Palo Alto should invest in either a major remodel of Lucie Stern Theater or build a new theater. The theater is worn out, its technology is obsolete making it difficult for our wonderful theater companies to work there, and it is too small. TheatreWorks won a Tony and many of their performances are in Mountain View where they built a wonderful new theater some years ago. We must invest in Palo Alto's wonderful theater talent!</p>	
75	<p>Attend to the need of maintenance of the Lucy Stern Theater and Community Center. This is a gem and must be preserved. Many people are affected by the opportunities presented here. Put it in the budget.</p>	
76	<p>Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades</p> <p>Restore a theatre facilities manager position for the Lucie Stern Community Theater</p> <p>Arts are important to this - any! - community, and the 100 year old Lucie Stern Theater is a landmark that deserves more respectful treatment than it's currently getting. Those of us who produce those arts - plays and operas for example - need your help.</p>	
77	<p>Some of these categories appear to overlap. This means that answers won't be accurate.</p>	
78	<p>Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades and restore a theatre facilities manager position for the Lucie Stern Community Theater.</p>	
79	<p>Upgrading the Palo Alto electrical grid so that Electric cars, Electric space heating and water heating can be adequately served. Perhaps even finishing the promise to underground utilities while upgrading them.</p> <p>Let's NOT build a Gym.</p>	

Attachment: Attachment C: Summary of Online Survey Responses (13981 : Ballot Measure Engagement,

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
80	Please keep in mind the needs of older citizens who no longer can get around easily. The Downtown Library, for just one example, is one thing that needs to be kept available to us.	
81	Magical Bridge Playground maintenance, Lucie Stern Theater sets and infrastructure, summer music concerts	
82	Provide funding to maintain and upgrade the Lucy Stern complex. Wiring and plumbing does age and wear out and no longer comply with code. That can place its very existence in jeopardy.	
83	Lucie Stern Theater and Community Center are most definitely in need of upgrades. Please put funds toward these very valuable community assets.	
84	The school programs through Explore Online are not convenient for double working parents from a timing perspective. Can we check how population mix for parents have changed and adapt to it?	Are there reports on current state of infrastructure, crime rates etc. which help understand current investment in defensive/maintenance activities and what's the right mix?
85		Who is benefitted by the after-school and summer youth programs? Are lower income families appropriately subsidized for these programs? Is the city working on solutions to the problem of people living in RVs around the city? Why do I never see traffic law enforcement any more - speeding and red light running with impunity, creating dangerous situations for kids and adults?
86	Community assets such as the Lucie Stern Theatre have been allowed to atrophy through lack of maintenance & cutting necessary staffing like the theatre facilities manager. It should be much more of a priority to preserve the city's heritage and existing facilities and services than to constantly be on looking for new ways to spend tax revenue on splashy & politically trendy new programs.	
87	Repair & improve Lucie Stern theater & the Children's Theater.	
88	Repairs and improvements to Lucie Steen Community Theater are much needed	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
89	<p>The city needs to spend money rehabing Lucie Stern, rather than spend money on street striping and building concrete barriers in middle of streets.</p> <p>There are a number of items that I consider VERY VERY low priority. Hard to make them all a 10. Comments: city services - do not need any more, think about reducing them. Long library hours - is this needed? Funding homeless services - look how great the city did with the Opportunity center. People were to stay there for a max of 2 years. Residents do not want to/ do not plan to move. Maintaining after school programs - is this a role for city or for PAUSD</p>	
90	<p>3.5 Fiber internet</p>	<p>Seeing an increasing number of homeless roaming around our residential streets. What are we doing about it? Not sure why that's happening, but feel like there should be more planning and action around that on a local, state and national level. More specifically I worry about the mentally ill roaming my neighborhood where my kids are. We spend so much \$\$ (mortgage and taxes) to live here that it boggles the mind that the homeless can too and I can't figure out 1. why this is happening more so in the last few months, 2. There seems to be no plan and 3. Why should we just accept all homeless people who come? Does anyone have any good actionable ideas and the ability to execute on those ideas?</p>
91	<p>Repair/Upgrade existing buildings especially:                      Build New Animal Shelter                      Maintain and upgrade Lucy Stern Theatre</p>	<p>Why are talking about new initiatives when we haven't taken care of existing buildings and programs? We have no need of a new gym until the Animal Shelter is improved and Lucy Stern Theatre Repairs and Maintenance is insured. Why aren't the bathrooms at Lucy Evans Interpretive Center open to hikers? Mt. View has bathrooms available in the Baylands. We have them - we just don't want to maintain them.</p>
92	<p>Repairing, renovating city buildings, parks. Lucie Stern Center should be made more friendly for its demographic -- over 60.</p>	<p>Why aren't we pushing back more on ABAG for its over the top housing requirements for our City?</p>
93	<p>Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades                      Restore a theatre facilities manager position for the Lucie Stern Community Theater</p>	<p>Why are you pursuing a city gym facility over upgrading a community jewel like the Lucie Stern Community Theater?</p>

