

**HOW WILL THE PALO ALTO CITY COUNCIL
MANAGE OPPORTUNITIES DRIVEN
BY THE
2012-2017 ECONOMIC BOOM?**

FACT ONE:

Cities within a 20 mile radius of Palo Alto are experiencing profound suburban and urban change. This regional change is unique within California and accelerating at a rate greater than Palo Alto Council and Staff resources can manage. The consequences are obvious in Palo Alto and becoming obvious in other cities.

Objective management data since 2010 is available to the local City Councils and senior city management. In retrospective, the data below has not been turned into management information. Furthermore, management information has not been put into context for optimal decision making—allocation of city money and management time. Palo Alto is not alone in its struggle to manage its success.

- ✓ Rising sales tax revenue
- ✓ Hyper-property values, both residential and commercial
- ✓ Gridlocked traffic on the major highways and key intersections
- ✓ Almost unlimited commercial building demand, especially high tech office space
- ✓ Rapid upgrading of commercial spaces and homes
- ✓ Stagnant housing inventory and school capacity relative to retail and commercial office growth [Palo Alto continues to be developed for out-of-town workers not its residents]
- ✓ Almost no data on the current workforce or job growth
- ✓ Understaffed city planning department to manage the development boom driven by developers with unlimited access to capital
- ✓ Citizen acceptance of unlimited job creation and willingness to “freeze” school capacity and housing supply
- ✓ Documented commuter intrusion into 8 Palo Alto neighborhoods and no stewardship for traffic spillover onto neighborhood streets

- ✓ Growing citizen opposition to the most visible imbalance such as parking and traffic
- ✓ Little citizen appreciation for short-sighted housing and school decisions
- ✓ Serial, blind faith council decisions that long term traffic and parking impact can be corrected in the mid-term
- ✓ Increasing political and legal challenge to city staff and Council decisions

For very understandable reasons city staff and elected officials have been reluctant to put this data above *into context*. Facts have not been courageously put on the table; consequently, negative impact, such as neighborhood parking and traffic, await crisis management. In my opinion, parking and traffic are only the visible tip of an iceberg. Much larger issues, such as housing supply and school capacity, lurk below the surface. **Commuter parking intrusion into 8 neighborhoods may be the only issue with a partial, mid-term solution...mid-2015 at the earliest!!!**

FACT TWO:

City council and senior staff have welcomed this economic boom but are not prepared with adequate staffing and management systems to respond to massive job growth and capital flow (especially for office spaces). The economic turnaround has been sudden, profound and very regionalized. San Mateo and Santa Clara Counties have rapidly transcended the economic recovery cycle and Palo Alto, struggling as a fully built out city, is in the epicenter of change within the two counties.

The Council should remind itself and its citizens that this is no ordinary problem and opportunity. Above all Palo Alto City Council and citizens can set the highest, most positive expectation for meeting issues head on with innovation and adequate resources. If Council and senior staff fail to rise to the occasion, it is possible to collapse into a period of denials, blame and conflict during most of 2014.

FACT THREE:

Less than a dozen municipalities are “competing” with one another to accommodate the flow of capital creating jobs and accelerating demand for office space. There is a massive infrastructure lag. Traffic on the major arteries and demand for public transportation cannot be managed in the short term. Jurisdictions are avoiding responsibility because no one can be in charge. See attached “Road Show” article. It

is clear that traffic gods only create traffic and there is no god for regional or LOCAL traffic demand management. Emergence of private bus systems is notable but not replicable by smaller employers driving most of the decentralized job growth. Better biking is undeniably popular and worthwhile; but, it has undocumented impact on the escalation of parking and traffic.

OPPORTUNITY ONE: YOU CAN MANGE WHAT YOU CAN MEASURE

Despite the megatrends and decision-making limitations noted above, neighborhood quality as reflected by traffic and parking can be measured and managed accurately and inexpensively. What is lacking?

Council stewardship and allocation of relatively small resources

The VTA traffic forecasts are important benchmarks but do not reflect the actual conditions and needs within the boom cities. However, it is feasible to target, collect and report Palo Alto specific traffic data at regular intervals. Palo Alto, like its neighboring cities, has the option to manage its unique neighborhood traffic and parking problems. **This local data must be turned into management information by city staff to trigger council stewardship.**

Recently the Planning Department identified 25 key intersections warranting immediate management. There are at least 25 purely neighborhood streets vulnerable to traffic spillover particularly at rush hour.

Within 90 days city staff should present its plan to monitor report and project the 25 neighborhood streets. If the economic boom continues for another 24-36 months with its traffic increases, and if only weak neighborhood traffic interventions are implemented, then at least a dozen neighborhood streets could be beyond salvage. This data can be available by mid-2014 and the city staff, PTC, Council and residents can then focus objectively on quality standards and interventions for acceptable traffic and safety conditions within Palo Alto neighborhoods.

