Mayor Yiaway Yeh
2012 Palo Alto State of the City Address

Good evening everyone. Welcome to the 2012 Palo Alto State of the City address.

First, I want to thank Assemblyman Rich Gordon for the kind and thoughtful introduction. And on behalf of the City Council, I'd like to take a moment to thank you for being an effective advocate for Palo Alto in Sacramento. Your proposal for a blended system for the High Speed Rail project is important to achieve electrification of the Caltrain system. Just as important, it is focused on a two track configuration that remains within the Caltrain corridor. This avoids the disruptive and destructive impacts of the High Speed Rail Authority's four-track system proposal. Your staff in the District Office and in Sacramento have been key partners on this issue. And we look forward to your continued advocacy in many other areas in the years ahead. On a personal note, thank you for your years of friendship, insight, and support.

Also, I want to thank the Campus for Jewish Life for hosting the Palo Alto community tonight. The theme for the State of the City this evening is **Renewal**. The Campus for Jewish Life is a leading example of renewal, bringing new energy and a new facility to Palo Alto since 2009. As part of the development agreement between the City and the Campus for Jewish Life, the City can hold up to 10 events a year on campus here. I am pleased the City is able to hold tonight's State of the City speech to highlight this wonderful partnership and facility and I am looking forward to even more partnership in 2012.

RENEWAL

I've stated that 2012 is the Year of Infrastructure and Renewal. Tonight I want to delve deeper into what this means for Palo Alto. To me, this idea of infrastructure and renewal has two components: <u>our physical assets</u> and <u>our human assets</u>.

Our Physical Assets

Let me focus first on our physical assets. In my seven weeks now as Mayor, I've asked many of our community members what does the word infrastructure mean to you? Answers vary from streets and sidewalks to parks to fire stations. One person even responded... infraWHO? InfraWHAT?

With broad interpretations of the word infrastructure, it is important to highlight for the public what infrastructure means for the City of Palo Alto. Our physical assets as a City include streets, sidewalks, parks, bridges, garages, signage, municipal buildings like our fire stations and police building, and properties like Cubberley Community Center, the Municipal Services Center, and the Ventura Community Center. Much of this infrastructure dates back 40, 50, 60 years or more. We clearly are reaching the end of life for many of our community's physical assets.

In 2012, as a City with 65,000 residents and a population that swells to over 100,000 during the daytime, addressing our community's infrastructure needs is essential for Palo Alto's continued vibrancy; its position as a City that contributes to the global economy; and its ability to provide a high quality of life for its residents, businesses, and nonprofits.

Ultimately, our physical assets support our community. Yet they often go unnoticed until something goes wrong. A street with too many potholes and cracks, a sidewalk pushed up by tree roots, a community center's classroom with a leaking roof, or offices for our police department that won't withstand a significant disaster.

In 2012, the City Council has begun the multi-year process of defining the priorities for moving forward on our infrastructure needs. In January, we dedicated a full Council meeting to a joint session with the Infrastructure Blue Ribbon Commission. We began review of the Commission's comprehensive report's findings and recommendations, which was based on analysis of 1,300 projects and 90,000 data entries. This Commission was

acutely aware that Palo Alto's attractiveness, sustainability, and vitality as a community is inherently linked to the quantity and quality of its infrastructure. And that maintaining and enhancing Palo Alto's level of infrastructure requires careful evaluation.

The impact of our physical assets can be clearly articulated through the City Council's adopted annual priorities. These priorities can help the public navigate the issue of infrastructure. They provide context to understand how it impacts our community:

Under the Council priority **City Finances**, in 2012, the Infrastructure Blue Ribbon Commission identified that approximately $4.2 million would be necessary each year for the next 10 years to "catch up" on the infrastructure backlog that has been historically underfunded. This totals approximately $42 million. Once our infrastructure is brought up to the appropriate level, the City must then maintain or "keep up" our infrastructure so that we do not fall behind again. The Commission estimated $2.2 million a year for the next 25 years for this expense, or a total of nearly $54 million.

This $95 million in funding needs are separate from the large, once-in-a-generation-type investments. For example our fire stations, new public safety building, municipal services center, treatment plant, civic center, and bike/pedestrian bridges, as identified by the Commission. These significant projects were estimated to total over $210 million alone.

As can be expected from this City Council, we have begun to kick the tires to test the assumptions of the expenditure and revenue figures in this report. The cost details for each project will likely be revised as we investigate each project in greater detail. But in 2012, with a grand total of $300 million in identified infrastructure needs, the City Council will undertake the important task of identifying long-term revenue sources for our physical asset renewal. I am pleased that Councilmember Nancy Shepherd, the Finance Committee Chair, and all the members of

the Finance Committee – Councilmember Burt, Councilmember Price, and Vice Mayor Scharff will be leaders of this effort for the City Council. This is in addition to the Committee's tackling our annual budget process and providing recommendations to the City Council to address a remaining deficit ranging between $2 to $4 million in the next fiscal year.