Attachment: Attachment C: Summary of Online Survey Responses (13981 : Ballot Measure Engagement,

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
94	Lucie Stern theatre is in wretched condition. As a volunteer crew chief for both Palo Alto Players and West Bay Opera I'm aware of the many problems we face trying to put on a production. Broken seats, insufficient lighting and electrical. Also rodent problems and filthy catwalks for the follow spot operators.	If Palo Alto can fund a bike bridge that serves 100s, can't they fund a theatre that serves thousands?
95	I believe that public safety services are the most important. If the city is not safe, people actually move out instead of moving into Palo Alto. The reason why Palo Alto is such a desirable place is that it's safe for families. Thank you so much for all the work that the police have been doing.	
96	<p>The Lucie Stern Community Theater is in need of repair. For example, the seats don't stay up, which is a hazard for people with less mobility. There are also problems with the plumbing, heating, and lighting systems.</p> <p>Please allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades.</p> <p>In addition, please restore a theatre facilities manager position for the Lucie Stern Community Theater.</p>	
97	<p>We would like more affordable options for renting space to conduct non profit events such as bonsai shows. We'd like to be able to sell bonsai to help fund the rental but the City of Palo Alto's interpretation of the ruling regarding non profits and fundraising has made it quite expensive.</p> <p>I also like the idea I've heard of a city recreation center. I've been to rec centers in other states that are really fantastic facilities with large lap pools, climbing walls, racket ball facilities, etc. Wish we had something like that here and affordable.</p>	
98	Improve Lucie Stern Auditorium.	
99	Finish intended improvements to Park-Wilkie Bike Boulevard	When will we learn what citizens cared most about?

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
100	With the important things above, it seems like the City has enough on its plate. I have not done any home renovations, but neighbors who have say the process is very inefficient.	Does the City consider reducing/modifying programs that do not work well; make decisions based on some sort of representative user feedback;? Thanks for trying
101	Funding for adaptation to climate change	
102	With pressure from the state to expand the population the city will need to focus on maintaining service levels.	
103		Why don't City workers work five days a week? Why were they recently given more holidays? Why is the City Council seemingly more concerned about accommodating City employees than looking after the interests and needs of Palo Alto residents? City Council members need to recognize that they owe a fiduciary duty not to City employees, or their unions, but City residents.
104	Businesses have significant responsibility to fund housing. The jobs they create causes the demand for new housing (which is always more expensive than depreciated housing) and infrastructure to support population growth (transportation, resources, schools, etc.,) Parks and recreational spaces need to be supported.	How can we get the very wealthy businesses, including Stanford University to pay for the value of the benefits they receive by being here?
105	While local efforts to reduce carbon emissions and sustainability are to be commended, I would NOT invest more in this area. Palo Alto is not responsible for the environment alone, and the effort needs to be more widespread to be effective. As a city, Palo Alto needs to focus on itself first and foremost.	

