



COMPREHENSIVE PLAN UPDATE CITIZENS ADVISORY COMMITTEE BUSINESS AND ECONOMICS ELEMENT

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

DATE: Tuesday, February 21, 2017
TO: Citizen Advisory Committee (CAC)
FROM: Elena Lee, Interim Planning Manager,
Planning & Community Environment Department
TITLE: Business and Economics Element Discussion

What to Expect at the Meeting

The meeting will begin with a public comment period. The first part of the meeting will allow time for a discussion of the status of the EIR process and January 30th Council direction to staff. Please see Attachment A to this staff report, a memo to the CAC from Planning and Community Environment Department Director Hillary Gitelman, with additional detail on the Council actions, as well as CAC comments on the same topic in Attachment C.

The remainder of the meeting will be dedicated to the second CAC discussion of the Draft Business and Economics (B&E) Element, focusing on all goals of the Element and key issues highlighted during the February 2nd subcommittee meeting. At the end of the discussion, the CAC will be asked to recommend forwarding the revised Element to the City Council.

The B&E Element is an optional Element of the Comp Plan; it is not required by State law and there are no specific statutory requirements for its contents. The existing Element is available online, [linked here](#).

Update from the Business & Economics Subcommittee

Following the January 17th meeting, at which the full CAC discussed an annotated outline of the B&E Element goals and policies, staff incorporated CAC input into a policy framework of the Element, [linked here](#), for subcommittee review.

The B&E subcommittee met on February 2nd to review the policy framework. The group was pleased to welcome new subcommittee member Hamilton Hitchings. Khashayar. “Cash” Alae, Senior Management Analyst, City Manager’s Office, attended as the City staff expert. In addition, Hal Michelson, Government Action Committee member, Palo Alto Chamber of Commerce, attended as a community member.

In their discussions, the subcommittee agreed on two organizational revisions to the Element:

1) Moved Goal B-2, Thriving Economy, to the beginning of the Element in order to prioritize the importance of economic vitality.

2) The addition of a new Goal B-3. Fiscal Responsibility, and its accompanying policies and programs.

In addition, the subcommittee recommended revisions to goals and section headings, as well as policy and program revisions. These are detailed beneath *Topics Raised by the Subcommittee*, below.

Business and Economics Data

As a reminder, the January 21st CAC staff report ([linked here](#)) included relevant City fiscal, economic and business data. Recent City studies such as the Long Range Financial Forecasts (LRFF) and Comprehensive Annual Financial Reports ([linked here](#)) offer detailed data concerning the City's fiscal health, taxable sales, and other topics. In addition, the Fiscal Analysis of Comp Plan Scenarios ([linked here](#)) includes relevant information on local revenues, expenses, and spending.

Topics Raised by the Subcommittee

During their second discussion, subcommittee members raised a number of topics that informed their recommendations for revisions to the B&E Element:

Vision Statement

- In response to CAC input on achieving a balanced tone regarding neighborhoods and business districts, the second sentence was changed to “The dual nature of Palo Alto, with both livable neighborhoods and thriving business districts, will be continued so that neighborhoods are protected and enhanced while business districts remain competitive and attractive.”

Goal B-1. Thriving Economy

- The wording of **Goal B-1** (formerly Goal B-2 in the January 17 CAC draft) was altered to rank the importance of new businesses differently, with businesses that contribute to economic vitality now leading the list.
- In **Policy B1.1**, City service requirements were added to the list of businesses goals that should be encouraged.
- **Program B1.1.1**, calling for the implementation of Palo Alto's Office of Economic Development policy, was moved from its previous location of Program B-2.
- **Policy B.2** was expanded to include start-ups and entrepreneurs among the list of businesses to be fostered.
- **Policy B1.3** was added, prioritizing ongoing engagement between the City and all business stakeholders.
- **Policy B1.4** was added, directing the Office of Economic Development to attract businesses that innovate in the areas of mobility and sustainability.

- **Policies B1.5 and B1.6**, which were previously combined, were split into two separate policies, one considering the use of public-private partnerships toward revitalization of select areas, and the second encouraging private-sector businesses or property owners to provide space for community-serving non-profits. A reference to space for public agencies was deleted.
- **Existing Program B-3**, which promotes opportunities for public investment in infrastructure and land use regulations, was deleted. Similar infrastructure policy is located in the Safety Element, while policy related to land use regulation is covered in the Land Use Element.
- **Policy B1.7**, in support of a technologically advanced communications infrastructure, was deleted for redundancy with Policy S4.1 in the Safety Element, which calls to “Improve access to a range of secure, state-of-the-art telecommunications infrastructure...”

Goal B-2. Compatibility & Interdependence

- The wording of **Goal B-2** (formerly Goal B-1 in the January 17 CAC draft) itself was edited to replace “character” with “neighborhoods,” reflecting that different parts of Palo Alto have different characters and not all parts of the city are residential.
- **Policy B2.1** was added, recognizing the broad value of local serving retail.
- **Policy B2.3**, noting the value of coordination between businesses and neighborhoods, was reworded; vague language about “livability” was replaced by reference to traffic and parking, specific neighborhood impacts of concern.
- **Policy B2.4** was deleted due to its redundancy with the wording of Goal B-2 itself.
- **In Policy B2.5**, “street tree system” was replaced with “natural environment, along with other characteristics...” in order to stress the value of multiple assets to the local economy.

