



COMPREHENSIVE PLAN UPDATE CITIZENS ADVISORY COMMITTEE BUSINESS AND ECONOMICS ELEMENT and IMPLEMENTATION PLAN

Tuesday, March 21, 2017

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

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

What to Expect at the Meeting

The meeting will begin with a public comment period. Then, staff will provide a summary of the March 20, 2017 City Council meeting.

The first part of the CAC discussion will allow time for recommendation of the Business and Economics Element by consent.

The remainder of the meeting will be dedicated to discussion and recommendation on the Implementation Plan. The CAC will review the programs for each Element and:

- discuss parameters and objectives of the “dot exercise” (subcommittee members can share their experiences), as well as potential limitations;
- suggest any programs that could be consolidated or eliminated or combined in order to pare down the number of programs to a more feasible number; and
- each CAC member will place “dots” provided to indicate priorities, as explained further below.

There are 368 individual programs in the attached Implementation Plan. Please review these in advance and come prepared to identify the priorities that are most important to you.

Business & Economics Element: Updates from the CAC

The CAC requested revisions to the Business and Economics Element at the February 21, 2017 meeting and agreed that the Element should return to the CAC for recommendation as a consent item. Revisions to both the introductory narratives and policy framework are highlighted below. Any further comments

or requested changes will be forwarded to the Council as stand-alone comments for consideration during their review of the draft Element. Comments should be submitted to staff by March 31, 2017.

Narrative

Vision Statement

- This text has been edited so that the neighborhood/business balance is portrayed as “diverse” rather than a “dual.” In addition, a statement acknowledging the historic, mutually beneficial relationship between the City and Stanford has been added.

Introduction

- In the final paragraph, “shuttles serving retail centers” was removed from the list of transportation-related topics.

Economic Context

Employment Section

- In the second paragraph, “technology” was added to the list of City’s employment sectors.
- In the final paragraph, “The resulting high cost of living prevents restaurants, hotels and others in the service industry from finding sufficient employees,” was added, in addition to the two final sentences: “The City recognizes the importance of providing affordable housing and efficient transit opportunities for employees of all types of businesses, as addressed in the Land Use and Community Design, Transportation and Housing Elements of this Plan.”

Retail Section

- In the first paragraph, “small, independent and locally-serving” was added in front of “retailers”
- A trendline showing sales tax revenues each year since 2009, based on City budget data., was added to his section. The accompanying narrative has been revised accordingly.

Planning Context

Fiscal Health Section

- The pie charts for Figure B-3 (Revenues) and B-4 (Expenses) have been replaced with bar graphs showing changes over time since FY2009/10.
- A new bar graph was added comparing total revenues and expenses yearly since FY 2009/10.
- The narrative has been revised to reflect the new graphs.

Flexibility and Predictability Section

- “Through changing economic cycles” was added to the first sentence.

- In the third sentence, “Office of Economic Development” was replaced with “City.”

Culture of Innovation and Business Diversity Section

- A statement about the value of Stanford University to City innovation was added to this section.

Business Employment Districts

Stanford University Medical Center Section

- Revised to state that SUMC currently employs about 10,000 people, and that future growth will add an additional 2,500 jobs.

Policy Framework

Goal B-1. Thriving Economy

- In **Policy B-1.1**, “service requirements” was changed to “municipal services requirements.”
- **Program B-1.1.1** was reworded to be more direct about OED action and implementation.
- **Policy B-1.6** was reworded to encourage the private sector to coordinate with community groups as well as nonprofits and public agencies.
- **New Policy B-1.7** is a reworded version of previous **Policy B-5.4**, which has been moved to this location.

Goal B-2. Compatibility & Interdependence

- **Policy B-2.1** was reworded for clarity and neighborhood focus.
- **Policy B-2.3** was reworded to emphasize shared values and concerns between neighborhoods and businesses.
- **Policy B-2.4**, supporting the use of planning tools to ensure compatibility between business districts and neighborhoods, was returned to the goal.
- **Policy B-2.5**, which was unintentionally missing from the February 21 draft, has been reinstated. It recognizes the value of the natural environment to Palo Alto’s economy.