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
106	<p>Lucie Stern facilities especially the Theatre needs total do-over. The toilets are ridiculously too small for a capacity theatre. The pavement is dangerous to walk on when it is raining There is no inside access to handicapped readily available without going outside to go down to the lower door (ripe for being sued). There needs to be brick framework near the front door built up as I watched an 80 year old stumble but fortunately agile so able to stop from a serious fall. For a city with the wealth of PA it is disgracefully maintained. Gorgeous though it may be from the outside, the inside is tatty and downright rundown. Need expertise to have a first rate theatre and children's theatre plus the other rooms.... Do retain its charm but have a contest of architects and do it now. I will gladly work to achieve this.</p>	<p>Why can't Theatreworks or the Players use the toilets int he Children's theatre when they are open as well as all the other toilets, whether there is a wedding or not.</p>
107	<p>Lucie Stern Theatre is in great need of upgrading. One major problem is the need for additional bathrooms at this Community Center. When the theatre is in full attendance and there is a wedding or other event there are only 2 bathrooms for about 400 people to use at a 15 minute intermission. We need more bathrooms here and in particular we need to add gender neutral bathrooms so that women have equal access.</p>	
108	<p>Improve Lucie Stern theatre.</p>	
109	<p>The libraries should be consolidated into two locations, Mitchell Park and Rinconada. Although controversial, this would free up money to improve service at the two locations. Building a new gym should not be given any priority. It was not being considered until John Arrillaga offered a large donation. Now that his gift is no longer available, and he won't be managing the project, the idea should be postponed indefinitely.</p>	
110	<p>Repairing, renovating city buildings, parks. Lucie Stern Center should be made more friendly for its demographic -- over 60.</p>	<p>Why aren't we pushing back more on ABAG for its over the top housing requirements for our City?</p>
111	<p>Allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades Restore a theatre facilities manager position for the Lucie Stern Community Theater</p>	<p>Why are you pursuing a city gym facility over upgrading a community jewel like the Lucie Stern Community Theater?</p>

Written Comment #	Suggestions for additional service priorities:	I have the following questions:
112	Lucie Stern theatre is in wretched condition. As a volunteer crew chief for both Palo Alto Players and West Bay Opera I'm aware of the many problems we face trying to put on a production. Broken seats, insufficient lighting and electrical. Also rodent problems and filthy catwalks for the follow spot operators.	If Palo Alto can fund a bike bridge that serves 100s, can't they fund a theatre that serves thousands?
113	I believe that public safety services are the most important. If the city is not safe, people actually move out instead of moving into Palo Alto. The reason why Palo Alto is such a desirable place is that it's safe for families. Thank you so much for all the work that the police have been doing.	
114	<p>The Lucie Stern Community Theater is in need of repair. For example, the seats don't stay up, which is a hazard for people with less mobility. There are also problems with the plumbing, heating, and lighting systems.</p> <p>Please allocate funding through the Capital Improvement Project (CIP) for Lucie Stern Community Theater facility upgrades.</p> <p>In addition, please restore a theatre facilities manager position for the Lucie Stern Community Theater.</p>	



## Comments from Feedback Mailer

The following comments were submitted in response to the comments section of the mailed version of the survey with a perforated tear-off postcard to mail back to the City.

Written Comment #	Comment
1	Continue working on Airplane noise solutions
2	Traffic safety: Too many drivers ignore stop signs.
3	1 - Dramatically reduce pollution footprint
4	Just tarmacing street doesn't clear bumps under it. Bad for backs! S.P. Alto, Middlefield
5	The one about "community-owned assets" is very confusing.
6	More street lights in neighborhood
7	Finish putting utility wires underground across all Palo Alto
8	Build trash-to-energy converter @ Baylands
9	My granddaughter is a TEACHER and can't afford to live here most important teacher housing is no the very unacceptable answer
10	What about sustainability. 0.5) What about green initiatives & sustainability
11	The condition of many roads in Palo Alto is terrible
12	What about code enforcement?
13	The rest are so nebulous, it's impossible to make a intelligent choice
14	We need CITY-FUNDED TREE service!
15	We should allow Castilleja to build & grow
16	Top city priorities should be: police/paramedics (emergency response), utilities (public works)
17	Animal shelter/spaying
18	What does our #6 above really mean?
19	More pickleball courts!
20	Sustainability, climate change plans etc.
21	We live in a safe community, housing is a crisis. Allow more housing!
22	On the supply side by greater public ownership, i.e. public banking, ISP etc. Comment on services: ALL DEMAND SIDE!!!
23	Fix the police! Fire the violent officers who cause the City to be sued!!! No pensions. Comments on Services: Expanding City Services - More mental health services Adding public safety... - improve training and better screening of the police recruits
24	Foothill Park - take it back!
25	1 - Create more parks & open areas in this crowded city
26	We need to invest in making Palo Alto a more quitable place to live for everyone.
27	I am concerned about the judge who said utilities profits to general fund is a tax!
28	1 - prep for/mitigate/reduce climate change
29	Repair all non-working street intersection cameras
30	Stop leaf blowers (noise pollution)
31	Bike friendly improvement and good tree health/canopy
32	Remove overhead utility lines
33	PLEASE SUPPORT THE AIRPORT. THANK YOU.
34	There are far more important city services than fiber-in-the-home! Comments on Services: Expanding City Services - How is this different from all that follow? Investing in comm..., funding homeless..., improving services..., repairing streets - how are these different?
35	REAPIRA STREETS – POLICE
36	POLICE LEAF BLOWERS!!!! Bring down sound pollution