Following both the January 21st CAC and February 2nd subcommittee discussion, subcommittee members decided to recommend a new goal under the heading “Fiscal Responsibility.” The wording of the goal follows:

Goal B-3. Careful Management of City Revenues and Expenditures so that the Fiscal Health of the City Is Ensured and Services Are Delivered Efficiently and Equitably.

- **Policy B3.1** was added, promoting a holistic approach to fiscal sustainability, including monitoring, efficient operations and employment and business strategies.
- **Policy B3.2** was moved from previous Goal B-3, Culture of Innovation & Business Diversity, and calls for diversity of revenue generating businesses. A portion of the policy, calling on business to advance the City’s commitment to fiscal health, was moved to become new Policy B5.4.
- **Program B3.2.1**, calling for the use of tools to track business diversity, was also moved from previous Goal B-3, alongside Policy B3.2.
- **Policy B3.3**, promoting the development of strategies to attract businesses and employers that generate revenues sufficient to support City services, was edited for clarity.

Goal B-4. Culture of Innovation & Business Diversity

- In **Goal B-4**, “viable” business opportunities was reworded as “diverse” opportunities, and “business policies” was changed to “supportive business policies.”
- Policies under this Goal were slightly reorganized to group policies regarding retail together.
- **Program B4.2.1** was broadened to include “planning, regulatory or other incentives.”
- **Policy B4.3** was shortened to establish more direct support for small business growth.
- New **Policy B4.4** was added to retain and attract large employers in the Stanford Research Park.
- In **Policy B4.7**, specific reference to collaboration with Stanford and PAUSD was omitted from potential strategies to locate arts and entertainment spaces.

Goal B-5. Predictability & Flexibility.

- In **Policy B5.1**, “flexibility and predictability” was reversed so that predictability comes first, and “businesses and employers” was expanded to “those seeking City approval” since it may be a property owner, developer, or other party that would benefit from a healthy business climate.
- In **Program B5.1.4**, zoning revisions were expanded to those that would revitalize aging retail structures and preserve Class B and C office space.
- **Policy B5.4**, based on wording moved from Goal B3.2, calls for encouraging business to advance the city’s fiscal health.

Goal B-6. Retail Centers. The title of this goal was revised to specify that these policies refer specifically to retail centers, not just “centers.”

- In the wording of the goal, “business centers” was changed to “retail centers.”
- In **Policy B6.1**, “arts” was added to the list of uses to be added to University Ave.
- In **Program B6.1.1**, the description of businesses to be retained was restricted to simply “retail” businesses.
- In **Policy B6.3**, reference to Stanford University was reinstated, and leaseholders were also added as a group to be coordinated toward the health of Stanford Shopping Center
- The first sentence of **Policy B6.4** was deleted due to overlap with Land Use Policy LU-4.8, which states “Maintain the existing scale, character, and function of the California Avenue business district as a shopping, service, and office center...”
- The second sentence of **Policy B6.4**, which discourages development that would turn California Avenue into a regional shopping area, was merged into **Policy B6.5**.
- **Town and Country Village** was removed from Goal B-6 due to policy overlap with the Land Use Element:

Policy L-4.11: Recognize and preserve Town and Country Village as an attractive retail center serving Palo Altans and residents of the wider region. Future development at this site should preserve its existing amenities, pedestrian scale, and architectural character while also improving safe access for bicyclists and pedestrians and increasing the amount of bicycle parking. [Previous Policy L-32] [L88]

Policy L-4.12: In Town and Country Village, encourage a vibrant retail environment and urban greening. [Previous Policy L-33] [L89]

Policy L-4.13: In Town and Country Village, encourage improvement of pedestrian, bicycle, and auto circulation and landscaping improvements, including maintenance of existing oak trees and planting additional trees. [Previous Policy L-34] [L90]

Goal B-7. Business Employment Districts. “Business” was added to the title to differentiate these districts from retail and other types of employment districts.

- **Policy B7.2** was reworded so that support for Stanford University and businesses within Stanford Research Park is highlighted as necessary to the long-term health of the Research Park.
- **Policies B7.3 and B7.4** were edited to encourage commercial investment within Stanford Research Park, not only along the El Camino.

CAC Schedule and Next Steps

Below is the schedule of next steps for the CAC. After the Business and Economics Element, the remaining CAC topics are Implementation and the Introduction and User’s Guide topics. While the CAC is completing its work, the Council will continue to hold meetings to discuss the CAC’s recommendations on the Land Use, Transportation, Natural Environment, Safety, and Business and Economics Elements.

MONTH	CITIZENS ADVISORY COMMITTEE (CAC) SCHEDULE OF MEETINGS & TOPICS	SCHEDULE OF SUBCOMMITTEE MEETINGS AND TOPICS
February	<ul style="list-style-type: none"> • Recommendation on Business & Economics Element (February 21) 	<ul style="list-style-type: none"> • CAC Implementation Subcommittee reviews Implementation Plan (February 28)
March	<ul style="list-style-type: none"> • Discussion and Recommendation on the Implementation Plan (March 21) 	<ul style="list-style-type: none"> • CAC Governance Subcommittee reviews Users Guide/Governance Topics
April	<ul style="list-style-type: none"> • Discussion and Recommendation on the intro/users guide/governance topics (April 18) 	
May	<ul style="list-style-type: none"> • Final CAC Session (“Putting it all Together”) (May 16) 	

Attachments

- A. Memo from Director Hillary Gitelman: Status of the EIR Process & Council Direction On Land Use
- B. Draft Business and Economics Element - Tracked
- C. Draft Business and Economics Element - Clean
- D. January 17th CAC Meeting Minutes – provided as link only: [link here](#)
- E. Comments from CAC Members