Goal B-3. Fiscal Responsibility

- **Policy B-3.2** was slightly reworded to improve clarity.

Goal B-4. Culture of Innovation & Business Diversity

- **Program B4.2.1** was added (previously part of Program B-5.1.4) to revise the zoning ordinance to encourage preservation of small business spaces.
- **Policy B-4.4** was reworded to clearly state Stanford Research Park's role as a concentration of large employers.
- The words "small, independent" were added to "retail" in **Policy B-4.6**.

Goal B-5. Predictability & Flexibility

- The word "design" was replaced with "compatibility" in **Program B-5.1.2**.
- **Program B-5.1.4** was split into two programs, to separate two ideas of revitalization of aging retail areas and spatial preservation. The new separate program regarding preservation of space is located under Policy B4.2, which addresses preservation of small office spaces as an important part of a diverse economy.
- **Policy B-5.3** was reworded for clarity and direction to the OED.

Goal B-6. Retail Centers.

- "Small" was added to **Policy B-6.1**, to specify types of uses.
- The second sentence of **Policy B-6.4** (previous policy B-6.5) was removed as redundant with the first sentence.
- New **Policy B-6.6** was added, in order to recognize El Camino Real's unique role as both local-serving and regional corridor.
- **Town and County Village** was returned to the list of Multi-Neighborhood Centers

Goal B-7. Business Employment Districts

- In **Policy B-7.3** "and adjacent neighborhoods" was added to the referenced area.

Implementation Plan: Background

This will be the CAC's primary opportunity to discuss the Implementation Plan of the Comprehensive Plan Update. The Implementation Plan describes and prioritizes actions to implement various aspects of the goals and policies expressed throughout the Comp Plan Elements. At this meeting, the CAC will review the draft of the updated Implementation Plan, including the introductory narrative, and provide input on prioritizing the programs. As discussed further below, the draft provided includes 368 individual programs and we also welcome your input on any redundancies that can be eliminated!

The Implementation Subcommittee met on February 28th and discussed ways to get the full CAC's input, ultimately piloting a "dot exercise" to identify the group's collective priorities. Based on the subcommittee's input, staff and consultants have made some modifications to the table attached, and

will be asking the full CAC to undertake a similar “dot exercise.” Please review the “What to Expect at the Meeting” section below for a full explanation.

At the March 21st meeting, we will also be able to discuss further the City Council’s clarification and direction on the placement of programs in the Comp Plan (scheduled for March 20th), and the CAC will be asked to discuss and make a recommendation on sending the Implementation Plan to the City Council for review. We understand there may be a temptation to spend more than one meeting on this section of the Comp Plan, but we should all recognize that prioritization is ultimately a City Council decision, and priorities will change over time.

Prior to the February 28 subcommittee meeting (see **Report from the Implementation Subcommittee** section, below, for outcomes), staff and consultants did the following:

- Prepared the introductory/narrative text for the Implementation chapter, based on the existing Comp Plan Implementation chapter.
- Pulled all programs from the most current version of each Element into a single matrix:
 - Land Use – reflects City Council motions regarding specific programs on January 30, 2017: [\[link to Element\]](#). (See Council Action Minutes here: [link to Action minutes](#)).
 - Transportation – reflects City Council input provided at their September 19, 2016 meeting: [\[link to Element\]](#). (See summary of Council comments in staff report here: [Link to staff report summary of Council comments](#) – see pages 10-12)
 - Natural Environment – reflects the version the CAC reviewed and recommended to forward to Council on December 13, 2016: [\[link to Element\]](#)
 - Safety - reflects the version the CAC reviewed and recommended to forward to Council on December 13, 2016: [\[link to Element\]](#)
 - Community Services and Facilities- reflects the draft reviewed by the Council in February 2016, subsequently distributed to the CSF subcommittee and City staff for review in June and July 2016: [\[link to Element\]](#)
 - Business and Economics - reflects the draft the full CAC reviewed on February 21; this Element will be updated per the discussion which occurred at the CAC meeting on February 21: [\[link to Element\]](#)
- Reviewed the matrix of programs to assign a priority to each program
- Made a first pass at identifying and eliminating redundancies by combining and/or moving programs among Elements. For example, all programs relating to park funding are now consolidated in the CSF Element. All moves or combinations are noted in the Notes column.
- Identified which programs are EIR mitigation measures.
- Identified which programs respond to State requirements.