Written Comment #	Comment
37	Especially, longer hours @ Children's Library. Whose expansion was supported thru PALF!
38	We are very disappointed w/ these questions. They are so vague. For example what does expanding services mean? What's the difference between #7 and #4 for roads?
39	Issues like crime + roads - which you ignore for libraries. Who uses a library?
40	Lucie Stern Community Center needs attention please.
41	Investing in community owned assets like community centers - particularly Lucie Stern
42	Why to roads appear twice on the list? Please define basic services versus city services.
43	Add speedbumps, reduce speeding cars. What does expanding City services mean? Community owned assets are already great. City has already great work in affordable housing and homeless service area. Put up speed limit signs. Reduce residential and personal safety crimes (for police)
44	No to expanding City services and funding affordable housing and homeless services. Stop police radio encryption (Number 1 - more transparency)
45	Fix Churchill bike lanes at Alma
46	Install smart meters and help with solar installs If you want to know "improvement needed?" why "maintain?"
47	The City needs to address excessive noise from airplanes. Fun this! Top priority!
48	More active policing. Less value futurism
49	Expanding project safety net to include mental health services for adults + youth
50	1 - Fiber to the home from City Muni Internet
51	Please preserve Cal Ave as a No-Car area
52	#1 Priority: Traffic safety kids/teen bike safety - much more police vigilance needed. Comments on services: Cut down semis + tractor trailers off our streets!!! Road safety standards have decreased appallingly in 3-5 years
53	1 - Fix the railroad level crossings!
54	NOT "defund" but "redesign" w/ social services
55	Maintain tree + flower beds on corners (like the 70's + 80's)
56	These streets are the worse/El Camino need ASAP atten
57	Resolve/improve traffic problem on El Camino & Embarcadero - Alma, etc.
58	Resume shuttle
59	Emergency vehicles are very noisy on Middlefield. Cut back on sirens - only use when absolutely necessary. Residences are affected by noise level.
60	I value & appreciate services that are currently provided. Thank you.
61	Please less construction! It obstructs traffic
62	WORK ON OPPOSING THE NEW IDEA OF ALLOWING 4 HOUSES ON A 50x100 Sq.ft.std LOT
63	Comments on Services: Maintaining basic services - roads
64	Stop the stack & pack housing, you only get so many people. Get homeless off the street rehab programs
65	Lack of P.A. employees & using contractors has lead to lack of a or terrible service. Are the plans to hire people instead.
66	Stop racism - no firmament action
67	Cubberley
68	How many existing City positions are currently unfilled?
69	Castilleja? Why? Palo Alto takes too long to make decisions on everything.

Written Comment #	Comment
70	Don't add new things, first improve existing services. Reduce costs, simplify. Programs like Citywide yard sale are excellent.
71	Please maintain service at College Terrace Library.
72	Removing the entrance fee to Foothills Park!
73	Invest in prepaid questionnaire returns
74	Public safety number 1 always; streets and roads number 2
75	Keep libraries open 7 days a week (down arrow) police support
76	Getting rid of gas powered leaf blowers - priority for climate change, pollution, and public health. Specifically repair and preservation at Lucy Stern
77	Please please improve the dumping of things in streets/yards, especially El Camino
78	Don't we already have public safety? How about "improve" Funding - esp homeless services

## ATTACHMENT D

March 18, 2022



To: Ed Shikada, City Manager

Fr: Public Dialogue Consortium

Re: Update on Business and Community Stakeholder Focus Groups

On November 15, 2021, the City Council approved a contract with The Lew Edwards Group for community engagement and ballot measure strategy and preparation services related to the potential revenue generating November 2022 ballot measures. As part of this process, the Lew Edwards Group enlisted the services of the Public Dialogue Consortium to conduct focus groups with members of the business community and community at-large, and to facilitate a public listening session with the Palo Alto community.