Under the Council priority **Land Use and Transportation**, in 2012, the City Council will make progress on further defining our infrastructure needs by completing the update to the City's Bike and Pedestrian Master Plan. As new streets and signage details for the many corridors in town are finalized, the City will be creating a clear vision for a community where vehicles, public transportation, pedestrians, and bicyclists will have an easier and safer co-existence.

This year will also see significant progress towards concluding the Development Center blueprint, which will consolidate our City departments that review residential and commercial applications under one roof, creating clearer application processes, consolidating permit approval authority, and modernizing submittal of applications through a web interface. All of these have implications on our community's infrastructure as new or rehabilitated buildings move through improved City processes.

Under the Council priority **Emergency Preparedness**, in 2012, after the Infrastructure Commission's report presentation, the City Council followed up with a detailed discussion during our annual Council retreat in January with Public Safety Director Dennis Burns on what public safety services will look like in the future.

Our police building and fire stations currently suffer from decades-old wear and tear. They have doubtful functionality following a significant disaster. The City Council and City Manager Jim Keene, began the process to define what an efficient, modern public safety building would look like. Detailed

analysis is currently underway and the topic will be the subject of another Council retreat this summer.

Regionalization and new technology will drive the repackaged delivery of public safety services for Palo Alto. Just last week, the City Council approved a plan to integrate dispatch services with the Cities of Mountain View and Los Altos Police Departments. This effort to find cost savings and efficiencies is essential in a difficult budget environment. We also must foster continued trust with the public as large infrastructure investments such as a new public safety building and potential bond financing are considered.

Throughout 2012, the Palo Alto community will continue to benefit from active leadership by our neighborhood associations' commitment to emergency preparedness. All residents should keep their ears and eyes open for the third annual Quakeville event, which highlights the role our parks can play in response to large scale disasters. Other important opportunities include becoming a Block or Neighborhood Preparedness Coordinator.

Under the Council priority of **Environmental Sustainability**, 2012 will be a significant year. We will revisit how we have performed under our aggressive Climate Action Plan. Preliminary results will be available later this spring. It is clear that expanded community-wide adoption of energy efficiency in how we manage our own physical assets like our homes and cars is needed. A simple commitment to using public transportation once a week and making an improvement to your home's energy use will have a positive impact - reducing the community's emissions and saving money for your monthly gas and electric bill. If you haven't already, it's time to check out the City Utilities' menu of rebates available to you as a resident or business that can add up to hundreds or even thousands of dollars in savings.

The City Council will make progress on evaluating the options for a waste to energy facility on and adjacent to the regional water quality control plant in 2012. This new infrastructure project has

potential long-term benefits for both the environment and ratepayers alike.

Palo Alto remains committed to being a leader among cities by innovating around our trees and completing the Urban Forest Plan in 2012 with the partnership of Canopy.

Several new programs and policies will continue to position Palo Alto as a national leader. First, the new Palo Alto CLEAN program will incentivize businesses to install rooftop solar systems. Second, a carbon neutral policy for our electric portfolio to achieve the City's objective of reducing carbon emissions, while holding strong on minimizing impacts to ratepayers. These initiatives will help transform the physical energy infrastructure of our community.

Under the priority of **Community Collaboration for Youth Well Being**, in 2012, we will see greater integration in the community for supporting the Council-adopted Developmental Assets to support a culture that cultivates youth resilience. The construction of the Mitchell Park Library and Community Center continues to progress and will include a new and youth-led Teen Center. This complements the spaces in town that work with youth – the Youth Teen Advisory Board at the Media Center, the Teen Advisory Council with the soon-to-open in 2012 Palo Alto Arts Center, and the Youth Council for the City of Palo Alto that will be based at the new Teen Center.

Everyone can and should get involved with engaging Palo Alto's youth. Tonight, I want to issue a call to action in particular for our businesses. You inhabit many places in town where our youth can gather. What can you as a business do? Create deals of the day or week for our students. Highlight how students can patronize your business. Think creatively how to incorporate high schoolers with internships over the summer. Open up your business world to the curiosity and commitment of our youth in Palo Alto.

I am looking forward to the leadership of our Policy and Services Committee in identifying how our many physical assets have impacts on both our youth and our community at-large. I am pleased that the Committee is chaired by Councilmember Karen Holman with colleagues Councilmember Espinosa, Councilmember Klein, and Councilmember Schmid bringing their thoughtful insight and commitment to action.