Role of the Implementation Plan

The introductory text of the Implementation Chapter provides a summary of the intent of the Chapter, making it clear that Palo Alto’s Comprehensive Plan will be implemented both through the day-to-day

decisions that rely on the Plan vision, goals, and policies, as well as the implementation programs identified in this chapter. All substantive decisions about development projects, capital improvements, zoning changes, and other plans and policies affecting land use, transportation, and the physical environment will be reviewed for consistency with this Comprehensive Plan, thus advancing the Plan's overall vision and policy framework. To complement the implementation of this plan that will occur as a review of individual decisions that are made, the City has identified a list of implementation programs intended to provide an overall sense of the priorities for future actions in support of accomplishing the goals of the Comprehensive Plan. This list provides the key mechanism to link Comprehensive Plan implementation to Palo Alto budget process, and it can be used as one yardstick against which Palo Alto can measure its Comprehensive Plan accomplishments.

The Implementation table presents programs the City wants to undertake in order to help achieve the goals in the Comprehensive Plan, to the extent that resources are available. The programs in the Implementation Table describe and prioritize actions to implement various aspects of the Comprehensive Plan goals and policies. Some programs are already budgeted and ongoing, while the City Council will need to identify resources during future budget cycles in order to implement other programs. The Planning & Transportation Commission may recommend changing priorities or adding/subtracting programs in the course of their regular review, and staff may likewise recommend prioritization or funding during the annual budget process.

Implementation Plan Format

For each program, the attached CAC draft Implementation Table identifies the following:

- **Lead Department or Agency:** which City Department would have primary responsibility for tracking and completing the program. Note that many programs will require collaboration between multiple departments as well as outside agencies; collaboration with appropriate parties would be coordinated by the Lead Department named in this column.
- **Relative Priority:** While it would be desirable to pursue every program and policy immediately, priorities must be established to focus the City's efforts and to allocate the City's resources (City Council emphasis, staff time and budget resources). Note that priorities are expected to change over the life of the plan, and there is no way that all of the programs can be implemented between now and 2030, so annotations in the Implementation Table simply reflect today's priorities. Five priorities are used:
 - **R:** "routine" activities that are part of the normal course of business for staff;
 - **IP:** In progress - programs that are already underway to complete a specific, defined work effort;
 - **S:** Short term priority typically means the program would be done within the first five years after Comprehensive Plan adoption;
 - **M:** medium term priority typically means roughly within five to ten years; and

- **L:** long-term means the program is ten years or more away.
- **New or Existing Program:** Identifies Programs that are in the existing Comp Plan (E) versus Programs that are new (N).
- **Anticipated Level of Effort:** Gives an order-of-magnitude of cost. It is difficult to determine the exact cost of most of the programs and the specific staffing requirements needed to support the scope of future detailed work plans. In general, physical improvements and major planning efforts are the most expensive type of investment the City can make (\$\$\$); revisions to existing plans or studies would likely fall in the middle of the range (\$\$); and some ongoing staff roles, such as providing education or one time activities, would be least expensive (\$).
- **Notes:** Information from staff and/or consultants on a given program, including whether the program is an EIR mitigation measure or a State requirement, where programs have been combined or eliminated due to redundancy, other City efforts that achieve the stated program, etc. This column is included for CAC review but would not be carried forward to the final version of the Implementation Plan.

These columns are intended to help the CAC review the programs without an overwhelming amount of detail. The existing Implementation Plan matrix [\[linked here\]](#) uses additional columns for each program, including columns that address sources of financing (e.g. CIP, operating budget) and the type of action each program represents (e.g. ordinance, study, interagency coordination). These columns may be valuable to carry forward in the updated Comp Plan; staff will consider adding this detail once the list of programs is closer to its final version in order to avoid developing extensive detail for programs that are not approved.