### Focus Groups

Staff compiled a comprehensive list of Palo Alto stakeholders consisting of business groups, employers, and community groups and organizations, and conducted extensive outreach utilizing multiple platforms to invite participants to the focus groups. Focus group invites were sent via e-mail and mail to business and community organizations throughout Palo Alto, with efforts to be as inclusive as possible. Sample business and community invites are attached. At first five focus groups were scheduled for the business community, and two groups were scheduled for community groups and organizations, but PDC and the City were ultimately able to accommodate all participants in five focus groups.

The five focus groups were conducted between February 22 and March 17, 2022. Four of the focus groups involved business community stakeholders, which consisted of 27 participants total. One community stakeholder group was conducted with six participants. The list of participants in each focus group is attached.

Attendance at the focus groups was underwhelming. Despite the extensive outreach, invitations, and follow-up reminders, we could have accommodated many more focus group participants based on the number of groups offered and the way they were structured. In fact, three focus groups were cancelled and two had to be rescheduled due to low attendance.

All focus group were conducted to achieve the same three outcomes:

- Educate stakeholders about Palo Alto's Fiscal Sustainability Strategy for 2022 and the funding options currently under consideration.
- Elicit feedback on City service priorities that are important to the business community and community at-large.

## ATTACHMENT D

- Elicit feedback on the two ballot measures that the City Council is considering for voters in November 2022: (1) Measure to affirm Gas Funds Transfer and (2) Adopt a new Business License Tax.

The focus group format was the same for the business and community at-large stakeholders. Part one established the context for the focus group, including introductions, the agenda, and outcomes and purposes. Part two consisted of a staff presentation on the City's Fiscal Sustainability Strategy, including revenue trends and services, and the two ballot measures under consideration. The third part was a facilitated discussion to elicit participant feedback. The following questions were used to focus the discussion:

- What clarifying questions about the presentation do you have for staff?
- What City services and priorities are important to you and your organization, business, or group?
- What do you and your organization, business, or group think about placing these two measures on the ballot? First, Measure to affirm Gas Funds Transfer? Next, the business license tax?
- What are your thoughts about how the business license tax should be structured?
  - Should any types of businesses be exempted if this idea is pursued (e.g., based on size, or type)?
  - What about basing the tax on a square footage percentage?
  - Are there any other factors in how the tax should be structured that you want to share?
- Under what circumstances, if any, could you support the Measure to affirm Gas Funds Transfer? Under what circumstances could you support the business license tax?
- Is there anything else you would like to say about the Fiscal Sustainability Strategy, City services, or the two potential ballot measures before we close?

### Results and Summary Themes

An analysis of the focus group results reveals mixed support for the Business License Tax. Specifically, opinions fell mostly into two categories. One was "conditional approval." Many focus group participants said that they could support the measure as long as particular elements are included or conditions are met (see the four themes below). The second category was "no support," with several group participants saying that they do not favor placing the measure on the November ballot under any circumstances.

By comparison, there was majority support to affirm the Gas Funds Transfer, with focus group participants saying that they favor placing the measure on the ballot, or were

## ATTACHMENT D

neutral about the measure due to lack of familiarity with it. There was no direct opposition to the Gas Funds Transfer.

Looking deeper into the views expressed about the Business License Tax, four dominant themes emerged from an analysis of the focus group discussions.

1. *No cap on the CPI.* Concerns were expressed that without a cap on the CPI the tax would continually increase, as some group participants said, “to millions of dollars for some companies.” In addition to wanting a cap on the CPI, a related suggestion is to put a cap on the total amount of the tax that a business would pay.
2. *No sunset.* The lack of a specified end date for the tax is viewed as problematic, particularly when coupled with the concern that the tax does not have a CPI cap. The prospect of the tax continually increasing indefinitely was the most significant concern expressed by group participants.
3. *Not the right time.* Another major concern was the timing of the tax. Group participants noted that many businesses are in recovery mode from COVID, and that there are commercial vacancies from businesses that did not survive the downturn from the pandemic. Given the uncertainties surrounding the current economic climate, the tax is seen as an impediment to business recovery and a disincentive to attract new businesses to Palo Alto.
4. *Need a funding plan.* Group participants voiced concerns about how the revenue from the tax will be allocated, specifically with the revenue going into the General Fund and spent on services that do not benefit the business community or the community-at-large. The recommendation is to develop a plan that specifies how the revenue will be spent, which for group participants will ensure transparency and accountability.