As the City Council focuses on its physical assets in 2012, I acknowledge that as a deliberative body, the Council benefits from meetings separate from any specific agenda item before us during a typical Council meeting. As a result, the Council has committed itself to three additional retreats in addition to our regular Council meeting schedule for further discussion and action on the infrastructure report. The dates for these retreats are March 26, April 30, and June 7. As always, the public is invited to participate and contribute to the Council's discussion during each of these meetings.

Our Human Assets

Let me now turn to our human assets in Palo Alto. We have long benefited from an engaged community in Palo Alto. Let me highlight though that we are a community that over the last two decades has experienced a dramatic shift in our demographics.

As of 2010, 17 percent of our community is now 65 years or older. Population projections suggest that this trend will reflect ongoing growth in this segment of our community over the years. This carries implications for how we plan for the needs of our community. Ultimately, the infrastructure or physical assets in a community are designed for community members. What will an increasing proportion of seniors in Palo Alto mean? How should public transportation systems such as the Palo Alto Shuttle be coordinated? What recreation programs should the City support? Having heard directly from senior residents, intergenerational activities are also essential for individuals to not feel pigeonholed or isolated.

As of 2010, nearly 30 percent of our community self-identifies as Asian or Asian-American. This carries implications for multiple cultures interacting within Palo Alto. In some regards, this interaction occurs naturally where students meet each other in schools. Yet, we must be pro-active in bringing our community together to ensure that mutual understanding and respect is achieved and continuously nurtured. Knitting a strong social fabric is in the interests of the City of Palo Alto.

In the past two years, several events have pushed the goal of community building. Under the leadership of then Mayor Pat Burt, the community held a Parade of Champions for our state championship sports teams. This past year, then Mayor Sid Espinosa led the effort to open up University Avenue for World Music Day. In 2012, I too am committed to these efforts to knit the community together, through initiatives that require modest amounts of City funding but have lasting impact.

Earlier this year, I announced I would be holding the Mayor's Challenge in 2012, and tonight I am excited to provide details.

<u>What is the Mayor's Challenge?</u>

Strong neighborhoods have been a long tradition in the City of Palo Alto. When a Palo Altan meets another Palo Altan, one of the first questions often is to find out which neighborhood they live in. It reflects a sense of community and identity within the City. It's also a tradition that benefits from renewal in Palo Alto. As I'd shared, over 65,000 people call Palo Alto home. Many have been here for decades with families that have lived here for generations. Some have just moved into the community from nearby. Some have recently immigrated from another country and are creating roots here in Palo Alto.

The Mayor's Challenge is an initiative designed to bring neighbor together with neighbor. As the community experiences changes

as people move in or away, the Mayor's Challenge aims to bring people of different life experiences and backgrounds together through a series of athletic events. New relationships created by meeting neighbors through social, active ways benefit the strong tradition of engaged neighborhoods and maintains the sense of community that Palo Alto has long enjoyed.

The first community-wide athletic event is table tennis (ping pong) and is scheduled for Sunday, March 25 from 2 to 5pm. Five different community locations will host Palo Alto's residents and businesses for this event: Palo Alto Family YMCA (gym), Cubberley Community Center (Gym B and the Pavilion), Jordan Middle School (gym), Terman Middle School (gym), and the Campus for Jewish Life (gym).

I am pleased that the Palo Alto Family YMCA has partnered with me as the organization heading up the Mayor's Challenge. For the first event, the Palo Alto Table Tennis Club, the table tennis company Joola, and the Palo Alto Unified School District are the event's co-sponsors in bringing this fun, interactive event to life for Palo Alto.

Three additional athletic events will be held during the year. Each will pit neighborhood against neighborhood. The winning neighborhood will be determined by having the greatest number of residents participating. The goal of the Mayor's Challenge is that by the end of the year, many of you will feel the foundation for the tradition of neighborhood identity and activism has been strengthened. Let me ask everyone here tonight, if you know which neighborhood you live in and your neighborhood association, please give a big cheer now. I hope that at the end of the year, if we ask that question again, we'll all need earplugs.

The benefit of new or rekindled relationships with neighbors can be understood from a City perspective. Anecdotally, the Police Department has received more calls involving dog barking complaints that in the past would have been resolved at the neighbor level. For example, if you have a newborn baby that

can't get to sleep because of your neighbor's dog barking, rather than call the police, you would have the existing relationship with your neighbor to ask if the dog could be let in for the night. Our City Manager Jim Keene shared with me a report from a colleague in another city that 80% of calls received by their Police Department didn't need a uniformed officer. They needed a neighbor. More neighborliness will enhance the quality of life for all of us in Palo Alto.