Implementation Plan Contents

The current draft of the Implementation Plan likely contains substantially more programs than will be feasible for the City to implement, even over the lifespan of the Comp Plan. Although Palo Alto would like to implement all these programs during the term of this Plan, there are capital resource and staffing limitations as well as limitations to the amount of work that the City and the City Council can focus on effectively during this period. The completion of actions is contingent upon the availability of funding resources.

As an indication of the extent of trimming that may be appropriate, the existing Comp Plan includes about 266 programs; the attached CAC draft of the Implementation Plan matrix, as revised since the February 28 subcommittee meeting, includes 368.¹ Of the 266 programs in the existing Comp Plan, a City analysis 15 years after adoption concluded that 39 had been accomplished. Note that this does not

¹ Neither of these numbers includes the Housing Element, which is updated and monitored based on State requirements and which includes a number of specific programs to respond to State law.

reflect recurring programs, such as education, outreach, or regional collaboration, which are performed by staff regularly, whether daily or annually, and will never be “complete.”

TABLE 1: PROGRAM COUNT IN 1998 COMP PLAN VS. CAC DRAFT IMPLEMENTATION PLAN

Element	1998-2010 Implementation Plan Programs	Completed Programs (As of 2014)	Current CAC Draft Implementation Plan Programs
Community Facilities & Services	27	4	40
Transportation	58	7	75
Land Use	81	16	56
Natural Environment	58	7	106
Safety*	24	3	77
Business & Economics	18	2	14
TOTAL	266	39	368

* Note: The 1998 Comp Plan does not include a standalone Safety Element, but Goals N-6 (Hazardous Waste), N-7 (Solid Waste) and N-10 (Natural Hazards) in the existing Natural Environment Element form part of the CAC Draft Safety Element. This table subtracts the 24 programs under those three goal from the Natural Environment program count and shows them in the Safety row for a more accurate comparison of existing contents to CAC draft contents.

Report from the Implementation Subcommittee

The Implementation subcommittee met on February 28 to review a prior draft of the Implementation Plan and conduct a dot exercise similar to the one we will be completing with the full CAC. [[link to subcommittee staff report here](#)] and [[link to subcommittee Implementation Plan attachment here](#)] The subcommittee reiterated concern about the Council direction to move programs from the Elements into an Implementation Plan section. There was consensus among the subcommittee that the full CAC should have the opportunity to give input on prioritizing programs. In addition, subcommittee members expressed that:

- It is useful to see all programs consolidated.
- Given the number of programs, it is likely that some are redundant and/or could be eliminated, but recommendations to delete should only be made by the full CAC.
- Concern that programs that respond to the needs of relatively small populations, such as persons with disabilities, could be lost if priorities are based only on the “popularity” of a program among a broader group such as the CAC.
- It makes sense that the number of programs has increased in the Transportation Element, since concerns about transportation have increased substantially since the existing Comp Plan. Similarly, the increased number of programs in the Safety Element reflects the addition of that as a new separate Element.
- Programs in the Natural Environment Element are critical to maintain protections in light of changes at the federal level.
- Programs in the Safety Element were developed with input from relevant Departments and should not be discarded or de-prioritized.

- The Comp Plan is planning for a 15-year horizon, but it's not realistic to set priorities that will remain in place over that time frame. Priorities will change as conditions change over time. The Implementation Plan should be a tool that helps City staff and Council prepare for the annual budgeting process. Priorities should be revisited about every two years.
- Consider identifying and eliminating programs that describe things departments already do as a regular course of business. That is not necessary to include in the Comp Plan.

Subcommittee members completed a “dry run” of the dot exercise in order to help refine and improve it for the whole CAC. Based on this dry run, subcommittee members offered specific suggestions for refining both the draft Implementation Table and the dot exercise itself. In response to this feedback, staff and consultants have made the following changes. These changes have already made some progress in reducing the number of programs in the table from over 400 to 368. (All programs from the subcommittee draft of the table are still included; those proposed for deletion or combination are shown in strikethrough and are not counted in Tables 1 through 3 of this staff report.)