### Next steps

Two follow-up engagements will be conducted. One is a public Listening Session to be held on Tuesday, March 29 at 6:00pm, available to all members of the Palo Alto community. This session will include the staff presentation on the 2022 Fiscal Sustainability Strategy and the two ballot measures currently under consideration, followed by comments and input from the participants.

A second round of focus groups will be conducted with business community stakeholders in April and May to elicit input on the specific factors that will be used to structure the Business License Tax. Results from the listening session and second round of focus groups will be incorporated into the results from the initial five focus groups, and compiled in a summary and presented to the Finance Committee and City Council.

## ATTACHMENT D

**Abendschein, Jonathan**

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**From:** City Mgr  
**Sent:** Wednesday, February 16, 2022 5:15 PM  
**To:** Velasquez, Ingrid; Horriqan-Taylor, Meqhan; Abendschein, Jonathan  
**Subject:** FW: Invitation: Community Virtual Focus Group on City Service Improvements and Fiscal Sustainability Strategy

The City is inviting community leaders to join a conversation on City services and fiscal sustainability, which will help inform upcoming discussions on the annual budget process and potential revenue measures considerations.

In order to continue providing the high-quality services all community members expect and deserve, the City of Palo Alto is convening a series of conversations on a Fiscal Sustainability Strategy for 2022. This strategy is designed to ensure that the City can continue to make investments in services that have been impacted by the pandemic and economic shifts, such as libraries, recreation, and public safety.

Through several recent community surveys, our residents have told us that maintaining the City's ability to fund basic services, while addressing future needs, such as housing, fire and emergency medical services, affordable housing and supporting the unhoused, parks and recreation, transportation, and other public services are important to them.

You, or a representative from your organization or group, are invited to a virtual focus group to share your views on the service improvements important to you, and the best approach to generating the locally controlled funding the City needs to address community priorities.

Please select one of the following focus group meetings below and click on the link to register. Participants will receive an email confirmation and link for the virtual focus group meeting.

Focus Group 1: Tuesday, March 8, 12:00 – 1:15pm [Register](#)

Focus Group 2: Thursday, March 17, 6:00 – 7:15pm [Register](#)

If you are unable to participate in one of the focus groups, please consider responding to our online survey, which is available to all members of the Palo Alto community.

Additionally, a community listening session is being held on Tuesday, March 29, 6:00 – 8:00 p.m. All members of the Palo Alto community are invited to attend and share their views on service improvements and potential revenue measures considerations. Register for the Community Listening Session [here](#).

For more information about Palo Alto's Fiscal Sustainability Strategy, and to take an online survey about service improvements, please visit [www.cityofpaloalto.org/fiscalsustainability](http://www.cityofpaloalto.org/fiscalsustainability)

Best Regards,  
 Ed Shikada



Office of the City Manager  
 (650) 329-2392 | [city.mgr@cityofpaloalto.org](mailto:city.mgr@cityofpaloalto.org)  
[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



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## ATTACHMENT D

**Abendschein, Jonathan**

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**From:** City Mgr  
**Sent:** Wednesday, February 16, 2022 5:07 PM  
**To:** Abendschein, Jonathan; Velasquez, Ingrid  
**Subject:** Invitation: Business Virtual Focus Group on City Service Improvements and Fiscal Sustainability Strategy

The City is inviting community leaders to join a conversation on City services and fiscal sustainability, which will help inform upcoming discussions on the annual budget process and potential revenue measures considerations.

In order to continue providing the high-quality services all community members expect and deserve, the City of Palo Alto is convening a series of conversations on a Fiscal Sustainability Strategy for 2022. This strategy is designed to ensure that the City can continue to make investments in services that have been impacted by the pandemic and economic shifts, such as libraries, recreation, and public safety.

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You, or a representative from your organization or group, are invited to a virtual focus group to share your views on the service improvements important to you, and the best approach to generating the locally controlled funding the City needs to address community priorities.

Please select one of the following focus group meetings below and click on the link to register. Participants will receive an email confirmation and link for the virtual focus group meeting.

Focus Group 1: Tuesday, February 22, 9:00 – 10:15am [Register](#)

Focus Group 2: Tuesday, February 22, 12:00 – 1:15pm [Register](#)

Focus Group 3: Thursday, February 24, 1:00 – 2:15pm [Register](#)

Focus Group 4: Thursday, March 3, 9:00 – 10:15am [Register](#)

Focus Group 5: Tuesday, March 8, 6:00 – 7:15pm [Register](#)

If you are unable to participate in one of the focus groups, please consider responding to our online survey, which is available to all members of the Palo Alto community.