Since April 2011 the Planning Department has collected residential neighborhood commuter intrusion data from the University Avenue commercial core. Only residents, acting as amateur city planners, have summarized and reported this data

meaningfully to the public. Unfortunately, there is no serial, city data available for the California Avenue commercial core or key sections along El Camino Real. Ventura and Evergreen Park residents are regularly mapping commuter intrusion and helping Old Palo Alto neighborhood monitor the commuter impact around Jerry Bowden Park. Likewise, Crescent Park residents have commenced their documentation of commuter vehicle intrusion along Middlefield Road.

Within 90 days city staff should present its plan to monitor and report commuter intrusion within all 8 neighborhoods adjacent to the California and University Avenue commercial zones. This data can be available by mid-2014 and the city staff, council, PTC and residents can then focus objectively on quality standards and interventions for acceptable levels of commuter parking intrusion into the residential neighborhoods. What is the status of parked vehicle data collected in April 2013? Was the parked vehicle survey conducted as promised in November 2013?

OPPORTUNITY TWO: INFORMATION IN CONTEXT, NOT DATA = ACTION

One of the Council's greatest weaknesses is a failure to establish context during its short-term decision making. The root cause is probably the resource shortages in the city departments. Nevertheless, during the past 2 years, the Council and Staff have steadfastly avoided asking and answering basic management questions.

Now is the time for the Council to issue a clear mandate for the City Manager and the new Planning Director to focus on high-return, mid-term actions. Waiting until the Downtown Development Study is completed is not an option because it does not address the parking intrusion issue directly or with adequate resources. Data is only step one. What action can the Council and Staff take that will force best practices for neighborhood traffic, safety and parking to be implemented in a timely manner?

First, create a traffic demand management unit within the Planning Department and allocate rich resources to it. New resources have sprung up from sales taxes. Use them prudently. Shift resources from other departments such as the Economic Development Office, because economic growth does not need to be stimulated for the foreseeable future. Economic growth is Palo Alto's most obvious problem.

Second, set a specific time for implementation of neighborhood permit parking in all neighborhoods adjacent to the California and University Avenue commercial cores. I suggest July 4, 2015. Council mandate will create profound incentives for problem solving by the major stakeholders such as merchants, restaurants, tenants, property owners, downtown workers and residents. You cannot overestimate the power of this deadline.

OPPORTUNITY THREE: QUALITY DECISION MAKING PROCESS

There are other questions and solutions as important as parking and traffic. Many residents feel that the City Council and Staff have encouraged rapid development and purposefully avoided the obvious negative neighborhood impact. There is no designated neighborhood advocate within the Planning Department. *Who is focused like laser on spillover traffic within neighborhoods and the massive negative commuter parking intrusion?* Staff has not had time to fully analyze and report about the environmental and safety issues associated with gridlock, slow commute times and commuters orbiting around our neighborhoods in search of a parking space.

On March 18, 2013 the Council considered 6 “near-term” solutions. See attached report. Today 252 days after March 18, the lagging 6 solutions are a textbook example of no quality control by the Council. **On December 2 the Council could schedule a study session at the first meeting in February to review the status of each solution and explore the root causes for inaction.** Pursuing root cause in a no-blame manner is one of the basic principles of quality control and should be an explicit expectation when the Council analyzes its deeply rooted problems such as Maybell and Measure D. Integrating modern QA methods in city government is a cultural shift not easy for a large council such as Palo Alto. I will send background information in a later email.

OPPORTUNITY FOUR: REALITIES OF CITY FINANCES

It is appropriate for the council to think about Prop 13 and the long-term impact of property tax revenues relative to sales taxes. I don't see any real possibility of Prop 13 policy change. **Prop 13 and its long-term impact cannot be addressed satisfactorily on December 2 and could detract from more pressing issues.** My advice is for the Council to make three finance issues candid and clear to the voters by mid-2014.

First, declare a simple vision for Palo Alto in Year 2040. What is your goal in terms of residential population? What is your goal for the number of workers who will commute in and out of Palo Alto each day? Nobody can predict the future, so present 3 scenarios to focus the Council, Staff and citizen attention.

Second, outline the basic infrastructure necessary for Palo Alto to be successful, ultra-high quality city for those workers and residents. For example, the Council has a real time issue in defining the size and design of its public safety building because the vision for 2040 is essentially unstated.

Third, **City Council can be candid to its voters about the realities of city finance.** I assume that Prop 13 won't be reformed in the next 25 years. I think Palo Alto's very smart voters will slowly reach rational decisions about the city self-financing its needs beyond the current tax structure. This means current tax structure plus occasional combinations of voter approved, episodic parcel taxes, sales tax increases and/or bond measures are essential to finance city and school services.

CONCLUSION

If the City Council can mobilize and find its voice, I am confident that lack of resources will not be the biggest problem facing future city councils. The biggest challenge will be defining the balance between the number of voters at home at 8 pm versus the number of workers seeking parking at 8 am.