An important way to learn about a fellow Palo Altan is to embark on a partnership, either formally or informally. The City and community have long benefited from a tradition of engaged community members through our Blue Ribbon Commissions and Boards and Commissions – we have 64 active Board and Commission members who volunteer countless hours each year to the community.

We are at a time in our history where the private sector cannot do everything on its own, the public sector cannot do everything on its own, and the non-profit sector faces increasing demands with fewer funds. We are all being asked to be more productive and to provide more with less.

The City of Palo Alto has long partnered with other entities to accomplish its goals. From our "Friends of..." groups to Stanford University, partnerships have been necessary to bring key stakeholders together. With today's economic challenges that have resulted in year after year of budget cutting in Palo Alto, partnerships are even more essential to actively pursue.

Several examples of incredible ways that our community can partner to push our community forward are worth highlighting:

1) Recently, the City of Palo Alto refinanced $31 million in downtown parking assessment district bonds. Palo Alto residents under a City-initiated financing structure that allowed local participation bought <u>20 percent</u> of the available refinancing bonds. This level of participation highlights the

interest of our residents in diversifying their investment portfolios and the underlying confidence in Palo Alto's credit.

2) In the arena of technology, the very data-intensive infrastructure blue commission report created and refined datasets that will serve as the foundation for a new "open data" initiative driven by the City's new Chief Information Officer, Jonathan Reichental. Let me direct your attention to the screen to describe the partnership process we recently undertook as a City with technologists within our community. [**Explain slides**] I want to thank the Stanford students who organized the Code the Change Event - Sam King and the three students who lent their talents over many Red Bulls: Frank Wang, Kevin Ho, and Katherine Chen. And thank you to California Common Sense for making version 2.0 of the Street interface within a week, which reflects the pace and energy that is out there in our talented Palo Alto community. I mention this project because it symbolizes our willingness to solve problems in new ways. Looking forward, on March 31, the City is excited to partner with Innovation Endeavors, Talent House, and Hacker Dojo for the Super Happy Block Party Hackathon, where we look forward to taking the next step in making City data available to technologists to create innovative solutions that benefit the community.

I highlight streets because the City of Palo Alto has an opportunity to leverage gas tax revenues it receives from the state to issue bonds and to accelerate street repairs. In FY 2011, the City received nearly $1.5 million in gas tax receipts. By pledging a portion of this revenue stream, the City could borrow up to $12 million to repair its most distressed streets earlier than it would otherwise take under the current funding model. This enhanced effort would not rely on current General Fund resources or additional taxpayer monies. During tight budgets, the City must look for efficient uses of existing revenue. The City would join with other jurisdictions and act through the California

Statewide Communities Development Authority to issue bonds. As Mayor, I will request that staff analyze this enhanced funding program in the context of the Infrastructure Blue Ribbon Commission's recommendations and in terms of impact on Utilities pipeline projects. I am eager to move forward quickly with infrastructure improvements the community expects.

3) The Cubberley process with the School District will involve planning for the future of an incredible community asset that fosters many of our human assets in Palo Alto. The three committees created to clearly outline the site's future for discussion and action by both the School Board and the City Council are a staff-comprised Technical Advisory Committee, a Community Advisory Committee appointed by the City Manager with input from the School Superintendent, and the Policy Advisory Committee comprised of members of both the School Board and the City Council. I am confident that we will seek win-win-win solutions for the community through the committee work this year.

Conclusion

To conclude the State of the City address, I want to acknowledge and thank City staff. The hard work of our City staff brings to life much of what we enjoy as community members. The dedication, passion, and commitment they bring occurs every day. Tonight's event is a result of their hard work – please join me in thanking them.

As for the 2012 ahead of us. We are part of an incredible community, together. It is essential that we work together to sustain our physical assets and our human assets. Community renewal is an ongoing, pro-active process for all of our residents, businesses, and nonprofits.

Thank you for coming tonight. I look forward to working with all of you in the year ahead.

At this time, I invite everyone to please join the City Council in a reception outside. We are pleased to feature Stanford student quartet: Peter Pehroozi, Kai Knight, Alexandra Frosh, and Melanie Goldstein, under the guidance of Stanford lecturer Debra Fong. We also are pleased to feature refreshments from several of our local businesses.

Philz Coffee - Coffee
Tea Time - Tea
Sweet Buds Floral – Flower arrangements in reception area
Prolific Oven – cakes and tarts
Paris Baguette - pastries
Moniques Chocolate – truffles

Thank you.