Additionally, a community listening session is being held on Tuesday, March 29, 6:00 – 8:00 p.m. All members of the Palo Alto community are invited to attend and share their views on service improvements and potential revenue measures considerations. Register for the Community Listening Session [here](#).



# ATTACHMENT D

For more information about Palo Alto's Fiscal Sustainability Strategy, and to take an online survey about service improvements, please visit [www.cityofpaloalto.org/fiscalsustainability](http://www.cityofpaloalto.org/fiscalsustainability)

Best Regards,  
Ed Shikada



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Attachment: Attachment D: Public Dialogue Consortium Focus Groups Progress to Date (13981 : Ballot Measure Engagement, Draft Measure

## ATTACHMENT D

### Palo Alto Focus Group Participants

*\*list does not include 3/29 listening session*

#### Tuesday, 2-22-22, 12pm (Business)

##### 1 Participant

1. John Shenk, Thoits Brothers

#### Thursday, 3-3-22 9am (Stanford Research Park and Shopping Center)

##### 19 Participants

1. Yvonne Mills, Morrison & Foerster
2. Angie Pyszczynski, Simon Properties
3. Georgie Gleim, Gleim Jewelers
4. Thomas Lawson, Ford Motor Company
5. Peter Arbour, Ford Motor Company
6. Charlie Weidanz, Palo Alto Chamber of Commerce
7. Kent Leacock, VMware
8. Jennifer Cohen, Tesla
9. Barry Barnes, CleanSweep Campaigns
10. Don Cecil, MC2 Bay Area Public & Government Affairs Consulting
11. Allison Koo, Sand Hill Property Company
12. Pam Decharo, Owner, Hair International
13. John Koselak, Vi Living
14. Jessy Borges, Lockheed Martin
15. Nicholas Karrelas, SAP
16. Shweta Bhatnagar, Stanford University
17. Lucy Wicks, Stanford University
18. Tiffany Griego, Stanford University
19. Michael Bordoni, Stanford University

#### Tuesday, 3-8-22 12pm (Community)

##### 6 Participants

1. Mary Gloner, Project Safetynet
2. Karla Henriquez, Project Safetynet
3. Rhonda Bekkedahl, Channing House retirement community
4. Kate Blessing-Kawamura, Eden Housing
5. Matt Bryant, resident & pharmacist
6. Edesa Bitbadal, representative for NAIOP Silicon Valley on public policy matters

#### Tuesday, 3-15-22 6pm (Business)

##### 4 Participants

1. Dan Kostenbauder - VP for tax policy, Silicon Valley Leadership Group
2. Howard Schneck - tax director at Varian Medical Systems
3. Valerie Sinden - global overview systems at Varian Medical Systems
4. Kris Quigley - representing CA Life Sciences

## ATTACHMENT D

### Thursday, 3-17-22 12pm (Chamber of Commerce)

#### 5 Participants

1. Elizabeth Santana, Palo Alto Players
2. Karen Law, Palo Alto Players
3. Nancy Coupal - Coupal Cafe
4. Shweta Bhatnagar - Stanford University
5. Charlie Weidanz - Chamber of Commerce

## ATTACHMENT E

**Gas Utility Transfer to the General Fund**

Each fiscal year the City Council may transfer from the gas utility to the general fund an amount equal to [   % of the gross revenues of the gas utility received during the fiscal year two fiscal years before the fiscal year of the transfer] or [   % of the gross revenues of the gas utility received during the fiscal year immediately preceding the fiscal year before the fiscal year of the transfer]. At its discretion, the City Council may decide to transfer a lesser amount. The projected cost of the transfer shall be included in the City's retail gas rates included in the City's retail gas rates as a cost of providing services.

Note: The description of the fiscal year used to measure the transfer can be either:

   % of the gross revenues of the gas utility received during the fiscal year two fiscal years before the fiscal year of the transfer

or

   % of the gross revenues of the gas utility received during the fiscal year immediately preceding the fiscal year before the fiscal year of the transfer

## ATTACHMENT F

## Summary of Prior Work on Potential Revenue Generating Ballot Measures

The City of Palo Alto has been discussing its options for potential revenue-generating ballot measures through 2019 and 2020. This work was suspended at City Council direction in March 2020 in order to marshal available resources to manage through the COVID-19 pandemic. A timeline of the CMRs and discussions with the Finance Committee and the City Council since April of 2019, when staff was formally directed to begin working on this project by the City Council, is included below for additional context. The date, the forum of the meeting (Finance Committee or City Council), the summary title, and the CMR number are included for ease of reference.