- **Added a draft of the introductory text** that will accompany the Implementation Plan in the Comp Plan. It is based on the introductory text in the existing Comp Plan. Note that this narrative is drafted to accompany a version of the Implementation Plan that will ultimately be part of the Comp Plan itself, not the version of the Implementation Plan matrix included in this packet for CAC review, so the description of its contents varies somewhat.
- **Identified Programs that are in the existing Comp Plan versus Programs that are new** by adding a new column with an E (existing) or N (new). This is based on whether a Program is followed by an existing Comp Plan Program number in brackets, e.g. [Previous Program T-17] or by [NEW PROGRAM]. Existing programs that have been revised are noted as existing. Only entirely new programs are noted as new. See Table 2, below, for a count of new vs. existing Programs.
- **Eliminated the use of the term “ongoing”** in the table, which created confusion because it was interpreted in several different ways by different members. Programs which were previously labeled as “ongoing,” (which had been intended to indicate actions that would recur, rather than other actions which will be done once and then completed) have been revised to have a priority (S, M, L, IP, or R), and the Notes column specifies what change was made.
- **Identified Programs that are already “In Progress.”** These are now identified with “IP” in the Relative Priority column. Some subcommittee members indicated that they would use their dots to prioritize new actions rather than those actions that are already in progress by the City. However, it is important to bear in mind that as the City allocates funding and staff resources, all programs – both existing and new - will compete for the same finite amount of resources. See Table 3, below, for a count of the number of programs already In Progress.
- **Identified Programs that are done as part of the routine course of doing business.** These are identified by an R in the Relative Priority column. Note that “routine” programs might be done regularly or on a recurring basis, such as education or collaboration, while an “in progress”

program is a specific work effort, such as development or amendment of a regulation. See Table 3, below, for a count of the number of routine programs.

- **Revised Land Use program deletions** made to reflect the motions passed by the City Council on January 30, 2017. Specifically:
 - Reinstated Program L1.16.5 regarding converting non-residential FAR to residential FAR, which had been erroneously deleted along with other Downtown cap programs in the February 28 Implementation subcommittee packet.
 - Added new Program L2.3.1 to eliminate housing sites along San Antonio Road and increase residential densities in Downtown and the California Avenue area to replace potential units from the sites eliminated.
 - Added new Program L2.3.2 to consider multifamily housing near SUMC and in the western part of the Stanford Research Park.
 - Deleted Program L4.2.1 to prepare a coordinated area plan for the South El Camino corridor.
 - Added new Program L.4.5.1 to increase hotel FAR from 2.0 to 3.0 in the University Avenue/Downtown area, and 2.5 in areas outside of Downtown.
 - Deleted Program L9.4.1 regarding using the El Camino Real Design Guidelines to enhance the visual character of this corridor.
- **Combined Programs** based on subcommittee suggestions. Specifically:
 - L6.13.1 and L6.13.2 about mixed use zoning standards
 - T1.16.4 and T1.16.2 about bike events
 - T3.15.1 and T3.15.2 about grade separation
 - T8.12.1 and T1.19.2 about bike connectivity
- **Updated the priorities** for 8 Programs that staff had assigned a medium (M) or long-term (L) priority to, in cases where those programs received multiple dots during the subcommittee exercise. Specifically:
 - L-1.7.1 – code updates to protect livability
 - L-4.8.1 – Cal Ave Coordinated Area Plan
 - T-5.2.1 – parking technology
 - S-1.31.1 – additional power line
 - S-2.8.5 – Newell Bridge replacement
 - S-2.12.2 –camera/remote sensing of wildfires
 - S-3.12.1 – digital vulnerability

The subcommittee made other suggestions that have been deferred in order to keep the table as clear and simple as possible so the CAC can focus on prioritization and consolidation:

- Quantify Programs assigned to each Department.
- Add Housing Element Programs. The Housing Element was created and adopted through a separate process, as required by the State, and implementation is already underway. The

current draft of the Implementation Table is focused on those Elements that the CAC has been responsible for drafting.

The subcommittee requested information on how many programs are new in each Element, as opposed to existing programs being carried forward (whether revised or not). Table 2 below shows how many programs in each Element are new versus existing, and Table 3 below shows how many programs in each Element already In Progress, how many are part of the routine course of business, and how many are short, medium, or long-term priorities. These tables do not count programs shown in strikethrough in the Implementation Plan.