### Timeline

4/22/2019 City Council, "2019 Fiscal Sustainability Workplan", [CMR 10267](#)

4/22/2019 City Council, "Approve Workplan for a Potential Revenue Generated Ballot Measure", [CMR 10261](#)

6/18/2019 Finance Committee, "Review, Comment, and Accept Preliminary Revenue Estimates for Consideration of a Ballot Measure", [CMR 10392](#)

8/20/2019 Finance Committee, "Evaluation and Discussion of Potential Revenue Generating Ballot Measures", [CMR 10445](#)

9/16/2019 City Council, "Evaluation and Discussion of Potential Revenue Generating Ballot Measures and Budget Amendment", [CMR 10615](#)

10/1/2019 Finance Committee, "Revised Workplan for Consideration of a Ballot Measure", [CMR 10712](#)

10/15/2019 Finance Committee, "Stakeholder Outreach, Initial Polling, and Discussion of a Potential Ballot Measure", [CMR 10743](#)

11/4/2019 City Council, "Potential Ballot Measure Polling/Outreach, Contract, Solicitation Exemption and Budget Amendment", [CMR 10792](#)

12/2/2019 City Council, "Structure and Scenarios of Initial Round of Polling for a Potential Local Tax Measure", [CMR 10891](#)

12/17/2019 Finance Committee, "Consideration, Evaluation, and Discussion of a Revenue Generating Local Tax Ballot Measure, Review of Refined Modeling, Analysis, Tax Structure and Recommendation to the City Council", [CMR 10655](#)

**ATTACHMENT F**

1/27/2020 City Council, "Update, Consideration, and Potential Direction on Possible Local Tax Measure for 2020 Election", [CMR 11019](#)

3/23/20 City Council, "Consideration of Analysis, Public Outreach, and Refined Polling and Further Direction on a Potential Local Business Tax Ballot Measure for 2020 Election", [CMR 11161](#)

3/23/20 City Council, "Consideration of Analysis, Public Outreach, and Refined Polling and Further Direction on a Potential Local Business Tax Ballot Measure for 2020 Election", [At-Places Memorandum](#)

6/15/2021, Finance Committee Staff Report, "Recommend the City Council Approve the Workplan for Pursuit of a Revenue-Generating Local Ballot Measure for the November 2022 General Election; Review and Potential Guidance to Staff on Affordable Housing Funding as Referred by the Council", [CMR 12299](#)

8/16/2021 City Council, "Approve the Workplan for Development of a Revenue-Generating Local Ballot Measure for the November 2022 General Election; Review and Potential Guidance to Staff on Affordable Housing Funds as Referred by the City Council", [CMR 12381](#)

9/21/2021 Finance Committee, "Discuss Updates and a Recommended Further Refinement of Potential Revenue Generating Local Ballot Measures," [CMR 13514](#)

10/19/2021 Finance Committee, "Discuss Updates and Recommend Further Refinement of Potential Revenue Generating Local Ballot Measures, and Review Draft Initial Polling Outline", [CMR 13648](#)

11/8/2021 City Council, "Discuss Updates and Recommend Further Refinement of Potential Revenue Generating Local Ballot Measures, and Review Draft Initial Polling Outline", [CMR 13687](#)

12/7/2021 Finance Committee, "Discuss Updates and Recommend Further Refinement of Potential Revenue Generating Local Ballot Measures", [CMR 13728](#)

1/18/2022 Finance Committee, "Discuss Poll Results Regarding Potential 2022 Revenue Generating Ballot Measures and Recommend Further Refinement of Business License Tax and Utility Tax Proposals", [CMR 13875](#)

1/24/2022 City Council, "Discuss Polling Results, Analysis, and Community Stakeholder Engagement Plan; Recommend Further Refined Parameters for a Possible Local Tax Ballot Measure for November 2022 Election (Business License Tax and Utility Tax Proposals); and Direct Staff on Related Items such as Community and Stakeholder Engagement Plan," [CMR 13770, p. 385 and CMR 13963, p. 462](#)