TABLE 2: NEW PROGRAMS VS. EXISTING PROGRAMS BY ELEMENT

Element	Number of New Programs (N)	Number of Existing Programs (E)
Community Services & Facilities	29	11
Transportation	57	18
Land Use	31	25
Natural Environment	74	32
Safety	60	17
Business & Economics	7	7
TOTAL	258	110

TABLE 3: RELATIVE PRIORITY COUNT BY ELEMENT

Element	Number of Programs Already In Progress (IP)	Number of "Routine" Programs (R)	Number of Short Term Programs (S)	Number of Medium Term Programs (M)	Number of Long Term Programs (L)
Community Facilities & Services	2	15	3	18	2
Transportation	15	19	24	14	3
Land Use	4	16	16	15	5
Natural Environment	7	40	28	26	3
Safety	5	38	24	10	0
Business & Economics	2	3	4	5	0
TOTAL	35	131	99	88	13

In addition, note that 22 of the Programs are EIR mitigation measures and 6 are in response to State requirements.

Intent of CAC Review and Explanation of Dot Exercise

What do you want to see happen in Palo Alto as a result of this Comp Plan? Given competing demands and finite resources, what is most important to focus on?

To help answer these questions, and to ask the CAC to make tough choices like those that will face decision-makers and City staff in allocating resources, we will be asking CAC members to complete a dot exercise as part of the March 21 meeting. Each member will get a limited number of per Element to identify your highest-priority programs, then discuss those results.

As the content of the programs have been developed as part of the CAC deliberations on each Element, and represent the consensus of the CAC, the intent of this review is not to substantially revise individual programs or add additional programs, but rather to assist with focusing the Implementation Plan and making it more effective by both trimming the overall number of programs and by providing input on prioritization.

Following the CAC meeting, staff will revise the Draft Implementation Plan based on the CAC's input, add additional columns that are needed, and forward it to the City Council for review.

As mentioned above, the subcommittee completed a similar dot exercise on February 28, and the dot exercise has been refined based on subcommittee input. Specifically:

- All members will receive 10 dots per Element for the Land Use, Transportation, Natural Environment, and Safety Elements, and 4 dots for the Community Services and Facilities (CSF) and Business and Economics (B&E) Elements. This represents around 10 percent of the programs in the larger elements and reflects the fact that CSF and B&E have significantly fewer programs.
- Dots represent your top priorities; the subcommittee brainstormed ideas of ranking each individual program with a “high, medium, or low” priority, but this was ultimately determined to be “overwhelming” to complete for 400+ individual programs and to discuss during the meeting. Ultimately, subcommittee members felt that the overall distribution of dots should be a good indicator of overall consensus on relative priority. However, if you would like to submit written comments assigning priority to each program, you are welcome to do so.
- There were differences of opinion among subcommittee members as to whether individuals should be allowed to use multiple dots on a single program to indicate a strong priority. Some felt that it is important to have the ability to emphasize programs that will benefit populations/issues that do not have extensive representation on the CAC. Others felt this skews the results of the exercise. For the CAC meeting, multiple dots will be allowed.
- Staff considered subcommittee suggestions that this exercise be completed by CAC members individually using an interactive spreadsheet in advance of the meeting. However, given the amount of explanation and clarification offered at the in-person exercise, staff elected to continue with the physical dot exercise. Completing this together in person will allow for

transparency, shared dialog, and, as one subcommittee member put it, “immediate gratification” in seeing where everyone’s dots are placed.

CAC Schedule and Next Steps

Below is the schedule of next steps for the CAC. The remaining CAC topics are Implementation and the Introduction, Governance 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
March	<ul style="list-style-type: none"> • Discussion and Recommendation on the Implementation Plan • Recommendation of draft Business & Economics Element on consent
April	<ul style="list-style-type: none"> • Discussion and Recommendation on the Introduction/User’s Guide/Governance topics (April 18)
May	<ul style="list-style-type: none"> • Final CAC Session (“Putting it all Together”) (May 16)

Attachments

- A. Draft Business and Economics Element - Tracked
- B. Draft Business and Economics Element – Clean
- C. Implementation Chapter
- D. February 21 CAC Meeting Minutes – provided as link only: [link here](#)